

**WHEATLEY HOMES SOUTH LIMITED  
BOARD MEETING**

**Wednesday 20 August 2025 at 10.30am  
Brasswell Office (Dumfries)**

**AGENDA**

1. Apologies for absence
2. Declarations of interest
3. a) Minute of meeting held on 21 May 2025 and matters arising  
b) Action list
4. Chair and Managing Director update

**Main Business Items**

5. 2026-2031 strategy update
6. Performance report, Q1 2025/26
7. Radio Teleswitch switch off update
8. a) 2024/25 Financial Statements  
b) Finance report
9. Assurance update/Annual Internal Audit Report and opinion
10. Stock condition assurance

**Other Business**

11. Social Housing Net Zero update
12. Governance update
13. AOCB



## Wheatley Homes South

Board meeting held on: 21 May 2025

### Action List

Meeting date	Action	Owner	Due	Status
20/11/2024	Ensure the sustainability section in reports is fully addressed	Alex Lamb/Eilidh Mowat	Ongoing	Ongoing review
21/05/2025	Additional information on the Radon gas pilot to be circulated to the Board	Alex Lamb/Stephen Devine	September	Separate update paper/presentation to be brought to Board
21/05/2025	Update to be provided on Legionella void risk assessments carried out	Alex Lamb/Brian Stewart	complete	Verbal update to be provided at Board



## Report

**To:** Wheatley Homes South Board

**By:** Alex Lamb, Managing Director

**Approved by:** Pauline Turnock, Group Director of Finance

**Subject:** 2026-2031 Strategy update

**Date of Meeting:** 20 August 2025

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### 1. Purpose

- 1.1 To update the Board on the progress and next steps for developing our 2026-2031 strategy.

### 2. Authorising and strategic context

- 2.1 Under our Terms of Reference, we are responsible for approving our five-year strategy, within the strategic context of the overarching Group strategy. We agreed on our Wheatley Homes South (“**WHS**”) five-year strategy in November 2020.

### 3. Background

- 3.1 At our May strategy workshop the key area of focus was the development of our 2026-2031 strategy. As part of this, the Board considered our external operating context, the challenges ahead and feedback from staff and customers to understand their priorities as we develop our strategy.
- 3.2 From the customer strategy sessions, the independent researcher identified six strategic priorities driven by customer insight as follows:
- **Safety and Security First** – the physical home and buildings, as well as the wider neighbourhood in particular tackling anti-social behaviour;
  - **Invest in Existing Homes** - Quality, comfort, and energy efficiency;
  - **Transform Communication and Customer Contact** – More proactivity, clarity and accountability in all communications;
  - **Continue to improve the Repairs Experience** – Focus on completion and quality, with the continuing benefits of real-time communication;
  - **Create Pride in Place and Enhance Local Environments** – Clean and safe communal areas matter to wellbeing; and
  - **Keep Rent Fair and Transparent** - Affordability remains a concern and customers want transparency in how we set and spend rents.



- 3.3 In discussing how we translate the above six customer priorities into our strategy, the Board considered four proposed overarching strategic themes:
- **Homes and neighbourhoods to be proud of;**
  - **Personalised services;**
  - **Better Lives; and**
  - **Delivering sustainable value.**
- 3.4 Overall, the Board supported the proposed key themes and agreed that the following should be strongly reflected in the strategy:
- Increasing investment in existing homes, with a focus on sustainability e.g. windows;
  - Our commitment to partnership working, including our strong work with the Council for the benefit of our communities;
  - The challenges of rurality and an ageing population in Dumfries and Galloway; and
  - Our strong rent comparability and the role of future rent setting to help meet the needs and asks of our tenants.
- 3.5 The Board's feedback and key priorities were also incorporated into the wider Group strategy workshop.

#### 4. Discussion

- 4.1 We have, following the Board's feedback at the workshop and engagement with Boards across the wider Group, developed an updated proposed core structure for our strategy for Board feedback as follows:

##### Our Purpose, Vision and Values

###### *Purpose and strategy title*

- 4.2 The restatement of our core purpose was consistent for the Board, our staff and our customers and, as such, it is proposed that it is retained as: *Making homes and Lives Better*.
- 4.3 Based on feedback from our discussions with customers, staff and Boards, the prospect of our strategy name replicating the purpose '*Making homes and lives better*' has emerged as one that would provide absolute clarity.

###### *Vision*

- 4.4 The feedback from the Board, as well as our staff and other Boards across the Group, has been to keep the overarching Group vision clear, concise and relatable. Based on this, we have refined the draft Group vision and the revised proposal is as follows:

*"Our homes and neighbourhoods are places that we, and our customers, are proud of.*

*The services we deliver are shaped by what matters most to our customers, always feel personal and consistently exceed expectations."*



- 4.5 The key theme in the vision, and the central theme proposed for our strategy overall, is one of pride. We want our staff to be proud of the work we do and answering this in the affirmative as a guide of what the right thing to do is. We also want our customers to be able to be proud of the home and neighbourhood they live in.
- 4.6 We also need to ensure that the Group vision is relatable at individual partner level, recognising that this may mean there is a degree of variation to reflect their individual contexts. Any variation would, however, be expected to retain the key overarching theme of pride. Board feedback is sought on the proposed Group vision and its reflection of our context.

### Values

- 4.7 We want our values to clearly set the tone for the behaviours we expect of all our people to exhibit, which is also linked to the central theme of pride. We have always been clear that a strength of the overall Group is that every part of it shares a common set of values. On this basis, it is intended that we will continue to have a single set of values that apply Group-wide, taking into account feedback from each Board across the Group.
- 4.8 Based on the discussion and feedback, the proposed values, with some indicative descriptors, are:

***Excellence*** - *We relentlessly, proactively pursue the highest standards.*

***Inclusion*** - *Every voice matters and is treated with respect.*

***Trust*** - *We take pride in always doing the right thing.*

***Ambition*** - *We are bold, innovative and challenge ourselves to go further.*

### Strategy structure

- 4.9 Based on the feedback from the Board, we have refined the descriptors in the themes and sub-themes to be more active language as follows:

Homes and neighbourhoods to be proud of	Personalised services	Better Lives	Delivering sustainable value
Increase investment in existing homes Improve neighbourhoods Build new homes Deliver priority regeneration in Lochside	Proactivity in communication and engagement Seamless service delivery Customer insight drives services	Contributing to ending homelessness Support jobs and skills through the Foundation Care services that support our tenants	Viewed as a responsible business People feel valued and recognised Financially prepared organisation Digital and data-enabled

- 4.10 The proposed headline areas of key focus in each theme are set out in more detail in Appendix 1.

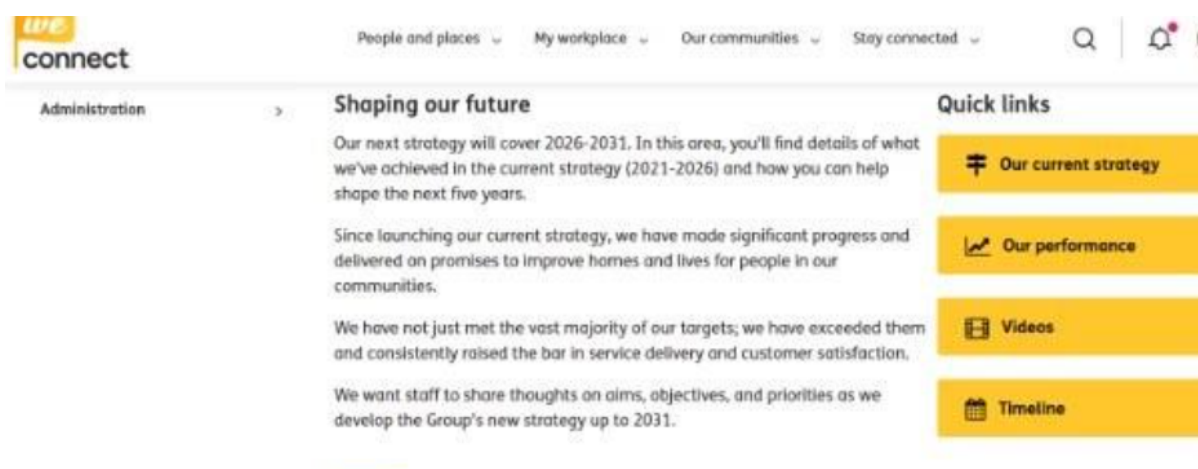


## Next Steps - customer engagement

- 4.11 To inform this strategy, we set an ambitious target that we want to engage with or receive feedback from at least 2,500 customers from across the Group, including around 200 Wheatley Homes South customers.
- 4.12 We have already engaged 46 of our customers through the focus groups in March and a further 31 through our Group Scrutiny Panel held in May and Customer Voice panels held in June.
- 4.13 For phase two engagement we therefore aim to involve a further 123 customers. This engagement must be meaningful to customers and focused on understanding our proposed practical response to the six customer priorities identified during phase one. The proposed responses are set out in more detail in Appendix 2. Phase two engagement will launch at the end of August for a period of six weeks, primarily promoted through digital channels with a link to a digital survey.
- 4.14 We will also send out a survey to those on our waiting lists via our MyHousing platform to ensure our future customers' views and needs are also shaping our plans. This will also be an opportunity to gain prospective customer insight to inform our homelessness policy, due for review next year to align with our future strategic ambitions.

## Staff engagement

- 4.15 We have and continue to undertake vast engagement with our people to understand staff priorities and perspectives to inform our strategy. As well as the staff sessions that took place earlier this year, we have kept staff engaged throughout the strategy development journey with regular updates through our intranet 'Shaping Our Future' microsite – including video updates, blogs and an AI podcast providing a summary of phase one feedback.
- 4.16 We will continue to drop content on the microsite throughout the development period to keep staff engaged and informed, in addition to engagement which will be ongoing at local level.





- 4.17 We have also sought further feedback through team meetings and Communities of Excellence and have launched a staff survey soliciting thoughts on the proposed strategic themes and key areas of focus under each of these, as well as how we should measure success.

#### Stakeholder engagement

- 4.18 We regularly engage with wider stakeholders, for example, through our strategic partnerships, including with our Dumfries and Galloway Council partners, with national government and local government, such as through elected member briefings, and conversations with partners and suppliers, supported by our contract management system.
- 4.19 We will explore the potential for us to utilise these well-established mechanisms to gauge and evidence the needs and expectations of key stakeholders in terms of our future plans, ensuring our proposed vision and plan for 2031 resonates.

#### Draft strategy

- 4.20 We will develop the themes and sub-themes in more detail and into a draft 5-year strategy for the Board's consideration and review at its November meeting. As part of this, we will also develop proposals for how we intend to engage with staff in launching our strategy with a focus on making it real, relatable and tangible for them.

