WHEATLEY HOUSING GROUP LIMITED
BOARD MEETING

Wednesday 28 August at 10.30am
Wheatley House, Glasgow

AGENDA

1. Apologies for absence

2. Declarations of interest

3. a) Minutes of meetings held on 20 June 2024 and matters arising
   b) Action list

4. Group CEO update

5. Chair updates

Main Business

6. New build and regeneration update (Presentation)

7. Repairs update

8. Homelessness policy update

9. Performance report

10. a) Financial Statements 2023/24
    b) Annual Internal Audit Report and Opinion 2023/24

Other Business

11. Annual Assurance Statement

12. Approach to appraisal and Board effectiveness review

13. Governance update

14. Finance report

15. [redacted]

16. AOCB

Date of next meeting: 25 September 2024

Report

To: Wheatley Housing Group Board

By: Frank McCafferty, Group Director of Repairs and Assets

Approved by: Steven Henderson, Group Chief Executive

Subject: Repairs Update

Date of Meeting: 28 August 2024

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1. Purpose

1.1 To provide the Board with an update on:

- Progress with our repairs service enhancements;
- Ongoing customer engagement to inform future service enhancements; and
- The repairs budget forecast for 2024/25

2. Authorising and strategic context

2.1 Under the Group Standing Orders, the Board is responsible for the oversight and scrutiny of service delivery and monitoring of performance. Repairs are a key driver for our overall tenant satisfaction and a key priority for our tenants.

3. Background

3.1 As part of the Group-wide strategy workshops that took place during May and June 2024, the Board discussed the work underway to evolve our repairs service based on a wide range of customer insights.

3.2 It was agreed at the workshops that there would continue to be strong Board oversight of the delivery of improvements during this year.

4. Discussion

Service enhancements

4.1 Tenant feedback in all areas of the Group has consistently indicated that communication and improving the management of complex repair work (reducing the number of visits to complete a repair) are key priorities and impact tenant satisfaction with the service. Our response to this focused on three areas:

- The introduction of the "Book It, Track It, Rate It" digital communication tool across all the Group RSLs, to improve communication;
- Ongoing monitoring of customer experience, to identify areas for improvement; and
- Implementing a range of service improvement activities to improve service delivery and the customer experience.

Customer communication and satisfaction

4.2 "Book It, Track It, Rate It" has been introduced for all appointed repairs undertaken for tenants of Wheatley Homes Glasgow ("WH Glasgow"), Loretto Housing, Wheatley Homes East ("WH East"), Wheatley Homes South ("WH South") and Lowther Homes. The feedback to date on the 'Track It' functionality continues to be very positive, with customers indicating that the text message reminders and updates are a positive improvement in communication.

4.3 The 'Rate it' element seeks customer feedback on a scale of 1-5 and includes the option for customers to receive a call back. The feedback from customers year to date through to the end of June is noted below:

- In WH Glasgow and Loretto Housing we have received 5800 customer ratings with an average score of 4.5/5, the equivalent of 90%;
- In WH South we have received 1,124 customer ratings with an average score of 4.7/5, the equivalent of 94%;
- In WH East we have received 563 customer ratings with an average score of 4.3/5, the equivalent of 86%; and
- In Lowther Homes we have received 134 customer ratings with an average score of 4.4/5 the equivalent of 88%.

4.4 This continues to represent strong satisfaction levels since the introduction of Book It, Track It, Rate It.

WH Glasgow, Loretto and Lowther (West) service enhancements

4.5 The MyRepairs operating structure for WH Glasgow and the West continues to engage with customers on existing repairs and up until the end of June had handled:

- 6,729 calls from the CFC; and
- 17,858 emails.

4.6 The service has also overseen the delivery of complex repairs referred by Locality Housing Directors and Housing Officers and is liaising with the customers on these to provide a single point of contact. The service is currently managing 791 live cases and has closed out 1335 in 2024/25.

4.7 Insights continue to be gathered from the MyRepairs teams' interactions with customers, City Building and our in-house teams to help inform service improvement actions.

4.8 City Building has a key role in the delivery of our repairs service and their performance is crucial to improving tenant satisfaction. As noted in the earlier report to the Board in February 2024 there were several service improvement activities underway in relation to this.

4.9 These included reviewing existing processes and procedure which included a review of the works allocation between 'Programmed' (30 working day completion timescale) and 'Appointed' repairs categories (15 working day completion timescale).

4.10 The reason behind this was that feedback from customers and front-line delivery teams had highlighted that some repair works instructed as 'Programmed' can lead to a frustrating customer journey.

4.11 Primarily, this is due to an inspection visit routinely being undertaken at the initial stage of this repair work when the customer has an expectation that a tradesperson is attending to complete the repair. This leads to additional visits to customers' homes and increases the time taken to complete the repair. During the review inspectors fed back that there are a number of visits they carry out that are unnecessary, and the works could instead be passed "straight to trade" for completion.

4.12 At that time around 3000 (60%) of the c5,000 non-emergency repair instructions that were being passed to City Building weekly were allocated as 'Programmed' repairs and 2,000 (40%) as 'Appointed' repairs. Work has been carried out to analyse the work allocations between 'Programmed' and 'Appointed' repairs and realign the diagnostic and instruction arrangements, and the delivery resources, so that a higher proportion of repairs are instructed within the shorter timescale 'Appointed' category to:

- Reduce the number of visits needed to customers' homes to complete repairs;
- Improve communication with customers around repair works; and
- Improve the customer experience and increase customer satisfaction.

4.13 Over time this should also lead to a reduction in the average timescale to complete non-emergency repair works. So far in WH Glasgow, although the year-to-date average timescale for non-emergency repairs is over the 7.5 day target at 8.62 days the timescales have been reducing each month and in July the average completion timescale was 5.87 days.

4.14 A phased implementation plan to transition to a new trade based rather than geographical working arrangement for appointed repairs commenced in early February and completed in May. The improvements highlighted so far through the introduction of this new working model across the main trades are:

- Balance of appointed to programmed repairs is now 75% appointed:25% programmed;
- Reduction in no access rates across main repair trades; and
  - Plumbing was 10.03% now 4.17%;
  - Electrician was 4.11% now 2.66%; and
  - Joiner was 5.99% now 3.92%.
- Increase in first time visit repair completions from;
  - 74.25% to 90.79% for plumbers;
  - 82.59% to 91.72% for electricians; and
  - 73.58% to 91.78% for joiners.

4.15 We will continue to monitor the effectiveness of this new working arrangement for appointed repairs and as well as monitoring no access rates and first time visit completions, we will also monitor the impact of this change on average completion timescales and customer satisfaction.

4.16 Given the positive impact of the changes so far we are now transitioning Loretto Housing and Lowther Homes appointed repair works to this new operating model. This work commenced in mid-July and will be completed by the end of August. This will address the main factors affecting service delivery across these service areas which are:

- *Availability of Resources* - repairs have been delivered up to this point through a limited group of trades resources assigned to completing Loretto and Lowther repair works. This resource has been insufficient at certain periods to meet service demand levels;
- *Geography* - the geographical spread of stock places an emphasis on good work planning to maximise the productivity of trades resources and to minimise travel time etc; and
- *Materials* - the stock incorporates some non-standard materials which has been affecting repair completions promptly and at the first visit.

4.17 To further build on this improvement, work has also now commenced on reviewing the delivery model for programmed repairs with the aims of:

- Reducing this workstream further through continuing to reallocate works where possible to the shorter timescale appointed category;
- Reducing the need for inspections and instead passing works straight to trades; and
- Improving communication with customers around works planned, appointments and timescales.

4.18 Work is ongoing with Wheatley and City Building operational teams to finalise an improvement plan for this workstream and to develop the specific actions and timescales for this work which we anticipate will be completed and rolled out fully by the end of 2024.

4.19 As well as the actions noted above for Lowther Homes there are also a number of other improvement actions either underway or planned in order to improve the way repairs are managed and communicated. These include:

- Further reviewing the format and content of owners bills to improve the accuracy and make them easier to understand;
- Realignment of the Wheatley Common Repair Team under the line management of Lowther to help drive improvements through streamlined processes and cross team working, focussing on the customer and prioritising service improvements based on customer feedback;
- Stronger communication with customers particularly in relation to complex repair works;
- Improve the focus and scrutiny on common repairs that are overdue;
- Development of new reporting arrangement to help identify recurring cases and inform asset management planning;
- Review of resource levels to ensure that these are sufficient to meet anticipated demand. This will include engaging external resources (sub-contractors) to quickly address peak demand issues; and
- Vanguard review of the end-to-end journey of common repairs with improvement recommendations due early September.

WH South

4.20 In WH South the service improvement activity which commenced in previous years to strengthen the delivery of the repairs service has included:

- New Repairs, Investment and Compliance service delivery model to improve the management of the void workstream (works are undertaken by the in-house service).
- Renewed focus on overdue repairs including improvements in the management arrangements around sub-contracted work.
- Working in partnership with our material supplier, Stark, to improve van stocks and to achieve faster delivery times for parts when needed.
- Monitoring the categorisation of works to ensure that capital works e.g. new Kitchens or bathrooms are not being classified as repairs is having a positive impact on repairs performance.

4.21 Non-emergency repair timescales have been continuing to improve and were 8.04 days year to date to the end of July which although above the 7.5-day target continued to demonstrate a month-on-month improvement since the beginning of 2024/25 and on the year-end performance for 2023/24 which was 8.58 days.

4.22 Improving communications around complex repairs is a priority improvement area and Trade Team Leaders and Planners now have daily meetings to discuss ongoing job management and complex repairs. A key part of this daily engagement is that an agreed approach to communication with the customer is agreed. This provides clarity on what the customer is being told and who is responsible for that communication and will provide customers with accurate information on a regular basis on job progression.

WH East

4.23 In WH East we completed the introduction of the new job management system (Servitor) at the end of March 2024. This has replaced the Genero job management system which had become outdated and was no longer supported by IT or security updates.

4.24 As well as improving the management and delivery of the repairs service this moves WH East to the same platform as the other parts of the Group which will enhance performance management and reporting and which will also assist in delivering further service improvements particularly around job completion timescales through the removal of manual processes.

4.25 WH East development programme has seen its stock number rise and we will continue to have more growth in the coming years. To reflect this we are strengthening the resource capacity within its managerial, trades, planning and business support functions.

4.26 The I will also help deliver a reduction in the need to use sub-contractors to help meet demands and will also lead to a reduction in the team relying on overtime to meet demands.

4.27 The move to a new materials supply arrangement through Stark is also well underway. A key part of this new way of working is around van stocks and making sure staff have the right materials when they visit customers’ homes to complete repairs. We expect all van stocks to have been reviewed and updated by the end of August.

4.28 This arrangement will be further enhanced through the creation of a 24/7 store (drop boxes) for material delivery by Stark in our office in New Mart Road, Edinburgh. This facility is expected to be fully installed and ready to use by the end of September. When completed, it will reduce the need for the volume of materials deliveries to store and prevent the need for return visits to customers’ homes to complete repairs.

4.29 Throughout this period of change we have continued to focus on timescales for the completion of non-emergency repairs which were 7.73 days at the end of 2023/24. As at the end of June the year to date timescale was 7.56 days. Actions continue to be ongoing to improve the completion timescales, particularly in relation to the improved monitoring and managing of sub-contractors and closing down repairs timeously on completion.

4.30 In order to improve communications around complex repairs we have now assigned these to the area Team Leader to plan, communicate and follow through with the customer and trades and will continue to monitor the impact of this through customer feedback on the service.

<u>Damp Mould and Condensation</u>

4.31 At this time of year, given the improved weather conditions generally experienced and the changes that this brings to customer behaviours in respect of heating and ventilating their homes, case numbers generally reduce.

4.32 Conversely, we would expect the case numbers to rise again in October/November as these factors are reversed

4.33 In preparation for this we are currently considering proactive actions that we will look to take to help reduce the build-up of mould/condensation in our customers' homes over the winter period and which will include:

- Identifying customers who have reported issues with damp and mould on 2 or more occasions this year. These customers will then be contacted to identify and put in place any supports that are needed; and
- A reminder of our ‘See it, Report It’ campaign will be issued to the frontline delivery teams to reiterate our messaging around the seriousness of damp and mould in tenants' homes and staff's responsibility when in tenants' homes to identify and report immediately any issues relating to damp or mould to ensure we respond timeously to them

4.34 Damp and mould cases will be monitored daily throughout the winter and resources adjusted accordingly to ensure we continue to meet our response timescales

Repairs Service thematic review

4.35 The refreshed Group Scrutiny Panel selected repairs for its first thematic review. The members of the thematic group subsequently formed, welcomed the service improvement activities that had been completed and were ongoing and agreed that communications would be a specific focus of their review. The group then scrutinised the end-to-end customer repairs journey, from the initial report through to completion.

4.36 On conclusion of the review in November 2023 the Panel then presented its recommendations to the Board in December, and thereafter presented these to the RSL Boards. As agreed we then worked with the Panel over the first half of 2024 to deliver the solutions that we cocreated.

4.37 At an update meeting with the Panel in June 2024 they expressed their support for the work that had been carried out on the agreed actions and looked forward to continuing to work jointly with us to continue to improve the service.

Demand and budget position

4.38 Levels of customer demand for repairs in 2024/25 have remained consistent with 2023/24 indicating that demand has started to stabilise. The actual costs to June 2024 were slightly below budget.

4.39 The repairs/renewal principle implemented in 2023/24 has continued to help control costs in capitalised repairs spend. A number of high value repairs were undertaken in the first financial quarter including roof repairs, fencing, windows, asbestos and damp and rot jobs, with the majority being roof and fence repairs which were reported as being overdue in April. This resulted in a reported overspend of £260k in capitalised repairs to June, however, spend in July is more in line with budget, now that the overdue jobs have been completed. The implemented controls for monitoring the capitalised void spend has resulted in costs being below budget for the period to June 2024. As a result of this, the overall spend for the financial year is expected to be in line with budget.

4.40 The Business Planning process has taken into account the run rates in responsive repairs, stock movement, inflation increases and also the control measures implemented during 2023/24. With the responsive repairs results for Q1 being within budget, the forecast financial outturn for responsive repairs for 2024/25 has bene kept in line with the budget.

5. Customer Engagement

5.1 We carried out focus groups with customers to understand what kind of communication they would like to see from us in terms of repairs. Their feedback helped to shape the development of the Book It, Track It, Rate It app.

5.2 Following the rollout of this app to customers we have been able to develop our customer insight through direct feedback from customers in rating their experience.

5.3 The Group Scrutiny Panel has recently concluded a thematic review into our repairs communication and has presented this to our RSL Boards as detailed at paragraphs 4.34-4.36.

5.4 In implementing our Group Repairs Policy Framework we have undertaken an Equality Impact Assessment on our repairs reporting process. We developed an MS Forms survey for Customer Voices to gain specific insight into equality-related issues customers may face reporting repairs; 50 customers responded to this and we also followed up with focus groups and some individual calls. We used the insight from this to inform the Equality Impact Assessment.

6. Environmental and sustainability implications

6.1 Using the Dynamic Route Scheduler (DRS) ensures trade operatives are not travelling unnecessarily thereby reducing and limiting CO2 emissions. This reduction will be supported further through the service improvement actions being taken to reduce the number of visits needed to complete each repair.

6.2 CBG have implemented the "Lightfoot" vehicle management system which provides valuable information on vehicle usage allowing more efficient planning for journeys and reduced fuel usage and carbon emissions. This type of system is already deployed within our fleet in WHE and WHS.

6.3 All waste related to repair activities is managed by CBG who have a contract with an organisation that utilises an energy centre, where a significant element of waste is turned into energy.

7. Digital transformation alignment

7.1 Repairs are a key element of our digital transformation programme, ranging from Book It, Track It, Rate It, to our online services and the wider platforms we use to manage and deliver the service.

7.2 Our digital transformation programme is fully aligned and prioritised towards supporting the evolution and improvement of our repairs service across all areas of the Group.

8. Financial and value for money implications

8.1 The repairs improvement plan includes action to increase the efficiency of the repairs service which in turn will increase value for money across the delivery of repairs to customers.

9. Legal, regulatory and charitable implications

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

10. Risk Appetite and assessment

10.1 Our agreed risk appetite in investing in existing homes and environments is cautious. Ongoing financial strength is crucial to enable us to continue to improve, modernise and maintain our homes. We will revise our well-established investment processes to include more focus on what creates most value for our customers. Value for money will still be the key factor in our decision making, but wider benefits, such as reducing levels of emergency and reactive repairs and customer satisfaction, will also be considered.

11. Equalities implications

11.1 Equality impact assessments will be undertaken on repairs-related policies and service approaches as required.

12. Key issues and conclusions

12.1 The repairs service is a key priority for our customers and a key driver of satisfaction.

12.2 We will continue to focus on continually improving our repairs service, considering customer feedback, insight, and direct engagement with our Group Scrutiny Panel.

12.3 The demand for repairs, consistent with the wider sector across the UK, remains higher post-pandemic.

13. Recommendations

13.1 The Board is asked to:

1) Note the progress with our repairs service enhancements;
2) Note the ongoing customer engagement to inform future service enhancements; and
3) Note the updated repairs budget position for 2024/25.

LIST OF APPENDICES:

None

Wheatley Group

Report

To: Wheatley Housing Group Board

By: Alan Glasgow, Group Managing Director of RSLs

Approved by: Steven Henderson, Group Chief Executive

Subject: Homelessness update

Date of Meeting: 28 August 2024

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1. Purpose

1.1 The purpose of this report is to:

- Provide an update on our progress towards the key commitments within our Homelessness Policy; and
- Seek approval to increase our target for the number of homes we provide to homeless households by an additional 1,000 homes by 2026.

2 Authorising and strategic context

2.1 Our approach to homelessness, and the contribution we make in terms of social housing provision, are key strategic aims within our strategy. The Homelessness Policy, the commitments within and the targets the Board agrees in relation to the number of lets to homeless households support our strategic theme of ‘Changing Lives and Communities’.

2.2 Any change to a strategic target, such as our target to let 10,000 homes to homeless households over the life of our strategy requires Board approval.

3 Background

3.1 Our first Group Homelessness policy was developed in 2020 setting out our commitment to tackling and alleviating homelessness. It is a key contributor to the strategic aims within our strategy and sets out how we will work with our customers and our key partners to reduce homelessness while creating balanced and peaceful neighbourhoods. The policy was developed and aligned with the Scottish Government’s long-term strategy for tackling homelessness which is set out in the Ending Homelessness Together action plan. The action plan sets out how national and local government and third-sector partners will work together to end homelessness.

3.2 Since our last update to the Board in August 2023 we have seen a worsening national situation in relation to homelessness, culminating in eight local authorities declaring a housing emergency between June 2023 and June 2024. This was followed by the Scottish Government announcing a national housing emergency on the 15th of May this year.

3.3 The Scottish Government cited unprecedented pressures including a sharp rise in the number of people presenting as homeless, a rise in the use of temporary accommodation and an increase in the number of households living in temporary accommodation that breaches the unsuitable accommodation order.

3.4 More than 20,000 homeless applications were received across Scotland in the period April – September 2023. This represents a 3% increase compared to the same period in 2022. This varied greatly across local authorities.

3.5 Homelessness figures are published six months retrospectively. Glasgow reported 3,448 homeless applications in the first six months of 2023/24 which was an 11% increase from the same period in previous year. Edinburgh reported 1,738 homeless applications, a 5% increase for the same period. Dumfries and Galloway reported 575 homeless applications, a 13% decrease, however this was a 27% increase from pre-pandemic figures. We are expecting the increasing trend to continue when the full year 2023/24 figures are published in the coming weeks.

3.6 In September 2023 there were 15,625 households living in temporary accommodation across Scotland. As a direct result of the increasing number of people presenting as homeless, there has been an increase in households being placed in temporary accommodation which breaches the unsuitable accommodation order with local authorities reporting 3,525 breaches across Scotland during 2022-23. This is a 74% increase compared to 2021-22. There is no indication that the upward trend will reverse in the near future.

3.7 The prevention of homelessness, supporting the alleviation of homelessness and working with partners to respond to the housing emergency are key strategic objectives for us. We provide a significant contribution in responding to the national challenges. Our Homelessness Policy already reflects most of the actions being identified in draft emergency action plans.

4 Discussion

<u>Homelessness and our policy commitments</u>

4.1 Our Homelessness Policy sets out our key commitments including that we will;

- Let 10,000 homes to homeless households;
- Create 500 Housing First tenancies;
- Flip 500 homes from temporary to permanent accommodation; and
- Provide between 50 – 60% of our available homes to homeless households.

Lets to homeless households

4.2 Significant progress has been made in the first three years of implementing the policy and we are well on track to achieving our 5-year targets. At the end of July 2024, we have let 8,344 homes to individuals experiencing homelessness and anticipate we will have provided over 9,000 homes by March 2025.

4.3 Based on our performance to date and our commitment to reducing homelessness it is proposed that we increase our strategic target by 10%. This would see it increase to 11,000 lets to homeless households by 2026.

Housing First

4.4 Housing First is aimed at those who have multiple and complex needs. The Housing First approach ensures those with high support needs are allocated settled accommodation with intensive support. We are sector leaders in Housing First and have made a significant contribution to Housing First in our areas of operation, with a commitment to provide 500 homes.

4.5 We are making good progress and at the end of July have housed 395 customers across Glasgow, Edinburgh, Dumfries and Galloway and West Dunbartonshire. Wheatley Care continues to provide Housing First Support to individuals with other third sector providers.

Tenancy flips

4.6 Flipping of tenancies refers to the opportunity to convert or ‘flip’ temporary accommodation which we have provided to the local authority, to a permanent home to reduce transitions for homeless households where the property is of the right size and in the right location. We are on track to meet our target with 391 properties flipped by the end of July 2024 and have a number in the pipeline to flip over the next few months. Wheatley Homes Glasgow has delivered the majority of those.

4.7 Flipping is especially successful when families and individuals have been living in suitable temporary accommodation for a longer period, have settled in the community and feel happy in their home. Wheatley Care colleagues work with approximately 400 households every week who are living in temporary accommodation in the Northeast of Glasgow.

4.8 Wheatley Care provide First Stop Accommodation at Loretto’s Carlisle Road Service in South Lanarkshire. The service offers accommodation with support to approximately 250 people annually, they also operate a Complex Needs Service for people affected by homelessness from the Fordneuk base in Glasgow. This service supports up to 42 people at any one time and around 100 people per year.

4.9 In addition, Wheatley Care currently provide a Housing Support Service from our temporary accommodation service based at Dunedin Harbour Hostel. This service supports around 100 people annually. Individuals engaged with the service experience complex needs including issues of mental health, addictions and those who have been excluded from other services across the city.

4.10 The service has developed a reputation as being a trusted provider who is agile and flexible in their response to what's best for people. Wheatley Care has also redesigned and extended its Housing Support provision to 38 of our temporary accommodation flats, dispersed across Edinburgh. This is directly supporting the intense demand Edinburgh are experiencing in the need for housing and support within their purchased homeless provision.

Allocations

4.11 Local authorities are requesting a greater share of allocations of social rented homes from Registered Social Landlords to homeless households to reduce the pressure on temporary accommodation and demand on their homelessness services.

4.12 We have always been a sector leader in terms of both the number and percentage of properties which we make available to homeless households. In our three largest local authority areas we have reviewed our contribution to homeless lets in response to our partners requests, taking into consideration and striking a balance between the growing need for more settled accommodation for homeless households and the demand on our waiting list. At the end of July, we are on track to meet these commitments:

- Glasgow – 1,600 lets to homeless households this year;
- Edinburgh – 60% of lets to homeless households this year; and
- Dumfries and Galloway – 400 lets to homeless households this year

4.13 Following the success of working with Glasgow City Council to match homeless customers to properties over the last 4 years, we have now extended this approach to the City of Edinburgh Council. While we are seeing initial benefits, we will closely monitor the outcomes from this change that was approved by Wheatley Homes East Board in November 2023. In Dumfries and Galloway, we also have a matching service that involves weekly meetings between Wheatley's dedicated lettings team, local authority homeless casework team and housing officers.

4.14 During 2025 we will review our policy in preparation for launching a new Group Homelessness policy to sit alongside our new Group Strategy taking us beyond 2026. An interim review will ensure the policy reflects the current national pressures and the revised ask from local authority partners.

Housing emergency response

4.15 As housing emergencies have been declared in the local authorities in which we operate, we have engaged with the local authorities and other key stakeholders and reviewed our response to ensure we are building on our strong relationships. Our response includes reviewing innovative approaches to free up larger family homes, actively flipping temporary accommodation to permanent homes, using our learning from one area and actively sharing in another such as the roll out of matching homeless customers, developing our housing first approach, and ensuring key components that can impact our response such as void management are managed robustly.

4.16 We are currently exploring with Glasgow City Council (GCC) opportunities to provide around 70 additional homes at speed for families living in temporary accommodation. Multiple options are being explored and developed including flipping the use of planned new build MMR to social housing, repurposing/and or bringing back into use properties and office accommodation that require investment or redesign. In addition, we are looking at the opportunity to support repurposing accommodation owned by GCC across the city.

4.17 We are engaging with the Scottish Government for funding to re-purpose or bring back into use properties that require significant work to be able to let them as mainstream housing. Currently the funding condition is that these are used to home Ukrainian households to help ease the contributing pressure that this has had. We have been successful in securing funding for five properties in West Lothian.

4.18 We have actively worked with the local authorities to acquire properties in the last year. In Glasgow, through full funding from the local authority, we purchased a former children's unit and refurbished it into a large family home. A homeless family who had been living separately are now able to live as one household in the property. We have completed 14 acquisitions over the last year with an aim to conclude a further 65 acquisitions over the next year which we would expect to be a mix of new build and market properties. We will continue to work with local authorities and where appropriate acquire properties.

4.19 In the last year we have expanded our Housing First approach, working in partnership with Glasgow City Council and support provider Rock Trust to develop the Housing First for Youth project. Using our experience and learning from adult Housing First to shape a new model for care experienced young people. We are currently the only housing provider and have housed eight customers. We continue to work closely with partners across all local authorities we operate in to develop the Housing First approach further, where a need is identified.

4.20 Effective void management has always been a priority for us and our performance on void turnaround is considerably better than the Scottish average. Last year, across the Group we achieved an average of just under 15 days to relet a property. We are currently awaiting the publication of the 2023-24 ARC return. However, in 2022-23 landlords across Scotland reported an average of 56 days to relet a property. This in turn supports a rapid rehousing approach and is most visible in Glasgow where over 60% of homeless applicants are rehoused within 6 weeks of the referral being received and in Edinburgh where since commencing the matching approach in January 2024, we have rehoused 62 customers, with 88% of them being rehoused within 6 weeks of us receiving the referral. This targeted approach has been developed to ensure our most vulnerable customers are accessing homes that meet their needs as quickly as possible.

4.21 We know that a number of our tenants are living in homes that are larger than they require (for example an elderly tenant whose family have left home, and they are now residing alone in a three-bedroom property). GCC relaunched its downsizing incentive scheme in early 2024 to remove barriers that can prevent people from moving such as the cost of removals. We are identifying tenants who have applied for rehousing and are under-occupying their homes to ask if they wish to participate in the scheme.

4.22 We are utilising existing provisions within our Housing Information Advice and Letting Framework to facilitate the move. Once the larger home becomes available this is then passed to the local authority to allocate to a homeless family who require a larger family home. We have identified over 70 tenants in Glasgow where downsizing options will be explored. We will review the success of the approach in Glasgow to inform discussions on the potential to roll out across our other local authority areas.

4.23 Our mid-market rent homes can be an important option for households who become homeless or are threatened with homelessness. This is particularly important given the acute shortage of social rented homes to meet need in this area. We are working with local authorities to raise awareness of and promote MMR as an option. This will enable rapid access to a rented home for those where mid-market rent is suitable.

Housing Bill and prevention of homelessness

4.24 While there are significant pressures on homelessness services, the Scottish Government is still committed to progressing the new Housing Bill which was published on 27th March 2024. One element of the new Bill has a direct impact on homelessness and will introduce an 'ask and act' duty on social landlords and bodies such as the health board and police to ask about a person's housing situation to avoid them becoming homeless wherever possible.

4.25 We already undertake significant prevention of homelessness activity and build this into our business-as-usual activities such as rent arrears management and response to antisocial behaviour. We utilise a range of wraparound support services from our Welfare Benefit Advisors to Home Comforts service to support our customers to remain in their homes.

4.26 We do not foresee any significant impact in relation to our current practice with the proposed implementation of 'ask and act'. The Housing Bill is currently at stage 1 in the Scottish Parliament. It is expected stage 1 will conclude by the end of November 2024.

4.27 In the last year we have relaunched our furnished lets service. This was formerly a Glasgow specific service, we have reviewed the service and made it available to all customers across our RSLs. Our new service offers flexibility in the packages we can offer and is often more substantial than the service customers can access via Scottish Welfare Fund (SWF) applications. For example, underlay is often not included with flooring provided by the Scottish Welfare Fund, we offer this as standard.

4.28 Our relaunch and expansion of the service has come at a time when SWF budgets are particularly stretched. The City of Edinburgh Council announced that from 2nd July 2024 for all SWF applications for the year 2024/5 they would be changing their priority level from 'High' to 'High Most Compelling' when reviewing applications due to budget constraints. GCC has also confirmed that they are reviewing items that they will no longer provide under the 'high priority' level. We will be reviewing customer feedback on the new service offering later this year to look at ways we can continue to develop and improve the service. Having a flexible, substantial furnished lets service supports more rapid rehousing of individuals who may not have the financial resource to set up a home.

4.29 We adopt a holistic approach to prevention of homelessness and actively work with our customers and partners to prevent homelessness where possible. We are fortunate that due to our size and scale that we can draw down on a range of wraparound supports including utilising our allocation policy; maximising customer income and offering job and training opportunities through the Foundation. This is reflected in tenancy sustainment across our subsidiaries, remaining high at almost 92% for homeless customers last year.

5 Customer Engagement

5.1 Over the last year we launched our digital feedback tool MyVoice for allocations. This provides real time feedback from customers on their satisfaction with the allocations process. We are pleased to note that our customer satisfaction score has remained consistently high throughout the year. Our current average is 4.4 out of 5.

5.2 Over the last year 1,095 customers have provided feedback with over 70% of respondents scoring 5 out of 5. Over the next year, we will work to segment this data further into different applicant profiles and determine any improvements we can make broadly and specifically in supporting customers who have previously been homeless.

5.3 We have supported several face-to-face customer engagement events. These have included but are not limited to working with the Scottish Government and wider stakeholders to attend sessions at Ukrainian Welcome Hub accommodation to raise awareness of housing options.

5.4 We are currently undertaking a joint research project with the Scottish Federation of Housing Associations ("SHFA") on the experience of applicants and staff working in allocations across Scotland. We have engaged with customers across Scotland and promoted the opportunity to participate in the research across our social media channels. Following individual interviews, we are scheduled to launch the staff experience survey around September and will publish the findings later this year.

6. Environmental and sustainability implications

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

7. Digital transformation alignment

7.1 Our allocations service MyHousing (including Homes4D&G which was onboarded in early 2023) is a fully digital customer service. However, support is available face-to-face for prospective tenants who may need assistance to complete a housing application.

8. Financial and value for money implications

8.1 We have identified provision in our business plan to support our acquisition plans. We will continue to work with local authorities to explore all available funding opportunities to maximise our contribution to homes for homelessness.

9. Legal, regulatory and charitable implications

9.1 Registered Social Landlords have a legal duty to assist local authorities in their homelessness duties. We are also required to report on a range of related indicators in the Annual Return on the Charter.

10. Risk Appetite and assessment

10.1 Our agreed risk appetite in relation to making the most of our homes and assets and increasing the supply of new homes is Open. This level of risk tolerance is defined as willing to choose options that are 'most likely to result in successful delivery while also providing an acceptable level of risk / reward.

10.2 The approach set out in the paper has considered the wider impact that providing increased housing for homeless households will have on our other waiting and transfer list customers. Our letting forecast is reviewed annually to take account of this.

11. Equalities implications

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

11.2 We now report on equalities information anonymously from our MyHousing housing lists which includes homeless customers.

12. Key issues and conclusions

12.1 We are a strong contributor to the national objective of alleviating homelessness.

12.2 We are on track to deliver the key Homelessness Policy commitments, at the end of July we have let 8344 homes to homeless households, flipped 391 properties from temporary to permanent accommodation and provided 395 Housing First homes.

12.3 Following the recent Scottish Government declaration of a national housing emergency we are working closely with key stakeholders and local authorities to respond to this. Part of our response includes reviewing our contribution to homeless allocations.

12.4 As the new Housing Bill progresses through parliament, we will closely monitor this to ensure we are fully compliant when it finally comes into force.

12.5 The Group Homelessness Policy will be updated to reflect the revised ask and commitment to homeless lets this year and preparation will begin for our new Group Homelessness Policy that sits alongside the new Group Strategy and will take us beyond 2026.

13. Recommendations

13.1 The Board is asked to:

1) Note the content of this report; and
2) Approve our strategy being updated to increase the target of lets to homeless households to 11,000 by 2026.

LIST OF APPENDICES:

None

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: Performance report

Date of Meeting: 28 August 2024

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1. Purpose

1.1 This report presents an update on performance delivery against targets and strategic projects for 2024/25 to the end of quarter 1.

2. Authorising and strategic context

2.1 The Board agreed on an updated programme of strategic projects and performance measures and targets for 2024/25 at its meeting in April 2024. Under the Group Standing Orders the Board also has an ongoing role in monitoring the performance of subsidiaries across the Group against the agreed measures. It is also responsible for overseeing the delivery of board-level strategic projects.

3. Background

3.1 This report outlines our performance against targets and strategic projects for 2024/25. Unless specified otherwise, results for all measures are based on year-to-date figures.

3.2 This includes progress with those measures that will be reportable to the Scottish Housing Regulator ("SHR") as part of the Annual Return on the Charter 2024/25.

3.3 We refer to available benchmarks taken from Scotland's Housing Network ("SHN") member averages 2023/24. These averages are based on 119 RSL and local authority SHN member responses, shared voluntarily. The SHR will publish Scottish averages for 2023/24 in late August 2024.

4. Discussion

4.1 The following sections present a summary of key measures and strategic projects. Strategic and Other key measures can be found in Appendix 1 and 2 respectively, and strategic projects are found in Appendix 3.

Delivering Exceptional Customer Experience

Customer First Centre

4.2 Year-to-date results as of the end of quarter 1 for our core CFC measures are presented in Table 1:

Table 1

Measure	2024/25		
	Value YTD (unless stated)	Target	Status
Group - CSAT score (customer satisfaction)	4.3 (rolling year)	4.5	
Group - Call abandonment rate	5.52%	5%	
Group - Call abandonment rate - those waited over 30secs and abandoned	3.99%	4%	
Group - % of contacts to CFC resolved within CFC	87.68%	93%	

4.3 Customer satisfaction with the CFC (known as “CFC CSAT”) remains the key measure. Our overall CFC CSAT score for the rolling 12-month period was 4.3 at the end of quarter 1, the same as the score at the end of quarter 4. During quarter 1, the CSAT score improved month on month, with an average of 4.4 in the quarter. Feedback received from the survey responses is being used to shape service improvements at the CFC. This includes the recent launch of the Lowther geographical approach, established to better respond to demand and ensure that Lowther customers speak to a CFC advisor who is upskilled to support them and, wherever possible, to resolve the enquiry.

4.4 The call abandonment rate in quarter 1 was 5.52%, with the call abandonment rate after 30 seconds, whereby our customers waited over 30 seconds and then abandoned their call, improved to 3.99%.

4.5 The percentage of contacts to the CFC resolved within the CFC, without the need to be passed to either Housing Teams or MyRepairs, was 87.68% at the end of quarter 1. This includes resolution on the phone, with specialist teams and via digital contact.

Tenancy Sustainment

4.6 Tenancy sustainment is a measure of new tenancies commenced in the previous reporting year where the customer remains in their home for more than a year. As well as new customers benefiting from remaining in their tenancy for longer, improvement in this measure reduces lost rent and resources required for re-letting.

4.7 We continue to support our new customers to sustain their tenancies and to deliver strong performance in the Charter measure and our revised indicator (which excludes deaths and transfers to other homes in the Group). Current performance at 91.81% and 93.87% respectively are the best results since the measures were introduced in 2020/21 and are better than the SHN member average of 91.11% for 2023/24.

Table 2

Tenancy Sustainment	Charter – All lets	2024/25 Target - Charter	Charter – Homeless Lets	Revised	2024/25 Target - Revised
WHE	90.22%	90%	91.89%	93.62%	91%
WHS	88.54%	90%	87.50%	91.21%	91%
WHG	92.89%	90%	92.70%	94.63%	91%
Loretto	94.02%	90%	94.63%	94.44%	91%
Group	**91.81%**	**90%**	**91.84%**	**93.87%**	**91%**

<u>Allocations CSAT</u>

4.8 Our Allocations MyVoice survey commenced on 1 August 2023 to measure our customer satisfaction with the process of getting their new home. Customer satisfaction (known as "CSAT") from this date to 30 June 2024 is 4.4 out of 5 against a target of 4.5.

4.9 Positive feedback is being shared amongst teams and any issues raised are being addressed to improve our customers' experience. For example, in the West, we have used the feedback to identify where we could improve communication with the City Building Glasgow void team.

Table 3

Allocations CSAT	2024/25 – Rolling year	2024/25 Target
WHE	4.7	4.5
WHS	4.5	4.5
WHG	4.2	4.5
Loretto	4.7	4.5
Lowther Letting	4.5	4.5
Group	4.4	4.5

Making the Most of Our Homes and Assets

<u>Development Programme</u>

4.10 Our target is to deliver a total of 772 new homes, including 65 market acquisitions, in 2024/25. At the end of quarter 1, we have handed over 111 homes, above the target of 37 expected for quarter 1.

Table 4

Sites	Handovers (YTD)	Target (YTD)	Difference to 30 June
WHG	4	0	+4
Cleddans Grove (SR acquisitions)	4	0	+4
WHE	89	33	+ 56
Rowanbank (Social)	33	33	0
West Craigs (Ph 1) (Plot 4) (MMR)	13	0	+13
Blindwells Plot 11 (Social)	6	0	+6
Doctors Field	12	0	+12
South Fort Street (Social)	11	0	+11
South Fort Street (MMR)	14	0	+14
WHS	14	0	+14
Curries Yard (Social)	14	0	+14
Lowther	4	4	0
Raw Holdings (MMR)	4	4	0
Group	**111**	**37**	**+74**

Volume of Emergency Repairs

4.11 The table below shows our position against the strategic result to reduce the volume of emergency repairs by 10% by 2026 compared to the updated baseline year of 2022/23. The target for 2024/25 is a reduction of 3.5%.

4.12 At the end of quarter one, less repairs than last year have been completed and the variance of -1.84% is slightly behind target.

Table 5

Completed emergency repairs	YTD 23/24	YTD 24/25	Variance	
WHE	1,895	1,938	2.27%	
WHS	3,570	3,314	-7.17%	
WHG	18,215	17,871	-1.89%	
Loretto	887	993	11.95%	
Group	**24,567**	**24,116**	**-1.84%**	

Repairs Timescales and Right First Time

4.13 Our Group RSL average time taken for emergency repairs was 2.84 hours at the end of Q1, within the 3-hour target. This is a slight improvement on 2.88 hours in 2023/24 and is better than the SHN member average of 3.74 hours.

4.14 The average time to complete non-emergency repairs for our Group Registered Social Landlords (RSLs) and Lowther to the end of quarter one is set out below.

Table 6

Repairs completion timescales (Charter)	Emergency (hours)			Non-emergency (days)		
	Target	Value		Target	Value	
WHE	3.00	3.24		7.5	7.56	
WHS	3.00	2.60		7.5	8.28	
WHG	3.00	2.84		7.5	9.16	
Loretto	3.00	2.87		7.5	10.36	
Group RSLs	3.00	2.84		7.5	9.14	
[redacted]						
[redacted]						
Group including Lowther	3.00	2.91		7.5	9.88	

4.15 A strong focus on improving performance is underway with the latest year to July results showing an average of 5.87 days for Wheatley Homes Glasgow (WH Glasgow), 5.30 days for Loretto Housing and 7.00 days for Wheatley Homes South (WH South).

4.16 Right first-time performance to the end of Q1 is currently slightly below the 90% target at 88.84%. It was however improving each month of quarter 1.

Rate It

4.17 For quarter one, the Rate it scores for repair appointments were as follows:

- West is 4.5/5 from 5,808 ratings – a 19.4% feedback rate;
- East is 4.3/5 from 563 ratings - a 16.95% feedback rate; and
- South is 4.7/5 from 1,748 rating - a 16.9% feedback rate.

Responsive repairs: Damp and mould

4.18 We continue to monitor repairs related to mould, with updates provided to help facilitate greater scrutiny over these types of repairs. The CFC raises every job related to damp, mould, condensation or rot as a mould inspection line.

4.19 We have attended 80.8% of mould inspections within 2 working days in quarter 1. The table below details the inspections with category. Remedial work for the two severe cases has been completed.

Table 7

Inspections completed	Category			
	No Mould Found	3 (mild)	2 (moderate)	1 (severe)
2,916	476	2,327	111	2

4.20 In this quarter, 67.2% of remedial mould repairs were completed within 15 working days. In June, the average time was only 9.71 days to complete these repairs.

4.21 At the 1st of August 2024, we had 116 live inspections and 340 live remedial repairs. In a limited number of cases, the timescales for these will take longer than the standard two working days and 15 working day completions due to issues such as customer preference, access issues, asbestos-related delays or structural work being required. All such cases are closely monitored and escalated if necessary on an ongoing basis.

Medical Adaptations

4.22 Time to complete medical adaptations remains well within the 25-day target year to date, with the average days to complete at 18.06. We have completed 606 adaptations and there are 114 households currently waiting.

Table 82

Medical Adaptations (Charter)	Current Households Waiting	Number Completed YTD	Average Days to Complete YTD	Target
WHE	18	31	20.77	25
WHS	19	130	22.15	25
WHG	71	427	16.67	25
Loretto	6	18	16.89	25
Group	**114**	**606**	**18.06**	25

Gas Safety

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

Compliance

4.24 We have made good progress with our compliance programmes in quarter 1. All of our relevant properties are compliant with Legionella assessment requirements.

4.25 We carried out safety inspections on all passenger lifts and all but 1 domestic lift in Glasgow where access to the customer's house is required. Arrangements are being made by housing staff for access following previous customer refusal.

4.26 At the end of Q1, we have reduced to 66 the number of properties without a valid EICR. In addition, we are making excellent progress with the inspection of electrical installation certificates due to expire before 31st March 2025.

Health and Safety

4.27 We have had no reportable RIDDOR incidents. Across the Group, 117 days have been lost during 2024/25 due to work-related accidents.

4.28 There have been no Health and Safety Executive or Local Authority environmental team interventions this year, the same position that we have maintained since the measure started in 2021.

4.29 We have received no new employee liability claims, with none received in 2023/24. We currently have 9 open employee liability claims.

Workplace Fires

4.30 We have not had any workplace fires in quarter 1 and have not recorded any since the measure started in 2021.

Changing Lives and Communities

Care Service Quality

4.31 [redacted]

4.32 [redacted]

Peaceful Neighbourhoods

4.33 Our strategic measure is for over 80% of our customers to live in neighbourhoods categorised as peaceful by the end of the strategy period. Peaceful communities are defined as communities where customer-reported incidents of antisocial behaviour to Police Scotland are reducing and social deprivation indicators in the associated data zone are improving.

4.34 The percentage of tenancies categorised as Peaceful increased slightly to 76.92%. We also continue to perform better than this year's target of 75%.

Anti-Social Behaviour ("ASB") Resolved

4.35 By the end of quarter one, the resolution rate for our ASB cases was 87% at Group level, with the RSL level set out in the table below:

Table 93

ASB Resolution Rate	YTD	2024/25 Target	
WHE	89.23%	100%	
WHS	95.91%	100%	
WHG	83.64%	100%	
Loretto	98.84%	100%	
Group	**86.87%**	**100%**	

4.36 We have a strong focus on ensuring high visibility of unresolved cases to help support oversight and improvement. ASB resolution and timescales will also be a strong performance focus over the coming periods and we expect performance will improve during Q2.

Repeat Anti-Social Behaviour cases – number of repeat addresses

4.37 We have a target outlined within our ASB Framework to reduce the number of repeat complaints of ASB at our properties by 20% by 2026. At quarter one ASB was recorded at 218 repeat addresses, an 8.5% increase compared to the baseline performance of June 2022 (201 repeat addresses) albeit representing less than 0.5% of our RSL stock.

4.38 It should be noted that WH Glasgow and WH South have recorded decreases in the number of repeat cases compared to the same point last year and that the number in Loretto, albeit having increased, are low. An increase in repeat cases was anticipated this year in WHE as they are at an early stage of embedding CIP support. Our new Safer Communities system provides more accurate address details on which to base this measure and we now have a designated Antisocial Behaviour Intervention and Prevention officer in each of these subsidiaries.

Accidental Dwelling Fires

4.39 We have had 18 accidental dwelling fires to the end of quarter one as follows:

Table 104

Number of recorded accidental dwelling fires	2024/25 YTD	2023/24 full year
WHE	6	9
WHS	5	12
WHG	7	98
Loretto	0	1
Group	**18**	**120**

4.40 This contributes towards a Strategic result to reduce RSL accidental dwelling fires (ADFs) by 10% by 2025/26, against the baseline of 152 ADFs in 2020/21. We achieved this target in each year of the strategy to 2023/24.

4.41 Our strategy measure aims to ensure that 100% of applicable properties have a current fire risk assessment in place. This continues to be achieved.

Table 11

Fire Risk Assessments	2024/25 YTD	2023/24
The percentage of relevant premises - HMOs that have a current fire risk assessment in place	100%	100%

<u>Reducing Homelessness</u>

4.42 Our contribution to reducing homelessness remains significant in terms of both absolute numbers and the proportion of lets. We have provided 883 homes to homeless households in the first quarter of this year. Our percentage of relevant lets made to homeless applicants in the first quarter is 65.37% (relevant lets exclude mutual exchanges, transfers and LivingWell lets for which we are limited to let to homeless applicants).

4.43 The breakdown for each RSL, which shows we have let nearly 3,500 homes over last year and to the end of June this year, is set out in the table below.

Table 12

Reducing Homelessness	2024/25 Number of lets to homeless applicants (ARC) - YTD	2023/24 Number of lets to homeless applicants (ARC) – full year
WHE	89	274
WHS	153	393
WHG	570	1,640
Loretto	21	99
Group	**833**	**2,406**

<u>Neighbourhood environmental customer satisfaction (Ad-hoc)</u>

4.44 A MyVoice survey commenced in October 2023 to measure our customers' satisfaction with an ad-hoc service they requested, such as bulk uplift, tree work or weeding from our Neighbourhood Environmental Teams ("NETs"). The customer satisfaction score (known as "CSAT") from this date to 30 June 2024 has decreased to 3.9 against a target of 4.3.

4.45 Feedback from the surveys is regularly reviewed to identify improvements. During quarter 1, this identified that for some customers the point at which an ad-hoc request had successfully been completed was not always clear.

4.46 In turn, our NETs have developed a calling card, now left with the customer at the time the ad-hoc request has been completed. We expect that this will help improve visibility and thus our NETs CSAT score.

Table 135

NETs CSAT (Ad-hoc)	2024/25 – Rolling year	2024/25 Target	
WHE	4.1	4.3	
WHS	4.5	4.3	
WHG	4.1	4.3	
Loretto	4.0	4.3	
[redacted]			
Group	3.9	4.3	

Classified as public

Jobs and Opportunities

4.47 So far this financial year, 1148 children within our households and communities have been supported through Foundation programmes. This has included 633 children registered with the Imagination Library and 26 households with children benefitting from a "food starter pack". This new project focuses on households with children to provide a food pack along with the household items they will receive in their main Starter Pack package.

4.48 To the end of June, the Wheatley Works staff have supported 228 jobs, training and apprenticeship opportunities within our households and communities. Opportunities have included IT and Cyber security training delivered by Generation UK, Environmental Roots and a range of Sports-related development programmes delivered by Street Soccer Scotland.

4.49 Over 3,000 people from our homes and communities accessed support to alleviate the impacts of poverty. This includes 82 people receiving a refurbished laptop from our new 'Techshare' project – repurposing staff laptops instead of sending them to landfill.

Table 146

Indicator	Target (YTD)	Current Performance (YTD)		2023/24
WHG - Number of children and young people benefiting from targeted Foundation programmes in Wheatley Communities	550	1148		2257
WHG - Total number of jobs, training places or apprenticeships created for customers and communities	120	228		988
WHG - Number of people accessing services which help alleviate poverty in Wheatley Communities	2050	3040		11,555

4.50 Just over 50% of planned jobs, training places or apprenticeships have been secured by customers this quarter.

Due to the nature of funding secured to deliver Wheatley Works, the support provided during quarter 1 has included a larger proportion of non-customers, although delivery and support for Wheatley customers remains on track against the full-year forecast.

4.51 Newbuild contractors will provide a full update on jobs and opportunities at the end of Q2, ensuring summer work experience placements and apprenticeship data can be collated. As a result, an improvement in performance for this measure is expected by the end of Q2.

Developing our Shared Capability

Sickness Absence

4.52 The Employee Relations Team have recently reviewed how sickness absence data is reported and presented. As agreed with the Board, we will now report our strategic target to maintain absence below 3% based on Group sickness excluding Care, NETs and Repairs staff. Year to date to the end of quarter one, our Group sickness rate excluding Care, NETs or repairs was 3.44%.

Table 15

Sickness Rate	Target	2024/25 YTD	
Group - % Sickness rate excluding Care, Repairs and NETs	3%	3.44%	

4.53 Care, NETs and repairs staff absence is also provided in the appendix for completeness, against a 5% target. While Care's sickness rate at the end of quarter 1 was 7.44% it has reduced month on month since April. Over 1 in 10 days lost to sickness were associated with chronic illness and surgery during this period. The improvement recorded during quarter 1 has continued into quarter 2 with sickness absence at 6.89% year to July, and in month for July only slightly off target at 5.33%.

4.54 Employee Relations ("ER") are continuing to audit short-term sickness to check that all available support is being offered and that, where appropriate, formal sickness absence management processes are being applied. This will be supported by refresher training for managers. The ER team has also been realigned and a dedicated team focusing on absence has been created.

4.55 Further assistance for staff members experiencing issues and managers supporting staff members was provided in Q1 via a variety of workshops including Supporting Staff Through Bereavement, Financial Wellbeing and Stress & Anxiety workshops.

4.56 These workshops will run throughout 2024 and will complement existing support services for stress and anxiety offered through our Employee Assistance Provider, our counselling services and through e-learning modules.

4.57 Wellbeing workshops focusing on health and wellbeing from a preventative approach / early awareness also took place in Q1 with spring health checks also offered.

Enabling our Ambitions

Gross Rent Arrears (GRA)

4.58 Group RSL GRA at the end of Q1 is 5.66%, better than where we were projected to be at this point in the year. The SHN member average for 2023/24 has shown an increase to 7.17% compared to the SHR average of 6.9% in 2022/23. We continue to outperform these benchmarks.

Chart 1

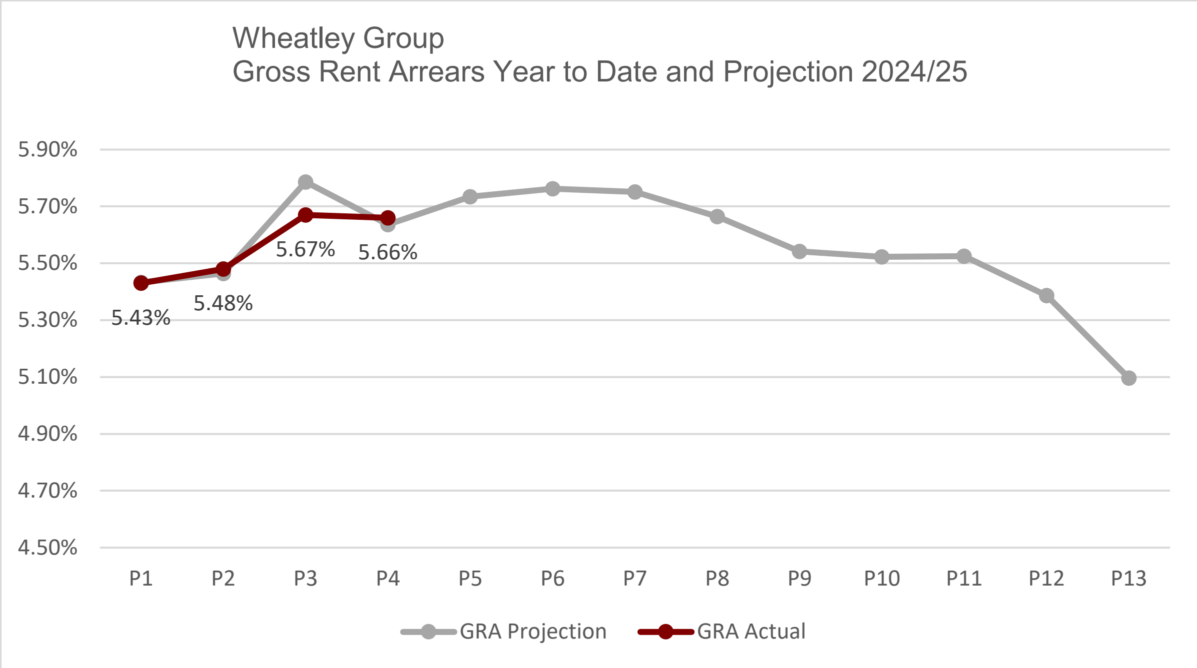

Table 16

Gross Rent Arrears	June/P4		2024/25 target	2023/24 Result
WHE	5.05%		4.52%	4.61%
WHS	4.45%		4.25%	4.33%
WHG	6.17%		5.50%	5.86%
Loretto	3.88%		3.60%	3.67%
Group RSLs	**5.66%**		**5.20%**	**5.37%**

4.59 Each Managing Director and Locality Housing Director ("LHD") regularly focuses their team on rent performance, discussing the Rent Action Plan and their performance. This includes concentrating on those customers who did not meet rent or paid nothing towards their rent account.

4.60 We also held the first Rent Action League, with Housing Officers ("HOs") and colleagues from Legal, Welfare Benefits, Group Debt Recovery and Housing Specialists in attendance to discuss successes and blockages and how the LHDs can support in alleviating these. There has also been external training on successful stronger conversations, with all HOs offered the opportunity to attend this.

<u>Lowther</u>

4.61 [redacted]

4.62 [redacted]

4.63 [redacted].

<u>Average Days to Re-Let (Charter and revised)</u>

4.64 Our average time to re-let at the end of Q1 is 17 days. The SHN member average of 58.4 days for 2023/24 has shown an increase from the SHR average of 55.6 days in 2022/23. We continue to perform better than comparators.

4.65 While WHE's year-to-date performance is above target, the in-month average for June at 15.96 days on target. WH Glasgow are working closely with the City Building Glasgow void team to improve performance and bring in month performance closer to the target of 16 days.

Table 17

Average days to re-let (Charter)	2024/25 YTD	2024/25 Target	2023/24 Result	Charter revised YTD (no meter amendments)
WHE	18.09	16	13.93	29.89
WHS	7.89	16	11.01	9.28
WHG	19.73	16	15.81	36.68
Loretto	15.57	16	10.87	15.57
Group RSLs	17.00	**16**	**14.51**	**29.78**

4.66 Our Charter performance in quarter one continues to take into account days lost to health and safety related meter issues where we consider the property unsafe/unfit to occupy. These amendments include, for example, where a tampered meter means there is no power to the property or where the supply has been cut off and we are awaiting reconnection (which energy companies do not prioritise as they are void), both of which mean we cannot undertake crucial safety checks prior to letting the property.

4.67 The table above now also includes re-letting times with no meter amendments, shown as Charter revised. Our revised result shows the impact that meter issues are having on letting times. Meter issues and their impact on the sector, which became significant from the point of lockdown and continues to escalate, are currently under consideration by the Regulator.

Care Services Breaking Even

4.68 [redacted]

4.69 [redacted]

Summary of Strategic Project Delivery

4.70 A full update on progress with strategic projects is attached in Appendix 3. The following table summarises the current status of projects.

Table 18

Complete	On track	Slippage	Overdue
0	8	0	0

4.71 All projects are currently on track and no projects were completed during Q1.

5. Customer engagement

5.1 We have several strategic projects that facilitate opportunities for customer engagement, as do new customer feedback channels such as MyVoice and Book It, Track It, Rate It. This will directly impact the way we deliver services, the way they can be drawn down by customers and how customers can share their views on these services.

6. Environmental and sustainability implications

6.1 Our Group sustainability framework includes a refined sustainability performance framework overseen by the Wheatley Solutions Board.

7. Digital transformation alignment

7.1 Our strategy is underpinned by digital transformation. The strategic projects for 2024/25 have been developed and prioritised with IT, digital and data interdependencies a key factor.

8. Financial and value for money implications

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

9. Legal, regulatory and charitable implications

9.1 The Scottish Housing Regulator requires an Annual Return on the Charter from each RSL. Key indicators within this return are also included in quarterly performance reporting.

9.2 We are also required to involve tenants in the scrutiny of performance, which we do through the Group Scrutiny Panel, and to report to tenants on performance by the end of October each year.

9.3 The Group Scrutiny Panel consider performance quarterly and will contribute to our report to tenants during quarter 2.

10. Risk appetite and assessment

10.1 This report covers performance across each of our strategic themes and as such there is no single agreed risk appetite. Having a strong performance management culture will in particular support our progression from excellence to outstanding for which we have an open risk appetite in relation to operational delivery with a cautious appetite in relation to compliance with law and regulation.

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 strong performance against our targets for quarter 1 2024/25 in several key areas including tenancy sustainment, emergency repair completion times, medical adaptation completion timescales, jobs and training places created, children and young people benefiting from Foundation programmes and the number of people accessing services to help alleviate poverty. Arrears, average days to re-let, non-emergency repair timescales and sickness absence remain key areas of focus.

13. Recommendations

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

LIST OF APPENDICES:

Appendix 1: Strategic Results Dashboard
Appendix 2: Other Key Measures Dashboard
Appendix 3: Strategic Projects Dashboard

Appendix 1
Group Board Strategic Results – Q1 2024/25

Delivering Exceptional Customer Experience

Measure	2023/24	YTD 2024/25		
	Value	Value	Target	Status
CFC CSAT (Group)	4.3	4.3	4.5	
WHG	4.3	4.3	4.5	
Loretto	4.4	4.4	4.5	
WHE	4.2	4.2	4.5	
WHS	4.5	4.5	4.5	
Lowther Letting	4.1	4.1	4.5	
Lowther Owner	3.8	3.8	4.5	
% of contacts to CFC resolved within CFC	New	87.68%	93%	
Call abandonment rate	5.45%	5.52%	5%	
Call abandonment rate - those waited over 30secs and abandoned	New	3.99%	4%	
Allocations CSAT (Group)	4.4	4.4	4.5	
WHG	4.2	4.2	4.5	
Loretto	4.7	4.7	4.5	
WHE	4.7	4.7	4.5	
WHS	4.5	4.5	4.5	
[redacted]				

Making the Most of Our Homes and Assets

Measure	2023/24	YTD 2024/25		
	Value	Value	Target	Status
New build completions (total for Group)	348	111	37	
WHG - Social Housing	0	0	0	
[redacted]				
[redacted]				
Loretto - Social Housing	24	0	0	
WHE - Social Housing	168	62	33	
[redacted]				
WHS - Social Housing	35	14	0	
[redacted]				
Reduce the volume of emergency repairs by 10% by 2025/26 (Group average)	Apr to Jun 23/24 – 24,567	24,116	-1.84%	
WHG	Apr to Jun 23/24 – 18,215	17,871	-1.89%	
Loretto	Apr to Jun 23/24 – 887	993	11.95%	
WHE	Apr to Jun 23/24 – 1,895	1,938	2.27%	
WHS	Apr to Jun 23/24 – 3,570	3,314	-7.17%	

Changing Lives and Communities

Measure	2023/24 Value	YTD 2024/25 Value	YTD 2024/25 Target	YTD 2024/25 Status
Percentage of Care services graded very good (5) or better by the Care Inspectorate	73.68%	77.78%		
Over 70% of customers live in neighbourhoods categorised as peaceful by 2025/26 (Group average)	76.16%	76.92%		
Number of accidental dwelling fires recorded by Scottish Fire and Rescue (Group RSLs)	120	18	(Annual upper limit)	
WHG	98	7	Contextual	
Loretto	1	0	Contextual	
WHE	9	6	Contextual	
WHS	12	5	Contextual	
100% of relevant properties have a current fire risk assessment in place (HMOs) (Group)	100%	100%		
Percentage of relevant lets to homeless applicants (Group)	58.64%	65.37%	Contextual	
WHG	62.00%	70.19%	Contextual	
Loretto	60.20%	48.15%	Contextual	
WHE	59.13%	66.12%	Contextual	
WHS	47.57%	53.31%	Contextual	
Percentage of lets to homeless applicants (Group RSL Charter)	56.84%	63.88%	Contextual	
WHG	60.58%	68.10%	Contextual	
Loretto	62.26%	56.76%	Contextual	
WHE	50.74%	62.24%	Contextual	
WHS	47.52%	53.31%	Contextual	

Measure	2023/24	YTD 2024/25		
		Value	Target	Status
Number of lets to homeless applicants - 10,000 for Group by 2025/26 (Group RSL Charter)	2,406	833	500	
WHG	1,640	570	Contextual	
Loretto	99	21	Contextual	
WHE	274	89	Contextual	
WHS		153	Contextual	
% planned jobs, training places or apprenticeships created which are secured by our customers (Group)	72.57%	50.65%	50%	
Percentage of Community Benefit job and training opportunities arising through the spend associated with new home construction and our investment programme that have been secured by Wheatley customers (Group)		-	30%	
4,000 jobs, training places or apprenticeships created for customers and communities (Goup)		228	120	
WHG		157	80	
Loretto		2	1	
WHS	117	13	13	
[redacted]				
WHE	220	51	22	
[redacted]				
10,000 of children and young people benefiting from targeted Foundation programmes in Wheatley Communities (Group)		1,148	550	
20,000 Wheatley customers accessing services which help alleviate poverty (Group)		3,040	2,050	
NETS Ad-hoc CSAT (Group)		3.9	4.3	
WHG	4.1	4.1	4.3	

Measure	Value	Value	YTD 2024/25 Target	
Loretto	3.7	4.0	4.3	
WHE	4.4	4.1	4.3	
WHS	4.6	4.5	4.3	
[redacted]				
[redacted]				

Developing our Shared Capability

Measure	2023/24 Value	Value	YTD 2024/25 Target	Status
Group - % Sickness rate excluding Care, Repairs and NETs	NEW	3.44%	3%	
Group Care - % Sickness rate	6.41%	7.44%	5%	
Group Repairs Staff - % Sickness rate	NEW	4.14%	5%	
Group NETS - % Sickness rate	NEW	5.21%	5%	

Enabling our Ambitions

Measure	2023/24 Value	YTD 2024/25 Value	YTD 2024/25 Target	Status
Reduce gross rent arrears down to 5% by 2026 (Group RSL Charter)	5.37%	5.66%	5.20%	
WHG A	5.86%	6.21%	Contextual	
WHG B	5.84%	5.42%	Contextual	
WHG Combined	5.86%	6.17%	5.50%	
Loretto A	4.07%	4.24%	Contextual	
Loretto B	3.12%	3.39%	Contextual	
Loretto Combined	3.67%	3.88%	3.60%	
WHE A	4.48%	4.95%	Contextual	
WHE B	5.58%	5.86%	Contextual	
WHE Combined	4.61%	5.05%	4.52%	
WHS	4.33%	4.45%	4.25%	
[redacted]				
Average time to re-let properties (Group RSL)	14.51	17.00	16	
WHG	15.81	19.73	16	
Loretto	10.87	15.57	16	
WHE	13.93	18.09	16	
WHS	11.01	7.89	16	
[redacted]				
Over 50% of customers actively using their online account to make transactions with us	31.68%	31.90%	40% (annual target)	
[redacted]				

Measure	2023/24	YTD 2024/25		
	Value	Value	Target	Status
£15 million generated in Gift Aid to Wheatley Foundation and reinvested in communities	£2,676,000	£667,000	£667,000	✅

Appendix 2
Group Board Other KPIs Q1 (2024/25) (includes Compliance)

Measure	2023/24	YTD 2024/25		
	Value	Value	Target	Status
Percentage of new tenancies sustained for more than a year – all lets (Group RSL Charter)	91.16%	91.81%		
WHG	92.00%	92.89%		
Loretto	93.88%	94.02%		
WHE	91.77%	90.22%		
WHS	86.10%	88.54%		
Percentage of new tenancies sustained for more than a year – statutory homeless lets (Group RSL Charter)	90.67%	91.84%	Contextual	
WHG	91.38%	92.70%	Contextual	
Loretto	94.55%	94.63%	Contextual	
WHE	93.89%	91.89%	Contextual	
WHS	84.35%	87.50%	Contextual	
Percentage of new tenancies sustained for more than a year – all lets revised (Group RSL non-Charter)	93.27%	93.87%		
WHG	93.81%	94.63%		
Loretto	94.52%	94.44%		
WHE	94.52%	93.62%		
WHS	89.45%	91.21%		