### **5. Customer engagement**

- 5.1 As detailed in this report, customer engagement is a core element of the development of our 2026-2031 Group family of strategies. The proposed approach is noted above.

### **6. Environmental and sustainability implications**

- 6.1 There are no direct environmental or sustainability implications associated with this report. We understand that investment, particularly to ensure energy efficient homes, is a top priority for customers, and our 2026-31 strategy therefore must detail how we will achieve this.

### **7. Digital transformation alignment**

- 7.1 There are no direct digital transformation implications associated with this report. We understand that there are opportunities to re-shape an organisation for the future with better use of data and digital technology. Increased digital and data maturity will therefore support us in making decisions and improving services through to 2031.

### **8. Financial and value for money implications**

- 8.1 There are no direct financial or value for money implications associated with this report. We understand that keeping rents fair and transparent is a priority for customers, so our 2026-31 strategy will detail how we will maintain financial security and deliver value for money for customers.

### **9. Legal, regulatory, and charitable implications**



- 9.1 The Scottish Housing Regulator (“**SHR**”) Regulatory Standards of Governance sets out a number of requirements which are relevant for the development of our strategy, including that:
- “[the] governing body sets the RSL’s strategic direction”;
  - “The RSL gives tenants, service users and other stakeholders information that meets their needs about the RSL, its services, its performance and its future plans”; and
  - “The RSL actively seeks out the needs, priorities, views, concerns and aspirations of tenants”
- 9.2 Our approach to strategy development supports us in being able to clearly demonstrate our compliance with these requirements.

## **10. Risk appetite and assessment**

- 10.1 As part of the strategy development process, we will consider how the strategy both reflects our existing risks and our future risk appetite in relation to how it is delivered.

## **11. Equalities implications**

- 11.1 As part of our engagement, including with staff, customers and wider stakeholders, and the development of our strategy we will take into account the key principles in our Equity, Diversity and Inclusion (“**EDI**”) and Human Rights policy and associated action plan. In particular, we are seeking to ensure our engagement represents a diverse range of customer voices and perspectives.
- 11.2 Our strategy is also being informed by key partners and stakeholders. In terms of EDI, this includes best practice guidance from Business in the Community to ensure our strategic plans align with EDI sector expectations.
- 11.3 Our strategy will be equality impact assessed to inform its implementation, and EDI will thread through our plans as an enabler of success, especially supporting our aims around personalised service and responsible business.

## **12. Key issues and conclusions**

- 12.1 We have and continue to undertake extensive engagement with our people, customers and the Board to ensure our next strategy reflects the priorities and aspirations of these groups. Our proposals for the next steps will help us solidify our position and ensure our 2026-2031 strategy has been developed and aligned to international frameworks of excellence.

## **13. Recommendations**

- 13.1 The Board is asked to provide feedback on the proposed purpose, vision and values for our 5-year strategy.

### **LIST OF APPENDICES:**

Appendix 1: Strategic theme key priorities  
Appendix 2: Customer priority feedback



## Appendix 1

Strategic theme	Key areas of focus
Home and neighbourhoods to be proud of	<ul style="list-style-type: none"> <li>▪ <b>We will define a 'Wheatley standard'</b> for properties and every property will be assessed against the standard over the life of the strategy</li> <li>▪ <b>We will develop bespoke strategies for property types or issues</b> e.g. mixed tenure common closes, secure entry systems, doors, and lift will supplement Strategic Investment Plans</li> <li>▪ In collaboration with local partners, <b>we will tackle key community issues</b> such as antisocial behaviour, waste management and underused greenspaces</li> <li>▪ Play a strong role in ensuring that our neighbourhoods are peaceful and places where our customers feel safe</li> <li>▪ We recognise that tackling the housing crisis needs new homes of all tenure and <b>we will deliver new social, mid-market and private rented sector homes</b></li> <li>▪ Prioritise regeneration in Lochside, identified for significant investment with partners</li> </ul>
Personalised Services	<ul style="list-style-type: none"> <li>▪ <b>We will refresh our approach to customer communication</b> which will feel personal, local and relevant, with information such as local investment plans and events</li> <li>▪ <b>Our staff will be empowered to and accountable for taking ownership</b> of ensuring service delivery is seamless for and meets the needs and expectations of customers</li> <li>▪ We will <b>refresh our operating model and core processes to minimise hand-offs</b> and ensure services which span different areas are seamless for customers</li> <li>▪ Staff will have more data at their fingertips that allows them to <b>understand each customer's needs and deliver a personalised service</b></li> </ul>
Better lives	<ul style="list-style-type: none"> <li>▪ creating opportunities for our tenants and families by supporting new jobs and skills through the Foundation</li> <li>▪ <b>We will work with partners to identify ways to increase supply</b> by bringing empty homes back to a lettable standard whilst delivering value for money</li> <li>▪ <b>We will provide tailored support</b> to help customers at risk of homelessness to sustain their tenancies</li> </ul>
Responsible business	<ul style="list-style-type: none"> <li>▪ <b>Purpose through procurement</b> - We will leverage our size and scale to deliver a positive impact for our communities and customers</li> <li>▪ We will <b>embed leadership principles consistently at every level of leadership</b> as part of a renewed, values and culture-driven Leadership Development Framework</li> <li>▪ <b>We will sustain our financial security</b>, innovatively funding our future aspirations whilst retaining our A+ credit rating and our Golden Rules</li> <li>▪ In the early years, the key priority will be <b>establishing the strong foundations of good quality data, technology platforms, automation and people skills</b> to support further digital adoption</li> </ul>



## Appendix 2

Customer Priority	What we propose to do in response
<b>Safety and security first</b>	<ul style="list-style-type: none"> <li>▪ Increase investment and deliver physical improvements in areas such as common closes, entry systems, doors and lifts</li> <li>▪ Tackle anti-social behaviour, including working more closely with Police Scotland and the Council and escalating cases of anti-social behaviour quicker promoting and support good neighbourliness</li> <li>▪ Take wider action, such as reducing access to vacant land, to reduce issues such as fly tipping</li> </ul>
<b>Invest in Existing Homes</b>	<ul style="list-style-type: none"> <li>▪ Ensure homes are well maintained, suitable for your needs, and free of damp and mould</li> <li>▪ Invest more in tenants' homes, prioritising kitchens, bathrooms, windows and energy efficiency</li> <li>▪ Communicate more clearly about when and where we will be delivering investment work and upgrades</li> </ul>
<b>Transform Communication and Customer Contact</b>	<ul style="list-style-type: none"> <li>▪ Be more proactive in keeping you up to date on progress with things that can't be resolved straight away such as follow-up repairs and anti-social behaviour</li> <li>▪ Improve coordination between our Customer First Centre and our repairs and housing neighbourhood teams</li> <li>▪ Actively listen and in responding, be open and transparent on what we can deliver</li> <li>▪ Provide consistent, quality service regardless of whether you contact us by phone, email or in person with staff being accountable for making sure you get an answer</li> </ul>
<b>Continue to improve the Repairs Experience</b>	<ul style="list-style-type: none"> <li>▪ Improve repairs diagnosis and parts availability so that we complete more repairs in a single visit</li> <li>▪ Always keep you up to date with what will happen next before we leave your home</li> <li>▪ Introduce new ways to monitor that repairs are completed properly and to a high standard</li> </ul>
<b>Create Pride in Place and Enhance Local Environments</b>	<ul style="list-style-type: none"> <li>▪ Publish and deliver neighbourhood investment plans in localities following engagement with customers, working in partnership with the Council and others where needed</li> <li>▪ Introduce a minimum standard for neighbourhoods through Keep Scotland Beautiful and involve tenants in assessing the standard of neighbourhoods</li> <li>▪ Actively manage our neighbourhoods to ensure that everyone is fulfilling their responsibilities to look after their home and environment</li> <li>▪ Review our communal area service standard with customers, and promote this so that you can better hold us to account</li> <li>▪ Explore options to expand our environmental service capacity to support customers to keep communities safe and clean, including grass cutting expansion and tool exchanges</li> </ul>
<b>Keep Rent Fair and Transparent</b>	<ul style="list-style-type: none"> <li>▪ Continue to consult all tenants before any rent increase is applied</li> <li>▪ Publish more information on how your rent money is spent and how we do this wisely</li> <li>▪ Continue to expand and tailor the financial support we offer to tenants</li> </ul>



## Report

**To:** Wheatley Homes South Board

**By:** Alex Lamb, Managing Director

**Approved by:** Pauline Turnock, Group Director of Finance

**Subject:** Performance Report

**Date of Meeting:** 20 August 2025

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### 1. Purpose

- 1.1 This report presents an update on performance against targets and strategic projects for 2025/26 to the end of quarter one.

### 2. Authorising and strategic context

- 2.1 Under our Terms of Reference, the Board is responsible for monitoring performance against agreed targets. We measure progress with the implementation of our five-year strategy via the Group Performance Management Framework.
- 2.2 The Group Board agreed on an updated programme of strategic projects and performance measures and targets for 2025/26 at its meeting in April 2025. Our Board subsequently agreed its specific performance measures and targets at its meeting on 21 May 2025.

### 3. Background

- 3.1 This report outlines our performance against targets and strategic projects for 2025/26. Unless specified otherwise, results for all measures are based on year-to-date figures. This includes progress with those measures that will be reportable to the Scottish Housing Regulator (“**SHR**”) as part of the Annual Return on the Charter (“**ARC**”) 2025/26.

### 4. Discussion

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





## Delivering Exceptional Customer Experience

### Customer First Centre (“CFC”)

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

**Table 1**

Measure	2025/26		
	Value YTD	Target	Status
WHS - CSAT score (customer satisfaction) rolling year)	4.61	4.50	
WHS - Call abandonment rate - those waited over 30secs and abandoned	4.73%	5%	
Group - % of contacts to CFC resolved within CFC	89.47%	93%	

- 4.3 Customer satisfaction with the CFC (known as “**CFC CSAT**”) remains the CFC’s key measure, ensuring we place our customers’ voices at the heart of performance management. Our overall CFC CSAT score was 4.61 at the end of quarter one, an improvement on the score of 4.58 at the end of 2024/25, and thus achieving our 90% target for satisfaction with the CFC.
- 4.4 The call abandonment rate after 30 seconds, whereby our customers waited over 30 seconds and then abandoned their call, increased to 4.73% against a 5% target at the end of quarter one. This compares to 2024/25 where the year ended at 3.29%.
- 4.5 New CFC staff started in May, and began taking live repair calls in June. Their contribution has helped to distribute workload more evenly and reduce queue pressure during peak periods. This will also support the reducing abandonment rate.
- 4.6 The percentage of contacts to the CFC resolved within the CFC, without the need to be passed to either Housing Teams or MyRepairs Team, was 89.47% against a 95% target at the end of quarter one. Performance has reduced since 2024/25 when it was 89.79%. This includes resolution on the phone, and cases resolved by the CFC specialist teams and via digital contact
- 4.7 A key driver of improving this under target performance is the First Contact Resolution (“**FCR**”) pilot programme, which tasks participating staff with resolving customer queries fully during their first contact. Prior to the pilot’s launch, the selected team of four advisors had an FCR of 88.93%. During the pilot, this increased significantly to 92.81%, indicating the potential of this focused approach.
- 4.8 Building on this success, CFC have now launched a second pilot group consisting of eight advisors and two Housing Specialist Officers. We will continue to monitor their performance closely, extracting insights and best practices that can be scaled across the wider team. Our objective remains to embed a culture of first-contact resolution throughout the CFC, thereby enhancing customer satisfaction and operational efficiency.