Measure	2023/24	YTD 2024/25		
		Value	Target	Status
Average time taken to complete emergency repairs (hours) – make safe (Group RSL Charter)		2.84	3	
WHG		2.84	3	
Loretto		2.87	3	
WHE		3.24	3	
WHS		2.60	3	
Average time taken to complete emergency repairs (hours) – make safe (Group including Lowther)	2.96	2.91	3	
[redacted]				
[redacted]				
Average time taken to complete non-emergency repairs (working days) (Group RSL Charter)		9.14	7.5	
WHG		9.16	7.5	
Loretto		10.36	7.5	
WHE		7.56	7.5	
WHS	8.58	8.28	7.5	
Average time taken to complete non-emergency repairs (working days) (Group including Lowther)	8.13	9.88	Contextual	
[redacted]				
[redacted]				
Average time to complete approved applications for medical adaptations (calendar days) (Group RSL Charter)	18.99	18.06	25	

Measure		YTD 2024/25		
	Value	Value	Target	
WHG	17.73	16.67	25	
Loretto	18.09	16.89	25	
WHE	13.66	20.77	25	
WHS	24.57	22.15	25	
Percentage of reactive repairs completed right first time (Group RSL Charter)	91.28%	88.84%	90%	
WHG	91.62%	88.93%	90%	
Loretto	89.92%	86.38%	93%	
WHE	92.87%	89.03%	90%	
WHS	87.71%	88.96%	90%	
Number of times in the reporting year the RSL did not meet the statutory obligation to complete a gas safety check within 12 months of a gas appliance being fitted or its last check (Group RSL Charter)	0	0	0	
WHG	0	0	0	
Loretto	0	0	0	
WHE	0	0	0	
WHS	0	0	0	
Percentage of ASB incidents resolved (Group RSL Charter)	100%	86.87%	100%	
WHG	100%	83.64%	100%	

Measure	2023/24		YTD 2024/25	
	Value		Target	Status
Loretto	100%		100%	
WHE	100%		100%	
WHS	100%		100%	
Repeat antisocial behaviour cases in period – number of repeat addresses (Group)	952		165	
Percentage of lettable homes that became vacant (Group RSL Charter)	6.95%		8%	
WHG	6.91%		8%	
Loretto	5.52%	6.13%	8%	
WHE	6.25%		8%	
WHS	7.92%	7.85%	8%	
Number of accidental fires in workplace	1	0	0	
Number of RIDDOR incidents reported	18	3	Contextual	
Number of Health and Safety Executive or local authority environmental team interventions	0	0	0	
Number of new employee liability claims received	3	0	Contextual	
Number of open employee liability claims	13	9	Contextual	
Number of days lost due to work related accidents	649	117	Contextual	
Lowther - Number of new eligible tenancies in the previous month where deposit was collected	438	80	Contextual	
[redacted]				
[redacted]				

Compliance Programme Delivery

2024/25 Quarter 1	WHG	Status	Loretto	Status	WHE	Status	WHS	Status
Legionella - percentage of applicable properties with a valid risk assessment in place	100%	✅	100%	✅	100%	✅	100%	✅
Percentage of domestic stair and through floor lifts with valid safety inspection	90%	🛑	100%	✅	100%	✅	100%	✅
Percentage of passenger lifts with a valid safety inspection	100%	✅	100%	✅	100%	✅	100%	✅
Percentage of EICR certificates due to expire by end of financial year now renewed	50.02%	🛑	82.38%	🛑	39.22%	🛑	15.38%	🛑
Percentage of properties with an EICR certificate up to 5 years old	99.89%	⚠️	99.89%	⚠️	99.90%	⚠️	100%	✅

Appendix 3 - Wheatley Group Board - Delivery Plan 24/25 - Strategic Projects

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
Defining and agreeing our approach to vulnerability and personalised services	31-Mar-2025		16%	01. Vulnerability strategy and plan developed	30-Jun-2024	Yes	Customer engagement sessions are being planned to take place during August 2024.
				02. Customer engagement concluded	31-Aug-2024	No	
				03. Board approval of strategy and implementation plan	30-Sep-2024	No	
				04. Implementation plan commenced	31-Oct-2024	No	
				05. Update to Board on implementation	31-Mar-2025	No	
				06. Review and refine plan phase 2	31-Mar-2025	No	
Customer insight driven services	30-Sep-2024		50%	01. Agree the top 3 priority areas for customer journey mapping based on analysis of customer insight on key satisfaction drivers	31-May-2024	Yes	Project is on track. Work also commenced in July with Vanguard and the relevant project teams on two CJMs and complaints analysis.
				02. Agree our pulse and thematic survey programme	31-May-2024	Yes	
				03. Undertake customer journey mapping, including through direct engagement with customers	31-Aug-2024	No	
				04. Group Executive team agree service, process and technology changes required to improve the customer journey and respond to the pulse survey findings	30-Sep-2024	No	

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
[redacted]							
Asset strategy	28-Feb-2025		57%	01. Asset strategy featured as a key theme in Group partner Board strategy workshops	31-May-2024	Yes	The Group Board approved the Asset Strategy at its June meeting. The Asset Management Plans is scheduled for RSL Boards consideration in September meeting.
				02. Customer and staff engagement session	31-May-2024	Yes	
				03. Internal review and sign-off	31-May-2024	Yes	
				04. Group Board approval of Group Asset Management strategy	30-Jun-2024	Yes	
				05. Group partner asset management plans approved	30-Sep-2024	No	
				06. Staff launch of group asset management strategy and group partner asset management plans	31-Oct-2024	No	
				07. Agreed approach through strategy informs 2025 investment plans	28-Feb-2025	No	
[redacted]							
[redacted]							
Review of charging - district heating and heat with rent schemes	30-Aug-2024		100%	01. Review of existing policy and approach	31-May-2024	Yes	Project complete
				02. Proposed update(s) to policy and approach agreed by the Executive Team	14-Jun-2024	Yes	
				03. Group Board consider and agree updated district heating charging arrangements	30-Jun-2024	Yes	

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				04. Customer engagement and communication on updates to charging arrangements	30-Aug-2024	Yes	
Automation & Artificial Intelligence - pilot to explore the potential for productivity gains and service enhancements through MS Co-Pilot and automation	31-Mar-2025		50%	01. Three priority areas for automation/use of AI (MS Co-Pilot) agreed and associated measures of success identified	31-May-2024	Yes	We are prioritising automation in three areas, utilities, repairs and finance. The consistent theme relates to the automation of processes relating to areas such as invoice reviews, invoice payment and quality checks.
				02. Deployment plan developed and commenced for each priority area	31-Jul-2024	Yes	
				03. Deployment plan progress update to the Group Executive Team	30-Dec-2024	No	
				04. Pilot evaluation and lessons learned review completed and recommendations, including a business case if appropriate, presented to the Executive Team	31-Mar-2025	No	
Develop a data and technology enabled approach to managing and monitoring building compliance	31-Dec-2024		25%	01. Review our existing compliance cycles, data management, integration and management information arrangements	31-Jul-2024	Yes	Work is progressing to plan. Existing cycles, integration and MI has been reviewed across key compliance areas for each group partner. Work will now continue to summarise and present findings, which will support the development of our desired future compliance
				02. Build our future building compliance model including desired compliance cycles, key data, data flows, degree of integration, required management information and	31-Oct-2024	No	

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				desired customer touchpoints and functionality			model.
				03. Undertake a gap analysis and options appraisal including costs and benefits of the change between current arrangement and desired future model	30-Nov-2024	No	
				04. Develop detailed implementation proposal and plan and update Executive Team including on timescales and anticipated benefits	31-Dec-2024	No	
Improving and evolving our multi-channel customer first centre	28-Feb-2025		20%	01. Customer Engagement on service improvement opportunities via Stronger Voices team	30-Jun-2024	Yes	Customer engagement sessions went ahead on 4th July, 1 face to face and 1 via Teams. Positive feedback received from all who attended and wish to engage with us going forward. Significant progress has been made with the implementation of geographical teams. Both Lowther and WHE are now operational. We are currently conducting a thorough analysis of WHG to determine the most effective strategy for managing the subsidiary's size and scale.
				02. Agree approach and workplan for geographical subsidiary delivery	31-Jul-2024	No	
				03. Pilot customer call transcription and automated quality assurance	31-Oct-2024	No	
				04. Scope and develop an approach for automation of identification and verification (IDV)	31-Dec-2024	No	
				05. Year 1 update of the Executive Team including customer feedback and Year 2 enhancement plan	28-Feb-2025	No	

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
Review of Defined Contribution pension schemes	31-Dec-2024		0%	01. Review and benchmarking of current schemes	31-Aug-2024	No	We engaged our specialist Pension Advisors, Spence, in June to: • Review the performance of the 4 Defined Contribution providers against each other and the wider market • Based on the outcome of the bench marking exercise at 1. carry out a desktop exercise to establish if there is any merit in harmonising the pension schemes • Review our 3 SHAPS Defined Benefit Schemes Work is expected to be completed mid August to inform the action plan for the Pension Strategy
				02. Develop proposals and proposed implementation approach	31-Oct-2024	No	
				03. Executive Team review, and agreement of, recommended approach	30-Nov-2024	No	
				04. Recommendations agreed by the Group Board as part of the approval of refreshed Group pensions strategy	31-Dec-2024	No	

Report

To: Wheatley Housing Group Board

By: Pauline Turnock, Group Director of Finance

Approved by: Steven Henderson, Group Chief Executive

Subject: Financial Statements 2023/24

Date of Meeting: 28 August 2024

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1. Purpose

1.1 This report seeks approval for:

- The 2023/24 Wheatley Housing Group financial statements; and
- A statement of guarantee for the audit exemption taken for West Lothian Housing Partnership, which is no longer trading.

2. Authorising and strategic context

2.1 Under the Group Standing Orders, the Group Board must approve the financial statements for the year to 31 March 2024. The Group and all subsidiary accounts and related reports from the external auditors were considered at the Group Audit Committee meeting on 14 August 2024. The Committee approved the Group financial statements for presentation to the Group Board.

2.2 This report also includes a reconciliation of the final out-turn to period 12 management accounts which were presented to the Board in April.

3. Background

3.1 The preparation of annual audited accounts is a statutory requirement. This is the first year of a new appointment for KPMG.

3.2 The results of City Building (Glasgow) LLP (“CBG”) are included in the Group consolidated financial statements and show a distribution in full of the operating surplus between the members. The unaudited 2023/24 CBG draft financial statements are provided at appendix 4. Once the audit is completed, the CBG 2023/24 accounts will be presented to this Board for Member approval. CBG does not form a material part of the Group’s operations for statutory reporting purposes as the operational transactions of CBG are reported within repairs and investment expenditure within the respective RSL and Lowther financial statements.

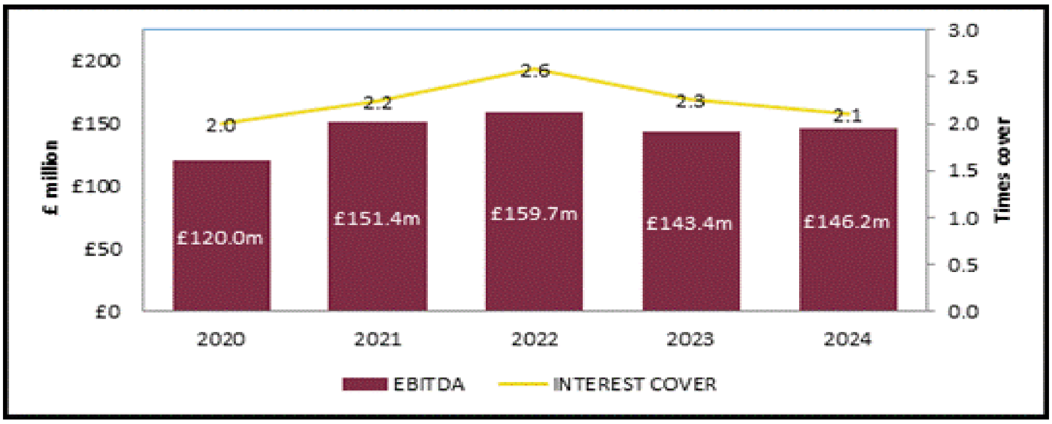
4. Summary of results

4.1 The headline results for the year are:

Income and Expenditure:

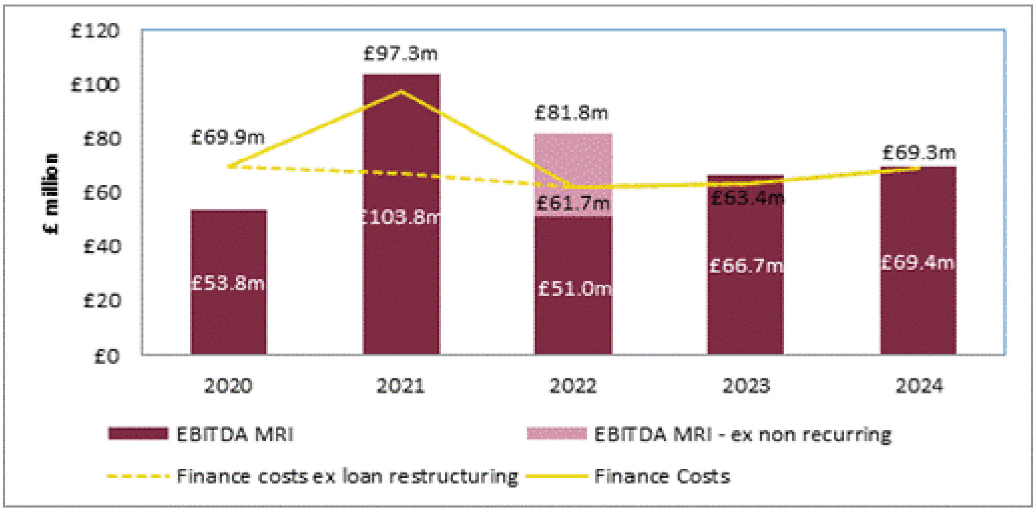
- Surplus for the financial year was £4.6m which was £11.8m lower than the £16.4m surplus reported in the prior year. This reduction was driven by lower new build grant income recognised in the year on property completions, the gain on the annual mid-market rent property valuation, a provision for deferred tax on property revaluation gains and the fair value adjustment on the Wheatley Homes Glasgow ("WH Glasgow") contingent efficiencies loan. All of these items are non-cash accounting adjustments and excluding these adjustments, operating surplus generated from core activities was £3.4m higher than the prior year;
- Total Comprehensive Income (including pension scheme and property revaluations) was £236.0m. Included in other comprehensive income is a valuation gain on social housing properties of £238.4m which is discussed in more detail in 4.3 below;
- Adjusting to remove FRS 102 adjustments for new build grant, pensions and investment property valuations shows underlying Earnings before Interest, Taxation, Depreciation and Amortisation ("EBITDA") of £146.2m is up from £143.4m in 2022/23. EBITDA is a measure of underlying surplus generated from our core operating activities. It excludes accounting adjustments such as depreciation, asset revaluations and non-cash pension adjustments. With continued focus on delivering cost efficiencies, overall EBITDA has improved over the five years from 2019/20 by £26.2m or 22% driven by operational efficiencies and improvements in financial performance. EBITDA in 2021/22 benefitted from the inclusion of a one-off receipt of £12.9m in other income which was reinvested into capital improvements and the pandemic restrictions imposed by Government in 2020/21 saw an increase in EBITDA in that year from reduced repairs costs;
- EBITDA of £146.2m continues to provide a comfortable level of interest cover being 2.1 times interest costs as shown in Chart 1; and

Chart 1:



- After deducting all fixed asset capital investment spend in existing social housing the full group EBITDA MRI is £69.4m, which is £0.1m higher than interest costs as shown in Chart 2. This was achieved while facing inflation-driven increases to the goods and services that are required to run a group of our size while ensuring we maintained the size of our investment programme in existing housing to deliver capital and energy efficiency improvements in the year. This also included the agreed release of an additional £3.5m for investment in existing homes in the final quarter of the year. Funds generated through core operations are sufficient to keep our properties in good condition and meet financing costs and we continued to meet our strategic objective of only borrowing to fund new build housing.

Chart 2:



Statement of Financial Position:

- Net assets of £1,473.7m, includes the valuation gain of £238.4m when compared to book cost on social housing properties and a gain of £9.9m on mid-market rental properties;
- Strathclyde Pension Fund net pension asset decreased from £2.5m to a net pension liability of £2.0m, a movement of £4.5m;
- Capital investment in new build completions totalled £70.7m; and
- Gearing reduced from 53% in the prior year to 49% and gross debt per unit was £24,715 (2023: £23,909); both low compared to other comparably sized UK housing groups.

Cash flow:

- Net cash flow from operations was £160.9m;
- Grant income to help support the development of new housing of £76.7m was received;
- Cash of £76.8m was invested to improve our existing housing properties and £141.3m in building new homes; and
- Significant liquidity remains in place, with £234.8m available to be drawn as required (2023: £270.3m) and net cash balances of £36.3m (2023: £39.7m).

4.2 Items of note in the 2023/24 results are discussed further in this section and include:

- Social housing property valuations;
- Defined Benefit Pension Scheme valuation; and
- Deferred tax.

4.3 **Social housing property valuations** – The 2023/24 financial statements report social housing properties on the Statement of Financial Position of £2,740.6m with an unrealised non-cash surplus in the valuation of social housing properties for the year of £238.4m shown on the Statement of Comprehensive Income.

4.4 Our social housing properties are valued using the Existing Use for Social Housing Valuation methodology ("EUV-SH") which will not always reflect the scale of capital investment spend reported in the particular financial year. The increase in valuation at 31 March 2024 reflects the view of our independent valuation expert on the high quality and good condition of our properties.

4.5 The results of this year's valuation have been influenced by two key drivers:

- The 7.5% rent increase applied at 1 April 2024 which was higher than the assumed percentage increase at the previous valuation. This increases the future cashflows from rental income on social housing properties which feeds into the EUV-SH model; and
- During 2023/24 our valuers, Jones Lang LaSalle ("JLL") undertook a detailed review of our future lifecycle replacement data held in our asset management system. This exercise was carried out as part of our assurance around our data which formed the basis of our asset management strategy which was discussed at our asset strategy workshop in January 2024. The JLL review of the asset data confirmed that a high level of reliance (99%) could be placed on our future investment data which increases the level of confidence in the expenditure profile used in the valuation and as a result they have refined their assumptions which results in an uplift in the EUV-SH valuation at 31 March 2024.

4.6 **Defined Benefit Pension Schemes** – the group has defined benefit ("DB") pension arrangements with Strathclyde Pension Fund ("SPF") and the Scottish Housing Associations' Pension Scheme ("SHAPS") DB scheme (which is closed to future accrual). The financial statements have been updated to reflect the results of the accounting valuations at 31 March 2024.

4.7 To assist us in agreeing the assumptions for the accounting valuations as at 31 March 2024, we instructed Spence & Partners to provide an independent actuarial review of the financial assumptions that Hymans Robertson proposed for the WH Glasgow SPF valuation with Spence & Partners affirming that, in their view, the Hymans Robertson assumptions were appropriate for our valuation. As in prior years, the salary increase assumption is aligned to the assumptions used in our own financial projections.

4.8 A total net pension liability of £8.4m is reported. For the SPF, a net DB pension liability of £2.0m is reported compared to a net DB pension asset of £2.5m in the prior year. For SHAPS the net pension liability is £6.4m compared to a liability of £3.2m in the prior year driven by asset returns over the last 12 months.

4.9 **Deferred tax** - Profits in Lowther are subject to corporation tax. This year, Lowther has reported an increase in the valuation of its owned housing properties of £10.4m. These amounts are unrealised gains as the properties have not been disposed of, and as such are not taken into account in calculating corporation tax to be paid on trading profits after gift aid payments.

4.10 In line with prior years and the requirements of FRS 102, a deferred tax provision has been made in recognition of tax which may be payable in the future on a disposal of the properties. The gain on investment properties of £10.4m in Lowther results in a provision of £2.6m for deferred tax. This deferred tax element is included in the tax charge and shown on the face of the Statement of Comprehensive Income. It is a non-cash item and is not taken into account in the assessment of Lowther's covenants.

4.11 The adjustments made between the period 12 management accounts and the final audited accounts are summarised below:

	Income & Expenditure £m	Net Assets £m
P12 Management Accounts	**(7.0)**	**1,230.7**
Revaluation of investment properties	9.9	9.9
Revaluation of housing properties	238.4	238.4
Pension Adjustments	(7.8)	(7.8)
Fair value of Scottish Government Loan	3.7	3.7
Provision for deferred tax	(2.6)	(2.6)
Other	1.4	1.4
Group Statutory Accounts	**236.0**	**1,473.7**

4.12 The statutory results are updated annually for the outcome of the housing stock valuation by JLL and the inclusion of the updated defined benefit pension scheme actuarial valuations for SHAPS as well as the Strathclyde Pension Fund.

4.13 Other adjustments are for items following a post year-end review of accruals and a review of final depreciation charges.

4.14 West Lothian Housing Partnership Limited (WLHP) ceased trading in September 2022 and had no transactions during the financial year ended 31 March 2024. Given the dormant/non-transacting nature during the year and the intention to dissolve the company via the voluntary strike off procedure during the coming year, WLHP is entitled to exemption from audit for the accounts to 31 March 2024. As WLHP is a company limited by guarantee, Wheatley Housing Group Limited, as the parent company is required to provide a parent company guarantee confirming that the audit exemption is appropriate and return the appropriate form to Companies House. KPMG have confirmed WLHP's entitlement to the audit exemption.

Audit summary

4.15 KPMG have completed their work and provided an unqualified audit opinion. Audit adjustments as highlighted in the Audit Highlights Memorandum were identified during the course of KPMG's audit work. All of these adjustments have been updated in the financial statements and all accounting polices remain unchanged.

4.16 The Group statutory accounts include provision for auditors to be re-appointed at the forthcoming Annual General Meeting.

4.17 As a standard part of their audit process, and in line with previous years, KPMG require the Group Chair to sign a "letter of representation" on behalf of the Group Board which confirms certain matters in terms of disclosure and record-keeping. As in previous years, a letter from the Chief Executive has been provided to provide comfort that the officers have complied with the matters stated in this letter. Both these documents are provided along with this paper (Appendix 2 and 3 respectively).

4.18 The Board are asked to confirm in the letter of representation that the financial statements are prepared on a going concern basis as in prior years. The assessment that the Group continues in business is based on the preparation and approval of the 30-year business plan which includes cashflow forecasts, the certainty of revenue streams from rental income in the RSLs and the assessment of the availability of funding provided to the Group by lenders.

5. Customer Engagement

5.1 There are no direct customer engagement implications arising from this report.

6. Environmental and sustainability implications

6.1 Included at Appendix 5 is the Group Report on the Environmental, Social and Governance ("ESG") metrics we consider vital for the long-term operational, financial, and strategic performance of Wheatley Group. Our investors and lenders increasingly request disclosures on green, social and governance matters and the alignment of these with our strategic goals. The 2023/24 ESG report is our sixth annual edition and largely follows the Sustainability Reporting Standard for Social Housing which covers over 40 specific areas of importance to the sector including rent affordability, fire safety and the target of net zero carbon emissions.

6.2 Our Sustainability Linked Loans with our Syndicate and Barclays provide us with the ability to marginally reduce the cost of drawn debt if we deliver stretching environmental or positive social outcomes. We did not draw funds from the Syndicate during the financial year, but the Barclays loan has been utilised. We were successful in making more than the targeted 50% of new lets to people experiencing homelessness and our Foundation issued more than 50 educational bursaries to our customers during the year. All new build homes met the required minimum EPC rating of 'B'.

6.3 The financial statements reference the Group's Environmental, Social and Governance ("ESG") Report and will contain a link to the ESG report which will be published at the same time.

There is a statutory requirement to include a Streamlined Energy and Carbon Report showing the energy consumption and emissions of the Group's corporate activities which is also set out in the financial statements.

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 Financial and value for money implications are covered throughout this report.

9. Legal, regulatory and charitable implications

9.1 This Board is asked to approve the 2023/24 Group financial statements. Each subsidiary Board within the Group will be required by their constitution or under section 485 of the Companies Act, to appoint an auditor for each financial year. Under the Intra-Group Agreement with Wheatley Housing Group the subsidiaries are required to use the Group Auditors subject to the Group confirming KPMG's reappointment at its Annual General Meeting.

9.2 Following approval and signing of the financial statements they require to be submitted to Companies House and the annual return made to the Scottish Housing Regulator for the parent company.

10. Risk Appetite and assessment

10.1 Our agreed Group risk appetite in relation to compliance with laws, regulations and compliance is "averse", meaning that the avoidance of risk and uncertainty is a key organisational objective.

11. Equalities implications

11.1 There are no equalities implications arising from this report.

12. Key issues and conclusions

12.1 The results show that financial performance continues in line with our business plan with the Group producing a strong and resilient financial performance in 2023/24 against the continued challenges presented by the prevailing economic environment. We have continued to demonstrate that we can deliver our objectives in a financially sustainable way that provides us with a solid platform to achieve our strategic objectives. Key financial performance indicators remain strong, complementing a similar trend in customer satisfaction measures, a reflection of the Group's focus on the activities customers have told us are most important.

12.2 EBITDA MRI again remained sufficient to cover interest costs this year and our projections show that generating sufficient earnings after capital investment to cover interest costs is a sustainable position. As reported to the Group Board meeting in April, all financial covenants have been met. The final interest cover calculations for the year ended 31 March 2024 are set out in the table below.
[redacted]

13. Recommendations

13.1 The Board is asked to:

1) Approve the 2023/24 Group financial statements;
2) Confirm the preparation of the financial statements using the going concern basis;
3) Approve the Letter of Representation to KPMG and note the related letter of representation from the Group CEO to the Group Chair;
4) Approve the appointment of KPMG LLP as auditors for the 2024/25 financial year at the Annual General Meeting;
5) Approve the provision of a parent company guarantee to Companies House on the audit exemption taken by West Lothian Housing Partnership;
6) Note the CBG draft 2023/24 Financial Statements; and
7) Note the 2023/24 Group Report on Environmental, Social and Governance.

LIST OF APPENDICES:

Appendix 1: [redacted available here
Appendix 2: [redacted]
Appendix 3: [redacted]
Appendix 4: [redacted]
Appendix 5: Wheatley Group ESG Report 2023/24

Group statement on Environmental, Social and Governance

2023/24

www.wheatley-group.com

About Wheatley Housing Group

Wheatley Housing Group ('Wheatley' or 'the Group') is Scotland's leading housing, and care provider and are committed to providing tailored services to support our customers. In recent times, financial pressures caused by high inflation and increasing costs have presented challenges across our communities. We remain focused on supporting those most affected through our customer-aligned operating model, our high quality homes and our financial strength. We have maintained a high level of tenant satisfaction with overall satisfaction at 89% and 92% of tenants agreeing that their rent represents good value for money based on surveys carried out during the year which is especially important against the backdrop of a challenging operating and economic environment.

The Scottish Government declared a national housing emergency in May 2024 recognising the significance of the challenge that exists with pressure on homelessness services and high levels of temporary accommodation. The need for a partnership approach has never been more important and our strategic five year commitment to provide 10,000 homes to tackle homelessness from has seen us provide a total of 7,068 tenancies since 2021 to people and families experiencing homelessness above our annual target of 2,000 homes. In the 2023/24 year, 62% of our lets were made to homeless households.

The quality and energy efficiency of our existing homes remains as important as ever as our customers navigate the financial pressures of the cost-of-living crisis and elevated fuel bills. Our programmes for fabric improvements, heating system upgrades and deep retrofit investment have resulted in over 91% of our homes achieving an Energy Performance Certificate (EPC) Band C rating or above. This investment in our homes resulted in reduced carbon emissions and cheaper heating costs for our customers.

Our new build homes meet a minimum of EPC Band B rating and the introduction of the New Build Heat Standard now prohibits the use of direct emissions heating systems in new buildings applying for building warrants from 1 April 2024 onwards as Scotland continues to transition to net zero.

Our social impact is most keenly felt via our continued commitment to affordable rents. The private rental sector in the cities of Edinburgh and Glasgow has seen the highest increases in rental costs for the whole of the UK[1], and demand for our properties remains elevated. With our social rents at 34% of the comparable PRS levels in the main urban centres in Scotland, it is crucial that we maintain a strong pipeline of new build homes to go some way in meeting this demand.

Embedding our customer voice in our decision-making and investment priorities via our Stronger Voices channels ensures a deeper understanding of their lived experience and delivers outcomes aligned with their needs. This extends through our governance structure with tenant members representing the view of our customers on our subsidiary and Group Boards

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[1] https://advantage.zoopla.co.uk/wp-content/uploads/2023/12/UK-rental-market-report-Dec2023.pdf

The Group is subject to multi-regulatory oversight from the Scottish Housing Regulator (SHR), the Scottish Charity Regulator (OSCR), and the Care Inspectorate.
Further information can be provided to existing and prospective investors via our Investor Relations team[2].

ENVIRONMENTAL

The Group's Sustainability Framework has four overarching outcomes, which help us in the delivery of our sustainability ambition and align with the UN Sustainable Development Goals[3] of No Poverty (1), Good Health & Well-being (3), Affordable and Clean Energy (7), Decent Work and Economic Growth (8) and Sustainable Cities and Communities (11):

Existing Homes Reduce carbon emissions from existing homes by 20,000 tonnes by 2026 Net-Zero emissions from all properties where technically feasible by end 2043	**New Homes** All properties at minimum of EPC B and with Net-Zero heating systems in line with planning timescales (no new build approvals with fossil fuel after 2024)
Business Operations Carbon neutral by end 2026 including decarbonised fleet where feasible, and use of green electricity	**Supporting contributors** Build understanding and support action including among staff and communities to address climate emergency

Progress is reported each year to Wheatley Board and reviewed in advance by our expert Pathway to Net Zero Advisory Group. Highlights from this year include continuing our approach to reducing emission from our homes through deep retrofit projects and on-going property lifecycle improvements, reducing emissions from existing heating systems and switching to 'green' electricity.

The challenge in improving energy efficiency from our homes and transitioning to net zero remains significant given the age distribution of our homes and availability of appropriate solutions, however, we are in a good position with over 91% of housing assets at EPC Band C or better.

Existing homes

The homes we own and manage are the biggest source of emissions we can impact through our investment in building fabric improvements and in making heating systems more efficient. These investments benefit our customer directly through reducing the cost of heating their homes.

We have recently integrated the impact of our investment in reducing emissions from our existing homes in our asset management system.

[2] Get in touch | Wheatley Group (wheatley-group.com)
[3] https://sdgs.un.org/goals

Our investment this year reduced emissions from our existing homes by over 5,100 tn CO2. This means that we have reduced emissions from our homes by an estimated 12,400 tn since we set the aim, three years ago, of reducing emissions by 20,000 tn by 2026.

Carbon emissions in our corporate environment

We continue to monitor carbon emissions and measure our targets for reductions across our corporate activities in partnership with Planet Mark. We aspire to be carbon neutral across our corporate operations by 2026 whilst meeting service requirements and maintaining high tenant satisfaction rates. We continue to make progress against our ambition.

The figures, validated by Planet Mark, are set out below:

Corporate activities only*	**2021/22** ($tnCO_2$)	**2022/23** ($tnCO_2$)	**2023/24** ($tnCO_2$)
Scope 1	1614.0	1847.0	1859.5
Scope 2	476.7	279.2	0
Scope 3	274.1	458.2	398.1

Our Scope 1 emissions remained broadly flat year-on-year as we approach the transition to an Electric Vehicle (EV) fleet in a measured way via a programme of trials and pilots. We aim to expand our EV fleet once suitable vehicles are available and we are confident of the advantages they will bring for our business operations in the future.

The drop in Scope 2 emissions resulted from our first full year of renewable electricity for our corporate sites.

All our new homes approved over the last year have achieved minimum energy performance ratings of B, and zero emissions heating systems is now the required source of heating for all future new-build projects.

This year we worked with Planet Mark to quantify the positive environmental impact of various Wheatley initiatives including the role out of EV chargers in our communities, furniture recycling and support for car sharing schemes. The analysis shows we have contributed to reducing emissions by 312.3 tonnes in recent years.

We also undertook sustainability focused customer engagement events across Wheatley Group including the 'Second-hand September' campaign that built understanding of our furniture recycling service, and promoted active travel to coincide with installation of bike sheds in some of the communities we serve.

Energy Performance Certificate (EPC) overview

The current standard, Energy Efficiency Standard for Social Housing 2 (EESSH2), is set out below:

The EESSH2 2032 milestone requires all social housing meets, or can be treated as meeting, EPC Band B, or is as energy efficient as practically possible, by the end of December 2032 and within the limits of cost, technology, and necessary consent.

The Scottish Government ran a consultation process on a replacement measure between November 2023 to March 2024 with the aim of setting targets which would better capture carbon emission reductions rather than a measure solely focused on energy efficiency. This was set out in the new Social Housing Net Zero Standard (SHNZS). Independent analysis of feedback provided is currently underway and, following a final response from Scottish Government, the Scottish Housing Regulator will engage with RSLs on the Charter indicators needed for reporting on the target. The Scottish Government will also publish guidance for landlords on compliance with the new SHNZS. The new standard is expected to be introduced no earlier than April 2025.

While reporting metrics may change under SHNZS, for the time being, we continue to record data on energy performance of our homes using EPCs. 91.8% of Wheatley Group's homes are rated at EPC C or above.

EPC ratings	2022/23		2023/24		Y-o-Y
	No. of homes	%	No. of homes	%	Variance
A	60	0.1%	60	0.1%	0 –
B	12,227	19.1%	12,785	19.9%	558 ↑
C	46,587	72.7%	46,280	71.9%	307 ↓
D	4,496	7.0%	4,473	7.0%	- 23 ↓
E	740	1.2%	740	0.0%	0 –

Case study: Retrofit project in Dumfries

We completed a large-scale retrofit project on homes in predominately outlying rural areas in Dumfries & Galloway during the year. These older homes had poor levels of energy efficiency resulting in high fuel bills for our customers.

With significant funding support by way of a £7.3 million grant from the Scottish Government's Net Zero Heat Fund, we delivered deep retrofit works of the installation of external wall insulation, solar PV, air source heat pumps and battery storage technology for 187 properties. A further 63 properties received one of the measures set out above to further improve the efficiency of the property with all homes improving energy performance from EPC Band 'D' to Band 'B'.

Ecology

Our Neighbourhood Environmental Teams (‘NETs’) are a familiar sight across the Wheatley communities, keeping our homes, gardens and shared areas in great condition and assisting many customers with ad-hoc services. They are a highly visible part of our frontline services and make significant contribution to the positive tenant satisfaction scores across our geographies.

The NETs teams ran a series of four weeks of action during 2023/24 focused on sustainability and community themes. These included work with local nursery and primary school pupils as well as customers on projects including tree planting, installing a sensory garden, creating new seating areas and planting features, litter-picking and wild-flower planting.

We continue to work closely with Keep Scotland Beautiful (KSB) and many of our local neighbourhoods are subject to their external appraisal achieving their 5-star rating. We have recruited around 50 customers across our communities to become KSB Customer Assessors where these local residents will undertake estate walkabouts to provide our NETs teams with feedback for project ideas and improvements, firmly placing the customer voice in our local investment decisions.

Our use of digital solutions enables our NETS operatives to improve their efficiency and their direct communication with customers. Our new NETS app means the teams can be assigned jobs when out in communities via our Customer First Centre or by direct requests from customers, provide photographs of completed work and receive immediate feedback from customers.

Case Study: NETS weeks of action in local communities

Our LivingWell service helps our older tenants to live independently in their own homes for as long as they can. We provide staff, or volunteers, on site at planned times several days a week along with our LivingWell Advisors who work in small local teams as part of wider area hubs, providing cover 365 days a year. We provide a wide range of leisure and social activities for tenants when it suits, including in the evening and at weekends as well as additional opportunities for tenants to take part in volunteering projects.

The NETs Weeks of Actions campaigns are particularly welcomed by our LivingWell customers, many of whom take great pride in their local environments. Our team in Anniesland, Glasgow, this year worked with our residents convert an area of lawn into a small putting green for customers to enjoy. Our team in Almondvale, West Lothian, built a bench and planted flowers with the able assistance of a 77-year-old customer, Henry, who said, *“They cut the grass, straighten out all the edges and keep the area clean and tidy. The bench they’ve built will be great when the nicer weather comes as it’s nice to have somewhere to sit and chat with others.”*

Resource management

Our repairs and maintenance company, jointly owned with Glasgow City Council, City Building (Glasgow) LLP, operates under the industry's highest standard of Environmental Management System with BSI ISO 14001:2015 accreditation, the world's most recognised environmental management system.

City Building's approach to waste and water management, their operating practices, policies, and staff are externally validated on an ongoing basis each year by the British Standards Institute (BSI) with certification retained for 2023/24. They annually publish their statement of carbon emissions in compliance with Streamlined Energy and Carbon Reporting.

They recently completed the full-year audit of their overall waste performance for the 2023/24 financial year which was 5,047.79 tonnes. This includes weights from site skips and all waste through their Scottish Environmental Protection Agency (SEPA) accredited Waste Transfer Station. Their recycling rate has increased from 71% to 92% for 2023/34. This increase is attributed to less waste going to landfill and either being recycled or converted to Energy from Waste. Their Waste Carrier Licence granted by SEPA remains valid until 4 April 2026.

18% of electrical operatives at City Building have completed training on installation, inspection, servicing, and maintenance on Air Source Heat Pumps, Ground Source Heat Pumps and Photovoltaics, which includes design, installation, testing of domestic PV systems, electrical vehicle charging including installation, testing and commissioning of domestic electric vehicle charging points, readying the staff to deliver the transition to low carbon heating.

The Group's New Build Framework includes stretching sustainability requirements for our contractors as set out below:

- participate in the Considerate Constructors scheme;
- set out a statement which outlines how they will achieve the Scottish Building Standards' Gold Standard or equivalent;
- include an example Site Waste Management Plan which complies with the current regulations in line with good practice published by WRAP www.wrap.org.uk;
- ensure that the project design achieves Building Standards Section 7 Sustainability, Silver Standard Aspect 1 to 8 unless confirmed otherwise;
- undertake to provide Energy Performance Certificates undertaken by an approved accreditation scheme in electronic form to the Group; and
- protect all trees, hedges, shrubs and grassed areas and/or replaced if uprooted or destroyed during the course of the construction project.

In addition, under the terms of our new-build framework agreements, Wheatley is entitled to audit any records, agreements or processes the relevant contractor has in place for environmental procedures which are required to be certified to BS EN ISO 14000, BS EN ISO 14001 or equivalent standard at any time during the life of the contract.

SOCIAL

Affordability

We are required under the Housing (Scotland) Act 2001 to consult with our tenants on rent increases and to consider their feedback before making a final decision on rent-setting for the year ahead. Balancing rent affordability with the inflationary pressures across our business is of critical importance to ensure ongoing financial stability.

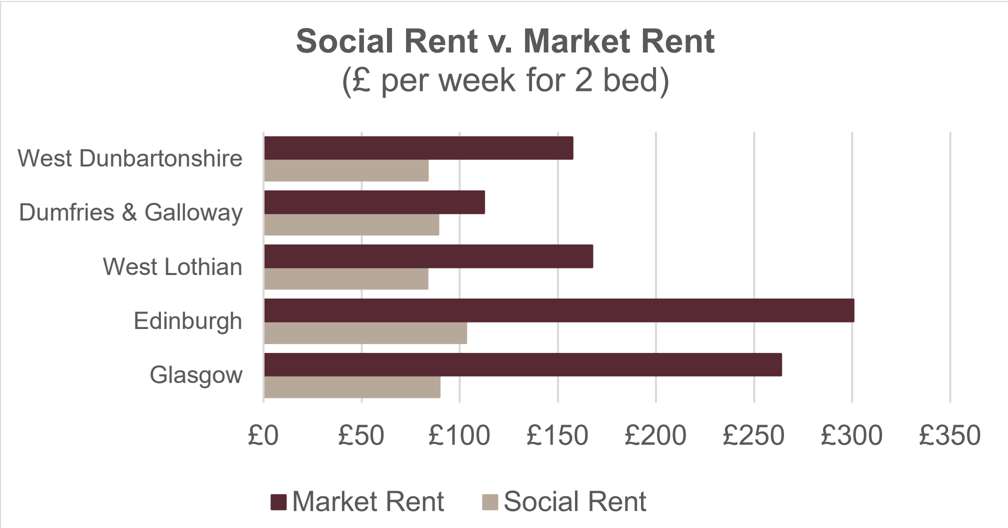
We undertake affordability analysis across our geographies and by house type with reference to sector average rents via the Scottish Housing Regulator's published data. We also consider the rent as a percentage of household income using the Scottish Government's benchmark of affordable rent (where housing costs do not consume more than 30 – 40% of household income)[4].

Our formal rent consultation process was independently managed by Civica during January 2024 with over 7,500 responses from our customers which were supportive of our proposed rent increase at 7.5% for 2024/25 for our social rent properties.

[4] SG rent affordability definition.

In the wider market, a comparison between social rents[5] and market rents[6] for the same property type clearly demonstrates the affordability of social rent tenures. The year-on-year rent increases in our major cities and commuter areas has continued to be significant in the private rental sector with Scottish Government introducing rent control measures in the private rent sector via the Cost of Living (Tenant Protections) Act 2022. This legislation did not apply to social housing rents.

The relative affordability of social rent on Wheatley properties has improved since last year in our main urban areas of Glasgow and Edinburgh, with the average social rent for 2-bed homes being 34% of the prevailing market rent for both cities. Last year a 2-bed home in Edinburgh for social rent is 42% of the equivalent in the private rental sector, while Glasgow is around 38% of the market rent level.



Building safety

We work in partnership with the Scottish Fire and Rescue Service and ensure legal compliance with fire safety legislation and best practice guidance via adherence with our Fire Prevention and Mitigation Framework (FPMF).

The FPMF sets out our approach to proactively reducing the risk of accidental dwelling fires via a programme of person-centred risk assessments where housing officers have identified a degree of vulnerability for our customers. Following the 614 person-centred risk assessments delivered this year, the Fire Safety team arranged for enhanced detection in 130 homes and for 400 customers to receive fire safety products, including air fryers and guidance on safe cooking practices.

[5] Average social rents for 2022/23 per Scottish Housing Regulator statistical information. (https://www.housingregulator.gov.scot/landlord-performance/statistical-information)
[6] Average monthly private rents per Citylets 2023 Q1 for Glasgow, Edinburgh and West Lothian https://www.citylets.co.uk/research/reports/pdf/Citylets-Quarterly-Report-Q1-2023.pdf
Limited data available for West Dunbartonshire and Dumfries and Galloway. Private rents from Scottish Government Private Sector Rent Statistics, year to September 2022 (https://www.gov.scot/publications/private-sector-rent-statistics-scotland-2010-2022)

Higher risk buildings (high-rise and sheltered/supported living accommodation) are also subject to fire risk assessments due to specific protocols required. The safety visits and assessments are undertaken by our in-house Fire Safety team using the industry standard PAS 79-2:2020 methodology.

Our proactivity with a targeted approach in risk assessment continues to deliver reductions to accidental dwelling fires across our c. 65,000 homes with a 18% fall year-on-year. The actions of our fire safety teams have undoubtedly contributed to saving customers' lives.

	2021/22	2022/23	2023/24
Fire Risk Assessments	193	137	113
Person Centred Risk Assessments	547	600	614
Accidental dwelling fires	151	147	121
Reduction on prior year	30%	2.5%	17.7%

All premises in scope have valid Fire Risk Assessment certifications and meet the legal obligations as set out in the Fire Safety (Scotland) Act 2005 and Fire Safety (Scotland) Regulations 2006.

Smoke and heat detection

Our homes have been fitted with ceiling-mounted interlinked smoke and heat detectors in compliance with Scottish fire regulations which apply to all Scottish homes since February 2022. As property owners, we are responsible to meet this standard. The alarms comply with BS EN14604:2005 for smoke alarms and BS 5446-2:2003 for heat alarms with carbon monoxide alarms holding a British Kitemark (EN 50291-1). The alarms are fitted in the living rooms, hallway/landing, and the kitchen of each of our c.65,000 homes.

Resident voice

Our 2021-26 strategy, "**Your Home, Your Future, Your Community",** emphasises co-creation with our customers and promoting their ability to be in control and self-direct their services.

Our Group engagement framework, "**Stronger Voices, Stronger Communities**", sets out the Group's vision for supporting our customers to become more involved in the Group's decision with customers becoming more empowered to make their own choices about the services they want.

The development of our approach has been informed by feedback from our customers and by the research project carried out for us by The Democratic Society, "Democracy Starts at Home".

Our customer engagement approach encourages accessibility – anyone can volunteer for an activity without further commitment – and flexibility – with our customers enabled to express views at a time and in a way that suits - online, 24/7, from home, or in person.

Our Stronger Voices framework consists of four pillars, and is supported by various digital tools to support engagement:

Pillars	Customer outcome	Digital Channels
We listen **You** are heard	▪ You tell us if we are doing well or if we are getting it wrong	▪ My Voice feedback surveys ▪ Book it, Track it, Rate it ▪ Social media ▪ Web self-service
We consult and co-create **You** influence and design with us	▪ You help us improve services	▪ Digital customer voice panels and Focus Groups via Zoom or Teams
We give power to… **You** decide	▪ You direct spending and resources ▪ You work with us to design new services or products	▪ Digital feedback tools including Menti
We support **Your voice** is stronger and people listen to you	• You help us improve services • You work with us to design new services or products	▪ My Academy online training for Customer Voices

Embedding a strong customer voice into the Group helps us to achieve our aims and objectives and improves service delivery for all our customers and communities. We have over 2,000 customers signed-up to participate in our Stronger Voices initiatives and they have taken part in surveys, panel events and focus groups in-person and via our digital channels. Their knowledge, skills and lived experience has helped shape our decisions on local service delivery, policy-making and strategic projects across our communities.

Case study: Stronger Voices consultation on the Group Sustainability Framework

We ran a series of online focus groups with customers to discuss our plans on Net Zero and Greener Community initiatives prior to any finalisation to ensure the Customer Voice was embedded into our strategic decision-making. Following discussions on priorities around retrofitting, biodiversity, fuel poverty and funding for improvements, our customers provided valuable input including:

- The importance of a ‘just transition’ to ensure intervention on heating technologies does not result in those customers having higher energy costs.
- Discussions on electric fleet across some of our rural communities given shortage of charging infrastructure.
- Requirement for new build energy efficiency standards should not be made at the expense of retrofitting existing properties given the higher associated costs in heating older homes.

- Potential costs involved and the risk of a reduction to other services given funding pressures.

This Customer Engagement feedback had a direct bearing on our sustainability strategy. We have re-confirmed the need to deliver a just transition and this has ratified our approach around our assessment of the financial and affordability implications of replacement heating systems to ensure that projects provide value to our customers and do not increase the costs of heating their homes. We have also pared back our timescale for full transition to EV fleet to ensure we can maintain the service levels in our rural communities and will match to the speed of charging infrastructure improvements and vehicle availability. Ongoing engagement has continued with our asset teams meeting 70 customer voice participants since the strategy was finalised.

Our focus on resident voice was recognised by the Chartered Institute of Housing Scotland (CIH) with two awards in 2023. We were awarded “Excellence in Customer Service” and “Excellence in Housing innovation” for our new digital repairs tool, “Book it, Track it, Rate it” which allows customers to arrange, monitor and feedback on our repairs service in an easy, real-time manner, the outputs of which enable us to refine and improve our services.

Tenant satisfaction surveys

Delivering excellent customer services is a key strategic objective for the Group, and we set an ambitious target to achieve tenant satisfaction scores of 90%+ within our 2021-26 strategy term. We conducted our first large scale, independent tenant satisfaction surveys across our geographies since the pandemic between May and November 2023. Two of our four RSLs, Wheatley Homes East and Loretto have already achieved the 90%+ overall satisfaction, while Wheatley Homes Glasgow and South are at 87% and 88% respectively at this stage in our strategic cycle.

Key performance measures from our tenant satisfaction surveys and reported to the Scottish Housing Regulator for the 2023/24 Annual Return on Charter are set out in the table below. Please note, sector average figures are not yet available for 2023/24, and we include the averages for 2022/23:

Scottish Housing Regulator: Annual Return on Charter					Sector Average (2022/23)
	Wheatley Homes Glasgow	**Loretto**	**Wheatley Homes East**	**Wheatley Homes South**	
Overall service provided by landlord	87%	93%	96%	88%	87%
Kept informed about services & decisions	94%	98%	98%	96%	90%
Opportunities for participation in decision making	98%	98%	99%	97%	86%
Repairs service provided	82%	84%	93%	86%	88%
The quality of your home	86%	94%	95%	89%	84%
Wheatley's contribution to neighbourhood management	91%	95%	93%	95%	84%
Does your rent represent good value for money	89%	93%	96%	95%	82%

Results based on 2,116 interviews carried out between May and November 2023

The results from our Customer Service Excellence assessment further demonstrate the effectiveness of our customer centred approach. Customer Service Excellence is a national framework and accreditation which covers every aspect of customer service, including customer journey mapping, complaints, first contact resolution, data protection, engaging communities, and innovation. It is the national standard for excellence in customer service in public sector organisations overseen by the UK Government's Cabinet Office[7].

Staff and leaders played a key role in the assessment which took place in October 2023. This resulted in a successful reaccreditation with 22 elements of the assessment rated as "Compliance Plus" – the highest possible rating (up from 21 in 2022/23).

The CSE assessor provided the following feedback, *"The 'Think Yes Together' culture means that staff listen to customers and respond to find a positive solution, well exemplified in the Annual Tenant Visits. The customer focused culture is strongly*

[7] https://www.customerserviceexcellence.uk.com/

embedded at all levels of the organisation. Staff continue to be passionate in their commitment to customers, displaying enthusiasm and desire to 'go the extra mile".

Resident support

Thriving neighbourhoods are critical to support high levels of tenant satisfaction across our communities. Our small patch sizes (no greater than 250 homes per housing officer) ensure we can be closer to our residents – supporting them to live in warm, safe, and peaceful homes.

Our Protecting People and Communities Group brings together our Community Improvement Partnership (CIP) and Group Protection teams to deliver key pieces of work to achieve Wheatley's vision for customers to feel safe and secure and live in thriving neighbourhoods.

The CIP is a Partnership comprising Wheatley Homes Glasgow, Police Scotland and Strathclyde Fire and Rescue Service, formed to improve the way we approach anti-social behaviour and tenant vulnerabilities. Our aim is to support front line housing staff to help make our tenant's lives and communities safe and sound.

By utilising the additional information reported to partner agencies, this initiative addresses information gaps arising from the lack of reporting to the Police from individuals who are suffering from anti-social behaviour. This allows us to identify, validate and prioritise the issues that are adversely affecting the community.

Our Group Protection team provide training on safeguarding customers and communities enabling housing and care colleagues to act quickly and effectively to reduce the risk of harm or abuse to vulnerable customers. This includes spotting signs of domestic abuse and the process for reporting this, signs of adults or children at risk of harm and for suicide prevention. The team also supports our staff in dealing with customers who are managed under Multi Agency Public Protection Arrangements.

Wheatley Foundation

The Wheatley Foundation was created in 2016 to support our commitment to "Make Homes and Lives Better" for customers and communities. During 2023/24, the Foundation has provided vital support to thousands of households, delivering an extensive planned programme of activity and initiatives for our customers and those living in our communities focusing primarily on:

- Supporting customers by tackling social exclusion and alleviating the impacts of poverty; and
- Maximising access to employment, training and learning opportunities for customers of all ages.

In the year, we invested £9.2m, supporting over 17,000 people across our programmes, achieving all annual targets including:

- 27,971 instances of direct support to alleviate financial pressures;

- 988 Wheatley Works jobs, apprenticeship and training opportunities created, with 73% going to our customers. Over 120 people from our communities have taken part in our 4-week Environmental Roots programme this year with over 80 progressing into a 12 month Changing Lives placement, a 2-year Environmental Apprenticeship or external employment.

- £6.7m social value generated through our jobs and training opportunities;

- 50 new bursaries provided to assist people to access further/higher education;

- 2,257 children and young people participating in targeted education/skills programmes; and

- Almost £1.6m of external grant/contract funding secured to support the delivery of Foundation programmes.

Our Home Comforts programme delivered 4,123 free recycled furniture and white goods items to 1,210 tenants, supporting customers to create a home and sustain their tenancy.

Our Starter Packs provide customers who are moving into a new home with a helpful pack including kettle, toaster, cutlery, crockery, pots and pans, bedding, towels, and cleaning materials. 957 households benefited from this intervention.

The development of local Pantries and Larders has helped customers in our communities to access affordable food as well as the opportunity to link in with local support services. Our two most recently opened larders, delivered in partnership with Good Food Scotland, at Sandyhills and Kennishead, now have almost 800 members. As well as food provision, Sandyhills larder has hosted community activities during 2023/24 including sewing classes, digital classes, and a Food Waste reduction event.

During 2023/24, the Foundation began using the Social Value tool developed by the Housing Associations' Charitable Trust (HACT). This tool employs a long-standing wellbeing valuation approach, calculated using UK Treasury Green Book compliant methods. The tool is used to calculate the impact of project outcomes on the wellbeing (life satisfaction) of individuals. This is converted into the amount of money required to produce the equivalent impact on wellbeing.

The social value generated from jobs and training opportunities this year for Wheatley customers is £6.7m - demonstrating the significant impact of training and employment on customer's wellbeing.

The John Wheatley Learning Network provided free drop-in digital support and internet access to 2,554 people in 34 local Learning Centres across Wheatley communities. There were 1,125 enrolments to certificated Wider Access courses including Community Achievement awards and SQA qualifications on word processing and excel.

The Imagination Library provides free reading books to children within our homes aged from birth to 5 years. A total of 817 children are currently registered to receive a free monthly book, with 5,500 books delivered during 2023/24.

Streetywzye is a 12-week education programme for young people in the East End of Glasgow who are at risk of being involved in gang culture, knife crime and anti-social behaviour. During the year, 319 young people aged 14 – 18 have participated in these education workshops and diversionary activities.

Our Welfare Benefits Advisory team secured over £13.7m in otherwise unclaimed support for our customers. - over 30% of which is directly contributing to the prevention of rent arrears. Our Fuel Advice service has provided help to over 3,300 households this year. Assistance from Fuel Advisors has mainly focused on supporting customers to understand how to heat their homes as efficiently as possible, support with meter and tariff issues and accessing available grants/funds.

My Great Start, delivered in partnership with 3 voluntary sector partners, has provided 921 new tenants with help to get off to a positive start in their tenancy. This personalised 1:1 support provides expert financial capability advice including debt management, saving/budgeting habits, benefits advice and energy advice. Support is also provided to help the tenant make links with local services such as community support groups, food networks and health resources. The service has secured new tenant financial gains of over £670k.
Case study: Educational bursaries

Wheatley has provided educational bursaries to customers to support them pursue higher or further educational qualifications. Since we launched the scheme in 2016 more than 400 people have benefited from this financial help. The Foundation is committed to providing a minimum of 50 bursaries per year, helping tackle the many barriers people face growing up in poverty.

Michael McMillan, a Wheatley Homes Glasgow tenant, received a bursary to study for a degree in TV Production and Script Writing.

The 25-year-old said: “I’m really keen on a career in the television industry. It’s a fantastic course and I’ve learned so many different skills, including lighting, sound, editing and camera work. My goal is to get a job in editing.

“The course is based in Ayr, so the bursary has been a god send. Without it I would have struggled to afford the cost of travel to Ayr for my classes. Having the bursary removed any worries about money and has been a massive help.”

Homelessness

Wheatley has a sector-leading commitment to tackling homelessness and rough sleeping across the communities in which we operate. We set a stretching target of providing 10,000 new lets to people experiencing homelessness over our 5-year strategy term (2021-26) and remain on track to achieve this goal. The target represents over 50% of all new lets per annum and in 2023/24 our lets to people experiencing homelessness comprised 62% of all lets in the year. Our progress to achieving this target is set out below:

	2021/22	2022/23	2023/24	2024/25	2025/26
Lets to homeless	2,475	2,207	2,406	-	-
Cumulative total / target	2,475	4,682	7,088	-	10,000
Against target	124%	117%	118%	-	-

The situation in Scotland is stark. Data released by the National Statistics Publication for Scotland in August 2023, showed homelessness in Scotland had risen higher than pre-pandemic levels. The report revealed a 10% rise in the number of households assessed as homeless to 32,242, up from 29,339 in 2021-2022, and a record number of households in temporary accommodation.

Robert, 20, of Glasgow, became homeless after a family breakdown. After spending several years in the care system and then sofa surfing for 18 months, Wheatley Homes Glasgow were able to offer him a secure tenancy.

“My mum kicked me out when I was 17 and although we got back on track for a while, we were constantly arguing, and it became impossible for me to stay.”

“I'm so grateful of the house I’ve been given. Having a roof over my head and space to call my own means a lot. I'm trying to get into work now to help me manage. That’s what is going to make the difference for me. I’m learning about money management and looking after the property. I’m getting support from Wheatley to do this when I need it.”

It is crucially important for our customers to sustain their much-needed tenancy and we provide specialist support to start a tenancy (My Great Start), benefits advice, financial inclusion services, tenant starter packs and fuel advice. The Wheatley Foundation provides support through Home Comforts with options for carpets, white goods, furniture, and food vouchers.

We continue to be a partner in the Housing First initiative, tackling rough sleeping across Glasgow, Edinburgh, and Dumfries, and have provided over 300 tenancies via this partnership. We have also worked closely with local authority partners in the provision of homes for Afghani and Ukrainian refugees, with over 300 made available for this purpose.

Staff wellbeing

We have a comprehensive package of health and wellbeing assistance, accessible to all staff. In addition to two wellbeing days per annum, staff can apply for financial support for a range of health matters including dental care, optical fees, physiotherapy, health club memberships, alternative therapies, and menopause care. We also provide all staff with access to the W.E. Benefit discount site which provides daily discounts and deals on everyday purchases. Additional benefits include the cycle to work scheme, the opportunity for staff to buy annual leave and help with the cost of driving lessons.

Staff requiring support can access our Employee Assistance Programme, PAM Assist, which is available 24/7 for counselling and emotional help. Our counsellors can also offer support to colleagues and their immediate household family to address family or couple concerns.

Mindfulness practitioners run courses for our staff to learn techniques and coping mechanisms to handle everyday anxieties. A range of specialist workshops including Cognitive Behavioural Therapy and wellbeing coaching are also available to all staff members.

Equity, Diversity and Inclusion (EDI)

Our Group EDI Action Plan, supported by our EDI and Human Rights policy, is firmly embedded in our organisation, ensuring Wheatley is a more inclusive workplace for everyone, regardless of their age, race, sex, sexuality, and health status. We are a member of **enei**, the Employer's network for equality and inclusion, which provides our colleagues with access to a range of resources including expert webinars and guidance of all aspects of diversity.

We are also members of Business in the Community, a UK based organisation working with its members to deliver responsible business practice including the development of inclusive workforces.

employers network for equality and inclusion
www.enei.org.uk
Member

BUSINESS IN THE COMMUNITY
The Prince's Responsible Business Network

In response to annual EDI surveys we have formed networking groups to support staff members on a range of matters identified by their feedback. These include:

- Carers
- Disabilities
- LGBTQ+
- Neurodiversity & Mental health
- Age
- Pregnancy & Parenting
- Religion and beliefs
- Race
- Menopause & Perimenopause

Our statement of commitment on EDI is set out below:

Equity	Employees and customers are treated fairly and have access to equal opportunities to fulfil their potential
Diversity	Respecting and valuing individual differences and unique characteristics
Inclusion	Making sure our employees and customers feel comfortable being themselves and they feel valued, respected and heard

Living Wage, gender pay gap and staff absenteeism

Although we do not have accreditation with the Living Wage Foundation, Wheatley Group pays all staff the Real Living Wage across all Group subsidiaries and is committed to increasing pay in line with the Real Living Wage in future years. We require all building contractors on our framework to adhere to paying the Living Wage.

From April 2017, all organisations employing over 250 employees are required to publish their gender pay gap figures. This year, four of our Group subsidiaries met the qualifying criteria (Wheatley Homes Glasgow, Wheatley Homes East, Wheatley Care and Wheatley Homes South).

Wheatley Group subsidiary	Mean gender pay gap		
	2021-22	2022-23	2023-24
Wheatley Homes Glasgow	-20.7%	-21.6%	-24.7%
Wheatley Homes East	Not in scope	-1.3%	-2.9%
Wheatley Homes South	-15.2%	-13.2%	-16.5%
Wheatley Care	-4.7%	-7.4%	-6.2%

In all cases, the mean pay gap figure is calculated by adding total pay and dividing by the number of staff and shows that women are, on average, paid more than men across these subsidiaries.

More detailed information is included in the gender pay gap reports:

WH Glasgow Gender Pay Gap
WH East Gender Pay Gap
WH South Gender Pay Gap
Wheatley Care Gender Pay Gap

Absence rates are reported in our Annual Return on Charter (ARC) to the Scottish Housing Regulator. As of 31 March 2024, absence rates measured by the percentage of working time lost for the Registered Social Landlord subsidiaries are set out in the table below:

Wheatley Group Subsidiary	Absence rate: % of working time lost		
	2021/22	2022/23	2023/24
WH-Glasgow	3.57%	2.74%	2.39%
Loretto	4.72%	5.65%	0.45%
WH-East	3.06%	3.53%	3.50%
WH-South	1.63%	2.19%	2.52%

GOVERNANCE

Structure and governance

The Group and each of our Registered Social Landlord ("RSL") subsidiary organisations are regulated by the Scottish Housing Regulator ("SHR") and comply with the SHR's Regulatory Framework ("the Framework") and Regulatory Standards of Governance.

The Parent Company, Wheatley Housing Group, and all Group subsidiary RSLs confirmed compliance with all relevant regulatory requirements set out in Chapter 3 of the Regulatory Framework, all relevant standards in the Scottish Social Housing Charter and all relevant legislative duties.

While all subsidiary RSLs are registered charities, the Parent Company is not a charity and is a private company limited by guarantee without share capital. The members of the company are the members of the Board, who each membership with equal voting rights. The percentage of voting rights will change from time to time depending on the number of Board members but is currently 8.33% (with 12 Board members).

Strategic Direction

The Wheatley Housing Group Board sets the overall strategic direction for the Group

Board and trustees

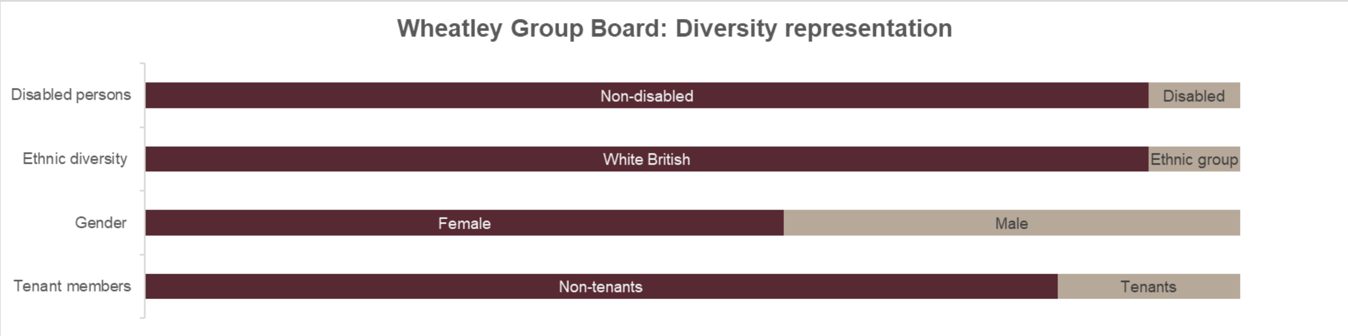
The Wheatley Board is currently comprised of five Non-Executive Directors, five Subsidiary Chair Board members and two Co-opted members. The Board meets every two months including an annual two-day strategy workshop.

Our subsidiary companies, the RSLs, Care and Lowther Homes, retain decision-making on key operational matters directly with their own boards. This enables them to centre their customers and communities by listening and responding to directly to local resident voices.

Board Minutes and Group Standing Orders are publicly available on the Wheatley Group website.

The function of the Wheatley Group Board is to co-ordinate the component strands of the Group and to take a strategic overview of its activities. The Board ensures the Group uses its size and scale to achieve maximum value for money and efficiency for our customers and communities.

It is important that our Group Board reflects and is representative of our customers. Our 12-person Board has 7 female members (58%), ethnic group[8] representation (8%), tenant membership (17%), and a disabled person (8%). The average age of Board Members is 60.9 years.



The Group Chief Executive attends Board meetings but is not a member and does not have voting rights. The Board is 100% non-executive. The Chair and CEO are separate roles.

Our Group Chair, Jo Armstrong, was appointed in September 2021, following six years as a board member and Chair of the Group Development Committee.

Our auditors, KPMG, were re-appointed in February 2023 for a 5-year period, with two 12-month extensions. The most recent strategic governance review was completed during 2021/22 by Campbell Tickell.

Our Non-Executive Directors are subject to an individual annual appraisal process to monitor their performance and identify any areas for continuous improvement. We support our Non-Executive Directors with a Continuous Professional Development programme in place which draws on a range of external experts, including the Institute of Directors, sector and industry experts and our external legal advisors. This allows

[8] The Report of the commission on race and ethnic disparities, Recommendation 24
https://www.gov.uk/government/publications/the-report-of-the-commission-on-race-and-ethnic-disparities/foreword-introduction-and-full-recommendations

our Board Members to refresh and maintain the key skills and experience they require to discharge their duties.