- 4.9 Our geographical team approach, established to better respond to demand and ensure that customers speak to a CFC advisor who is upskilled to support them and, wherever possible, to resolve the enquiry, continues to drive improvements for our customers.

### Tenancy Sustainment

- 4.10 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 new tenancy for longer, an improvement in this measure reduces lost rent and resources required for re-letting.
- 4.11 We continue to support our new customers to sustain their tenancies to improve performance in both the Charter measure and our revised indicator (which excludes deaths and transfers to other homes in the Group). We work closely with Dumfries and Galloway Council (“**DGC**”) to support new customers referred by them.
- 4.12 We are ahead of target for the revised measure and just one let short of the Charter target. We have significantly improved tenancy sustainment through the life of the strategy as sustainment for the Charter was at 84.98% at the end of March 2021.
- 4.13 The Scottish average for 2023/24 is 91.2%. Although not meeting this benchmark, our performance continues to improve.

**Table 2**

Tenancy Sustainment	Charter – All lets	2025/26 Target – Charter	Charter – Homeless Lets	Revised	2025/26 Target - Revised
WHS	89.91%	90%	87.19%	93.16%	91%

### Allocations CSAT

- 4.14 Our Allocations MyVoice survey was introduced on 1 August 2023 to measure our customer satisfaction with the process of getting their new home. Our score for the rolling year remains high at 4.70.
- 4.15 Positive feedback from our customers recognises housing officers as supportive and professional, appreciating how clearly the process was explained and sign up managed quickly and smoothly. Satisfied customers found the staff approachable and reassuring.

**Table 3**

Allocations CSAT	2025/26 – Rolling year	2025/26 Target
WHS	4.7	4.5



## **Making the Most of Our Homes and Assets**

### Development Programme



- 4.16 Our target is to deliver a total of 33 new Social Homes in 2025/26, all at Johnstonebridge. Handovers for this site are planned for January 2026 and further updates will be provided later in the year.
- 4.17 142 homes across the projects at Johnstonebridge (33), College Mains (44), Ashwood Drive (9) and Leswalt (56) are progressing well.
- 4.18 Full site completion is expected at Johnstonebridge in January 2026, meeting our Business Plan Target of 33 new homes.
- 4.19 During quarter one site works commenced at College Mains, Ashwood Drive and Leswalt with 109 social housing units expected to be completed in 2026/27.

#### Repairs Satisfaction and Rate It

- 4.20 Tenant satisfaction with our repairs service and individual repair experiences are key measures when it comes to repairs and maintenance. In addition to our independent satisfaction survey score of 96.93%, recorded earlier in 2024/25 by Research Resource and which was included in our ARC submission 2024/25, we also use in-house surveys on an ongoing basis throughout the year to assess and monitor how well we are doing.
- 4.21 “Book It, Track It, Rate It” aims to improve visibility and communication during the repair journey and is a key indicator for us for tracking improvements in our repairs service. To the end of quarter one, our Rate It score – which provides tenants an opportunity to rate their experience of the repair appointment – is 4.7 out of 5 (from 1,481 responses, representing 17.02% of the feedback links generated to all customers with contact information).
- 4.22 We also continue to offer tenants the opportunity to provide feedback on repair completion, ensuring for example that we capture views of those who did not respond immediately after the appointment or where there were more than one appointment needed to complete the necessary work. Satisfaction is recorded at 89.46% through this method.
- 4.23 Local teams have full access to overall scores for both methods, as well as the breakdown by trade/operative/work type for Rate It, to ensure feedback is used to continually review and improve performance.

#### Volume of Emergency Repairs

- 4.24 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 2025/26 is a reduction of 3.34%.
- 4.25 Emergency repair numbers are 95 less than the same point in 2024/25, a reduction of 2.87%, which is below target, missing by 16 repairs. Work continues to progress towards the target by the end of the year.

**Table 5**

Completed repairs	emergency	YTD 24/25	YTD 25/26		Variance
WHS		3,314	3,219	-2.87%	



## Repairs Timescales and Right First Time

- 4.26 Our average time taken for emergency repairs is 2.59 hours at the end of quarter one, well within the 3-hour target. This is a slight improvement compared to 2.65 hours last year.
- 4.27 The table below shows our average time taken for non-emergency repairs is 8.92 days to the end of quarter one, above the target of 7.5 days. This is a slight increase in our performance of 8.87 days last year.

**Table 6**

Repairs completion timescales (Charter)	Emergency (hours)			Non-emergency (days)	
	Target	YTD Value		Target	YTD Value
WHS	3.00	2.59		7.5	8.92 

- 4.28 Our performance year to date is 98.51% completed right first time with 162 repairs out of 10,853 reported again by customers. This is in comparison to performance of 89.49% at the end of 2024/25.
- 4.29 The improvement in this indicator is driven by the change in recording guidance from the SHR. Previously, repairs which were overdue were not considered as Right First Time, however, this is no longer the case. Under the guidance, the only repairs which are now not Right First Time are those repairs completed during the reporting year where the repair is 'reported again' within the same reporting year. We consider these our 're-issued repairs', that is, where the tenant has reported the repair was not completed correctly and we raise a new line (a re-issued repair) to address the defect.
- 4.30 Our evidence from complaints, 'Rate it' feedback and repairs satisfaction surveys all suggest that whilst the vast majority of repairs are completed Right First Time, tenants do identify jobs which they believe to have not been completed right first time. It is not necessarily the case however that the tenant giving such feedback has raised a subsequent repair or if they have, it has been reported as such.

## Damp and mould

- 4.31 SHR have introduced three new Charter measures covering damp and/or mould 'cases' to be reported in ARC from 2025/26. These consider the "earliest date a request is received by the landlord...until the work is satisfactorily completed in the opinion of the landlord".
- 4.32 We are working to ensure that two of these measures become a core aspect of our regular performance monitoring:
- The first new ARC measure is the *average time in working days to resolve cases of damp and/or mould* assessed under our own policies by main cause, broken down as Condensation, Structural or Other. This also provides a total number of cases and by cause. We consider Other to include issues caused by landscaping or external flooding, or where additional technical support may be required to understand the issue; and



- The second new measure is the *percentage of cases which are re-opened*, defined as a case initially resolved but then requiring unplanned work within the reporting year, and again broken down by cause. This also provides a total number of re-opened cases and by cause.

- 4.33 The third measure is a snapshot of open/live cases which have been assessed as damp and/or mould at the reporting year-end. As such, this will be reported at year-end only.
- 4.34 To support ARC reporting, several changes were made to our damp and mould process and systems during March to July 2025. This initial period of change therefore required, for the short term, a more manual approach to data capture and reporting than will be expected in the future. There has been and remains a focus on data quality and process refinement.
- 4.35 The table below shows our initial oversight of the average days to complete known mould and/or damp cases for quarter one.

**Table 8**

Damp and/or Mould Cases Q1		By Causation*		
		Condensation	Structural	Other
Number complete	352	260	39	53
Average days to complete	4.86 days	5.15 days	2.79 days	4.94 days

\*The balance comprises cases pending causation diagnosis and categorisation.

- 4.36 In terms of mould cases 96% were the lowest severity rating of Category three, where the mould is treated in a single visit.
- 4.37 There have been ten re-opened cases during quarter one. We consider a case to be re-opened when there is more than one case in the same property **and** location **and** with the same causation, in the same performance year. These were all classified as minor cases and have been revisited by our experts.

### Medical Adaptations

- 4.38 Our average time to complete adaptations is 14.21 days in quarter one, well within the 25 days and a significant improvement compared to 55.19 days last year.
- 4.39 We have completed 56 adaptations and currently have 21 households waiting.

**Table 9**

Medical Adaptations (Charter)	Current Household s Waiting	Number Completed YTD	Average Days to Complete YTD		Target
WHS	21	56	14.21	25	



### Gas Safety

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

### Compliance

- 4.41 We have completed all legionella risk assessments due in the first quarter. At the end of quarter one we had also carried out safety inspections on all our passenger and domestic lifts.
- 4.42 At the end of quarter one, 99.93% of properties had a valid EICR. We had seven properties where the certificate has expired due to customer access and hoarding issues and liaison with Housing is ongoing to complete these, We are making good progress with the inspection of the EICRs due to expire before the end of 2025/25. At this point, 36.06% of certificates due to expire this year have been renewed and we are on course to complete the remainder by year-end.

### Health and Safety

- 4.43 We have had one RIDDOR reported in quarter one and we had one manual handling incident resulting in an absence of over 7 days.
- 4.44 We also have no Health and Safety Executive or local authority environmental team interventions this year, the same position that we have maintained since September 2022.
- 4.45 We did not receive any new employee liability claims during quarter one, with zero received year to date, and have not recorded any since the measure started in 2021.
- 4.46 Across the Group, for quarter one, there are 10 open liability claims. Of these open claims, none are attributed to WHS.

### Workplace Fires

- 4.47 We have not had any workplace fires in quarter one and have not recorded any since the measure started in 2021.



## **Changing Lives and Communities**

### Peaceful Neighbourhoods

- 4.38 Since 2021 we have had in place a strategic measure on the number of tenancies categorised as Peaceful. This is based on the Police Scotland Safe, Calm and Peaceful methodology and the definitions are as follows:
- **Peaceful** – datazones assessed to be minimal to low priority with a recommendation of regular service delivery;
  - **Calm** – datazones assessed as moderate to high priority and carry a recommendation of regular service delivery or monitoring; and
  - **Safe** – datazones assessed to be very high to extremely high priority with a recommendation for a prioritisation for enforcement measures.