Systems and risk management

The Board of Wheatley Housing Group is responsible for ensuring effective systems of internal financial control are maintained within all members of the Group using the following framework:

- written policies and procedures including Standing Orders setting out delegated authorities across Group subsidiaries and organisational structure to support business processes and with clear lines of responsibility;
- employment of suitably qualified and experienced staff to take responsibility for key areas of the business. This is supported by a formal personal development programme;
- adoption of a risk-based approach to internal control and maintenance of risk registers which evaluate the likelihood and impact of identified corporate risks, designate responsibility for monitoring and reporting progress against the Group's key risks;
- financial plans and budgets supporting strategic and operational financial targets, monitoring, and forecasting performance against targets and key performance indicators, all of which are reviewed by the Board; and
- conflicts of interest policy conflicts are handled through a specific agenda item at the start of every meeting (with reference to the terms of Article 38 of our Articles of Association 'Interests').

The Group Board is supported in discharging its duties by three sub-committees.

Committee name	Function
Remuneration, Appointments, Appraisal & Governance Committee	Responsible for approving the process for recruitment, selection, succession planning and appraisal of Board members and for ensuring Board members within the Group have the necessary balance of skills and experience to fulfil their roles. The committee evaluates and reviews the Group's governance framework on an ongoing basis.
Group Audit Committee	Responsible for oversight of the Group's system of internal control, compliance assurance and risk management. It is responsible for approving the Internal Audit plan and ongoing monitoring of its implementation. It also oversees the external audit process, including agreeing the annual external audit plan and undertaking a detailed review of financial statements. The committee is responsible for reviewing the effectiveness of the overall risk strategy and reviews the strategic risk register.
Group Strategic Development Committee	Responsible for reviewing any new major strategic projects and initiatives on behalf of the Group Board, in particular fundraising and strategic partnerships.

Individual subsidiaries each have their own Board which is responsible for setting their strategy which aligns with the overall Group strategic direction and reflects their unique circumstances and customer priorities. Each subsidiary Board is composed of Non-Executive Directors based on its own individual skills matrix and across the Group. In addition, 31% of our subsidiary RSL board members are tenants who live in our communities.

Our governing bodies review operational performance measures and KPIs each time they meet and their strategic aims and targets are set out in their respective five year strategies. The subsidiary and Group Boards review and update their strategic priorities on an annual basis after consideration of existing and future changes in the operating environment, emerging risks, policy changes and legislative developments amongst others. This assessment of risks and opportunities and any resultant changes in focus or activities is supported by the role of the Group Audit Committee, the work of our expert advisors on our Pathway to Net Zero Group, the Wheatley Solutions Board, our membership of sectoral networks such as the Scottish Federation of Housing Associations and our participation in stakeholder groups such as the Scottish Government Housing Investment Taskforce. This year the Group Board undertook a strategic review of the emerging Scottish Government policy changes to the targets for energy efficiency in social housing set out in the proposed Social Housing Net Zero Standard and agreed to focus financial resources on investment in existing homes that provided the right balance between energy efficiency improvements and cost for social housing tenants.

Supply chain

The Group's procurement and sustainability strategies ensure compliance with sections 24 and 25 of the Procurement Reform (Scotland) Act 2014 which sets out requirements that:

- public contracts over the value of £4 million will incorporate appropriate community benefit requirements and opportunities; and
- delivering community benefits is a core part of contract compliance.

We have embedded commitments to include social value into our procurement processes by way of our 'Community Benefits' approach. We require our partners to deliver a minimum number of work placements, training opportunities, apprenticeships, new jobs, mentoring and a charitable contribution per property as an integral requirement of working with Wheatley Group.

Community Benefits are required for all goods and services procurements valued above £500k and for all new-build contracts greater than £2 million. The commitments from our contracting partners increase steadily based on the value/banding of the contract. As an example, a Band 9 new-build contract which is for projects greater than £18 million, our contractor would have to deliver a minimum of 19 work placements and training places, eight apprenticeships, 10 new jobs and £775 charitable contribution per new-build unit.

Wheatley Group creates successful and attractive places in partnership with the construction industry. Our development contracts set out clear principles which include requirements to embed sustainability into new-build projects. This includes energy efficiency, floor space, access to green spaces, commitments on electric vehicle charging points.

Wheatley Group

Making homes and lives better
wheatley-group.com

Internal Audit Annual Report and Opinion 2023/24

Approved by Group Audit Committee

15 May 2024

1. Introduction

The purpose of this report is to provide our view on the adequacy and effectiveness of the Wheatley Group's ("the Group") system of governance, risk management and internal control, as assessed through delivery of our rolling Internal Audit Plan during 2023/24.

The Internal Audit Plan is reviewed and approved by the Group Audit Committee ("the Committee") each quarter and progress against this plan has been reported to the Committee throughout the financial year.

Our detailed findings from specific reviews have been reported to Management during the year, with a summary of these findings reported to the Committee at each of its 2023/24 meetings. Summary findings have also been reported to Subsidiary Boards and the Group Board where appropriate.

This Annual Report summarises the Internal Audit activity and therefore does not include all matters which came to our attention during the year. Such matters have been included within our detailed reports to Management and the Group Audit Committee during the year.

Definition of Internal Auditing

"Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."

Section 3 – Definition of Auditing; Chartered Institute of Internal Auditors' International Professional Practices Framework

Internal Audit Mission Statement

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

2. Annual Internal Audit Opinion

Scope

In line with the International Standards for the Professional Practice of Internal Auditing ("the Standards"), to which the Internal Audit function conforms, Internal Audit provides the Group Board, Audit Committee and Subsidiary Boards with an Internal Audit Annual Report, which includes an opinion on the Group's governance, risk management and control processes, based on the work completed during 2023/24.

Our opinion is subject to the inherent limitations of Internal Audit (covering both the control environment and the assurance over controls) as set out in Appendix 1 (Limitations and Responsibilities).

In arriving at our Annual Internal Audit Opinion, we have taken the following matters into account:

- the results of all Internal Audit work undertaken (including any upheld instances of fraud or whistleblowing) during the year ended 31 March 2024;
- in accordance with the Wheatley Group City Building Glasgow Assurance approach, we have placed reliance on the internal audit work completed by the Glasgow City Council's Chief Internal Auditor in relation to City Building Glasgow;
- the effects of any material changes in the Group's objectives, activities or regulatory environment; and
- whether there have been any resource constraints imposed upon us which may have impinged on our ability to meet the Group's Internal Audit needs.

Basis of Opinion

Sufficient work has been undertaken to enable us to provide an opinion on the adequacy and effectiveness of the internal control environment in operation during 2023/24. In giving this opinion, it should be noted that assurance can never be absolute.

During the delivery of our Internal Audit plan, we identified no critical weaknesses in the governance, risk management, or control processes that would put the achievement of Group objectives at risk [redacted].

As reported to the Group Audit Committee, Management has acted promptly to implement agreed audit actions throughout the year, thereby reducing the risk associated with audit findings.

Internal Audit Opinion 2023/24

Based on our Group-wide work undertaken in 2023/24 a ***substantial level of assurance**** *can be given that there are sound governance, risk management and control processes in place, designed to support achievement of relevant organisational objectives. [redacted]*

Management has agreed to the improvements to the Group wide control environment arising from our annual work and the progress of implementing these additional controls will be reported to the Group Audit Committee.

* See Appendix 2 for definition of levels of assurance.

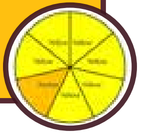
3. Summary of Work Performed

Wheatley Group

This section summarises the results of Internal Audit advisory reviews completed during 2023/24. Each of these reviews included an assessment of the extent to which the control objectives set out in the Terms of Reference were achieved*, as reflected in the charts below.

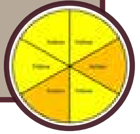
- Loretto Housing
- Lowther
- Wheatley Care
- WDSL
- Wheatley Foundation
- WH-East
- WH-Glasgow
- WH-South
- Wheatley Solutions

My Academy



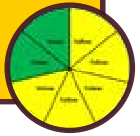
- Loretto Housing
- Lowther
- WDSL
- WH – East
- WH- Glasgow
- WH - South
- Wheatley Solutions

New Build Securitisation



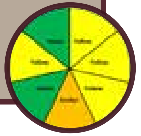
- Loretto Housing
- Lowther
- Wheatley Foundation
- WH - East
- WH - Glasgow
- WH - South
- Wheatley Solutions

Astra / iWorld ITGC



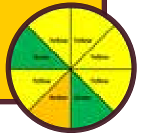
- Lowther
- Wheatley Solutions

Lowther Factoring



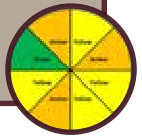
- Loretto Housing
- Lowther
- Wheatley Care
- WDSL
- Wheatley Foundation
- WH-East
- WH-Glasgow
- WH-South
- Wheatley Solutions

Accounts Payable - IPOS



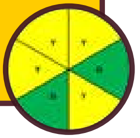
- Loretto Housing
- Lowther
- Wheatley Care
- Wheatley Development Scotland
- Wheatley Foundation
- WH-East
- WH-Glasgow
- WH-South
- Wheatley Solutions

Accounts Payable – FP & PC



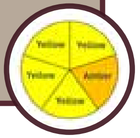
- WH-South
- Wheatley Solutions

WH-South Repairs



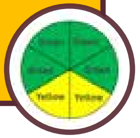
- Loretto Housing
- Lowther
- WH-East
- WH-Glasgow
- WH-South
- Wheatley Solutions

Management of Commercial Properties (commercial units)



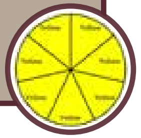
- Loretto Housing
- Lowther
- Wheatley Care
- WDSL
- Wheatley Foundation
- WH – East
- WH – Glasgow
- WH – South
- Wheatley Solutions

EDI and Human Rights



- Loretto Housing
- Lowther
- Wheatley Care
- WDSL
- Wheatley Foundation
- WH – East
- WH – Glasgow
- WH – South
- Wheatley Solutions

IT & Digital Solutions Vendor Management



Note: IPOS is the Group's automated purchase to pay system. FP (Faster Payments) and PC (Purchase Cards) processes are more manual, and so separate control objective assessments have been provided for the two aspects of the Accounts Payable review.

* *See Appendix 2 for control objective ratings.*

3. Summary of Work Performed

The Internal Audit team has completed the following advisory, consultancy and analytics reviews, which did not include an assessment of the achievement of control objectives, due to the nature of the work performed.

Financial Efficiency Savings Plans
- Loretto Housing
- Lowther
- Wheatley Care
- WDSL
- Wheatley Foundation
- WH-East
- WH-Glasgow
- WH-South
- Wheatley Solutions

Data Strategy
- Loretto Housing
- Lowther
- Wheatley Care
- WDSL
- Wheatley Foundation
- WH – East
- WH – Glasgow
- WH – South
- Wheatley Solutions

CBG Partnership Oversight Board
- Loretto Housing
- Lowther
- WH-East
- WH-Glasgow
- WH-South
- Wheatley Solutions

Electrical Testing Certification analytics
- Loretto Housing
- Lowther
- Wheatley Care
- WH-East
- WH-Glasgow
- WH-South
- Wheatley Solutions

Rent Account Credit Balances analytics
- Loretto Housing
- Lowther
- WH – East
- WH – Glasgow
- WH – South
- Wheatley Solutions

Repairs Analytics
- Loretto Housing
- Lowther
- Wheatley Care
- WDSL
- Wheatley Foundation
- WH-East
- WH-Glasgow
- WH-South
- Wheatley Solutions

Payroll analytics
- Loretto Housing
- Lowther
- Wheatley Care
- WDSL
- Wheatley Foundation
- WH – East
- WH – Glasgow
- WH – South
- Wheatley Solutions

Accounts Payable analytics
- Loretto Housing
- Lowther
- Wheatley Care
- WDSL
- Wheatley Foundation
- WH – East
- WH – Glasgow
- WH – South
- Wheatley Solutions

Summaries of the findings of all reviews conducted during 2023/24 have previously been reported to the Group Audit Committee and to Subsidiary Boards.

3. Summary of Work Performed

The Internal Audit team has facilitated an exercise to map legislative compliance requirements in different business areas across the Group throughout 2023/24. Within each business area, the team has worked with management to identify legislative requirements and any detective controls in place that would confirm compliance with those requirements.

The Internal Audit team has used a "show me" approach to confirm control descriptions, for example completing one walkthrough / viewing one instance of a report to confirm understanding of control. This work did not assess i) whether the control is adequately designed to mitigate the identified risk or ii) operating effectively. The purpose of this mapping is to help management determine where additional detective controls may be needed or reflect on the purpose and value of control activity across lower risk areas. The output of each exercise is a “map”, as shown below.

	Controls in place to detect a compliance breach	Controls to detect a compliance breach are planned but not yet operating	No controls in place to detect a compliance breach
High consequence from compliance failure	*Maintain controls*	*Consider prioritising implementation of controls*	*Consider whether additional controls are required*
Medium consequence from compliance failure	*Maintain controls*	*Rollout controls as planned*	*Consider whether additional controls are required*
Low consequence from compliance failure	*Consider whether controls are required*	*Consider whether planned controls are required*	*Consider whether current position is acceptable*

The business areas mapped during 2023/24 are:

Complaints	Treasury	IT & Digital Services	Payroll
Litigation Services	Communications and Marketing	Strategy and Performance	Governance
Human Resources & Organisational Development	Financial Reporting	Assets and Sustainability	Procurement, Fleet and Utilities

A final review in 2024/25 of all areas to identify and map any gaps will conclude the legislative compliance mapping review.

3. Summary of work performed

Follow up of management actions

Internal Audit completes follow up activity to verify that management have implemented actions as agreed in our internal audit reports. The follow up activity is undertaken quarterly, with the results reported to each meeting of the Group Audit Committee.

The information below is a summary of all actions followed up during the course of 2023/24.

Our assessment has included review of each action to determine whether:

a) The action has been completed during 2023/24;

b) The action is no longer relevant or has been superseded;

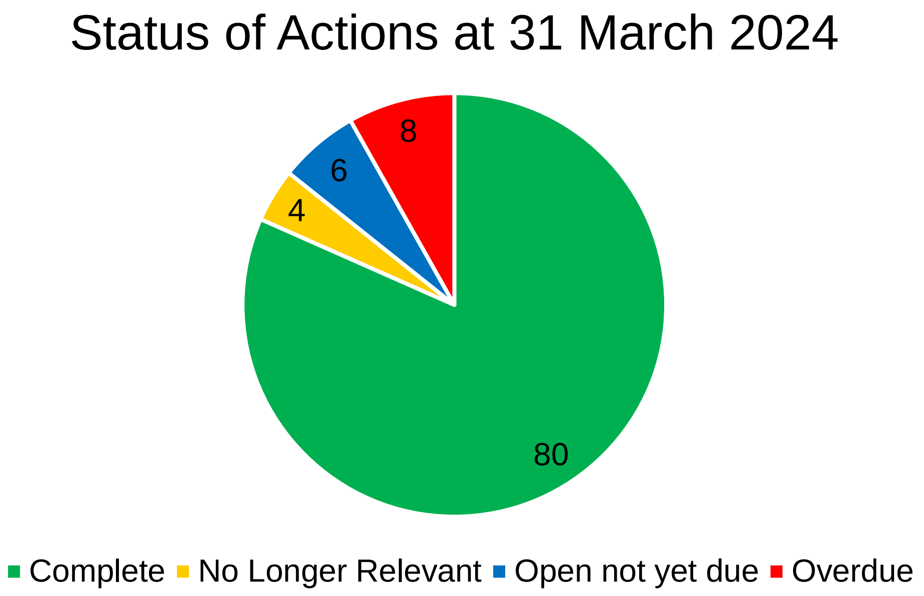
c) The action is not yet due for completion; or

d) The action is overdue for completion.

For the 8 overdue actions, we have discussed the current status with management and identified revised timescales for completion of the original actions. In each case, we are satisfied that the action is in progress, and we will continue to monitor full implementation of these actions.

Status	Actions
Actions brought forward from 31 March 2023	16
New actions agreed during 2023/24	82
Total Actions followed up during 2023/24	98

The chart below summarises our assessment of the status of the 98 actions followed up during 2023/24.



4. Internal Audit Team Performance 2023/24

The Internal Audit team's performance against its agreed KPIs for 2023/24 is set out below. The same KPIs are proposed for 2024/25.

KPI	Target	Actual
Customer Satisfaction: consultation and engagement	*Target Average score: 8 out of 10*	*Actual Average score: 9.3 out of 10*
Customer Satisfaction: delivery of review	*Target Average score: 8 out of 10*	*Actual Average score: 9.3 out of 10*
Customer Satisfaction: Added value of actions	*Target Average score: 8 out of 10*	*Actual Average score: 9.0 out of 10*
Team utilisation on IA activities (based on 200 days)	*Target: 100% utilisation*	*Actual: 100%*
Team operates to IIA Standards	*Target: "Generally Conforms" rating*	*Actual: "Generally Conforms" rating*
CPD/ training requirements met	*Target: 100% of team*	*Actual: 100% of team*
Annual workplan: completed to budget & time	*Target: 100% of audits*	*Actual: 100% of audits*
Annual Report available for Annual Accounts signing	*Target: August GAC*	*Actual: May GAC*

The customer satisfaction measures are based on feedback forms completed by auditees following each review. Performance against target is allocated a Red, Amber or Green rating, as follows:

- Red: More than 15% away from target
- Amber: Within 15% of target
- Green: Target met / on track for year

4. Internal Audit Team Performance 2023/24

The customer satisfaction measures are based on feedback forms completed by auditees following each review. Positive comments received from our customers included the following:

"The audit felt collaborative and driven by an overall ambition to support how Wheatley approaches and continually improves its approach."

"Friendly and professional staff. They guide and support through the process, so it is not intimidating but always thorough."

"Outcomes were discussed with the audit team and plenty of opportunity and time to reflect and discuss with my own teams."

"A very responsive and professional team who understand the business and can recognise areas for improvement and provide ideas for practical changes to be made to protect the objectives of the business."

The responses also highlighted the following opportunities which have been added to our Internal Audit Improvement Plan.

We will explore opportunities to work with management in order to reintroduce front line assurance checks.

- "Front-line assurance checks were additional security."

We will continue to work with management to develop the team's business knowledge and to agree action plans that improve the efficiency and effectiveness of the delivery of organisational objectives.

The two individual statements that respondents were asked to score with the lowest scores were:

- Internal audit team members had sufficient business knowledge to help improve processes.
- The internal audit recommendations raised during this engagement improved the efficiency and effectiveness of delivery of organisation objectives.

5. IA Compliance with Standards

Internal Audit compliance with professional standards

The Internal Audit team employs a risk-based approach to determine the audit needs of the Group at the start of each year, which is reviewed on a rolling three-month basis throughout the year. The team uses a risk-based methodology to plan and conduct our work, and all Internal Audit activity is performed in line with the International Standards for the Professional Practice of Internal Auditing and the Code of Professional Conduct (including Code of Ethics) promoted by the Chartered Institute of Internal Auditors.

Internal Audit independence

Each member of the Internal Audit team is required to confirm their independence annually. The Independence Statements were last collected in September 2023 and the exercise will be repeated in September 2024.

Conflicts of Interest

The Internal Audit team is led by the Director of Assurance, who reports to the Group Director of Finance and meets regularly with the Chair of the Group Audit Committee.

The Director of Assurance has other operational responsibilities. Consequently, the Group Audit Committee assesses the controls in place to maintain the Director's independence on an annual basis.

There have been no conflicts of interest during the year which have impacted on our independence or our ability to report our findings.

6. IA Quality Assurance and Improvement Programme

As part of the IA Team's Quality Assurance and Improvement Programme, we completed our internal quality assurance during 2023/24, comprising:

Ongoing monitoring	• Day-to-day supervision and review of IA team's work • Key Performance Indicators (KPIs) monitoring and reporting
Annual CPE Completion	• Each IA team member completes training to meet the annual CPE requirement of their professional institute.
Annual self-assessment	• Completed using guidance issued by the CIIA • Results reported within the Annual Report and Opinion

Annual Self-Assessment

The Internal Audit team completed the quality assessment template produced by the Chartered Institute of Internal Auditors (CIIA) in December 2023. The internal self-assessment rated performance as:

Generally Conforms

- The evaluator has concluded that the relevant structures, policies, and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the individual Standard or element of the Code of Ethics in all material respects.

"Generally conforms" is the highest rating available.

Appendix 1: Limitations and responsibilities

Limitations Inherent to the Internal Auditor's Work

We have prepared the Internal Audit Annual Report and undertaken the agreed programme of work as set out in the Internal Audit Plan, subject to the limitations outlined below.

Opinion

The Annual Internal Audit Statement is based solely on the work undertaken as part of the agreed Internal Audit Plan. The work addressed the control objectives agreed for each individual assignment as set out in our individual Terms of Reference. The matters raised in this report are only those which came to our attention during our Internal Audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

There might be weaknesses in the system of internal control that we are not aware of because they did not form part of our programme of work, were excluded from the scope of the individual review, or were not brought to our attention. Our audit plan is based on risk to capture the higher risk areas within the Group.

As a consequence, Management and the Group Audit Committee should be aware that our opinion may have differed if our programme of work or scope for individual reviews was extended or other relevant matters were brought to our attention.

Internal Control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Responsibilities of Management and Internal Audit

It is Management's responsibility to develop and maintain sound governance, risk management, and control processes to ensure the prevention and detection of irregularities and fraud. Internal Audit work should not be seen as a substitute for Management's responsibilities for the design and operation of these processes.

Internal Audit endeavour to plan work so that we have a reasonable expectation of detecting significant control weaknesses and if detected, we shall carry out additional work directed towards the identification of consequent fraud or other irregularities.

Internal Audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected, and our examinations as Internal Auditors should not be relied upon to disclose all fraud, defalcations or other irregularities which may exist.

Appendix 2: Assurance Opinion definitions

Wheatley Group

Annual Assurance Opinion Definitions

The table below details the different types of Internal Audit opinion which may be given:

No Assurance

- There are **business critical control weaknesses** identified from Group wide Internal Audit reviews undertaken in year. If not addressed as a priority, these weaknesses could affect the going concern status of one or more Group Subsidiaries.

Limited Assurance

- There are **significant control weaknesses** identified from Group wide Internal Audit reviews undertaken in year, leaving scope for considerable improvement and concern is expressed about the adequacy of controls in mitigating risk to the Group.

Substantial Assurance

- There are **control weaknesses** identified from Group wide Internal Audit reviews undertaken in year. The majority of existing controls and processes accord with accepted good practice and are operating effectively although some deficiencies do exist, which could result in increased risk of loss/failure affecting the achievement of strategic objectives

Full Assurance

- There are **no identified control weaknesses** identified from any of the Group wide Internal Audit reviews undertaken in year. Operating practices are considered optimised and industry leading, with no identified areas for improvement.

Control Objective Classification

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

Red

- Control objective not achieved. Control weaknesses identified could have a significant and immediate impact on the risks to achievement of the organisation's objectives

Amber

- Control objective not achieved. Control weaknesses identified could have a moderate impact on the risks to achievement of the organisation's objectives

Yellow

- Control objective achieved. Control weaknesses identified could have a minor impact on the risks to the achievement of the organisation's objectives

Green

- Control objective achieved. Any control weaknesses identified could have very limited impact on the risks to the achievement of the organisation's objectives

Report

To: **Wheatley Housing Group Board**

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

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

Subject: **Annual Assurance Statement**

Date of Meeting: **28 August 2024**

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1. Purpose

1.1 This report seeks approval of our Annual Assurance Statement ("AAS") for submission to the Scottish Housing Regulator ("SHR").

2. Authorising and strategic context

2.1 Under the Terms of Reference, the Group Audit Committee is responsible for reviewing the Group's AAS and for making recommendations to the Group Board on the submission to the SHR.

2.2 The Group Audit Committee considered our AAS at its meeting on 13 August 2024 and has recommended it to the Group Board for approval.

3. Background

3.1 The requirement to submit an AAS was introduced by the SHR in 2019. The AAS is a way for us to assure ourselves, tenants, those who are homeless/threatened with homelessness, other service users and the SHR that we comply with our regulatory obligations.

3.2 The SHR considers our AAS as part of its annual risk assessment and then uses this to help inform how it will engage with us throughout the year. This is then included within the SHR's engagement plan for us. For group structures such as ours, the SHR requires one AAS covering all RSLs.

3.3 Our annual self-assessment and the supporting evidence are subject to independent scrutiny. It was previously agreed that this should be undertaken through a combination of our Internal Audit team and no more than triennially by an appropriate external consultant. The purpose of this is to provide an additional layer of assurance that our evidence base to support our assessment of compliance is robust.

3.4 For a number of areas within the SHR Regulatory Framework that we require to comply with, the evidence does not need to be updated annually. For example, where there are specific requirements of our constitutions as they have not changed in the last 12 months they would remain compliant.

4. Discussion

Statement requirements

4.1 The SHR requires our AAS to confirm compliance or otherwise. Any areas for improvement should be recorded in the AAS, but only where these are of such materiality and significance that we are unable to say confidently whether we were complying with a particular requirement.

4.2 This year the SHR requires landlords to “provide specific assurance on their compliance with relevant obligations in respect of tenant and resident safety” Specifically, landlords are required to confirm compliance with their obligations in respect of gas safety; electrical safety; water safety; fire safety; asbestos; damp and mould and lift safety.

4.3 In previous years the SHR asked us to provide assurance that we had appropriate plans to implement an effective approach to the collection of equalities information and that we had started to consider how we can adopt a human rights approach to our work. This year, the SHR does not specifically require us to provide this assurance in our AAS; however, given the progress we have made and that we have included an update in the previous year then we have elected to do so for the benefit of both the SHR and our tenants.

4.4 We have taken account of updates to the SHR’s guidance for 2024 in the preparation of our ASS and used the toolkit developed by the Scottish Federation of Housing Associations (“SFHA”) in undertaking our self-assessment and preparing our AAS.

Self-assessment and review

4.5 As part of the completion of our self-assessment of compliance against the Regulatory Standards (“the Standards”) and the requirements set out in the Framework we identify sources of assurance relative to each requirement and catalogue these in a detailed evidence file.

4.6 In assessing materiality, we take account of the SHR’s Statutory Guidance which states we should consider whether the issue could:

- Seriously affect the interests and safety of tenants, people who are homeless or other service users;
- Threaten the stability, efficient running or viability of service delivery arrangements;
- Bring the landlord into disrepute, or raise public or stakeholder concern about your organisation or the social housing sector; and
- In the case of RSLs, put at risk the good governance and financial health of the organisation.

4.7 Our self-assessment is reviewed externally every three years. Last year it was reviewed externally by Campbell Tickell. This year it has been carried out by our Assurance Team. The Assurance Team has now completed their review and confirmed our assessment that we are materially compliant with the regulatory standards.

4.8 The Assurance Team has highlighted two areas to address, though they do not relate specifically to Regulatory Standards. The first relates to the update of the WH-East constitution to formally reflect its name change from Dunedin Canmore. We already had arrangements in place to convene the necessary Special General Meeting ("SGM") to do this September 2024. It should be noted the name change itself was agreed by the WH-East members through a SGM last year.

4.9 The second relates to the update of Intra Group Agreements (IGAs) for WH-East and WH-South name changes. The IGAs set out the agreed roles and responsibilities between Group subsidiaries. The IGAs still use the previous subsidiary names and should be updated to reflect the change of company names.

4.10 The IGAs already include the respective company and registered society numbers – which are unique to each of WH-East and WH-South – and remain contractually binding. We will however make the administrative updates to the names on the IGAs next month.

4.11 A copy of the full self-assessment, associated evidence and sources of assurance has been reviewed by Internal Audit who have confirmed, as set out in the assurance update paper, that they meet the required materially compliant standard. A copy of the full self-assessment is however available to Committee members on request. A more detailed update on the areas we are required to make specific reference to in our AAS is set out below.

<u>Tenant and resident safety</u>

4.12 Tenant and resident safety has always been and will continue to be a key focus of our work. We have robust processes in place to support our approach to tenant and resident safety This includes teams dedicated to building compliance, supported by a Health and Safety Team which provides support and guidance when required. We include a building compliance report to the Group, Lowther and each RSL Board on an annual basis and provide comprehensive health and safety reports bi-annually. We also recently reviewed our Fire Prevention and Mitigation Framework, routinely report on fire safety to our Boards and this Committee has reviewed fire safety bi-annually.

4.13 In the intervening period, any other matters arising either as a consequence of our work or wider public/customer interest are raised separately to the Board. For example, during 2023/24 there has been significant scrutiny on the use of Reinforced Autoclaved Aerated Concrete (RAAC) in public buildings and social housing. We reviewed our properties and found that no RAAC is present. The outcome of this review was also shared with each RSL and the Group Board. We have therefore included a statement confirming this in our AAS.

4.14 We have dedicated Home Safety delivery teams within City Building Glasgow (CBG) and our internal maintenance delivery teams that work collaboratively with our Asset Landlord Compliance teams in the West and within our assets teams across the East and South. These Home Safety Teams consist of leads across, gas, electrical, water management, Multi-Storey Flat works and lift safety specific to each geographic area's requirements. An update on electrical safety is provided below.

4.15 Wherever practical for similar related compliance activities within our stock, we will endeavour to package works together taking cognisance of asset compliance cycles, property attributes and individual customer requirements. Our compliance processes and delivery programmes are subject to periodic internal review through our audit and Assurance Team as well as external scrutiny. For example, through CORGI for Gas, NEIC for electrical safety, and our lifts are subject to external safety inspections through our insurers.

<u>Social Housing Charter</u>

4.16 The Charter, distinct from the Framework, contains a total of 16 outcomes and standards that social landlords should aim to achieve. As two of the standards only apply to Local Authorities, 14 apply to us. The Statutory Guidance in relation to the AAS requires us to also include a statement of compliance with the Charter. A copy of the Charter outcomes is available on request.

4.17 The SHR sets a wide range of specific performance measures RSLs must collect as part of compliance with the Charter. The measures form what we report to the SHR each year as part of the Annual Return on the Charter. The Charter measures are augmented by the SHR prescribing specific questions that RSLs must ask as part of their tenant satisfaction surveys relating to the Charter standards. We ask these as part of our satisfaction surveys.

4.18 We have in place a very robust approach to assurance and evidence of how we are performing relative to the charter through our core performance reporting framework.

4.19 There is a requirement to evidence renewal of Electrical Installation Condition Reports (“EICRs”) every 5 years. Reasonable efforts including making at least two appointments have been made to complete this work for all customers. Where, despite these efforts, access was not achieved the properties are reported as in abeyance in our Annual Return on the Charter.

4.20 In relation to the AAS, the SHR has advised that given the importance of tenant and resident safety, if all due EICRs have not been carried out at the point of submitting the AAS then this should be identified in the AAS, including the timeframe for completing all due EICRs. We have included a note to confirm that approximately 0.1% of properties are recorded as not having an up to date EICR. In all cases, reasonable attempts to obtain access had been unsuccessful and enforcement action is being pursued.

<u>All relevant legislative duties</u>

4.21 This requirement of the AAS is, by its nature, very wide-ranging. Our approach to compliance in this area is a combination of the legal framework for our activities and our internal policies, which give substance to the respective laws and regulations. Policies are reviewed by our specialist teams and, where appropriate, by external advisors. The legislative compliance mapping work being completed by the Assurance team has also provided us with additional assurance that we are clear on what our duties are.

4.22 We operate a 3 Lines of Defence Model that provides assurance to senior management and Board members about the operation of internal controls in place to confirm we are meeting our legal obligations.

4.23 Beyond our core 3 Lines of Defence Model, we are subject to external scrutiny for example through the annual external audit process in specific areas of legislation and spot inspections, such as HMRC. We have not had any instances where a judgement has gone against the Group that we are materially not meeting legislative duties.

2024 Assurance Statement

4.24 Based on the above, the Board is asked to approve the following statement which will be signed by the Chair:

Wheatley Housing Group Limited: Annual Assurance Statement 2024

As the parent in a Group structure, the Board confirms that we have appropriate assurance that all Registered Social Landlords ("RSL") which are part of Wheatley Housing Group Limited (being Wheatley Housing Group Limited, Wheatley Homes Glasgow, Wheatley Homes East Limited, Wheatley Homes South Limited and Loretto Housing) materially comply with:

- All relevant regulatory requirements as set out in Section Three of the Regulatory Framework
- The Regulatory Standards of Governance and Financial Management
- The relevant standards and outcomes of the Scottish Social Housing Charter
- Our statutory obligations in respect of tenant and resident safety, housing and homelessness and equalities and human rights

We have gained this assurance following a review and assessment of the evidence provided at our Board meeting on [28 August 2024] and from our ongoing oversight and scrutiny of the Group's affairs throughout the year 2023/24.

The Board has overseen the assurance exercise that supports this Statement and is satisfied that it is comprehensive in its scope to include each of the group members. The Boards of each of the subsidiaries are involved in the Group assurance exercise in so far as it relates to their RSL and have also, through their representation on the parent Board, contributed to the Group assurance review.

The Group Board confirms that we are assured we have established appropriate systems for the collection of equalities data and confirms that we are compliant with our obligations in respect of equalities data collection.

The Group Board also confirms compliance in relation to our tenant and safety obligations. In particular, we have gained the necessary evidence-based assurance of our compliance in respect of duties relating to gas, electrical, fire, water and lift safety and obligations relating to asbestos, and damp and mould. We have completed our assessment of the potential presence of Reinforced Autoclaved Aerated Concrete (RAAC) in our stock and confirm that none has been identified.

We recognise that we are required to notify the Scottish Housing Regulator of any changes in our compliance during the course of the year and are assured that we have effective arrangements in place to enable us to do so.

We are required to carry out Electrical Installation Condition Reports on our properties every 5 years. Approximately 0.1% of properties were recorded as not having an up to date EICR. In all cases reasonable attempts to obtain access have been unsuccessful and enforcement action is being pursued to ensure that all properties have a valid EICR by year end March 2025.

5. Customer engagement

5.1 Customer engagement forms a significant part of our strategy. The AAS will be communicated to customers as part of the annual report to tenants.

6. Environmental and sustainability implications

6.1 There are no specific implications arising from this report.

7. Digital transformation alignment

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

8. Financial and value for money implications

8.1 There are no direct value for money implications associated with this report.

9. Legal, regulatory and charitable implications

9.1 The report independently confirms that we have strong governance arrangements and provides evidence to support our compliance with the SHR regulatory framework.

10. Risk appetite and assessment

10.1 Our risk approach for governance is “cautious”. This level of risk tolerance is defined as a “preference for safe delivery options that have a low degree of inherent risk and have only limited potential for reward”. This reflects our risk appetite in relation to laws and regulation, which is “averse”, with the avoidance of risk and uncertainty is a key organisational objective and a priority for tight management controls and oversight.

11. Equalities implications

11.1 The self-assessment process for the ASS confirms that we are compliant with our obligations in respect of equalities data collection.

12. Key issues and conclusions

12.1 Following the self-assessment process and review by our internal assurance team we have confirmed there are no areas of material non-compliance. This reflects our strong ongoing focus on strong governance and compliance.

13. Recommendations

13.1 The Board is asked to approve the 2024 Annual Assurance Statement for submission to the Scottish Housing Regulator.

LIST OF APPENDICES:

None

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:	**Approach to appraisal and Board effectiveness reviews**
Date of Meeting:	**28 August 2024**

1. Purpose

1.1 To seek the Board's feedback and, where appropriate approval, in relation to:

- The approach to Board effectiveness review for 2024;
- The approach to individual Board member appraisals for 2024; and
- The approach for Chair appraisal for 2024.

2. Authorising and strategic context

2.1 Under its Terms of Reference the Group Remuneration, Appointments, Appraisal and Governance ("RAAG") Committee is responsible for agreeing the approach to Board effectiveness review and individual appraisal.

2.2 The Senior Independent Director ("SID") is responsible for the process to appraise the Group Chair which also requires to be agreed by the Board. The approach set out in the report for the Group Chair appraisal was reviewed and endorsed by the RAAG Committee at its meeting in June and is recommended by the SID. The approach to be followed mirrors that from last year's appraisals, which the RAAG Committee agreed had been effective.

3. Background

3.1 We have a strong commitment to ensuring effective governance. It is recognised that good governance provides a solid foundation for us to achieve our strategic ambitions. As part of the strategic governance review we introduced a new *Board and Committee effectiveness review and governing body member individual appraisal policy ("the Policy")*. Its key objectives are to:

- Facilitate continuous improvement of our governance arrangements through a clear and consistent approach to reviewing effectiveness;
- Set out the mandatory requirements for governing body members to participate in appraisal as part of their role; and
- Support us in discharging and evidencing compliance with our legal and regulatory requirements.

4. Discussion

4.1 Our wider appraisal process allows each Board and Committee member, including our Chairs, the opportunity to reflect on their role and contribution to, and the wider operation of, the Board or Committee over the year. Feedback from Board members and Chairs across the Group has consistently indicated the most value from Board effectiveness reviews and individual appraisals are derived from individual one to one conversations.

4.2 The RAAG Committee considered and agreed the following approach for this year's Group Board and individual appraisals (which are also already underway across subsidiary Boards):

- Core topics set for the Board effectiveness review and individual appraisal which are covered through discussion in Chair/Board member one-to-ones rather than through advance completion of a form;
- Chairs and the Group governance team capture any actions relating to individual members such as development opportunities and arrange to take these forward with each individual; and
- A report with the key themes and proposed actions for the overall Board is prepared and considered by each Board.

<u>Core topics</u>

4.3 The core topics for each one to one (between the Group Chair and Group Board members) will be as follows:

- Overall Board effectiveness;
- Personal effectiveness – interviewee's and Chair's perspective;
- Succession planning;
- Board CPD and group events;
- Areas for refinement; and
- Subsidiary Chair appraisal (where applicable).

<u>One-to-one process</u>

4.4 As with previous years, a key issue for the RAAG Committee was ensuing the process limits the requirement for multiple interviews, so far as practically possible. Based on the planned approach we will have the opportunity for one to ones to cover multiple Boards or Committees. For example, the Group Chair would cover Group Board members, subsidiary Chair appraisals and RAAG members in a single one-to-one. No Board member will be required to meet the Group Chair multiple times regardless of how many other Committee or Chair roles they hold. Given the change to the Chairs at Lowther Homes, Loretto Housing and Wheatley Solutions then the individuals coming into these roles will not be appraised for their performance as Chair.

4.5 The RAAG Committee requested that we strongly emphasise to Board members that they should take the opportunity to raise any issues with the Group Chair during the interview process. The normal process, not directly related to the appraisal process, of contacting the SID directly would apply regarding any issues individuals do not feel able to raise directly with the Chair or that they do not think are being heard.

Chair appraisal

4.6 The process for subsidiary Chair appraisals is that subsidiary Board members, following their one-to-one with the Chair, will be asked to complete a Chair appraisal form. A copy of the form is attached at Appendix 1. The Group Chair would receive the forms for subsidiary Chairs to discuss as part of their one-to-ones.

4.7 It is recommended that the same approach applies to the Group Chair, with the same form completed by Group Board members after their one-to-one. The only difference would be that the forms would be sent to the SID who would then discuss the responses with the Group Chair during an appraisal interview.

Timing

4.8 It is intended that the Group Board one-on-ones for the Subsidiary Board Chairs will follow the completion of the subsidiary Board appraisals which are already underway. This will allow the Subsidiary Chairs to provide feedback to the Group Chair on any themes that emerged during them. We will however immediately commence the one to ones with Group Board members who do not have a Chair appraisal immediately.

5. Customer Engagement

5.1 As a governance related matter there are no customer engagement implications associated with 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 digital transformation implications associated with this report.

8. Financial and value for money implications

8.1 A key element of our individual appraisals is to ensure that we are achieving value for money for roles that we elect to remunerate.

9. Legal, regulatory and charitable implications

9.1 Individual Board appraisal is a mandatory requirement for RSLs under the SHR's Regulatory Standards of Governance. They also require that arrangements are in place such that:

"Existing governing body members are given ongoing support and training to gain, or refresh, skills and expertise and sustain their continued effectiveness"

9.2 The approach supports us in our compliance with this regulatory standard.

10. Risk Appetite and assessment

10.1 Our agreed risk appetite for governance is "cautious". This level of risk tolerance is defined as a "preference for safe delivery options that have a low degree of inherent risk and have only limited potential for reward". This reflects our risk appetite in relation to laws and regulations, which is "averse", with the avoidance of risk and uncertainty a key organisational objective and a priority for tight management controls and oversight.

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

10.3 Our policy and approach set out within this report supports us in mitigating this risk by having a clear process to consider our Board and Committee effectiveness annually. The process also ensures our skills and experience mix, individual performance and succession plans are reviewed annually.

11. Equalities implications

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

12. Key issues and conclusions

12.1 The proposed approach reflects the changes we made during the last strategic governance review and supports us in continuously monitoring the effectiveness of our governance structures and governing body members. As with previous years, the focus of the process is a two-way flow of communication between the Chair and Board members.

13. Recommendations

13.1 The Board is asked to:
1) Note the approach to the Board effectiveness review for 2024;
2) Note the proposed approach to individual Board member appraisals for 2024; and
3) Approve the approach to the Group Chair appraisal.

LIST OF APPENDICES:

Appendix 1: Chair appraisal questionnaire

Chair appraisal questionnaire

Introduction

We expect high standards from our Board members and are committed to continuous improvement of our governance. As part of the overall Board appraisal process, each Chair also expects to be appraised and welcomes the chance to learn from feedback offered by colleagues. This form is confidential - completed forms will be seen only by the Group Secretariat and the Group Chair.

The form sets out a series of statements about the Chair's competencies – as you will see, you are asked to rate these on a scale of 1-5, with 5 being the 'excelling' score (described on the right hand side). There is then space for you to add any comments. These will be used to prepare feedback to the Chair by the Group Chair, but on an unattributed, confidential basis.

Name	
Date	

COMPETENCY 1: BOARD MEETINGS		
'Learning' stage **Score 1** There is little sense of purpose to the meetings. The Chair does not ensure that satisfactory progress is made through the agenda.	◀◀ ◀◀ **1** ☐ **2** ☐ **3** ☐ **4** ☐ **5** ☐ ▶▶ ▶▶ **Please add any comments about your score and if possible explain any scores that are below 3.** **Comments:**	**'Excelling' stage** **Score 5** The Board's business & meetings are conducted efficiently. Meetings start on time and finish at a reasonable hour. Decisions are reached and recorded correctly.

COMPETENCY 2: INCLUSIVENESS

'Learning' stage **Score 1** The Chair may lead the discussion but fails to take account of different perspectives or allow/encourage contributions from all members.	**1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐** **Please add any comments about your score and if possible explain any scores that are below 3.** **Comments:**	**'Excelling' stage** **Score 5** The Chair brings people in and encourages useful contributions. Appropriate standards of behaviour are maintained.

COMPETENCY 3: STRATEGIC FOCUS

'Learning' stage **Score 1** The Chair allows the Board to become over-focused on operational and detailed matters that should be delegated to staff.	**1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐** **Please add any comments about your score and if possible explain any scores that are below 3.** **Comments:**	**'Excelling' stage** **Score 5** There is sufficient delegation to senior staff. The Board remains focused on its strategic role

COMPETENCY 4: ASSURANCE		
'Learning' stage **Score 1** The Chair does not facilitate the Board seeking the appropriate level of advice at the right time to enable it to reach good decisions.	◀◀ ◀◀ **1** ☐ **2** ☐ **3** ☐ **4** ☐ **5** ☐ ▶▶ ▶▶ **Please add any comments about your score and if possible explain any scores that are below 3.** **Comments:**	**'Excelling' stage** **Score 5** The Chair ensures that the Board receives professional advice when needed from its senior staff or external sources.

Further Comments	
What does the Chair do best, and in what areas does the Chair add the most value?	
What does the Chair need to focus on as a priority?	
Do you have any other comments?	

Thank you for filling in this questionnaire.

Report

To: **Wheatley Housing Group Board**

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

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

Subject: **Governance update**

Date of Meeting: **28 August 2024**

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1. Purpose

1.1 To update the Board, seeking approval where appropriate, on the following governance-related matters:

- Annual General Meeting arrangements;
- Board member appointment;
- Group and CBG Modern Slavery Statement;
- Amendment to the Disposals and Acquisition Policy Framework;
- Approval of CBG lease; and
- Group Scrutiny Panel Terms of Reference and Code of Conduct.

2. Authorising and strategic context

2.1 Under the Articles of Association, the company is required to hold an Annual General Meeting ("AGM"). The process for calling General Meetings and the business they must consider are set out in the Articles of Association.

2.2 As a member of City Building (Glasgow) LLP approval is required by us for matters reserved to the members under the LLP Agreement save where expressly delegated to a Committee and/or senior staff member. This includes approval for certain City Building transactions, including the entry into a new lease. Our Board is responsible for granting such approvals.

3. Background

3.1 This report covers a number of discrete governance-related matters. To assist with the review of this report, the background relating to each subject is contained in the following section.

4. Discussion

2024 Annual General Meeting and remaining meeting schedule

4.1 It is proposed that we formally call our AGM for 25 September 2023 at 2pm, followed by a Board meeting immediately thereafter. The meeting and business thereof will be called in line with the requirements of our Articles.

4.2 Our AGMs in September mark the dates when appointments/retirements of Board members takes effect. A summary of the changes from the end of our AGM is set out below. These have been agreed by our Remuneration Appointments Appraisals and Governance Committee (RAAG).

Board appointments

4.3 With effect from its AGM Eric Gibson will retire from the Board of Loretto Housing following the completion of nine years of service across Wheatley Group. At the same time, Eric will also retire from this Board and from the Board of our funding entities, Wheatley Funding No.1 Limited, Wheatley Funding No.2 Limited and Wheatley Group Capital plc.

4.4 Upon Eric's retiral, Iain Macaulay will take on the role of Chair for Loretto Housing. Iain will also take on the role of a Subsidiary Chair Board member on our Board. As a banking and finance solicitor, the RAAG has also agreed that Iain has an appropriate skillset to succeed Eric on the Boards of the funding entities.

4.5 Iain is also currently a member of the Group Audit Committee and receives remuneration based on that role. Upon his appointment as a Subsidiary Chair Board member, his remuneration will be amended to reflect the rate for a Subsidiary Chair Board member.

4.6 Last year we introduced two tenant member co-optees to our Board, to ensure that the Group Board continues to have strong tenant representation. The co-options run annually but may be extended at the discretion of the Board. Having considered the effectiveness and contribution made at our meetings and workshops, it is recommended that John and Bernadette be co-opted for a further year.

4.7 In the case of Bernadette, while she has served beyond our standard tenure limit of nine years, a Board member may have their tenure extended beyond nine years with the agreement of the Board. It is proposed that given her continued effectiveness we extend Bernadette for a further, final, one year until the 2025 AGM.

Partner General Meetings

4.8 Each of our RSL partners and Wheatley Group Capital plc will also hold their AGMs in September. Under their constitutions, all RSL partner appointments and re-appointments at the AGMs require formal approval from the Parent. The Group RAAG Committee, under its Terms of Reference, is responsible for approving Subsidiary Board appointments and will therefore be asked to provide this approval on behalf of the Parent.

4.9 In addition to its Annual General Meeting, WH East will also hold a Special General Meeting to approve changes to its constitutions (Rules). The changes to the Rules, which were recommend by the WH East Board in May 2024 and approved by the RAAG in June 2024, will bring WH East into line with the other partners in the Group.

4.10 Of particular note, the membership requirements for WH East will be updated to reflect the wish of the Board to be tenant-led. From the registration of the new Rules, the Board will become responsible for the appointment of all new Board members.

4.11 This ensures that the Board has greater control of the appointments process and succession planning, to ensure it continues to have the appropriate balance of skills and experience.

4.12 A consequence of the Rule change is that general members (other than serving Board members) will have their membership cancelled. We have contacted those general members who we know to have attended a General Meeting or who have engaged with us in the preceding five years to explain the changes and the explanation for this. Each of the general members we spoke to was understanding of the new approach.

4.13 We will also take this opportunity to update WH East's Registered Office to Wheatley House. There will be no visible or operational changes to how New Mart Road is used; this is simply administrative to ensure that all formal correspondence (for example from regulators or public authorities) is directed to the Group's main administrative office, Wheatley House.

4.14 All partner General Meetings require the Parent member to be in attendance, in order for the meetings to take place. It is proposed that any of the lead Executives, the Group Company Secretary or Director of Governance be authorised to act as the Parent representative.

4.15 The representatives shall act on the basis that they are instructed to, and only authorised to, vote in favour of the resolutions. In accordance with partner constitutions, formal notice confirming which person is being appointed will be given prior to the relevant meetings.

Modern Slavery Statement

4.15 The Modern Slavery Act 2015 was developed by the UK Government to help combat a growing concern about poor ethical practices. The Act requires all organisations with a turnover in excess of £36m to prepare and publish a statement setting out the steps taken during the financial year to ensure that slavery and human trafficking are not taking place in any part of their supply chains or business.

4.16 We have again assessed the risk of slavery and human trafficking in the Group following a review of our business activities as well as the data published by the International Labour Organisation. We have not changed our areas of operation during the year and therefore, based on this, we have focused our review on construction, cleaning and security services as well as Care.

4.17 Following our modern slavery review we have assessed our supply chain as low risk for the following reasons:

- We do not operate a large global supply chain;
- We pay the minimum wage;
- We have a specialist procurement team which aims to drive up standards within our suppliers through Wheatley pledge and community benefits clauses;
- We have introduced a requirement into our contracts that obliges suppliers to confirm their adherence to the Act; and
- We enjoy a high public profile and are aware of the need to ensure that we engage suppliers that demonstrate a commitment to the highest ethical standards.

4.18 In relation to the areas perceived as being at greater risk:

- Our new build construction framework contractors are covered by the Modern Slavery Act and require to comply with this, as well as publish a statement. We sought confirmation that new and existing partners continue to comply and found this to be the case. We work closely with contractors during our new build development activity and remain vigilant when on site. We have strong working relationships with site staff and have not identified any suspicious activity on sites (such as lack of appropriate attire) or in relation to low tender pricing that raises suspicions about rates of pay.
- Our 2 main facilities management contractors – ISS for cleaning, and Allander for security – have both previously provided their Modern Slavery statements and approach and continue to maintain these. Similar to the above, we have not identified any suspicious activity that raises concerns about modern slavery.

4.19 In relation to Wheatley Care, recruitment for temporary or agency workers is mainly arranged with a supplier called Newcross, which has been approved to be on the Temporary and Interim Staff Services 4th Generation Framework (Scottish Government) which necessitates organisations having and complying with Modern Slavery statements. We also have a contract with Randstad for a full-time chef (Fordneuk facility). This contract has been secured via another framework (Total Workforce Solutions), which also required suppliers to have comply with legal requires and have in place a policy covering Modern Slavery.

4.20 A proposed statement for this year is attached at Appendix 1. This has not materially changed from the statement agreed last year. The statement is mandatory for the Group, WH Glasgow, WH East and WH South; however, the confirmation provided by the statement is also relevant for all subsidiaries so we propose to make it on a voluntary basis for Loretto Housing, Lowther Homes, Wheatley Foundation and Wheatley Care.

4.21 City Building currently has a Modern Slavery Statement, which requires to be approved by the Members. A copy of their proposed statement is attached at Appendix 2.

<u>Disposal and Acquisitions Policy Framework</u>

4.22 At its meeting on 16 August 2024, the Board of WH Glasgow considered a proposed amendment to its Disposals and Acquisitions Policy. The change is being requested to cover a particular scenario that arises where (1) it leases multiple properties to a third-party provider; (2) for operational reasons it may be appropriate to replace one or more of the individual properties that have been leased to the provider; and (3) the result is that the provider continues to lease no more than the total number of properties that were previously approved as part of the original leasing arrangement.

4.23 A scenario where this may arise is where WH Glasgow requires to carry out works to a property that is leased to a third party provider. In that case, WH Glasgow may agree to take back the property when it becomes void. At that point, it may also agree to provide a replacement property – where the circumstances permit – to the third-party provider. Currently this would be considered a disposal of a social rented home for non-social rent purpose. Except where the lease is to a local authority for homeless purposes, such disposals require Board approval and to be notified to the SHR.

4.24 The change being sought by WH Glasgow is to include a delegation to any member of the Group Executive Team to approve the disposal and execute the transaction documents. This would provide greater flexibility to manage such situations, particularly where they arise between Board meetings. The WH Glasgow Board would continue to have visibility of all disposals as part of the annual update provided in May each year.

4.25 Subject to the Group Board agreeing this change, we would then also update the Group Disposals and Acquisitions Framework and notify the remaining subsidiaries of the change.

Approval of CBG lease

4.26 [redacted]

4.27 [redacted].

4.28 [redacted].

Group Scrutiny Panel

4.29 The Group Scrutiny Panel ("the Panel") is one of many ways tenants help influence our priorities and ensure tenant scrutiny of performance. Whilst the Scrutiny Panel is not a formal part of our governance, it is an element of our Customer Engagement Framework. As such, we must ensure that its role and function meet our requirements.

4.30 This includes its role in supporting us in complying with the requirements of the Regulatory Framework and Social Housing Charter to engage customers in scrutiny of our performance.

4.31 One way in which we do this is by having clearly defined Terms of Reference ("ToR") and a Code of Conduct for Panel members. We have reviewed the ToR and Code of Conduct and discussed them with the Panel. A key change relates to formally affirming that the Panel should not have a Chair, which was a key principle agreed by all Boards in moving away from overly formal structures when introducing our Customer Engagement Framework.

4.32 The ToR will also now introduce a maximum membership of 20 to support the Panel to operate effectively. This will not affect current membership immediately, but we expect it to reduce naturally over time. Recruitment above the maximum number will be considered in expectational circumstances e.g. to ensure membership is, where possible, drawn from the tenant base of all RSLs in the Group.

5. Customer Engagement

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

5.2 The Group Scrutiny Panel is an important mechanism to ensure customers are involved in helping to improve our services and performance, feeding into our decision-making and governance framework.

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 The recommendations in this report ensure we adhere to the requirements of our constitution and the SHR, particularly in relation to Board appointments and Board appraisals.

9.2 We are legally required to publish a Modern Slavery Statement within 6 months of the end of the financial year.

9.3 The SHR has guidance on notifiable events and property disposals. Our updated Disposals and Acquisitions Policy Framework helps us to conform to the SHR's requirements.

9.2 The Housing (Scotland) Act 2001 created a legal requirement for social landlords to actively develop and support tenant participation; we achieve this through our Group Engagement Framework. The Group Scrutiny Panel is one way we support tenants to undertake scrutiny activities linked to the Scottish Social Housing Charter and related regulatory framework.

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 Our annual review of our Modern Slavery Statement is consistent with our EDI and human rights approach.

11.2 The Group Scrutiny Panel's Code of Conduct details that Panel members should 'undertake their responsibilities for the benefit of all customers irrespective of race, age, sexual orientation, class, disability, gender, religious beliefs, nationality or ethnic origin or any other protected characteristic and comply, support and promote the Group EDI and Human Rights policy.

12. Key issues and conclusions

12.1 The report covers routine governance matters which require to be considered on an annual basis or which are subject to Board approval.

13. Recommendations

13.1 The Board is asked to:

1) Agree to call our Annual General Meeting for Wednesday 25 September 2024 at 2pm;
2) Note a Board meeting will be held following the Annual General Meeting;
3) Approve the Parent representatives for the subsidiary General Meetings as set out in the report and instruct them to vote in favour of all resolutions;
4) Approve the re-designations of Board members and the associated remuneration levels;
5) Approve the Modern Slavery Statement on behalf of the Group;
6) Approve the CBG LLP Modern Slavery Statement;
7) Provide member approval to CBG's training college lease from Glasgow City Council; and
8) Agree the updates to the Group Scrutiny Panel Terms of Reference as set out in paragraphs 4.29 to 4.32.

LIST OF APPENDICES:

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

Report

To: Wheatley Housing Group Board

By: Pauline Turnock, Group Director of Finance

Approved by: Steven Henderson, Group Chief Executive

Subject: Finance report

Date of Meeting: 28 August 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 period to 30 June 2024;
- Seek approval for submission of the RSL Borrower Group's management accounts to 30 June 2024 to our bank lenders as part of our quarterly covenant returns; and
- [redacted]

2. Authorising and strategic context

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

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

3. Background - Financial performance to 30 June 2024

3.1 The results for the period to 30 June as presented in Appendix 1 are:

	Year to Date (Period 3)		
£m	**Actual**	**Budget**	**Variance**
Turnover	110.1	102.6	7.5
Operating expenditure	(89.6)	(91.1)	1.5
Operating surplus	**20.5**	**11.5**	**9.0**
Operating margin	*18.5%*	*11.2%*	
Net interest payable	(18.0)	(18.2)	0.2
Surplus/ (deficit)	**2.4**	**(6.7)**	**9.2**
Net Capital Expenditure	**40.2**	**44.8**	**4.6**

4. Discussion

4.1 The Group is reporting a statutory surplus of £2.4m, £9.2m favourable to budget. The variance to budget reflects new build grant on completions recognised ahead of budget and a strong operating performance across our core operating activities. All expenditure categories are in line or favourable to budget including repairs expenditure.

4.2 Key variances against budget include:

- Net rental income is £0.3m favourable to budget with lower void levels driving the variance at a rate of 1.15% compared to a budget of 1.34%;
- New build grant income relates to 107 units completed (76 SR and 31 MMR) is £7.1m favourable due to the early completion of 14 units at Curries Yard in WH South and earlier than budgeted completions at West Craigs Ph1&2 (13MMR), Rosewell (12 SR) and Southfort (14 MMR & 11 SR) in WH East;
- Within operating expenditure, total costs are £1.5m favourable to budget, with lower expenditure than budget across all expenditure lines:
    - Running costs are £0.5m lower than budget linked to the timing of expenditure compared to the phased budget and lower than budgeted group recharges across Wheatley Solutions contributing to the underspend;
    - Revenue repairs and maintenance spend is £0.4m favourable to budget. The timing of compliance spend against budgeted programme and the improvement plan implemented in 2023/24 to help monitor the drivers of repairs costs, improve efficiency and to keep repairs spend within budget continues to support the delivery of reactive repairs and contribute to this favourable variance; and
    - Bad debt costs are £0.5m lower than budget. As in previous years our approach has been to include a prudent level of provision for costs.
- Interest payable is £0.2m favourable to budget with unbudgeted interest receivable earned with cash balances placed on short term deposit.

4.3 Net new build spend is £3.2m favourable to budget. New build investment spend is £5.3m below budget. Reduced spend was noted due to a delay in the works at Sighthill Phase 2, Calton Phase 2 and at North Toryglen in WH Glasgow, a delay in the spend at Ashwood, Newington, Curries Yard and Springholm at WH South and a delay in the spend at Sibbalds Brae and Wallyford 5 A/B at WH East. This underspend was offset by additional spend in WH East and Loretto due to an acceleration in spend at West Craigs, Deans South, Blindwells, Rosewell, South Crosshill and Constarry Road. Within Lowther the new build programme is progressing well and overall, in line with budget. New build grant income of £23.3m is £2.1m less than budget due to reduced claims made in WH Glasgow for Calton Phase 2, Sighthill Phase 2 and North Toryglen, partially offset by additional claims in WH East for Blindwells and Dalhousie South.

4.4 The net core investment spend was £0.9m favourable to budget. The favourable variance is driven by reduced spend in voids, partly offset by increased spend in capitalised repairs works. Core programme spend was £0.6m favourable to budget, due to timing of the spend.

Q1 Forecast

	Q1 Forecast		
£m	**Budget**	**Forecast**	**Variance**
Turnover	487.3	488.6	1.3
Operating expenditure	(360.2)	(360.3)	(0.1)
Operating surplus	**127.1**	**128.3**	**1.2**
Operating margin	*26.1%*	*26.3%*	
Net interest payable	(78.1)	(77.4)	0.7
Statutory surplus	**49.0**	**50.9**	**1.9**
Net Capital Expenditure	**195.8**	**199.1**	**(3.3)**

4.5 The full-year forecast out-turn for the Group shows a statutory surplus of £50.9m, £1.9m higher than budget.

4.6 The key drivers for the variance to budget are:

- Within income:
  - Net rental income is forecast to be £0.2m favourable to budget and includes rental income from earlier than budgeted new build completions in WH East and favourable void performance in Lowther;
  - Additional Scottish Government Net Zero Heat grant of £0.8m recognising approved funding to deliver energy efficiency projects in the RSLs with an equivalent amount shown as additional expenditure within core investment spend; and
  - Other income is forecast to be £0.2m favourable to budget with £0.3m additional external funding secured for Foundation (with corresponding increased running costs recognised) offset by reduced income in Wheatley Care based on service hours to be delivered.

4.7 Net capital investment is expected to be £3.3m higher than budget.

- New build grant income has reduced by £22.2m reflecting grant received in 2023/24 but budgeted for in 2024/25 and movements in the timing of the delivery of the new build programme, including Sighthill, North Toryglen and Calton Ph3 for WH Glasgow and College Mains and Crosbie Road in WH South. An additional £0.8m of SHNZ grant has been recognised following the final approval of projects in WH South and across Glasgow and the East;
- New build spend is forecast to be £22.9m lower than budget. As discussed at the Group Strategy Day in June 2024, the new build programme is subject to the availability of grant to support development projects. Given the 26% reduction to the housing capital budget announced by Scottish Government for 2024/25 there are projects that were included in our development programme for approval this financial year that may not be able to progress due to the constraints on grant availability. Local authorities are still in the process of assessing the impact this may have on the number of projects they may be able to support this year. While our programme includes projects where grant is confirmed and work is on site there are others which are at an earlier stage and a grant award has yet to be confirmed;

- We are working closely with Scottish Government and our Local Authority partners to assess the implications of this on 2024/25 grant awards and there may be projects that will not be able to proceed this year which could see our 2024/25 programme spend being up to £27.6m lower than budget; and
- Core investment programme is expected to be £4.7m higher than budget. The forecast includes recognition of £0.8m of works funded by Scottish Government Net Zero Heat Fund, for pre1919 tenement projects within WH Glasgow and WH East. It also incorporates a reprofiled investment programme to recognise an additional £3.8m of investment works, the financial capacity for which, provided by the removal of MRI from our loan covenants.

4.8 The forecast variations to budget on individual lines are managed within the parameters of the overall budget for 2024/25. For the RSL Borrower group, earnings before taking account depreciation but after deducting new build grants recognised on completion and investment in existing homes (EBITDA MRI) of £85.7m is forecast which is £3.6m lower than budget. The reduction reflects the additional investment spend of £3.8m utilising capacity created through the interest covenant change. This provides sufficient earnings to meet interest costs of £74.7m (114.7%) and meet our underlying surplus golden rule of 110%.

Golden rule update

4.9 [redacted]

4.10 [redacted].

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 As noted above.

9. Legal, regulatory and charitable implications

9.1 As noted above.

10. Risk Appetite and assessment

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

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

11. Equalities implications

11.1 There are no equalities implications arising from this report.

12. Key issues and conclusions

12.1 This paper presents the financial performance position for the period to 30 June 2024.

13. Recommendations

13.1 The Board is requested to:

1) Note the Group management accounts for the period ended 30 June 2024 at Appendix 1;
2) Approve the RSL Borrower Group accounts at Appendix 2 for submission to the Group's lenders; and
3) [redacted]

LIST OF APPENDICES:

Appendix 1: Finance report to June 2024
Appendix 2: RSL Borrower Group Financial Report to 30 June 2024

Appendix 1: Wheatley Group Financial Report To June 2024 (Period 3)

1a) Wheatley Group – Period to 30 June 2024

	Period to 30 June 2024			Full Year Budget £'000
	Actual £'000	Budget £'000	Variance £'000	
INCOME				
Net Rental Income	87,579	87,304	275	352,784
Grant income New Build	9,926	2,814	7,112	79,557
Grant income Other	1,784	1,759	25	14,018
Other Income	10,802	10,731	71	41,007
Total Income	**110,091**	**102,608**	**7,483**	**487,366**
EXPENDITURE				
Employee Costs	23,622	23,706	84	91,019
ER/VR	27	27	-	1,050
Running Costs	11,570	12,043	473	52,051
Repairs & Maintenance	23,288	23,710	422	88,886
Bad debts	672	1,160	488	4,542
Depreciation	30,363	30,363	-	122,109
Demolition Programme	98	131	33	523
Total Expenditure	**89,638**	**91,140**	**1,502**	**360,180**
NET OPERATING SURPLUS	**20,453**	**11,468**	**8,985**	**127,186**
	18.6%	11.2%		26.1%
Net interest payable	(18,005)	(18,202)	197	(78,116)
STATUTORY SURPLUS/(DEFICIT)	**2,448**	**(6,734)**	**9,182**	**49,070**

Key highlights:

The net operating surplus is £20,453k, £8,985k favourable to budget. At the statutory surplus level, a surplus of £2,448k is reported showing a favourable variance of £9,182k. The variance to budget reflects new build grant on completions recognised ahead of budget, and reduced costs across expenditure.

Total income of £110,091k is £7,483k favourable to budget:

- Net rental income is £275k favourable to budget. Rent loss on voids at 1.15% is lower than the overall 1.34% budget driving the favourable variance. WH Glasgow also reported £93k favourable variance, relating to a slower than anticipated "cease to let" in Livingwell properties.
- New build grant income recognised to date relates to 107 units completed (76 SR and 31 MMR). Overall grant income is £7,112k favourable to budget due to the early handover of 14 units at Curries Yard in WH South and earlier than budgeted completions at Westcraigs Ph1&2 (13MMR), Rosewell (12 SR) and Southfort (14 MMR & 11 SR) in WH East.
- Other grant income is £25k favourable to budget due to higher than budgeted renewable heat incentive (RHI) grant income and higher Supporting People grant income from DGC in WH South.
- Other income is £71k favourable to budget, mainly arising from WH Glasgow reporting improved commercial void performance and higher wayleave income which was partially offset by reduced SDS hours income in Care and the timing of external income in Foundation.