- 4.39 The Safe, Calm and Peaceful ratings are calculated by Police Scotland using the Police Scotland Business Intelligence Toolkit (“**BIT**”). This tool considers each Scottish Index of Multiple Deprivation (“**SIMD**”) datazone, the SIMD deprivation score for the datazone and public reported incidents of ASB which occurred within or near to Wheatley RSL properties (within 25 meters) within the datazone.
- 4.40 The SIMD score is only updated every three or four years and was last updated in 2020. As such, it generally remains static each period and the only variable element is the monthly reports of ASB incidents to Police Scotland.
- 4.41 Our strategic measure is for over 80% of customers across our Group to live in neighbourhoods categorised as peaceful by the end of the strategy period. At the end of quarter one, the Group-wide percentage of tenancies categorised as Peaceful increased from 74.05% at the year-end 2024/25 to 75.91% in quarter one.

#### Anti-Social Behaviour (“**ASB**”) Resolved

- 4.42 By the end of quarter one, the resolution rate for our ASB cases was 97%, within 10% of the target of 100% but slightly lower than the result at the end of 2024/25 at 100%.

**Table 10**

ASB Resolution Rate	YTD	2025/26 Target
WHS	97%	100% 

- 4.43 We continue to have a strong focus on ensuring high visibility of unresolved cases within each locality to help support oversight and continuous improvement. We are committed to our aim to resolve 100% of our ASB cases each year to help create thriving neighbourhoods where customers feel safe and secure. The national average resolution rate recorded by the Scottish Housing Regulator for ASB cases resolved in 2023/2024 was 94.3%. 2024/25 averages will be available from late August 2025.

#### Repeat Anti-Social Behaviour cases – number of repeat addresses

- 4.44 Year-to-date for quarter one, ASB was recorded at 26 repeat addresses, similar to the same time last year at 25 at this point.
- 4.45 The CIP team meet monthly to discuss Prevention and Solutions activity as well as conduct analysis and make observations to facilitate further discussion around targeted activity. This helps identify areas of concern around increased and/or persistent offending, allowing for a more proactive approach to address this.

#### Accidental Dwelling Fires (“**ADFs**”)

- 4.46 There were 2 ADFs in quarter one, both of which were minor, compared to four reported ADFs in quarter 1 2024/25.



**Table 11**

Number of recorded accidental dwelling fires	2025/26 YTD	2024/25 full year
WHS	2	11

- 4.47 This contributes towards a Group Strategic result to reduce RSL accidental dwelling fires by 10% by 2025/26, against the baseline of 215 ADFs in 2020/21. We achieved this target in each year of the strategy to 2024/25 and to the end of quarter one across the group we have had 24 accidental dwelling fires against an annual upper limit of 193.
- 4.48 Our additional strategy measure aims to ensure 100% of applicable properties have a current fire risk assessment in place. This continues to be achieved.

**Table 12**

Fire Risk Assessments	2025/26 YTD	Target
The percentage of relevant premises - with a current fire risk assessment in place	100%	100%

- 4.49 As at the end of quarter one, we had three outstanding overdue mandatory FRA actions out of a total of 35 across Group arising from 297 FRA visits in this quarter.

### Reducing Homelessness







- 4.50 We have provided 126 homes to homeless households in the first quarter of this year and are on track to achieve our agreed provision of 400 homes to homeless households by the end of the reporting year. Our % of relevant lets made to homeless applicants is 52.07% (relevant lets exclude LivingWell and sheltered properties, nominations and social work referrals).

**Table 13**

Reducing Homelessness	2025/26 Number of lets to homeless applicants (ARC) - YTD	2024/25 Number of lets to homeless applicants (ARC) – full year
WHS	126	432

### Jobs and Opportunities

**Table 14**

Indicator	Target (YTD)	Current Performance YTD	2024/25
WHS - Number of children and young people benefiting from targeted Foundation programmes in Wheatley Communities	16	200 	398 
WHS - Total number of jobs, training places or apprenticeships created for customers and communities	15	5 	119 
WHS - Number of people accessing services which help alleviate poverty in Wheatley Communities	294	369 	1,491 



- 4.51 200 children from our communities have been supported so far this year. This significantly exceeds the year-to-date target of 16. This has included 26 young people from Dicks Hill Primary in Stranraer taking part in photography workshops in May and June as part of the My Place Photography competition run by the Scottish Civic Trust.
- 4.52 Year to date, the Wheatley Works staff have supported 5 training and employment opportunities for people in WHS homes and communities, below the YTD target of 15. In quarter one, we started a construction academy in partnership with McTaggart's Construction, CEIS Dumfries and Dumfries and Galloway College - 14 trainees have now started which will be recorded in July update. The Wheatley Works team is working closely with Dumfries & Galloway Council, Apex Scotland, CEIS Dumfries, Triage and Galloway Action Team to develop employability programmes across the region.
- 4.53 Percentage of planned jobs, training places or apprenticeships created which are secured by our customers across the Group YTD is at 63.46% (99/156) exceeding the 60% target.
- 4.54 369 people have been supported to alleviate the impacts of poverty exceeding the YTD target of 294. This includes 354 people being supported by the Financial Wellbeing service, helping secure £623k of Client Financial Gain.
- 4.55 For 2025/26 there have been no Community Benefit jobs and training opportunities arising through the spend associated with new home construction and our investment programme that have been secured by Wheatley customers. The target for 2025/26 is 30%.
- 4.56 Wheatley Foundation has been working with contractors to develop opportunities with customers. Work is being done with Ashleigh Construction and McTaggart's Construction across Dumfries and Galloway. Updates will be provided in the quarter two report.



### Developing our Shared Capability

#### Sickness Absence

- 4.57 As the table below shows, the repairs staff sickness rate increased to 5.14% in quarter 1, and is now above the 5% sickness target for repairs staff year to date. For housing staff, sickness rates are above the 3% target at 3.91% year to date.
- 4.58 Our combined rate is currently 4.71% which is a reduction in performance on the sickness rate reported at the end of 2024/25 (2.94%).

**Table 15**

Sickness Rate	Target	2025/26 YTD	2024/25
WHS – Housing staff	3%	3.91% 	2.45%
WHS – Repairs staff	5%	5.14% 	3.48%
WHS – Total	3%	4.71% 	2.94%



4.59 Due to increases in sickness in May and June an action plan has been developed that includes:

- Training in NETs took place in July;
- Further training sessions are being planned for repairs and care in the coming months; and
- Sickness and absence policy and procedure are currently under review.

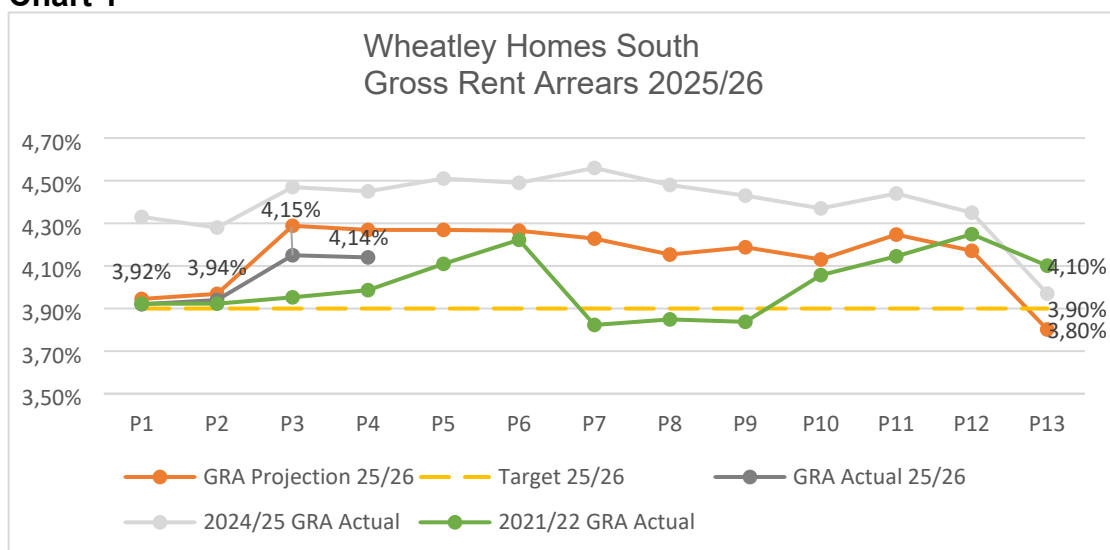


## Enabling our Ambitions

### Gross Rent Arrears (“GRA”)

4.60 Our current GRA of 4.14% is ahead of projection (4.27%) and significantly better than 4.45% at the same time last year.

Chart 1



4.61 GRA continues to be a priority area of focus for us. Weekly leadership sessions are in place with a structured approach to identifying opportunities that minimise the impact of managed migration to Universal Credit on our customers. These sessions also focus on maximising the recovery and appropriate write-off of former tenant arrears for the remainder of the financial year.

4.62 We continue to focus during this quarter and into quarter two in increasing the number of customers with a payment arrangement, with quick escalation of those who fail to pay. We support customers to move out of debt using a variety of supports, from our Housing Officers, Financial Wellbeing Officers and externally via Managed Payments to Landlord, Discretionary Housing Payments and utilising A Local System for Scotland (“ALISS”) to find alternative sources of support and funding to meet challenges with paying rent and getting accounts in advance.

4.63 Our teams are fully focused on maximising income for our customers and the business to deliver a positive outcome for year-end GRA performance targets.



### Average Days to Re-Let (Charter)

- 4.64 Our average days to re-let (Charter) for the first quarter of this year. Note that from 2025/26, our Charter performance includes days lost to health and safety related meter issues where we consider the property unsafe/unfit to occupy.
- 4.65 Meter issues include, for example, where a tampered meter results in a property having no power or where the supply has been cut off and we are awaiting reconnection (energy companies are not prioritising this work due to the property being void); both issues mean we cannot undertake crucial safety checks prior to letting. We have been particularly impacted in quarter one this year by the Radio Teleswitch (“**RTS**”) switch off, with energy engineers prioritising this change and leading to further reduced availability from their teams for our void work.
- 4.66 Excluding meter issues, our performance improves to 8.56 days. For both measures we are the best performing RSL in the Group and well ahead of the 16-day target.
- 4.67 As reported by the Regulator, the Scottish average for the Charter 2023/24 increased from 55.6 days in 2022/23 to 56.7 days, indicating that the sector continues to face letting issues when compared to the 31.5-day average in 2019/20. Our letting times continue to surpass this benchmark for both measures. The Regulator will publish the 2024/25 ARC results at the end of August 2025.

**Table 16**

Average days to re-let	ARC 2025/26 YTD (including meter issues)	2025/26 Target	2024/25 (including meter issues)	Revised 2025/26 YTD (excluding meter issues)	Revised 2024/25 (excluding meter issues)
WHS	9.05	16	9.48	8.56	8.31

### Invoice Payments

- 4.68 Year-to-date to June, 91.67% of invoices were paid in 30 days or fewer, against a 96% target. This is a decrease from the result at the end of 2024/25 which was 93.91%.

### Procurement

- 4.69 By the end of quarter one, 97.79% of contracted expenditure was compliant with procurement rules, against a 99% target. This is a decrease from the result at the end of 2024/25 which was 97.89%.



## **Summary of Strategic Project Delivery**

- 4.70 A full update on progress with strategic projects is attached at Appendix 2. The following table summarises the current status of projects.

**Table 17**

Complete	On track	Slippage	Overdue
0	4	1	0



- 4.71 No projects were completed during quarter one.
- 4.72 One project is currently showing some slippage, Tenant web self-service. We expect this next milestone to be completed by the end of August and that the project will, overall, still be completed on time.
- 4.73 The remaining projects are on track.

## **5. Customer engagement**

- 5.1 We have several strategic projects that facilitate opportunity for customer engagement, as do new customer feedback channels such as MyVoice and Book It, Track It, Rate It. This is directly impacting 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 2025/26 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. 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. The Group Scrutiny Panel will consider the draft report to Tenants at their August meeting.

## **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 equality 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 2025/26 in several key areas including revised tenancy sustainment, CFC and Allocations satisfaction, emergency repair timescales, medical adaptation timescales, number of children and young people benefiting from targeted Foundation programmes, number of people accessing services which help alleviate poverty, communities classified as peaceful and average time to re-let properties.
- 12.2 Areas for focus include annual tenancy visits, non-emergency repair timescales, sickness absence and gross rent arrears.

## **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: Strategic Projects Dashboard




Appendix 1 - WHS Board - Delivery Plan 25/26 - Strategic Measures












1. Delivering Exceptional Customer Experience

Measure	2024/25	YTD 2025/26		
	2024	2025		
	Value	Value	Target	Status
% Annual Tenant Visits	81.69%	79.59%	100%	
% new tenancies sustained for more than a year - overall	90.81%	89.91%	90%	
% new tenancies sustained for more than a year - homeless	89.06%	87.19%		Contextual
% new tenancies sustained for more than a year - revised	93.01%	93.16%	91%	
Group - % of contacts to CFC resolved within CFC	89.79%	89.47%	95%	
CFC CSAT	4.6	4.61	4.5	
Allocations CSAT	4.6	4.7	4.5	
Call abandonment rate after 30 secs	3.29%	4.73%	5%	

2. Making the Most of Our Homes and Assets











Measure	2024/25	YTD 2025/26		
	2024	2025		
	Value	Value	Target	Status
Average time taken to complete emergency repairs (hours) – make safe	2.65	2.59	3	



	2024/25	YTD 2025/26		
Measure	2024	2025		
	Value	Value	Target	Status
Average time taken to complete non-emergency repairs (working days)	8.87	8.92	7.5	
% reactive repairs completed right first time	NEW	98.51%	TBC	Contextual
Number of gas safety checks not met	0	0	0	
Average time to complete approved applications for medical adaptations (calendar days)	55.19	14.21	25	
Legionella - percentage of applicable properties with a valid risk assessment in place	43.02%	100%	100%	
Number of electrical installation inspections completed and number due to be completed	88.19%	36.06%	100%	
Percentage of properties with an EICR certificate up to 5 years old	99.43%	99.93%	100%	
Number of domestic stair and through floor lifts with a completed annual inspection and test against the number due to be completed	100%	100%	100%	
Number of passenger lifts with a completed six-month inspection and test against the number due to be completed	100%	100%	100%	
New build completions - Social Housing	101	0	0	
Number of RIDDOR	3	1		Contextual
Number of HSE or LA environmental team interventions	0	0	0	
Number of accidental dwelling fires recorded by Scottish Fire and Rescue	11	2		Contextual
Number of new employee liability claims received	0	0		Contextual
Group - Number of open employee liability claims	10	10		Contextual
Number of FRA - Actions - Mandatory Overdue	0	3	0	
Number of days lost due to work related accidents	112	0		Contextual




### 3. Changing Lives and Communities









	2024/25	YTD 2025/26		
Measure	2024	2025		
	Value	Value	Target	Status
% ASB resolved	100%	97%	100%	
Number of Lets to Homeless Applicants (ARC)	432	126		Contextual
% Lets Homeless Applicants - overall (ARC)	45.91%	52.07%		Contextual
% Relevant lets to Homeless Applicants	45.91%	52.07%		Contextual
Group - 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	69.77%	-	30%	
Group - % planned jobs, training places or apprenticeships created which are secured by our customers	73.19%	63.46%	60%	
Total number of jobs, training places or apprenticeships created for customers and communities	119	5	15	
Number of children and young people benefiting from targeted Foundation programmes in Wheatley Communities	398	200	16	
Number of people accessing services which help alleviate poverty in Wheatley Communities	1,491	369	294	
Group - Repeat antisocial behaviour cases in period – number of repeat addresses	935	202		
Group - % of Communities Classified as Peaceful	74.05%	75.91%	75%	
WHS - % of Communities Classified as Peaceful	84.86%	84.9%	75%	
Group - The percentage of HMOs that have a current fire risk assessment in place	100%	100%	100%	
Number of accidental fires in workplace	0	0	0	
Group RSLs - Number of accidental dwelling fires (reduce by 10% by 2025/26) (Upper limit 193 for 2025/26)	95	24	193	

#### 4. Developing Our Shared Capacity





	2024/25	YTD 2025/26		
Measure	2024	2025		
	Value	Value	Target	Status
WHS (Housing) - % Sickness rate	2.45%	3.91%	3%	
WHS (Repairs) - % Sickness rate	3.48%	5.14%	5%	
% Sickness rate	2.94%	4.71%	3%	

## 5. Enabling Our Ambitions



	2024/25	YTD 2025/26		
Measure	2024	2025		
	Value	Value	Target	Status
% lettable houses that became vacant	8.51%	8.1%	8%	
Average time to re-let properties (ARC)	9.48	9.05	16	
Average time to re-let properties (excluding meter issues)	8.31	8.56	16	
Gross rent arrears (all tenants) as a % of rent due	3.97%	4.14%	3.9%	
% of payments made within the reporting period which were paid in 30 days or fewer (from the date the business receives a valid invoice)	93.91%	91.67%	96%	
% of contracted expenditure compliant with procurement rules	97.89%	97.79%	99%	





## Appendix 2 - WHS Board - Delivery Plan 25/26 - Strategic Projects

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
Asset Compliance and Data Strategy Programme (b)	30-Nov-2025		<div><div>40%</div></div>	01. PIMSS Platform - Architecture and SAAS review	31-May-2025	Yes	Process mapping of identified workstreams complete identifying integration, current automation and data entry points; and to-be process designed
				02. 2 (FRA + Lifts) - process map and to-be design	30-Jun-2025	Yes	
				03. PIMMS/Group 3 year roadmap - review and define with vendor input	31-Aug-2025	No	
				04. Group business and Assurance approach review	31-Oct-2025	No	
				05. ET end of Q2 Programme Update	30-Nov-2025	No	
Providing safe, secure tenancies to support independent living (external interdependency) (b)	28-Feb-2026		<div><div>0%</div></div>	01. Complete the build and allocation of the 19 West Craigs properties	31-Jul-2025	No	Westcraigs development has been handed over( first milestone yes) and first individuals moving in July. DG Deputy COO for DGC is planned to visit in July( this has happened) to look at our model and consider how we can work together. GCC are being invited to visit in the Autumn.
				02. Engage with Glasgow and Dumfries and Galloway Health and Social Care Partnerships to showcase the potential for new build supporting hospital discharges into independent living	31-Oct-2025	No	
				03. Engage with Glasgow and Dumfries and Galloway Health and Social Care Partnerships and Councils to explore the potential for a similar approach	31-Jan-2026	No	
				04. Update to the Group Board on the engagement and	28-Feb-2026	No	



Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				any associated implications for our future development programme			
Engagement 2.0: Maturing customer engagement and performance measures as part of our customer insight approach (b)	31-Dec-2025			01. Trial a new method of managing engagement - MS Dynamics in WHG South area - and evaluate its impact	30-Jun-2025	Yes	MS Dynamics trialled in WHG South area with Customer Voices during May 2025. Impact evaluated against sector averages for delivery, click, open and unsubscribe rates, and feedback sought from customer via post pilot survey. Our pilot outperformed the sector benchmarks. Further incremental roll out will support engagement and communication review projects.
				02. Undertake a review of the existing Stronger Voices framework and operation of the existing structures	31-Jul-2025	Yes	
				03. Gather customer perspective and ideas on how our approach to engagement could evolve through the 2026-31 strategy development phase 2	30-Sep-2025	No	
				04. Review the existing framework based on the review of its effectiveness to date and feedback from customers	31-Oct-2025	No	Stronger Voices framework and operation of existing discussed with Stronger Voices Community of Excellence (CoE) and the Different Together Customer Focus Network in April 2025, and the Group Scrutiny Panel in May 2025. Refreshed Stronger Voice structure introduced in Glasgow.
				05. Recommendations for Stronger Voices Framework 2.0 in support of our emerging Strategy 2026-31 agreed by RSL and Group Boards	31-Dec-2025	No	



Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
Tenant Web Self-Service (b)	30-Nov-2025		<div><div></div></div> 0%	01. Business Case development and approved by the Executive Team	31-May-2025	No	Business case has been reviewed and the preferred vendor identified. We expect this milestone to be completed by the end of August and the project overall will still be completed on time.
				02. Preferred vendor engagement pre contract	31-Aug-2025	No	
				03. Contract Approval - Executive Team	31-Aug-2025	No	
				04. Project Plan developed	30-Sep-2025	No	
				05. Development and implementation update to Executive Team	30-Nov-2025	No	
Lowther letting growth strategy (b)	31-Dec-2025		<div><div></div></div> 50%	01. Board strategy workshop - Lowther Homes Board agree principles of an asset growth strategy	31-May-2025	Yes	Progressing discussions with Scottish Widows on an acquisition of c.230 MMR homes from WH Glasgow and WH East. New security exercise being completed (assets valued at c.£9m at Ashgill Road and Raw Holdings). Analysis of debt quantum will be undertaken when indicative terms are provided from Widows (mid-August).
				02. Explore financial models to support agreed options	31-May-2025	Yes	
				03. Explore potential alternative corporate structure options to support growth e.g. equity models or Joint Ventures	31-Oct-2025	No	
				04. Agree preferred option(s) with the Lowther Homes Board, for onward recommendation to the Group Board where applicable	31-Dec-2025	No	



## Report

**To:** Wheatley Homes South Board

**By:** Stephen Devine, Director of Assets and Sustainability

**Approved by:** Frank McCafferty, Group Director of Assets and Development

**Subject:** Radio Teleswitch update

**Date of Meeting:** 20 August 2025

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### 1. Purpose

- 1.1. To update the Board on the planned switch-off of the Radio Teleswitch (“RTS”) system, and in particular some changes in approach communicated recently by the UK Government.