Total expenditure of £89,638k is £1,502k favourable to budget:

- Employee costs (direct and group services) are £84k favourable to budget, with reduced costs in Care partially offset by additional spend in Wheatley Solutions due to the timing of team changes compared to the budgeted structure.
- Running costs (direct and group services) are £473k favourable to budget attributable to value for money and cost efficiencies resulting in lower than budgeted group recharges from Wheatley Solutions of £273k and lower than budgeted direct costs of £200k mainly due to the timing of spend compared to budget at this point in the year..
- Revenue repairs and maintenance spend is £422k favourable to budget, with reduced spend noted across responsive repairs of £252k, mainly due to a reduced average costs, and £170k reduced compliance spend across all RSL's, due to timing of spend
- Bad debts are £488k favourable to budget with a prudent provision set aside for increases in arrears and an improved performance in debt collection.
- Net Interest payable is £197k favourable to budget. Net interest payable includes unbudgeted interest received of £105k, mainly relating to interest received in Wheatley Foundation. The £92k favourable loan interest payments, is linked to the timing of loan drawdowns compared to the budget.

1a) Wheatley Group – Period to 30 June 2024

Capital Investment	Period to 30 June 2024 Actual £'000	Budget £'000	Variance £'000	Full Year Budget £'000
CORE PROGRAMME				
SHNZ	0	0	0	40
Adaptations	633	633	0	1,692
Grant Income	**633**	**633**	**0**	**6,266**
Core Investment Programme	10,598	11,199	601	47,739
SHNZ	0	0	0	3,364
Adaptations	931	955	24	4,184
Voids	3,469	3,989	520	14,087
Capitalised Repairs	3,121	2,861	(260)	11,697
Total Core Investment	**18,119**	**19,004**	**885**	**81,071**
NET CORE INVESTMENT SPEND	**17,486**	**18,371**	**885**	**74,805**
NEW BUILD				
New Build Grant Income Received	23,320	25,406	(2,086)	116,795
New Build investment	43,398	48,658	5,260	224,975
NET NEW BUILD INVESTMENT SPEND	**20,078**	**23,252**	**3,174**	**108,180**
OTHER FIXED ASSET INVESTMENT SPEND	**2,605**	**3,192**	**587**	**12,856**
TOTAL NET CAPITAL INVESTMENT SPEND	**40,169**	**44,815**	**4,646**	**195,841**

Key highlights:

Net capital expenditure of £40,169k is £4,646k favourable to budget.

- The net core investment spend was £885k favourable to budget. The favourable variance is driven by reduced spend in voids notably in WH south where the works are carried out by an in house team, partly offset by increased spend in capitalised repairs works. Core programme spend was £601k favourable to budget, due to timing of the spend.
- Net new build spend is £3,174k favourable to budget. New build investment spend is £5,260k below budget. Reduced spend was noted due to a delay in the works at Sighthill Phase 2, Calton Phase 2 and at North Toryglen in WH Glasgow, a delay in the spend at Ashwood, Newington, Curries Yard and Springholm at WH South and a delay in the spend at Sibbalds Brae and Wallyford 5 A/B at WH East. This underspend was offset by additional spend in WH East and Loretto due to an acceleration in spend at Westcraigs, Deans South, Blindswell, Rosewell, South Crosshill and Constarry Road. Within Lowther the new build programme is progressing well and overall, in line with budget. New build grant income of £23,320k is £2,086k less than budget due to reduced claims made in WH Glasgow for Calton Phase 2, Sighthill Phase 2 and North Toryglen, partially offset by additional claims in WH East for Blindswell and Dalhousie South.
- Other fixed assets investment includes spend on corporate estate and IT capital projects. The reduced spend of £587k is mainly due to the timing of spend on IT projects and the planned refurbishment of the NETS and concierge offices.

Wheatley Group Financial Report
To June 2024 (Period 3)

RSL Borrower Group

2a) RSL Borrower Group – Period to June 2024

	RSL Borrower Group			
	Period to 30 June 2024			Full Year Budget £'000
	Actual £'000	Budget £'000	Variance £'000	
INCOME				
Net Rental Income	82,637	82,460	177	331,406
Grant income New Build	9,674	2,562	7,112	77,456
Grant income Other	1,784	1,759	25	14,018
Other Income	3,614	3,437	176	14,793
Total Income	**97,709**	**90,218**	**7,490**	**437,673**
EXPENDITURE				
Employee Costs	16,716	16,717	1	65,458
ER/VR	27	27	-	1,050
Running Costs	8,789	9,184	395	36,926
Repairs & Maintenance	21,751	22,189	438	82,736
Bad debts	533	1,056	523	4,225
Depreciation	30,363	30,363	-	122,109
Demolition Programme	98	131	33	523
Total Expenditure	**78,277**	**79,666**	**1,390**	**313,027**
NET OPERATING SURPLUS	**19,432**	**10,552**	**8,880**	**124,646**
	19.9%	11.7%		28.5%
Interest receivable	47	31	16	118
Interest payable	(17,419)	(17,509)	90	(75,329)
STATUTORY SURPLUS/(DEFICIT)	**2,013**	**(6,957)**	**8,970**	**49,435**

Key highlights:

The operating surplus to 30 June is £19,432k, £8,880k favourable to budget. At the statutory surplus level, a surplus of £2,013k is reported showing a favourable variance of £8,970k compared to the budget. The variance to budget reflects new build grant on completions recognised ahead of budget, and reduced costs across expenditure.

Total income of £97,709k is £7,490k favourable to budget:

- Net rental income is £177k favourable to budget with rent loss on voids at 1.19% compared to the 1.27%. The main contributor to the favourable variance is due to the “cease to let” at Livingwell properties in WH Glasgow being slower than anticipated, resulting in £93k additional income to budget.
- New build grant income relates to 103 units completed (76 SR and 27 MMR) and is £7,112k favourable due to the early completion of units in WH East of 23SR units at Rosewell and Southfort and 27MMR units at West Craigs Ph1&2 and Southfort. WH South also noted early completion of 14 units at Curries Yard.
- Other grant income of £1,784k is £25k favourable to budget, with higher than budgeted renewable heat incentive grant income and higher Supporting People grant income from DGC in WH South.
- Other income of £3,614k is £176k favourable to budget mainly arising from additional commercial income of £52k due to lower commercial voids, additional wayleave income received in WH Glasgow and additional MMR leasing income due to earlier than budgeted MMR property completions.

Total expenditure of £78,277k is £1,390k favourable to budget:

- Running costs (direct and group services) are £395k favourable to budget mainly attributable to lower than budgeted group recharges where a number of departments are reporting lower costs across Wheatley Solutions.
- Revenue repairs and maintenance spend is £438k favourable to budget. Responsive repairs are £254k lower than budget mainly due to the reduced average cost of jobs with volumes broadly in line with expectations. Cyclical repairs are also £170k lower than budget due to timing of spend. The improvement plan implemented in 2023/24 to help monitor the drivers of repairs costs, improve efficiency and to keep repairs spend within budget has supported this favourable variance.
- Bad debts are £523k favourable to budget with a prudent provision set aside for increases in arrears and an improved performance in debt collection.

2a) RSL Borrower Group – Period to June 2024

Capital Investment	Period to 30 June 2024			Full Year
	Actual £'000	Budget £'000	Variance £'000	Budget £'000
CORE PROGRAMME				
SHNZ	0	0	0	40
Adaptations	633	633	0	1,692
Grant Income	**633**	**633**	**0**	**6,266**
Core Investment Programme	10,580	11,137	557	46,392
SHNZ	0	0	0	3,364
Adaptations	931	955	24	4,184
Voids	3,469	3,989	520	14,087
Capitalised Repairs	3,121	2,861	(260)	11,697
Total Core Investment	**18,101**	**18,942**	**841**	**79,724**
NET CORE INVESTMENT SPEND	**17,468**	**18,309**	**841**	**73,458**
NEW BUILD				
New Build Grant Income Received	21,106	23,166	(2,060)	114,958
New Build investment	41,377	46,446	5,069	213,200
NET NEW BUILD INVESTMENT SPEND	**20,271**	**23,280**	**3,009**	**98,242**
OTHER FIXED ASSET INVESTMENT SPEND	**2,557**	**3,148**	**591**	**12,681**
TOTAL NET CAPITAL INVESTMENT SPEND	**40,296**	**44,737**	**4,441**	**184,381**

Key highlights:

Net capital expenditure of £40,296k is £4,441k favourable to budget due to reduced capital spend partially offset by lower than budgeted new build grant received to date

- The net core investment spend was £841k favourable to budget with reduced spend in voids and the timing of the core investment programme works compared to budget partly offset by increased capitalised repairs. Capitalised repairs increased in May due to a number of high value repairs being undertaken including roof, fencing, windows, asbestos and damp and rot jobs totalling £367k with the majority of the roof and fence repairs totalling £199k relating to jobs which were reported as overdue in April. Spend in June reduced and was more in line with budget, noting a small favourable variance in the month.

- Net new build spend is £3,009k favourable to budget. Across the RSLs new build investment spend is £5,069k below budget. Reduced spend was noted due to a delay in the works at Sighthill Phase 2, Calton Phase 2 and at North Toryglen in WH Glasgow, a delay in the spend at Ashwood, Newington, Curries Yard and Springholm at WH South and a delay in the spend at Sibbalds Brae and Wallyford 5 A/B at WH East. This underspend was offset by additional spend in WH East and Loretto due to an acceleration in spend at Westcraigs, Deans South, Blindswell, Rosewell, South Crosshill and Constarry Road. New build grant income of £21,106k is £2,060k less than budget due to reduced claims made in WH Glasgow for Calton Phase 2, Sighthill Phase 2 and North Toryglen, partially offset by additional claims in WH East for Blindswell and Dalhousie South.

- Other fixed assets investment includes spend on corporate estate and IT capital projects. The reduced spend of £591k is mainly due to the timing of spend on IT projects and the planned refurbishment of the NETS and concierge offices.

2b) RSL Borrower Group underlying surplus – Period to June 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 £4,648k has been reported for the period to 30 June 2024. Within net operating surplus, additional rental and other income and reduced spend across expenditure has contributed to the variance. The timing of core investment works to the budgeted programme has also resulted in a favourable underlying surplus.

RSL Borrower Group Underlying Surplus - June 2024

	YTD Actual £ks	YTD Budget £ks	YTD Variance £ks	FY Budget £ks
Net Operating surplus	19,432	10,552	8,880	124,646
add back:				
Depreciation	30,363	30,363	0	122,109
less:				
Grant income	(9,674)	(2,562)	(7,112)	(77,456)
Net interest payable	(17,372)	(17,488)	116	(75,211)
Total expenditure on Core Programme	(18,101)	(18,942)	841	(79,724)
Underlying surplus	4,648	1,923	2,725	14,364

2c) Operating statement – Period to 30 June 2024

	Period to 30 June 2024 YTD Actual £k	YTD Budget £k	YTD Variance £k	Full Year Budget £k
INCOME				
Rental Income	56,245	56,152	93	£225,333
Void Losses	(670)	(670)	0	(£2,693)
Net Rental Income	**55,575**	**55,482**	**93**	£222,640
Grant Income New Build	0	0	0	£20,527
Grant Income Other	1,385	1,385	0	£8,000
Other Income	2,887	2,763	124	£14,823
Total Income	**59,847**	**59,630**	**217**	**£265,990**
EXPENDITURE				
Employee Costs - Direct	8,247	8,249	2	£32,504
Employee Costs - Group Services	4,130	4,133	3	£15,922
ER / VR	27	27	0	£840
Direct Running Costs	3,517	3,585	68	£14,292
Running Costs - Group Services	2,174	2,316	142	£9,564
Revenue Repairs and Maintenance	16,198	16,204	6	£58,088
Bad debts	380	655	275	£2,622
Depreciation	21,070	21,070	0	£84,281
Demolition and Tenants Compensation	6	0	(6)	£0
TOTAL EXPENDITURE	**55,749**	**56,239**	**490**	**£218,113**
NET OPERATING SURPLUS / (DEFICIT)	**4,098**	**3,391**	**707**	**£47,877**
Net operating margin	*0*	*0*	*0*	*18.0%*
Net Interest payable & similar charges	(12,234)	(12,183)	(51)	(£54,332)
STATUTORY SURPLUS / (DEFICIT)	**(8,136)**	**(8,792)**	**656**	**(£6,455)**

INVESTMENT	Period to 30 June 2024 Actual £ks	Budget £ks	Variance £ks	Full Year Budget £ks
Total Capital Investment Income	**7,243**	**12,737**	**(5,494)**	**£50,977**
Total Expenditure on Core Programme	13,316	13,870	554	£53,830
New Build & other investment expenditure	12,746	17,653	4,907	£85,317
Other Capital Expenditure	1,990	2,364	374	£8,946
TOTAL CAPITAL EXPENDITURE	**28,052**	**33,887**	**5,835**	**£148,093**
NET CAPITAL EXPENDITURE	**20,809**	**21,150**	**341**	**£97,116**

Wheatley Homes Glasgow

Key highlights period to date:

WH Glasgow reports performance favourable to budget at June 2024 with net operating surplus of £4,098k, which is £771k favourable to budget and a statutory deficit of £8,136k, £720k favourable to budget. The favourable outturn is driven by additional other income and reduced spend across expenditure.

- Net Rental income is £93k favourable to budget with the variance relating to Livingwell properties at Carillon/Paisley Rd West and Gallowhill. A "cease to let" was approved by the Board in September 2022, however the properties have cleared more slowly than anticipated.
- Other income is £124k favourable to budget linked to commercial units void performance being favourable to budget and higher Wayleave income, reflecting the prudent budget set.
- Total running costs (direct and group services) are £210k favourable to budget. Group recharges are £142k favourable to budget due to several departments currently reporting lower costs across Wheatley Solutions.
- Revenue repairs and maintenance spend is £6k favourable to budget. Responsive repairs are £60k lower than budget, partially offset by higher compliance spend due to the timing of the programme.
- Bad debts are £275k favourable to budget. A prudent approach was taken when setting the budget.
- Net Interest payable is £51k unfavourable to budget linked to the timing of loan draw downs.

Net capital expenditure of £20,809k is £341k higher than budget.

- Capital investment income (grants) is £5,494k lower than budget related to timing of spend at Calton Phase 2, Sighthill Phase 2 and at North Toryglen while the grant funding position remains unconfirmed.
- Investment programme spend is £554k favourable to budget with lower spend in capitalised voids and core investment programme.
- New build spend is £4,907k lower than budget following a delay in the works at Sighthill Phase 2, lower spend at Calton Phase 2 and at North Toryglen while the grant funding position remains unconfirmed.
- Other capital expenditure of £1,990k is £374k lower than budget due to the timing of IT projects.

2d) Loretto Housing – Period to June 2024

	Period To 30 June 2024			Full Year
	Actual	Budget	Variance	Budget
	£k	£k	£k	£k
INCOME				
Rental Income	4,268	4,273	(5)	17,103
Void Losses	(80)	(107)	27	(423)
Net Rental Income	**4,188**	**4,166**	**22**	**16,680**
Grant Income	**0**	**0**	**0**	**5,766**
Other Grant Income	**0**	**0**	**0**	**117**
Other Income	**28**	**28**	**0**	**815**
Total Income	**4,216**	**4,194**	**22**	**23,378**
EXPENDITURE				
Employee Costs - Direct	310	311	1	1,246
Employee Costs - Group Services	227	225	(2)	885
ER / VR	0	0	0	0
Direct Running Costs	458	476	18	1,905
Running Costs - Group Services	113	123	10	507
Revenue Repairs and Maintenance	1,142	1,136	(6)	4,464
Bad debts	22	43	21	172
Depreciation	1,771	1,771	0	7,156
TOTAL EXPENDITURE	**4,043**	**4,085**	**42**	**16,335**
OPERATING SURPLUS / (DEFICIT)	**173**	**109**	**64**	**7,043**
Net operating margin	*4.1%*	*2.6%*	*1.5%*	
Interest Payable	(910)	(968)	58	(4,157)
STATUTORY SURPLUS / (DEFICIT)	**(737)**	**(859)**	**122**	**3,124**

	Period To 30 June 2024			Full Year
	Actual	Budget	Variance	Budget
	£k	£k	£k	£k
INVESTMENT				
Total Capital Investment Income	**2,008**	**2,080**	**(72)**	**14,933**
Investment Programme	1,042	1,061	19	3,496
New Build Programme	5,028	3,585	(1,443)	24,959
Other Capital Expenditure	50	97	47	387
TOTAL CAPITAL EXPENDITURE	**6,120**	**4,743**	**(1,377)**	**28,842**
NET CAPITAL EXPENDITURE	**4,112**	**2,663**	**(1,449)**	**13,909**

Loretto Housing

Key highlights:

Net operating surplus of £173k is £64k favourable to budget. Statutory deficit for the year is £737k and is £122k favourable to budget with the main drivers being the favourable position on void losses, running costs, bad debts and interest payable.

- Net rental income is £22k favourable to budget due to lower than budgeted voids. Void losses in the period are £27k favourable with a rate of 1.87% against a budget of 2.50%.
- Total running costs are £28k favourable to budget, linked to the timing of direct spend compared to budget at this point in the year. Group running costs are £10k favourable to budget with reduced spend across departments in Wheatley Solutions.
- Revenue repairs and maintenance is £6k unfavourable to budget. Responsive repairs are £38k favourable to budget with volumes as anticipated and average costs marginally lower. Compliance spend is £44k over budget due to timing of the programme.
- Bad debts are £21k favourable to budget. A prudent approach was taken when setting the budget.
- Net Interest payable is £58k favourable due to the timing of loan drawdowns compared to budget.

Net capital expenditure of £4,112k is £1,449k higher than budget.

- Capital investment income (grant) is £72k lower than budget due to the phasing of new build grant claims; Constarry Road have claimed higher grants YTD than budgeted which is offset with no claims for Forfar.
- New build spend is £1,443k higher than budget due to the timing of spend for South Crosshill and Constarry Road being ahead of budget, noting also that we received the full grant for South Crosshill in the prior year. This is slightly offset with later than budgeted spend at Duke Street and Forfar.
- Investment programme expenditure of £1,042k relates to core programme works, capitalised repairs and voids and a small underspend is reported to due to the timing of the core programme.
- Other capital expenditure of £50k relates to Loretto's contribution to Wheatley Group IT costs due to the timing of IT projects being undertaken.

2e) Wheatley Homes East – Period to June 2024

	Year to 30 June 2024			Full Year
	Actual £k	Budget £k	Variance £k	Budget £k
INCOME				
Rental Income	10,426	10,427	(1)	42,007
Void Losses	(155)	(155)	0	(563)
Net Rental Income	**10,271**	**10,272**	**(1)**	**41,444**
Grant Income Recognised in the Year	7,426	2,562	4,864	34,745
Other Grant Income	140	140	0	604
Other Income	876	794	82	7,324
TOTAL INCOME	**18,713**	**13,768**	**4,945**	**84,117**
EXPENDITURE				
Employee Costs - Direct	1,191	1,164	(27)	4,621
Employee Costs - Group Services	663	657	(6)	2,586
ER/VR	0	0	0	0
Direct Running Costs	1,218	1,228	10	4,910
Running Costs - Group Services	380	412	32	1,700
Revenue Repairs and Maintenance	1,441	1,490	49	7,138
Bad Debts	67	94	27	375
Depreciation	3,662	3,662	0	15,231
TOTAL EXPENDITURE	**8,622**	**8,706**	**84**	**36,561**
NET OPERATING SURPLUS	**10,091**	**5,062**	**5,029**	**47,556**
Net Operating Margin	*54%*	*37%*	*17%*	*57%*
Interest receivable	5	6	(1)	25
Interest payable	(2,415)	(2,474)	59	(9,360)
STATUTORY SURPLUS	**7,681**	**2,594**	**5,087**	**38,221**

	Year to 30 June 2024			Full Year
	Actual £k	Budget £k	Variance £k	Budget £k
INVESTMENT				
Total Capital Investment Income	**13,216**	**9,357**	**3,859**	**32,744**
Investment Programme Expenditure	1,618	1,763	145	6,966
New Build & Other Investment	21,095	21,177	82	87,201
Other Capital Expenditure	278	303	25	1,211
TOTAL CAPITAL EXPENDITURE	**22,991**	**23,243**	**252**	**95,378**
NET CAPITAL EXPENDITURE	**9,774**	**13,886**	**4,112**	**62,634**

Wheatley Homes East

Key highlights:

Net operating surplus of £10,091k is £5,029k favourable to budget. Statutory surplus for the period to 30 June is £7,681k, £5,087k favourable to budget with the earlier than budgeted release of grant income on new build completions contributing to the variance.

- Grant income recognised is £4,864k favourable to budget due to the earlier than budgeted completions at Westcraigs Ph1&2 (13MMR), Rosewell (12 SR), Blindwells (6 SR) and Southfort (14 MMR & 11 SR) that were budgeted to complete later in the year.
- Other income of £876k is £82k favourable to budget and includes the earlier than forecast completions of MMR properties at Westcraigs and Southfort.
- Total employee costs are £33k unfavourable to budget. Direct employee costs are £27k unfavourable to budget, due to an additional project worker being approved at the Harbour as well as an increase in agency staffing costs. Group employee costs are £6k unfavourable to budget due to changes within budgeted structures in Wheatley Solutions.
- Total running costs are £42k favourable to budget and includes group running costs £32k favourable to budget with reduced spend across departments in Wheatley Solutions.
- Revenue repairs and maintenance spend is £49k favourable to budget with responsive repairs in line with budget and cyclical maintenance £49k favourable due to timing of spend.
- Bad debts are £27k favourable to budget. A prudent approach was taken when setting the budget.

Interest payable of £2,415k represents interest due on the loans due to Wheatley Funding No.1 Ltd and external funders and is £59k favourable to budget due to lower drawdowns than budgeted at June 2024.

Net capital expenditure of £9,774k is £4,112k higher than budget.

- Capital investment income is £3,859k higher than budget due to accelerated new build grant at Blindwells and Dalhousie South.
- Core programme spend is £145k favourable to budget, with lower than budgeted spend across voids and capitalised repairs.
- New build spend of £21,095k is £82k higher than budget due to accelerated spend at Westcraigs, Deans South, Blindwells and Rosewell. This has seen some units complete ahead of schedule as mentioned above. The additional spend has been offset by delayed spend at Sibbalds Brae and Wallyford 5 A/B to bring the spend almost in line with budget.
- Other capital expenditure of £278k is £25k lower than budget, reflecting by lower IT costs.

2f) Wheatley Homes South – Period to June 2024

OPERATING STATEMENT	Period to June 2024 Actual £ks	Budget £ks	Variance £ks	Full Year Budget £ks
INCOME				
Rental Income	12,691	12,670	21	51,163
Void Losses	(73)	(130)	57	(521)
Net Rental Income	**12,617**	**12,540**	**78**	**50,642**
Grant Income	2,248	0	2,248	16,418
Other Grant Income	259	234	25	5,297
Other Income	311	318	(7)	2,152
TOTAL INCOME	**15,436**	**13,092**	**2,344**	**74,508**
EXPENDITURE				
Employee Costs - Direct	1,270	1,317	46	5,277
Employee Costs - Group Services	899	892	(7)	3,508
ER/VR	0	0	0	210
Direct Running Costs	644	648	4	2,651
Running Costs - Group Services	516	558	42	2,305
Revenue Repairs and Maintenance	3,006	3,381	375	13,122
Bad debts	64	264	200	1,056
Depreciation	3,860	3,860	0	15,441
Demolition and compensation	92	131	39	523
TOTAL EXPENDITURE	**10,351**	**11,051**	**700**	**44,093**
NET OPERATING SURPLUS	**5,085**	**2,041**	**3,044**	**30,415**
Net operating margin	*33%*	*16%*	*17%*	*41%*
Interest receivable	34	8	26	30
Interest payable & similar charges	(1,855)	(1,867)	12	(7,417)
STATUTORY SURPLUS	**3,264**	**182**	**3,082**	**23,028**

INVESTMENT	Actual £ks	Budget £ks	Variance £ks	Budget £ks
TOTAL CAPITAL INVESTMENT INCOME	**0**	**365**	**(365)**	**16,304**
Capital Investment spend	2,134	2,248	114	15,432
New Build Programme	4,085	5,964	1,879	24,207
Other Fixed Assets	239	384	145	2,137
TOTAL INVESTMENT EXPENDITURE	**6,457**	**8,597**	**2,140**	**41,776**
NET CAPITAL EXPENDITURE	**6,457**	**8,232**	**1,774**	**25,472**

Key highlights :

Net operating surplus of £5,085k is £3,044k favourable to budget. Statutory surplus to 30 June is £3,264k, is £3,082k favourable to budget with the key drivers being earlier handover of Curries Yard units and lower spend across expenditure.

- Net rental income is £78k higher than budget. Void losses are £57k favourable to budget, with a void loss rate of 0.6% vs 1.0% in budget. Rental income is £21k higher due to unbudgeted rental income from earlier handover of Curries Yard.
- Grant income is £2,248k favourable to budget due to the handover of 14 units at Curries Yard in May 2024 that were budgeted to handover in September 2024.
- Other grant income is £25k favourable to budget due to higher than budgeted renewable heat incentive (RHI) grant income and higher Supporting People grant income from DGC.
- Other income is £7k adverse to budget with lower garage income and two void commercial properties.
- Total employee costs (direct and group services) are £39k favourable to budget, with vacant positions in Care and Housing and lower overtime, partly offset by additional spend from Wheatley Solutions for Group employee costs.
- Total running costs (direct and group services) are £46k favourable to budget primarily due to the reduced spend across departments in Wheatley Solutions.
- Repairs costs are £375k favourable to budget. Responsive repairs are £156k favourable to budget with less complex jobs reducing the overall cost per job. Cyclical, gas maintenance and compliance are also all favourable to budget due to timing of spend compared to budget.
- Bad debts are £200k favourable to budget. A prudent approach was taken when setting the budget.
- Demolition costs include a buy back at Armour Drive (Summerhill).

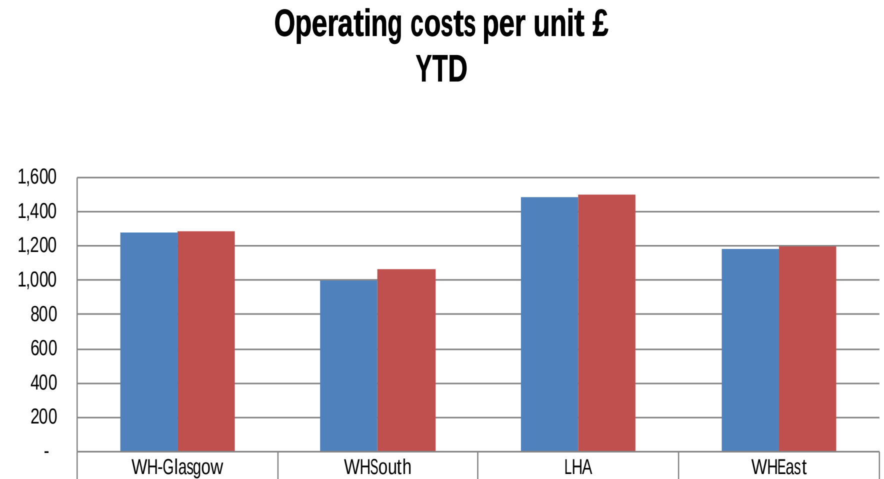
Interest payable of £1,855k represents interest due on the loans due to Wheatley Funding No.1 Ltd and external funders.

Net capital expenditure of £6,457k is £1,774k lower than budget.

- Capital investment income is £365k lower than budget. New build grant income is unfavourable to budget due to the later than budgeted start date at Ashwood Drive.
- Total core investment spend of £2,134k is £114k lower than budget due to the timing of spend on core programme and lower capitalised voids.
- New Build expenditure is £1,879k under budget, driven by timing of spend on Ashwood Drive and Newington due to later than budgeted start dates. Curries Yard and Springholm are under budget due to timing of spend but completions are still on track for September 2024.
- Other capital expenditure of £239k is £145k lower than budget, driven by lower IT costs.

2g) [redacted]

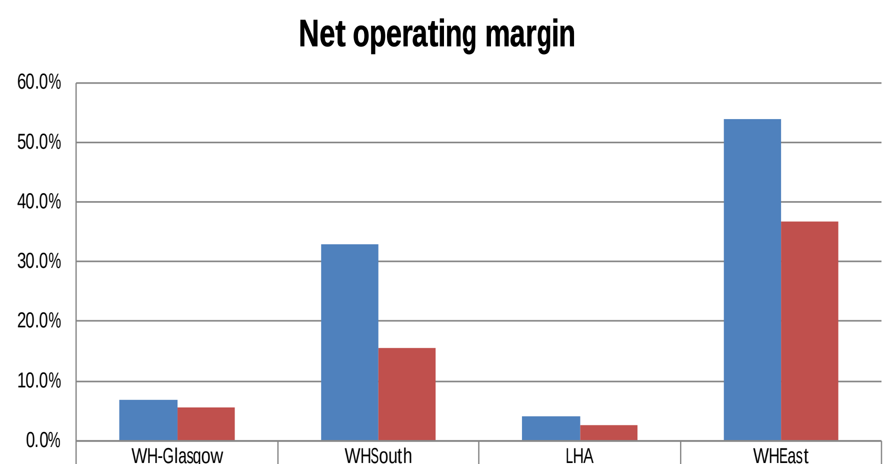
3) Summary of RSL operating costs and margin v budget



	WH-Glasgow	WHSouth	LHA	WHEast
Actual	1,277	997	1,486	1,184
Budget	1,289	1,064	1,501	1,195

Operating costs per unit:

- At June 2024 operating costs per unit are lower than budget for all RSL's. This lower unit cost variance is attributable to the lower expenses and bad debts noted to date.
- Operating costs per unit vary across the RSLs depending on the stock profiles and types of accommodation offered.



	WH-Glasgow	WHSouth	LHA	WHEast
Actual	6.8%	32.9%	4.1%	53.9%
Budget	5.7%	15.6%	2.6%	36.8%

Net operating margin

- Net operating margin is favourable to budget in all RSL's. WH South and WH East are noting the high favourable variances due to the early release of the new build grants.
- Similar to operating costs, the variances across expenditure lines is impacting margins in the RSLs.

Wheatley Group Financial Report
To June 2024 (Period 3)

Non RSL entities

4a) Wheatley Care – Period to June 2024[redacted]

4b) [redacted]

6) [redacted]

5) [redacted]

7) [redacted]

8) Wheatley Group – Consolidated Balance Sheet

	As at 30 June 2024 £ks	As at 31 March 2024 £ks
Fixed Assets		
Social Housing Properties	2,956,089	2,918,185
Investment properties	311,510	311,082
Other tangible fixed assets	78,495	78,831
Investments -other	116	116
Fixed Assets	**3,346,210**	**3,308,214**
Current Assets		
Stock	2,019	1,926
Trade debtors	4,515	4,170
Rent & Service charge arrears	21,964	20,934
less: Provision for rent arrears	(10,514)	(10,653)
Prepayments and accrued income	14,945	9,963
Other debtors	26,631	24,967
	59,560	**51,307**
Bank & Cash	19,815	36,304
Current Assets	**79,375**	**87,611**
Current Liabilities		
Trade Liabilities	(10,917)	(20,678)
Accruals	(57,222)	(55,590)
Deferred income	(83,065)	(79,811)
Rents & service charges in advance	(17,417)	(25,735)
Other creditors	(20,134)	(19,798)
	(188,755)	**(201,612)**
Net Current Assets	**(109,380)**	**(114,001)**
Long Term Liabilities		
Contingent efficiencies grant	(46,280)	(46,280)
Bank finance	(1,346,897)	(1,314,710)
Bond finance	(300,000)	(300,000)
Provisions	(9,080)	(9,081)
Deferred income	(65,196)	(57,215)
Pension liability	(8,405)	(8,405)
Long Term Liabilities	**(1,775,858)**	**(1,735,691)**
Net Assets	**1,460,972**	**1,458,522**
Funding Employed		
Capital & Reserves		
Share Capital	0	0
Retained Income b/fwd	740,290	725,878
Income & Expenditure	2,448	14,410
Revaluation Reserves	718,234	718,234
Funding Employed	**1,460,972**	**1,458,522**

Key highlights:

- Group net assets are £1,461.0m at 30 June 2024.
- The Balance Sheet as at 31 March 2024 reflects the draft year end statutory accounts adjustments, including the revaluation of both housing and investment properties and actuarial valuation of the defined benefit pension scheme.
- The fixed asset movements from the year end reflects investment in the core programme, the new build programme, and any other fixed asset additions, less depreciation to date.
- Current assets (excluding cash) have increased by £8.3m since March 2024. £1.2m relates to an increase in rent arrears due to timing of receipt of Housing Benefit and an increase of £6.6m in other debtors and prepayments and £0.4m increase in trade debtors due to timing.
- Bank and Cash of £19.8m includes deposits in transit and outstanding payments showing in the bank after the month end.
- Current liabilities are £12.9m lower than the year end position, mainly driven by the decrease of £9.8m in trade creditors due to timing. The decrease of £8.3m in prepaid rents and service charges due to the timing of the receipt of housing benefit has been offset by increases in deferred income of £3.3m and accruals and other creditors of £1.9m due to timing.
- Long term liabilities at 30 June 2024 are £40.2m higher than the year end position due to £32.2m additional loans received to finance the developments across the RSL's and £8m increase in deferred income.
- Income and expenditure of £2,448k relates to the group surplus for the period.