### 2. Authorising and strategic context

- 2.1 Under our Terms of Reference, the Board is responsible for considering matters of strategic importance.
- 2.2 The planned switch-off of RTS has potential implications for the heating and hot water supply to a significant number of our customers and is therefore considered strategically important. Updates on this have been provided to the Board at its recent meetings and will continue until there is confidence the RTS issue is being adequately addressed.

### 3. Background

- 3.1 Around 314,000 RTS meters remain in operation in the UK with an estimated one-third in Scotland. Until late June 2025, the scheduled national ‘switch-off’ of these meters was due to start at the end of June with meters in Scotland being switched-off from end-August 2025. However, as discussed below, this position has now changed.
- 3.2 We have been working closely with Scottish Power, as they are by far the largest RTS meter operator in our stock and are now receiving fortnightly updates on progress in switching meters in our stock. The latest indication from Scottish Power is that **we have 621 RTS meters in our homes**.
- 3.3 Based on the latest data (end-July) we have, Scottish Power has 1,102 appointments booked for Wheatley customers – group wide, over the next six weeks, with a further 633 scheduled after that.



## 4. Discussion

- 4.1 Since the last update the position on the RTS switch-off has changed following extensive discussion at UK Government level including with Ofgem and Energy UK. UK Government Ministers have now indicated that:

*Customers will not unexpectedly lose access to their heating and hot water after 30th June, and we [UK Government] will not allow widespread disconnection.*

*Suppliers must fulfil all of their legal obligations to their customers, and that any future, localised phase-out of RTS meters after 30th June must be controlled, planned, and communicated properly to all customers in order to proceed.*

*The government will do everything it can to ensure that all customers are protected, and will work with Ofgem to hold suppliers to account if required. We expect energy suppliers to be taking measures, such as deploying roaming teams of installers including in rural areas, to ensure consumers receive replacement meters in a timely manner.*

- 4.2 We have been working with Ofgem and Scottish Power to understand what this will mean in practice, and while details are still being finalised, it is now clear that the switch-off will be phased slowly and carefully by RTS meter group code. There are 336 such codes, mainly aligned geographically, covering the UK. Ofgem has set some principles to inform the details of the code based switch-off being developed by energy companies. These principles include that:

- a code will only be switched-off once the customer numbers in the area are in the tens;
- planning for switch-off will focus on the code areas containing the smallest number of meters first;
- a 'criteria checklist' will be developed that suppliers must meet before shut down happens;
- at switch-off SLAs will be in place requiring suppliers to reach customers within a maximum timescale - akin to power outage response; and
- monitoring will take place on initial switch-offs on supplier response and how meters behave, to inform future shut-downs.

- 4.3 We understand that the plan for code-based switch-off is expected to take many months and that switch-offs will not be planned during the winter months. We also understand that the approximately 20 meter codes in our properties will not be in the early stages of the switch-off, although details of the plan are still being developed.

- 4.4 This more cautious approach is illustrated by the first switch-off, which is termed a 'test and try' event and happening in North Wales, focused on 32 addresses and expected to take 3 weeks. After this there will be a review period to inform the development of the wider plan and approach.



- 4.5 While the delay and far more cautious, phased and planned approach to switch-off is welcome, we intend continuing to focus on encouraging our customers with RTS meters to have them replaced. Progress with this has been steady as shown below.

<b>Week commencing</b>	<b>May-25</b>	<b>23.06</b>	<b>30.06</b>	<b>07.07</b>	<b>14.07</b>	<b>21.07</b>	<b>28.07</b>
RTS remaining	708	677	666	652	644	634	621

- 4.6 Our discussions with Scottish Power have indicated that our efforts to engage customers on the need to switch is having a positive impact. The number of appointments being completed, at around 80%, and the level of forward bookings for our customers are both now ahead of the population in general. Scottish Power has also indicated that they understand the recent announcement of the more cautious approach to switch-off has seen appointment levels for some suppliers dropping significantly but that this has not happened among our customers. Our engagement activities have included:

- Direct mail;
- Housing officers having discussions with customers;
- Social media activities; and
- Targeted outbound calling.

- 4.7 As part of our outbound calling, we are, where possible, undertaking a 'warm handover' between our customer first centre and Scottish Power so the customer can book their appointment. Data from our discussions with customers is also confirming the picture provided by Scottish Power on the number of affected customers with planned appointments (c48%).

- 4.8 Our discussions with customers have also allowed us to understand the challenges they are facing with switching from RTS meters. These included missed and incomplete appointment by engineers, and language barriers. We have fed information on where engineers have missed appointments to Scottish Power so they can assess weaknesses in their process and shared information on language requirements, so call back arrangements can be made.

- 4.9 Ofgem, Energy UK and Scottish Power have indicated that a further campaign to encourage switching is being developed. We expect this to initially include more targeted communications with customers and, as switch-off approaches, assumed appointments where teams of engineers 'flood' an area in advance of switch-off. We will look to dovetail our communications, engagement with customers and approach to these plans, as they develop.

## **5. Customer engagement**

- 5.1 We are working with our customers, as set out elsewhere in this report, to encourage switching from a RTS meter.



## **6. Environmental and sustainability implications**

- 6.1 There are no environmental and sustainability implications for us as the change from RTS meters to smart meters is for the energy companies to make.

## **7. Digital transformation alignment**

- 7.1 The move to smart meters is part of a wider agenda towards the use of digital technologies nationally, although there are no direct implications for our digital strategy.

## **8. Financial and value for money implications**

- 8.1 The cost of replacing RTS meters is for the energy companies.

## **9. Legal, regulatory and charitable implications**

- 9.1 There are no legal, regulatory or charitable implications associated with this paper.
- 9.2 Legal advice has been taken to ensure that we are meeting our obligations as a landlord, particularly in ensuring our homes are habitable, given the risk that the RTS switch-off presents to tenants' ability to heat their homes. This advice has confirmed that our obligations would be met, provided the issue that is preventing a tenant from having heating and hot water is the inoperability of an RTS meter. The advice also confirms that the action we are taking to encourage our customers to contact their energy providers to replace their RTS meters is reasonable.

## **10. Risk appetite and assessment**

- 10.1 We are committed to delivering an exceptional customer experience. The RTS switch-off presents a risk to this because of the adverse implications for customers, and in particular, their supply of heating. The risk is reflected in our Group risk register which has been adjusted to reflect the reduced likelihood and impact of the RTS switch-off now that a controlled and planned approach is being developed by the energy companies.

## **11. Equalities implications**

- 11.1 We are working with the energy companies to encourage affected customers to switch from a RTS meter to a smart meter. Doing this will help ensure that all customers, including those with particular vulnerabilities are protected from the potential harm that could arise from the RTS switch-off.

## **12. Key issues and conclusions**

- 12.1 The planned RTS switch-off has been delayed and a more cautious approach is now being developed, which is expected to see RTS signals continue in an area until only a few customers would be affected by the switch-off. Details of this approach are still being developed, as is the timing but we now expect switch-off in our areas to take many months. For now, we are continuing to engage customers to encourage them to switch to help ensure they are not adversely impacted by the eventual switch-off.



### **13. Recommendations**

- 13.1 The Board is asked to note this update.

LIST OF APPENDICES:

None



## Report

**To:** Wheatley Homes South Limited Board

**By:** Lyndsay Brown, Director of Financial Reporting

**Approved by:** Pauline Turnock, Group Director of Finance

**Subject:** 2024/25 Financial Statements

**Date of Meeting:** 20 August 2025

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### 1. Purpose

- 1.1 The purpose of this report is to seek the Board's approval of the 2024/25 financial statements.

### 2. Authorising and strategic context

- 2.1 Under the terms of the Intra-Group Agreement between Wheatley Homes South and the Wheatley Group and our Terms of Reference, we are responsible for the on-going monitoring of our performance against agreed targets. This includes the on-going performance of our finances and the approval of the statutory financial statements.

### 3. Background

#### Financial performance to 31 March 2025

- 3.1 The financial statements are now complete and have been audited. The financial results are summarised below.

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Turnover	74,416	62,825
Operating Expenditure	(41,809)	(41,306)
Other gains / (losses)	262	(600)
<b>Operating Surplus</b>	<b>32,869</b>	<b>20,919</b>
Gain on sale of fixed asset	-	359
Finance income	132	188
Finance costs	(7,034)	(6,473)
Office property – valuation	17	3
<b>Surplus for the year</b>	<b>25,984</b>	<b>14,996</b>
Property revaluation – social housing properties	(15,288)	12,637
<b>Total comprehensive surplus for the year</b>	<b>10,696</b>	<b>27,633</b>



- 3.2 The finance reports submitted to the Board during the year formed the basis of these financial statements and were updated to include year-end statutory accounting adjustments.

#### 4. Discussion

##### 4.1 Adjustments from 31 March management accounts

The adjustments made between the 31 March management accounts and the final audited accounts are summarised below:

	Income & Expenditure £m	Net assets £m
<b>March Management accounts</b>	<b>24.1</b>	<b>311.4</b>
Revaluation of social housing properties	(15.3)	(15.3)
Revaluation of investment properties	0.3	0.3
Depreciation adjustment	1.5	1.5
Other	0.1	0.1
<b>Statutory accounts</b>	<b>10.7</b>	<b>298.0</b>

- 4.2 The statutory results are updated annually for the outcome of the housing stock valuation by JLL.
- 4.3 Revaluation of Properties: Housing, investment and office properties have been revalued at the year-end by Jones Lang Lasalle (JLL), the Group's valuers. The valuation of social housing stock is carried out on an Existing Use for Social Housing ("EUV-SH") basis. The EUV-SH valuation is assessed by modelling the net cashflows generated from properties using assumptions made by JLL on cost inflation and other costs to manage the properties. More general assumptions are applied by JLL on investment requirements over the stock in the longer term. Having homes which are well maintained and remain in good condition supports future letting and maintains future cashflows from rental income. However, this approach means that the valuation movement does not always reflect the scale of investment in existing homes in any one year.
- 4.4 For 2024/25, the comparison of the net book value of the social housing properties to the EUV-SH valuation results in a downward valuation of £15.3m. The completion of the 101 new build properties during the year (35 completed in 2023/24) is a key driver of the reduction in valuation. Social housing properties are initially recognised on the balance sheet at cost of construction, then are written down to an existing use for social housing valuation on completion. The write-down is, however, offset by the grant received to subsidise their construction, which is also recognised through the income statement.
- 4.5 The investment properties are also re-valued by JLL on an annual basis using the market value subject to tenancy (MV-T) methodology and financial statements recognise a gain on valuation on investment properties of £0.3m for the year to 31 March 2025. A small increase of £17k on the revaluation of office properties has also been recognised.
- 4.6 Depreciation and other: adjustments are made for items following a post year-end review of accruals and a review of final depreciation charges.



## *Audit summary*

- 4.7 The external auditors, KPMG, have completed their audit of the financial statements and have issued an unqualified audit opinion. Through their audit work no adjustments were identified.
- 4.8 As a standard part of their audit process, and in line with previous years, KPMG require the Board of each organisation in the Wheatley Group to sign a “letter of representation” in which the Board confirms certain matters in terms of disclosure and record-keeping. There have been no changes to the representations made in the Letter from the previous year and dates have been updated to reflect the year ended 31 March 2025. As in previous years, a letter from the Chief Executive has been provided to each Board to provide comfort that the officers have complied with the matters stated in this letter. Both these documents are provided along with this paper at Appendix 2 and 3 respectively.
- 4.9 The Board are asked to confirm in the letter of representation that the financial statements are prepared on a going concern basis. The assessment that the Company continues in business is based on the preparation and approval of the Company’s 30-year business plan which includes cashflow forecasts, the certainty of revenue streams from rental income and the assessment of the availability of funding.
- 4.10 The accounts and letter of representation will be signed following the approval of the Wheatley Group accounts at the Group Board meeting on 27 August 2025 and the completion of KPMG’s compliance checks. A copy of KPMG’s audit highlights report is available and uploaded to Admincontrol.

## **5. Customer Engagement**

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

## **6. Environmental and sustainability implications**

- 6.1 There are no direct 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 WH South’s balance sheet continues to strengthen, with net assets increasing by £10.7m to £298.0m.
- 8.2 The adjusted operating surplus from core activities increased to £29.6m from £28.1m after the adjustments for accounting items as shown in the table below. Our strong letting performance and quick turnaround of properties when they become vacant have contributed to the increase which provided capacity for investment in our existing homes. After including interest costs and capital expenditure on our existing properties, an underlying surplus of £6.5m is reported demonstrating that operating surplus remains sufficient to cover all day to day running costs, interest on borrowings and the investment in existing homes to keep them in good condition.
- 8.3 The underlying surplus includes higher interest costs than the prior year due to increased borrowing to fund the development of new build housing. Across the RSL Borrower Group an overall surplus was also reported with all covenants met at 31 March 2025.



	<b>2025 £000</b>	<b>2024 £000</b>
<b>Operating surplus</b>	<b>32,869</b>	<b>20,919</b>
Adjusted for:		
Depreciation	13,921	13,285
Investment property valuation movements	(262)	600
Grant income for new build	(16,417)	(5,619)
Gift aid income	(541)	(1,057)
<b>Adjusted operating surplus</b>	<b>29,570</b>	<b>28,128</b>
Less:		
Interest costs	(6,902)	(6,285)
Investment in existing social homes	(16,214)	(17,207)
<b>Underlying surplus/ (deficit)</b>	<b>6,454</b>	<b>4,636</b>

## 9. Legal, regulatory and charitable implications

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

## 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”.

## 11. Equalities impact

11.1 There are no equalities implications arising from this report.

## 12. Key issues and conclusions

12.1 This paper presents the audited financial statements for 2024/25.

## 13. Recommendations

13.1 The Board is asked to:

- 1) Approve the 2024/25 financial statements;
- 2) Confirm the preparation of the financial statements using the going concern basis;
- 3) Delegate authority to the Chair and Group Director of Finance to approve any non-material changes to the accounts; and
- 4) Approve the letter of representation from the auditors and note the related letter of comfort from the Chief Executive.

### LIST OF APPENDICES:

Appendix 1: WHS Financial statements for the year ending 31 March 2025

Appendix 2: Letter of representation to KPMG

Appendix 3: Letter of representation from management





## ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year Ended

31 March 2025

**Wheatley Homes South Limited**

(A Charitable Company Limited by Guarantee)

(Company No. SC220297)

(Scottish Housing Regulator Registration No.315)

(Scottish Charity No. SC039896)



## STRATEGIC REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 March 2025.

### Principal activities

The principal activity of the Association is the provision and management of affordable rented accommodation. Wheatley Homes South Limited (“WHS” or “WH South”) has a significant role in many of the towns and villages in Dumfries and Galloway, owning and maintaining over 10,300 homes in Scotland’s third largest region covering some 2,380 square miles.

### OPERATING REVIEW

Customers are at the heart of our decision making and we strive to ensure the services we deliver are clearly aligned with their needs. Overall tenant satisfaction levels have improved from 88% in 2023/24 to 95% in 2025/26 demonstrating the success of our commitment to ensuring services reflect our customers’ priorities. This year 2024/25 saw a variety of customer satisfaction indicators showing positive results including high levels of tenancy sustainment. We also continued building significant numbers of new homes. Our staff work with an enduring commitment to helping customers navigate difficult economic challenges.

We deliver services to our customers through our network of housing officers supported by our 24/7 Customer First Centre (CFC) and our locally based environmental teams. We have a strong neighbourhood focus when delivering services to our customers using our “Think Yes” approach. Our housing officers work in small patch sizes managing between 200 and 250 tenancies which allows them to understand the local issues that affect our customers and their communities and services that are tailored and personalised to each customer’s needs and circumstances. Annual tenant visits provided customers further opportunity to engage with us; discuss concerns they may have and helped us ensure our homes are in a good condition.

With the Scottish Government declaring a national housing emergency in May 2024, our commitment to tackling homelessness is an important element of our five-year strategy. We allocated 432 homes to people who were homeless this year marking a significant contribution to tackling the housing emergency. We have at the same time retained our focus on sustainable communities and our tenancy sustainment figures remained strong at 90.8%.

Customer engagement remains at the heart of delivering our services, and 339 customers had signed up to our Stronger Voices customer engagement programme by the end of the year providing us with views and feedback on our services.

Building on the success of our ‘Book It, Track It, Rate It’ app where customers can book a repair online, track progress on the day and provide feedback afterwards, our 24/7 Customer First Centre specialists worked more closely than ever with frontline housing teams to deliver improvements to the repairs service, resolving issues more quickly. In the year, total expenditure on repairs and capital improvements to our existing homes and communities was £31.3m. We also grew the number of affordable homes completing 101 new homes during the year.

Wheatley Foundation, our charitable arm, continued to alleviate the impact of poverty on the people we work for and help them access educational, training and employment opportunities. The Foundation created 119 jobs, training and apprenticeship opportunities for people in our homes and communities over the year, helped 1,007 customers with benefit claims, and provided 207 households with free furniture through a local charity, SHAX.



## STRATEGIC REPORT (Continued)

### OPERATING REVIEW (Continued)

As we move into the final year of our 2021 to 2026 Your Home, Your Community, Your Future strategy and look to develop our new 2026 to 2031 strategy, we will continue to give people even more of a say on what happens in their communities, ensure our services are aligned with our customers' needs, and find new ways of supporting the people we work for through the challenges which lie ahead.

Here are some of the highlights of the year:

#### Building new homes

WH South built 101 homes for social rent over the year, 54 at Curries Yard in Dumfries and 47 at Ewart Place in Springholm. Work is underway on another 44 homes for social rent at College Mains in Dumfries, and a further 33 at Johnstonebridge. We continued to consult with residents in Lochside on plans for new homes as well as the wider regeneration of the area.

#### Investing in our homes

We delivered £16.2m of planned improvements to homes and communities over the year including:

- £3.3m on energy-efficiency improvements to 96 homes across the region;
- £2.7m on structures and roofs for 97 homes;
- £1.0m on external wall insulation for 59 homes;
- £1.5m on modern, energy efficient windows for 168 homes;
- £1.7m on new heating systems, including air source heat pumps, for 94 homes; and
- £1.2m on new kitchens for 65 homes and bathrooms for 56 homes across Nithsdale and Dumfries & Galloway.

#### Our repairs service

We carried out 56,913 reactive repairs over the year at a total cost of £15.1m. Our 'Book It, Track It, Rate It' app updates customers when their repair is booked and when the tradesperson is on their way and also allows them to rate the service. The average rating over the year was 4.7 out of 5.

We continued our focus on dealing with reports of damp and mould in our homes. We have set quick response targets and aim to inspect reports of damp or mould within two working days and to complete any repairs needed within 15 working days. We grade all reports of damp and mould and the vast majority are mild in nature, with very low numbers of cases where significant mould or damp are present. Over 2,000 condition surveys using a firm of independent property surveyors combined with in person visits from housing officers were carried out during the year which confirmed that our housing stock is in good condition with no severe mould cases found.

Our average time to complete emergency repairs was 2.6 hours while non-emergency repairs averaged 8.9 days. The percentage of repairs completed right first time for the year ended 2024/25 was 89.4%, marginally below our 90% target. We remained 100% compliant with gas safety.

#### Improving our communities

Our partnership with Keep Scotland Beautiful (KSB) sees the environmental charity assess the service delivered by our environmental teams. In 2024/25, all WH South neighbourhoods were rated as five-star, the highest possible grade. A total of 16 WH South customers are now trained in KSB's standards and environmental monitoring and take part in regular estate walkabouts with frontline staff.



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## **STRATEGIC REPORT (Continued)**

### **OPERATING REVIEW (Continued)**

We held four 'environmental weeks of action' over the year, working with schools, council partners, community groups, volunteers and Wheatley contractors on litter-picks, recycling, tree planting and more. More than 500 people across Wheatley communities took part. The Group Scrutiny Panel carried out a thematic review of our environmental services in 2024/25 and developed a report with 12 recommendations, with clarity of information, communication and partnership working as key themes. Our environmental teams are working through their recommendations to implement solutions to help further improve the service.

Our Community Improvement Partnership (CIP), the specialist team of police officers and our Anti-Social Behaviour Prevention and Intervention (ASBIP) officers, continued to support customers affected by anti-social behaviour. At the end of 2024/25, 83% of Wheatley Homes South neighbourhoods were classified as 'peaceful'.

Helping our tenants stay safe from fire has always been our top priority, and the number of accidental fires in Wheatley homes fell by 21% over the year. Wheatley's own fire team carried out 73 person-centred fire risk assessments in our homes, and Scottish Fire and Rescue carried out 85 home fire safety visits. We installed 26 LD1 fire detection systems in our homes; delivered fire safety products such as fire-retardant bedding, ash trays and mail guards to 46 customers; carried out fire-related repairs to 19 homes; installed 12 stove guards in homes; and gave nine customers specialised detection systems.

#### **Letting homes**

In addition to allocating 433 homes to those experiencing homelessness, including two through Housing First, a multi-agency partnership to tackle rough sleeping in which Wheatley Group plays a leading role, we also 'flipped' 2 lets to permanent homes for the people who were homeless living in them.