10) Wheatley Group – Q1 Forecast 2024/25

	FULL YEAR		
	Budget £000	Forecast £000	Variance £000
INCOME			
Net Rental Income	352,784	352,989	205
Grant Income New Build	79,557	79,557	-
Grant Income Other	14,018	14,824	806
Other Income	41,007	41,235	228
Total Group Income	**487,366**	**488,605**	**1,239**
EXPENDITURE			
Employee Costs	91,019	91,019	-
ER/VR	1,050	1,050	-
Running Costs	52,051	52,129	(78)
Repairs & Maintenance	88,886	88,886	-
Bad debts	4,542	4,542	-
Depreciation	122,109	122,109	-
Demolition	523	523	-
Total Group Expenditure	**360,180**	**360,258**	**(78)**
NET OPERATING SURPLUS	**127,186**	**128,347**	**1,161**
Net operating margin	26.1%	26.3%	0.2%
Net Interest Payable	(78,116)	(77,412)	704
STATUTORY SURPLUS	**49,070**	**50,935**	**1,865**

INVESTMENT	FULL YEAR		
	Budget £000	Forecast £000	Variance £000
Total Capital Investment Income	(123,061)	(101,615)	(21,446)
Core Investment Programme	81,071	85,772	(4,701)
New Build Programme	224,975	202,058	22,917
Other fixed assets	12,856	12,856	-
NET CAPITAL INVESTMENT SPEND	**195,841**	**199,071**	**(3,230)**

Key highlights:

The Group forecast full year out-turn at the end of Quarter 1 shows a net operating surplus of £128.3m, which is £1.2m favourable to budget and a statutory deficit of £50.9m, which is £1.9m favourable to budget.

The adjusted EBITDA MRI after excluding grant income on new build completions is forecast to be £170.9m compared to an EBITDA MRI of £169.7m budgeted, a £1.2m favourable variance, with the key movements outlined below.

Total income is forecast to be £1.2m higher than budget:

- Net rental income is forecast to be £0.2m favourable to budget and includes earlier than budgeted new build completions in WH East and favourable void performance in Lowther.
- Other grant income is expected to be £0.8m favourable to budget with an overall increase in the SHNZ grant funding following the final approval of grant for energy efficiency works in WH South and pre-1919 tenement works across the West and East (corresponding investment costs recognised in the Core Investment programme line below).
- Other income is forecast to be £0.2m favourable to budget with £0.3m additional external funding secured for Foundation (with corresponding increased running costs recognised) offset by reduced income in Wheatley Care based on service hours to be delivered.

Total expenditure is expected to be £0.1m higher than budget.

- Running costs are forecast to be £0.1m higher than budget with £0.2m savings generated through the value for money and cost efficiency initiative programme offset by the extra provision for £0.3m additional grant funded costs for the Foundation.
- Repairs and maintenance costs are forecast to be in line with budget. While the outturn is favourable to budget at June 2024 this outturn includes the timing of cyclical spend and it is anticipated costs will align to budget for the full financial year.
- Net interest payable is forecast to be £0.7m lower than budget with interest payable £0.5m favourable linked to the impact of the new private placement funding interest rate being less than budgeted and additional £0.2m interest received by the Foundation from investing funds.

Net capital expenditure is forecast to be £3.2m higher than budget.

- Within investment income, new build and SHNZ grant income have been reprofiled. New build grant income has reduced by £22.2m reflecting grant received in 2023/24 but budgeted for in 2024/25 and movements in the timing of the delivery of the new build programme, including Sighthill, North Toryglen and Calton Ph3 for WH Glasgow and College Mains and Crosbie Road in WH South. An additional ££0.8m of SHNZ grant has been recognised following the final approval of projects in WH South and across Glasgow and the East.
- The core investment programme is £4.7m higher than budget recognising the additional £3.8m spend on core investment programme the capacity for which was created through our interest cover covenant change and introduction of additional SHNZ work in WH Glasgow and WH East.
- The new build development spend is forecast to be £22.9m lower than budget. Spend levels are forecast to be lower across a number of sites with the main reductions noted in Sighthill Ph2, North Toryglen and Calton Village Ph3, at WH Glasgow, Forfar Avenue and Dargavel North in Loretto, Corsbie Road and College Mains in WH South and West Craigs Ph 4 & 5 in WH East. Accelerated spend is also noted in WH Glasgow at Shawbridge Arcade, Dargavel Ph3 in Loretto, and Blindswell Plot 11 and Deans South Ph1A in WH East.

Appendix 2: Wheatley Group Financial Report
RSL Borrower Group & Quarterly Covenants
To June 2024 (Period 3)

1a) RSL Borrower Group – Period to June 2024

Wheatley Group

	RSL Borrower Group			
	Period to 30 June 2024			Full Year Budget £'000
	Actual £'000	Budget £'000	Variance £'000	
INCOME				
Net Rental Income	82,637	82,460	177	331,406
Grant income New Build	9,674	2,562	7,112	77,456
Grant income Other	1,784	1,759	25	14,018
Other Income	3,614	3,437	176	14,793
Total Income	**97,709**	**90,218**	**7,490**	**437,673**
EXPENDITURE				
Employee Costs	16,716	16,717	1	65,458
ER/VR	27	27	-	1,050
Running Costs	8,789	9,184	395	36,926
Repairs & Maintenance	21,751	22,189	438	82,736
Bad debts	533	1,056	523	4,225
Depreciation	30,363	30,363	-	122,109
Demolition Programme	98	131	33	523
Total Expenditure	**78,277**	**79,666**	**1,390**	**313,027**
NET OPERATING SURPLUS	**19,432**	**10,552**	**8,880**	**124,646**
	19.9%	11.7%		28.5%
Interest receivable	47	31	16	118
Interest payable	(17,419)	(17,509)	90	(75,329)
STATUTORY SURPLUS/(DEFICIT)	**2,013**	**(6,957)**	**8,970**	**49,435**

Key highlights:

The operating surplus to 30 June is £19,432k, £8,880k favourable to budget. At the statutory surplus level, a surplus of £2,013k is reported showing a favourable variance of £8,970k compared to the budget. The variance to budget reflects new build grant on completions recognised ahead of budget, and reduced costs across expenditure.

Total income of £97,709k is £7,490k favourable to budget:

- Net rental income is £177k favourable to budget with rent loss on voids at 1.19% compared to the 1.27%. The main contributor to the favourable variance is due to the “cease to let” at Livingwell properties in WH Glasgow being slower than anticipated, resulting in £93k additional income to budget.
- New build grant income relates to 103 units completed (76 SR and 27 MMR) and is £7,112k favourable due to the early completion of units in WH East of 23SR units at Rosewell and Southfort and 27MMR units at West Craigs Ph1&2 and Southfort. WH South also noted early completion of 14 units at Curries Yard.
- Other grant income of £1,784k is £25k favourable to budget, with higher than budgeted renewable heat incentive grant income and higher Supporting People grant income from DGC in WH South.
- Other income of £3,614k is £176k favourable to budget mainly arising from additional commercial income of £52k due to lower commercial voids, additional wayleave income received in WH Glasgow and additional MMR leasing income due to earlier than budgeted MMR property completions.

Total expenditure of £78,277k is £1,390k favourable to budget:

- Running costs (direct and group services) are £395k favourable to budget mainly attributable to lower than budgeted group recharges where a number of departments are reporting lower costs across Wheatley Solutions.
- Revenue repairs and maintenance spend is £438k favourable to budget. Responsive repairs are £254k lower than budget mainly due to the reduced average cost of jobs with volumes broadly in line with expectations. Cyclical repairs are also £170k lower than budget due to timing of spend. The improvement plan implemented in 2023/24 to help monitor the drivers of repairs costs, improve efficiency and to keep repairs spend within budget has supported this favourable variance.
- Bad debts are £523k favourable to budget with a prudent provision set aside for increases in arrears and an improved performance in debt collection.

1a) RSL Borrower Group – Period to June 2024

Capital Investment	Period to 30 June 2024 Actual £'000	Budget £'000	Variance £'000	Full Year Budget £'000
CORE PROGRAMME				
SHNZ	0	0	0	40
Adaptations	633	633	0	1,692
Grant Income	**633**	**633**	**0**	**6,266**
Core Investment Programme	10,580	11,137	557	46,392
SHNZ	0	0	0	3,364
Adaptations	931	955	24	4,184
Voids	3,469	3,989	520	14,087
Capitalised Repairs	3,121	2,861	(260)	11,697
Total Core Investment	**18,101**	**18,942**	**841**	**79,724**
NET CORE INVESTMENT SPEND	**17,468**	**18,309**	**841**	**73,458**
NEW BUILD				
New Build Grant Income Received	21,106	23,166	(2,060)	114,958
New Build investment	41,377	46,446	5,069	213,200
NET NEW BUILD INVESTMENT SPEND	**20,271**	**23,280**	**3,009**	**98,242**
OTHER FIXED ASSET INVESTMENT SPEND	**2,557**	**3,148**	**591**	**12,681**
TOTAL NET CAPITAL INVESTMENT SPEND	**40,296**	**44,737**	**4,441**	**184,381**

Key highlights:

Net capital expenditure of £40,296k is £4,441k favourable to budget due to reduced capital spend partially offset by lower than budgeted new build grant received to date

- The net core investment spend was £841k favourable to budget with reduced spend in voids and the timing of the core investment programme works compared to budget partly offset by increased capitalised repairs. Capitalised repairs increased in May due to a number of high value repairs being undertaken including roof, fencing, windows, asbestos and damp and rot jobs totalling £367k with the majority of the roof and fence repairs totalling £199k relating to jobs which were reported as overdue in April. Spend in June reduced and was more in line with budget, noting a small favourable variance in the month.

- Net new build spend is £3,009k favourable to budget. Across the RSLs new build investment spend is £5,069k below budget. Reduced spend was noted due to a delay in the works at Sighthill Phase 2, Calton Phase 2 and at North Toryglen in WH Glasgow, a delay in the spend at Ashwood, Newington, Curries Yard and Springholm at WH South and a delay in the spend at Sibbalds Brae and Wallyford 5 A/B at WH East. This underspend was offset by additional spend in WH East and Loretto due to an acceleration in spend at Westcraigs, Deans South, Blindswell, Rosewell, South Crosshill and Constarry Road. New build grant income of £21,106k is £2,060k less than budget due to reduced claims made in WH Glasgow for Calton Phase 2, Sighthill Phase 2 and North Toryglen, partially offset by additional claims in WH East for Blindswell and Dalhousie South.

- Other fixed assets investment includes spend on corporate estate and IT capital projects. The reduced spend of £591k is mainly due to the timing of spend on IT projects and the planned refurbishment of the NETS and concierge offices.

1a) Underlying surplus – Period to June 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 £4,648k has been reported for the period to 30 June 2024. Within net operating surplus, additional rental and other income and reduced spend across expenditure has contributed to the variance. The timing of core investment works to the budgeted programme has also resulted in a favourable underlying surplus.

RSL Borrower Group Underlying Surplus - June 2024

	YTD Actual £ks	YTD Budget £ks	YTD Variance £ks	FY Budget £ks
Net Operating surplus	19,432	10,552	8,880	124,646
add back:				
Depreciation	30,363	30,363	0	122,109
less:				
Grant income	(9,674)	(2,562)	(7,112)	(77,456)
Net interest payable	(17,372)	(17,488)	116	(75,211)
Total expenditure on Core Programme	(18,101)	(18,942)	841	(79,724)
Underlying surplus	4,648	1,923	2,725	14,364

1b) Wheatley Homes Glasgow - Period to 30 June 2024

	Period to 30 June 2024				Full Year
	YTD Actual	YTD Budget	YTD Variance		Budget
	£k	£k	£k		£k
INCOME					
Rental Income	56,245	56,152	93		£225,333
Void Losses	(670)	(670)	0		(£2,693)
Net Rental Income	**55,575**	**55,482**	**93**		£222,640
Grant Income New Build	0	0	0		£20,527
Grant Income Other	1,385	1,385	0		£8,000
Other Income	2,887	2,763	124		£14,823
Total Income	**59,847**	**59,630**	**217**		**£265,990**
EXPENDITURE					
Employee Costs - Direct	8,247	8,249	2		£32,504
Employee Costs - Group Services	4,130	4,133	3		£15,922
ER / VR	27	27	0		£840
Direct Running Costs	3,517	3,585	68		£14,292
Running Costs - Group Services	2,174	2,316	142		£9,564
Revenue Repairs and Maintenance	16,198	16,204	6		£58,088
Bad debts	380	655	275		£2,622
Depreciation	21,070	21,070	0		£84,281
Demolition and Tenants Compensation	6	0	(6)		£0
TOTAL EXPENDITURE	**55,749**	**56,239**	**490**		**£218,113**
NET OPERATING SURPLUS / (DEFICIT)	**4,098**	**3,391**	**707**		**£47,877**
Net operating margin	*0*	*0*	*0*		*18.0%*
Net Interest payable & similar charges	(12,234)	(12,183)	(51)		(£54,332)
STATUTORY SURPLUS / (DEFICIT)	**(8,136)**	**(8,792)**	**656**		**(£6,455)**

INVESTMENT	Period to 30 June 2024				Full Year
	Actual	Budget	Variance		Budget
	£ks	£ks	£ks		£ks
Total Capital Investment Income	**7,243**	**12,737**	**(5,494)**		**£50,977**
Total Expenditure on Core Programme	13,316	13,870	554		£53,830
New Build & other investment expenditure	12,746	17,653	4,907		£85,317
Other Capital Expenditure	1,990	2,364	374		£8,946
TOTAL CAPITAL EXPENDITURE	**28,052**	**33,887**	**5,835**		**£148,093**
NET CAPITAL EXPENDITURE	**20,809**	**21,150**	**341**		**£97,116**

Key highlights period to date:

WH Glasgow reports performance favourable to budget at June 2024 with net operating surplus of £4,098k, which is £771k favourable to budget and a statutory deficit of £8,136k, £720k favourable to budget. The favourable outturn is driven by additional other income and reduced spend across expenditure.

- Net Rental income is £93k favourable to budget with the variance relating to Livingwell properties at Carillon/Paisley Rd West and Gallowhill. A "cease to let" was approved by the Board in September 2022, however the properties have cleared more slowly than anticipated.
- Other income is £124k favourable to budget linked to commercial units void performance being favourable to budget and higher Wayleave income, reflecting the prudent budget set.
- Total running costs (direct and group services) are £210k favourable to budget. Group recharges are £142k favourable to budget due to several departments currently reporting lower costs across Wheatley Solutions.
- Revenue repairs and maintenance spend is £6k favourable to budget. Responsive repairs are £60k lower than budget, partially offset by higher compliance spend due to the timing of the programme.
- Bad debts are £275k favourable to budget. A prudent approach was taken when setting the budget.
- Net Interest payable is £51k unfavourable to budget linked to the timing of loan draw downs.

Net capital expenditure of £20,809k is £341k higher than budget.

- Capital investment income (grants) is £5,494k lower than budget related to timing of spend at Calton Phase 2, Sighthill Phase 2 and at North Toryglen while the grant funding position remains unconfirmed.
- Investment programme spend is £554k favourable to budget with lower spend in capitalised voids and core investment programme.
- New build spend is £4,907k lower than budget following a delay in the works at Sighthill Phase 2, lower spend at Calton Phase 2 and at North Toryglen while the grant funding position remains unconfirmed.
- Other capital expenditure of £1,990k is £374k lower than budget due to the timing of IT projects.

1c) Loretto Housing – Period to June 2024

	Period To 30 June 2024 Actual £k	Period To 30 June 2024 Budget £k	Period To 30 June 2024 Variance £k	Full Year Budget £k
INCOME				
Rental Income	4,268	4,273	(5)	17,103
Void Losses	(80)	(107)	27	(423)
Net Rental Income	**4,188**	**4,166**	**22**	**16,680**
Grant Income	**0**	**0**	**0**	**5,766**
Other Grant Income	**0**	**0**	**0**	**117**
Other Income	**28**	**28**	**0**	**815**
Total Income	**4,216**	**4,194**	**22**	**23,378**
EXPENDITURE				
Employee Costs - Direct	310	311	1	1,246
Employee Costs - Group Services	227	225	(2)	885
ER / VR	0	0	0	0
Direct Running Costs	458	476	18	1,905
Running Costs - Group Services	113	123	10	507
Revenue Repairs and Maintenance	1,142	1,136	(6)	4,464
Bad debts	22	43	21	172
Depreciation	1,771	1,771	0	7,156
TOTAL EXPENDITURE	**4,043**	**4,085**	**42**	**16,335**
OPERATING SURPLUS / (DEFICIT)	**173**	**109**	**64**	**7,043**
Net operating margin	*4.1%*	*2.6%*	*1.5%*	
Interest Payable	(910)	(968)	58	(4,157)
STATUTORY SURPLUS / (DEFICIT)	**(737)**	**(859)**	**122**	**3,124**

	Period To 30 June 2024 Actual £k	Period To 30 June 2024 Budget £k	Period To 30 June 2024 Variance £k	Full Year Budget £k
INVESTMENT				
Total Capital Investment Income	**2,008**	**2,080**	**(72)**	**14,933**
Investment Programme	1,042	1,061	19	3,496
New Build Programme	5,028	3,585	(1,443)	24,959
Other Capital Expenditure	50	97	47	387
TOTAL CAPITAL EXPENDITURE	**6,120**	**4,743**	**(1,377)**	**28,842**
NET CAPITAL EXPENDITURE	**4,112**	**2,663**	**(1,449)**	**13,909**

Loretto Housing

Key highlights year to date:

Net operating surplus of £173k is £64k favourable to budget. Statutory deficit for the year is £737k and is £122k favourable to budget with the main drivers being the favourable position on void losses, running costs, bad debts and interest payable.

- Net rental income is £22k favourable to budget due to lower than budgeted voids. Void losses in the period are £27k favourable with a rate of 1.87% against a budget of 2.50%.
- Total running costs are £28k favourable to budget, linked to the timing of direct spend compared to budget at this point in the year. Group running costs are £10k favourable to budget with reduced spend across departments in Wheatley Solutions.
- Revenue repairs and maintenance is £6k unfavourable to budget. Responsive repairs are £38k favourable to budget and compliance spend is £44k over budget due to timing of the programme.
- Bad debts are £21k favourable to budget. A prudent approach was taken when setting the budget.
- Net Interest payable is £58k favourable due to the timing of loan drawdowns compared to budget.

Net capital expenditure of £4,112k is £1,449k higher than budget.

- Capital investment income (grant) is £72k lower than budget due to the phasing of new build grant claims; Constarry Road have claimed higher grants YTD than budgeted which is offset with no claims for Forfar.
- New build spend is £1,443k higher than budget due to the timing of spend for South Crosshill and Constarry Road being ahead of budget, noting also that we received the full grant for South Crosshill in the prior year. This is slightly offset with later than budgeted spend at Duke Street and Forfar.
- Investment programme expenditure of £1,042k relates to core programme works, capitalised repairs and voids and a small underspend is reported to due to the timing of the core programme.
- Other capital expenditure of £50k relates to Loretto's contribution to Wheatley Group IT costs due to the timing of IT projects being undertaken.

1d) Wheatley Homes East – Period to June 2024

	Year to 30 June 2024			Full Year
	Actual £k	Budget £k	Variance £k	Budget £k
INCOME				
Rental Income	10,426	10,427	(1)	42,007
Void Losses	(155)	(155)	0	(563)
Net Rental Income	**10,271**	**10,272**	**(1)**	**41,444**
Grant Income Recognised in the Year	7,426	2,562	4,864	34,745
Other Grant Income	140	140	0	604
Other Income	876	794	82	7,324
TOTAL INCOME	**18,713**	**13,768**	**4,945**	**84,117**
EXPENDITURE				
Employee Costs - Direct	1,191	1,164	(27)	4,621
Employee Costs - Group Services	663	657	(6)	2,586
ER/VR	0	0	0	0
Direct Running Costs	1,218	1,228	10	4,910
Running Costs - Group Services	380	412	32	1,700
Revenue Repairs and Maintenance	1,441	1,490	49	7,138
Bad Debts	67	94	27	375
Depreciation	3,662	3,662	0	15,231
TOTAL EXPENDITURE	**8,622**	**8,706**	**84**	**36,561**
NET OPERATING SURPLUS	**10,091**	**5,062**	**5,029**	**47,556**
Net Operating Margin	*54%*	*37%*	*17%*	*57%*
Interest receivable	5	6	(1)	25
Interest payable	(2,415)	(2,474)	59	(9,360)
STATUTORY SURPLUS	**7,681**	**2,594**	**5,087**	**38,221**

	Year to 30 June 2024			Full Year
	Actual £k	Budget £k	Variance £k	Budget £k
INVESTMENT				
Total Capital Investment Income	**13,216**	**9,357**	**3,859**	**32,744**
Investment Programme Expenditure	1,618	1,763	145	6,966
New Build & Other Investment	21,095	21,177	82	87,201
Other Capital Expenditure	278	303	25	1,211
TOTAL CAPITAL EXPENDITURE	**22,991**	**23,243**	**252**	**95,378**
NET CAPITAL EXPENDITURE	**9,774**	**13,886**	**4,112**	**62,634**

Key highlights year to date:

Net operating surplus of £10,091k is £5,029k favourable to budget. Statutory surplus for the period to 30 June is £7,681k, £5,087k favourable to budget with the earlier than budgeted release of grant income on new build completions contributing to the variance.

Total income of £18,713k is £4,945k favourable to budget:
- Grant income recognised is £4,864k favourable to budget due to the earlier than budgeted completions at Westcraigs Ph1&2 (13MMR), Rosewell (12 SR), Blindwells (6 SR) and Southfort (14 MMR & 11 SR) that were budgeted to complete later in the year.
- Other grant income of £140k is in line with budget and consists of grants recognised for medical adaptations and for the Harbour.
- Other income of £876k is £82k favourable to budget and includes the earlier than forecast completions of MMR properties at Westcraigs and Southfort.

Total expenditure of £8,622k is £84k favourable to budget:
- Total employee costs are £33k unfavourable to budget. Direct employee costs are £27k unfavourable to budget, due to an additional project worker being approved at the Harbour as well as an increase in agency staffing costs. Group employee costs are £6k unfavourable to budget due to changes within budgeted structures in Wheatley Solutions.
- Total running costs are £42k favourable to budget and includes group running costs £32k favourable to budget with reduced spend across departments in Wheatley Solutions.
- Revenue repairs and maintenance spend is £49k favourable to budget with responsive repairs in line with budget and cyclical maintenance £49k favourable due to timing of spend.
- Bad debts are £27k favourable to budget. A prudent approach was taken when setting the budget.

Interest payable of £2,415k represents interest due on the loans due to Wheatley Funding No.1 Ltd and external funders and is £59k favourable to budget due to lower drawdowns than budgeted at June 2024.

Net capital expenditure of £9,774k is £4,112k higher than budget.
- Capital investment income is £3,859k higher than budget due to accelerated new build grant at Blindwells and Dalhousie South.
- Core programme spend is £145k favourable to budget, with lower than budgeted spend across voids and capitalised repairs.
- New build spend of £21,095k is £82k higher than budget due to accelerated spend at Westcraigs, Deans South, Blindwells and Rosewell. This has seen some units complete ahead of schedule as mentioned above. The additional spend has been offset by delayed spend at Sibbalds Brae and Wallyford 5 A/B to bring the spend almost in line with budget.
- Other capital expenditure of £278k is £25k lower than budget, reflecting by lower IT costs.

1e) Wheatley Homes South – Period to June 2024

OPERATING STATEMENT	Period to June 2024 Actual £ks	Budget £ks	Variance £ks	Full Year Budget £ks
INCOME				
Rental Income	12,691	12,670	21	51,163
Void Losses	(73)	(130)	57	(521)
Net Rental Income	**12,617**	**12,540**	**78**	**50,642**
Grant Income	2,248	0	2,248	16,418
Other Grant Income	259	234	25	5,297
Other Income	311	318	(7)	2,152
TOTAL INCOME	**15,436**	**13,092**	**2,344**	**74,508**
EXPENDITURE				
Employee Costs - Direct	1,270	1,317	46	5,277
Employee Costs - Group Services	899	892	(7)	3,508
ER/VR	0	0	0	210
Direct Running Costs	644	648	4	2,651
Running Costs - Group Services	516	558	42	2,305
Revenue Repairs and Maintenance	3,006	3,381	375	13,122
Bad debts	64	264	200	1,056
Depreciation	3,860	3,860	0	15,441
Demolition and compensation	92	131	39	523
TOTAL EXPENDITURE	**10,351**	**11,051**	**700**	**44,093**
NET OPERATING SURPLUS	**5,085**	**2,041**	**3,044**	**30,415**
Net operating margin	*33%*	*16%*	*17%*	*41%*
Interest receivable	34	8	26	30
Interest payable & similar charges	(1,855)	(1,867)	12	(7,417)
STATUTORY SURPLUS	**3,264**	**182**	**3,082**	**23,028**

INVESTMENT	Actual £ks	Budget £ks	Variance £ks	Budget £ks
TOTAL CAPITAL INVESTMENT INCOME	**0**	**365**	**(365)**	**16,304**
Capital Investment spend	2,134	2,248	114	15,432
New Build Programme	4,085	5,964	1,879	24,207
Other Fixed Assets	239	384	145	2,137
TOTAL INVESTMENT EXPENDITURE	**6,457**	**8,597**	**2,140**	**41,776**
NET CAPITAL EXPENDITURE	**6,457**	**8,232**	**1,774**	**25,472**

Key highlights :

Net operating surplus of £5,085k is £3,044k favourable to budget. Statutory surplus to 30 June is £3,264k, is £3,082k favourable to budget with the key drivers being earlier handover of Curries Yard units and lower spend across expenditure.

- Net rental income is £78k higher than budget. Void losses are £57k favourable to budget, with a void loss rate of 0.6% vs 1.0% in budget. Rental income is £21k higher due to unbudgeted rental income from earlier handover of Curries Yard.
- Grant income is £2,248k favourable to budget due to the handover of 14 units at Curries Yard in May 2024 that were budgeted to handover in September 2024.
- Other grant income is £25k favourable to budget due to higher than budgeted renewable heat incentive (RHI) grant income and higher Supporting People grant income from DGC.
- Other income is £7k adverse to budget with lower garage income and two void commercial properties.
- Total employee costs (direct and group services) are £39k favourable to budget, with vacant positions in Care and Housing and lower overtime, partly offset by additional spend from Wheatley Solutions for Group employee costs.
- Total running costs (direct and group services) are £46k favourable to budget primarily due to the reduced spend across departments in Wheatley Solutions.
- Repairs costs are £375k favourable to budget. Responsive repairs are £156k favourable to budget with less complex jobs reducing the overall cost per job. Cyclical, gas maintenance and compliance are also all favourable to budget due to timing of spend compared to budget.
- Bad debts are £200k favourable to budget. A prudent approach was taken when setting the budget.
- Demolition costs include a buy back at Armour Drive (Summerhill).

Interest payable of £1,855k represents interest due on the loans due to Wheatley Funding No.1 Ltd and external funders.

Net capital expenditure of £6,457k is £1,774k lower than budget.

- Capital investment income is £365k lower than budget. New build grant income is unfavourable to budget due to the later than budgeted start date at Ashwood Drive.
- Total core investment spend of £2,134k is £114k lower than budget due to the timing of spend on core programme and lower capitalised voids.
- New Build expenditure is £1,879k under budget, driven by timing of spend on Ashwood Drive and Newington due to later than budgeted start dates. Curries Yard and Springholm are under budget due to timing of spend but completions are still on track for September 2024.
- Other capital expenditure of £239k is £145k lower than budget, driven by lower IT costs.

1f) [redacted]

1g) WFL1 and WGC

WFL1 Limited	Period to 30 June 2024
	Actual £ks
INCOME	
Operating Income	571
EXPENDITURE	
Administration Costs	(571)
TOTAL EXPENDITURE	**0**
NET OPERATING SURPLUS	**0**
Finance Income	16,564
Finance Charges	(16,564)
PROFIT / (LOSS) BEFORE TAX	**0**

Wheatley Funding No. 1 Limited

Operating income of £571k has been recognised in the period. 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. £571k of fees have been incurred and subsequently recharged to the RSLs.

Finance costs of £16,564k 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 30 June 2024
	Actual £ks
INCOME	
Operating Income	0
EXPENDITURE	
Administration Costs	0
TOTAL EXPENDITURE	**0**
NET OPERATING SURPLUS	**0**
Finance Income	3,272
Finance Charges	(3,272)
PROFIT / (LOSS) BEFORE TAX	**0**

Wheatley Group Capital Plc

Finance charges of £3,272k 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 30 June 2024 £ks	As at 31 March 2024 £ks
Fixed Assets		
Social Housing Properties	2,938,459	2,908,301
Investment properties	145,504	145,531
Other tangible fixed assets	78,103	78,486
Investments -other	12,073	12,073
Fixed Assets	**3,174,139**	**3,144,391**
Debtors Due More Than One Year		
Inter Company Loan	18,504	18,504
Pension Asset	0	0
Current Assets		
Stock	2,019	1,926
Trade debtors	1,629	1,601
Rent & Service charge arrears	21,370	20,370
less: Provision for rent arrears	(10,050)	(10,199)
Prepayments and accrued income	6,121	7,783
Intercompany debtors	7,821	1,664
Other debtors	20,698	19,093
	49,608	**42,238**
Bank & Cash	10,961	24,303
Current Assets	**60,569**	**66,541**
Current Liabilities		
Trade Liabilities	(9,520)	(17,174)
Accruals	(50,674)	(46,697)
Deferred income	(81,209)	(77,695)
Rents & service charges in advance	(16,385)	(24,653)
Intercompany creditors	(1,397)	(1,794)
Other creditors	(9,377)	(17,478)
	(168,562)	**(185,491)**
Net Current Assets	**(107,993)**	**(118,950)**
Long Term Liabilities		
Contingent efficiencies grant	(46,280)	(46,280)
Loan - private finance	(1,270,397)	(1,238,210)
Bond finance	(300,000)	(300,000)
Provisions	(2,303)	(2,304)
Deferred income	(59,173)	(52,666)
Pension liability	(7,949)	(7,949)
Long Term Liabilities	**(1,686,102)**	**(1,647,409)**
Net Assets	**1,398,548**	**1,396,536**
Funding Employed		
Capital & Reserves		
Share Capital	0	0
Retained Income b/fwd	688,056	674,712
Income & Expenditure	2,013	13,345
Revaluation Reserves	708,479	708,479
Funding Employed	**1,398,548**	**1,396,536**

Key highlights:

- The Balance Sheet as at 31 March 2024 reflects the draft year end statutory accounts adjustments, including the revaluation of both housing and investment properties and actuarial valuation of the defined benefit pension scheme.
- The RSL Borrower Group net assets stand at £1,398.5m at 30 June 2024.
- Current assets (excluding cash) are £7.4m higher than the year end position, mainly due to the increase in rent arrears of £1.1m due to the timing of receipt of housing benefit, increase in intercompany balances of £6.2m due to timing.
- Bank and Cash of £11.0m includes deposits in transit and outstanding payments showing in the bank after the month end.
- Overall current liabilities are £17.0m lower than the year end position. Decreases in trade creditors of £7.7m are due to the timing of the payment of the creditors, a decrease in prepaid rent of £8.3m due to timing of receipt of housing benefit, and a decrease in accruals and other creditors of £4.2m due to the timing of invoices being raised for costs, partly offset by an increase in deferred income of £3.5m.
- Long term liabilities at 30 June 2024 are £38.7m higher than the year end position mainly due to £32.2m additional loans (net of loan payments) received to finance the developments across the RSL's and £6.5m increase in deferred income.
- Income and expenditure relates to the RSL Borrower Group surplus for the period to 30 June 2024.

2b) RSL Borrower Group – Cash Flow Statement

For the period ended 30 June 2024	2024/25 £'000
Net cash generated from operating activities (see Note1)	12,818
Cashflow from investing activities	
Purchase of tangible fixed assets	(62,035)
Grants received	19,695
	(42,340)
Cashflow from financing activities	
Interest paid	(14,661)
Interest received	-
Additional funding received in year to date	35,000
Loan repayment	(4,159)
	16,180
Net change in cash and cash equivalents	**(13,342)**
Cash and cash equivalents at the beginning of the year	24,303
Cash and cash equivalents at the end of the period	10,961

Note 1	2024/25 £'000
Cashflow from operating activities	
Operating surplus for the period	2,013
Adjustments for non cash items:	
Depreciation of tangible fixed assets	30,363
Movements in working capital	(27,254)
Movements in provisions	(1)
Adjustments for investing or financing activities:	
Government grants utilised in the year	(9,674)
Interest paid	17,418
Interest received	(47)
Cashflow from operating activities	**12,818**