#### **Engaging with customers**

We continued to engage with our customers as much as possible over the year, both online and in person. A total of 33,564 people used the WH South website in 2024/25, down 2,332 from the year before. Our total number of social media followers was 7,971, up 199 from last year, and we received 121 enquiries from customers on social media, down 57 from 2023/24.

The number of customers registered with our Stronger Voices programme reached 339 by the end of 2024/25, with 29 focus groups and panel meetings, 177 walkabouts held over the year and four WH South customers were involved in the Group scrutiny panel at the end of 2024/25. Feedback from customers informed a number of initiatives including donations to Kelloholm and Hoddon primary schools and Ecclefechan Day Centre.

#### **Supporting our customers**

More than 46% of WH South customers are now on Universal Credit, an increase of 7% from last year. Our team of welfare benefits advisors support customers with benefits claims helping over 1,000 customers this year, resulting in £3.0m of financial gain. Likewise our team of fuel advisors helped 280 people.

Wheatley Foundation worked hard this year to help people in financial hardship, with 2,606 instances of support to help alleviate the effects of poverty on WH South customers and communities.



## **STRATEGIC REPORT (Continued)**

### **OPERATING REVIEW (Continued)**

As well as this, we:

- gave 207 households free upcycled furniture through a local charity, SHAX;
- helped 191 new tenants with household budgeting, running a home and settling into their community through My Great Start;
- provided starter packs for 155 tenants who needed support moving into their home;
- created 119 jobs, training and apprenticeship opportunities for people in our homes and communities;
- provided recycled digital devices for eight tenants through our Techshare initiative;
- awarded eight people from our homes a bursary to go to college or university;
- delivered food packs to 37 families; and
- provided free books every month to 238 children under five through the Dolly Parton Imagination Library initiative.

### **Independent Auditor**

In accordance with Section 489 of the Companies Act 2006, a resolution for the reappointment of KPMG LLP as auditor is to be proposed at the forthcoming Annual General Meeting.



## STRATEGIC REPORT (Continued)

### FINANCIAL REVIEW

WH South generated an operating surplus of £32.9m (2024: £20.9m) for the year. The movement in the operating surplus is driven by the increase in grant income recognised in relation to new build properties, the change in the revaluation of our mid-market and commercial rental properties reported in other gains and losses and an increase in the surplus from core operations.

Before taking account of other gains and losses and the timing of grant income recognised on the completions of new build properties and net zero investment projects, an operating surplus was generated from core operations of £12.5m (2024: £9.6m). The increase of £2.9m in the 2024/25 underlying operating surplus is due to our strong letting performance and quick turnaround of properties when they become vacant generating an increase in income from our rents and service charges.

Non-cash items reported within operating surplus are:

- In other gains and losses there is an upward movement of £0.3m (2024: downward movement of £0.6m) on the revaluation of mid-market and commercial rental properties. Housing for mid-market and commercial properties are valued on an open market value subject to tenancies basis and the increase in value in the year of £0.3m (2024: loss of £0.6m) is reported in operating surplus.
- Grant income recognised on the completion of new build properties is £16.4m compared to £5.6m in the prior year, an increase of £10.8m. The grant received for new build is held on the Statement of Financial Position until the properties are completed when it is recognised as income through operating surplus. The amount recognised can vary from year-to-year dependant on the timing and size of the new build programme. A total of 101 new homes completed in 2024/25 compared to 35 new homes in 2023/24.

Turnover recognised in the Statement of Comprehensive Income in the year was £74.4m (2024: £62.8m). Of this total, 69.2% or £51.5m (2024: 75.8% or £47.6m) was generated through rental and service charge income, net of void losses. The remainder included:

- Grant income recognised on the completion of new build properties, grant received from the Social Housing Net Zero fund to deliver energy efficiency improvements in homes and grant for medical adaptations totalling £20.2m (2024: £12.0m)
- Investment property income from the letting of mid-market homes totalling £0.5m (2024: £0.5m)
- Other income including gift aid income from Wheatley Developments Scotland Ltd and income from repairs services totalling £1.1m (2024: £1.6m).

### Expenditure

Operating costs for WH South in the year, totalled £41.8m (2024: £41.3m). The main items of expenditure were:

- Management and maintenance administration costs associated with affordable letting activities totalling £11.0m (2024: £11.1m).
- Reactive maintenance costs to our social letting properties of £12.2m (2024: £11.8m).
- Planned and cyclical maintenance costs including major repair costs to improve our social housing properties of £3.0m (2024: £2.8m).
- Depreciation expenditure, for social and non-social housing assets of £13.9m (2024: £13.3m).
- Donations to Wheatley Foundation of £0.3m (2024: £0.6m) associated with our wider role in supporting communities in this financially challenging period.



## **STRATEGIC REPORT (continued)**

### **FINANCIAL REVIEW (continued)**

Other expenditure in the year includes finance charges of £7.0m (2024: £6.5m) which is mainly interest on intra group loans which are used to fund the development on new build housing.

Social housing properties decreased in value by £15.3m. On completion of new build social and investment properties, which are held on the Statement of Financial Position at valuation, FRS 102 requires the grant income to be recognised through profit or loss under the performance model.

This approach creates an initial valuation loss on new properties in the year of completion when compared to the gross development cost which is reported after operating surplus. The Existing Use for Social Housing Valuation methodology (“EUV-SH”) will not always reflect the scale of capital investment spend in the year.

#### **Cashflows**

WH South continued to deliver strong levels of cash with £29.5m generating from operating activities (2024: £27.8m). At 31 March 2025, cash and cash equivalents were £2.8m; a decrease of £2.3m in the year. This is after the investment of £16.2m in existing social housing properties and a further £14.2m in new build development after the receipt of £6.0m grant income during the year to support the development programme.

#### **Rental debtors**

At the statement of financial position date, WH South had rent arrears of £2.8m offset by bad debt provisions of £1.1m (2024: £3.1m and £1.3m respectively).

#### **Liquidity**

WH South had net current liabilities at 31 March 2025 of £4.5m (2024: £15.0m). The movement is due to a decrease in deferred grant income to be released in less than one year with 33 units expected to complete in 2025/26 (101 units expected to complete at 31 March 2024). Loan arrangements are in place which provide sufficient capacity along with £2.8m cash balances at the year end to allow WH South to meet liabilities as they fall due and enable further investment in existing stock and the new build programme.

#### **Capital structure and treasury**

WH South’s activities are funded on the basis of a Business Plan which is updated annually. The main element of our long-term funding is the syndicated funds in Wheatley Funding No. 1 Ltd (“WFL1”), as detailed in note 20. WH South currently has access to an intra-group facility of £92.1m which is secured on its housing stock. Interest rate risk is managed at a group level by WFL1. External long-term funding is also provided through access to facilities with The Housing Finance Corporation and Allia, as detailed in note 20.

#### **Investment in tenants’ homes**

During the year we invested £16.2m in improving tenant’s homes. At the year-end our housing stock (including housing under construction) was valued at £467.6m (2024: £465.4m).

#### **New Build**

During the financial year we completed 54 homes for social rent properties at Curries Avenue, Dumfries and 47 new homes for social rent at Ewart Place, Springholm. Work is continuing on another 33 social rent homes at Johnstonebridge. Our new build programme invested £15.1m in the year. The Business Plan includes a further projected spend of £160.5m on the new build programme over the next five years.



## STRATEGIC REPORT (continued)

### FINANCIAL REVIEW (continued)

#### Reserves policy

Under the Statement of Recommended (Accounting) Practice (“SORP”) 2018 and Financial Reporting Standard (“FRS”) 102, the Company may operate with up to three principal reserves; a revenue reserve, a revaluation reserve and a pension reserve.

#### Revenue reserve

Revenue reserve includes historic grant received in respect of the following:

- new build housing properties
- specific projects for which subsidy has been received, such as investment in the energy efficiency of our homes

These grants have been invested for the specific purposes prescribed in the related grant conditions, with this activity typically resulting in an increase in the value of housing properties in the Company’s Statement of Financial Position. The Company has no ability to realise new cash from this element of reserves, since selling the related assets which were constructed or improved with the grant funds would trigger clawback conditions and require repayment of grant to the Scottish Government or other grant providers. Furthermore, it is not the Company’s policy to sell social housing assets; on the contrary, continuing to own and support these while providing excellent services to customers is core to the Company’s charitable purpose.

The residual amount of revenue reserves, not represented by grant, may be invested by the Company in line with its 30-year business plan financial projections. Such investment is subject to the Company maintaining a viable financial profile over the life of its business plan, as well as approval by the Wheatley Group Board. In approving the Company’s business plan annually, the Wheatley Group Board will take into account projected compliance with the loan covenants which apply, as well as the impact of sensitivity analysis and other risk factors which may apply.

#### Revaluation reserve

The revaluation reserve represents, to the extent applicable, the increase in valuation which has occurred over and above the cost of additions to the Company’s property. This reserve is therefore also not realisable, on the basis that to do so would involve selling social housing assets and would therefore undermine the Company’s core charitable purpose.

#### Principal risks facing the company

The Board are responsible for assessing the risks facing WH South. As a subsidiary of Wheatley Housing Group, the principal risks are broadly similar to those facing the Wheatley Group and can be seen in the consolidated financial statements of the Wheatley Group.

By order of the Board

**Josephine Boaden CBE, Chair**  
XX September 2025

Wheatley House  
25 Cochrane Street  
Glasgow  
G1 1HL



## DIRECTORS' REPORT

### WHEATLEY HOMES SOUTH BOARD, COMMITTEE STRUCTURE AND RELATED MATTERS

#### Directors and Directors' interests

The Directors of the Company who held office during the year and up to the signing of the financial statements were:

Name	Appointed	Resigned	Committees/Group Directorships during the year
Garry Legg	20 September 2023	-	-
Michael Greaves-Mackintosh*	28 September 2017	-	Wheatley Foundation Limited
John Henderson	27 September 2018	-	Wheatley Developments Scotland Limited
Hugh Martin*	30 March 2022	21 May 2025	-
John McCraw*	17 September 2019	20 June 2025	Wheatley Group Board (resigned 20 June 2025)
Martin Dorby	29 May 2024	-	Wheatley Homes East (resigned 29 May 2024)
Josephine Boaden (Chair)	21 September 2022	-	Wheatley Housing Group Limited
Joan Pollard	13 May 2025	-	Wheatley Solutions Limited
David Donald Carruthers	20 June 2025	-	-
Karen Hunter	29 March 2023	-	-

\* tenant of the Company

No directors who held office during the year held any disclosable interest in the shares of the company.

The Directors are also trustees of the charity and are appointed by the members of the Company at its Annual General Meeting.

#### Creditor payment policy

WH South agrees payment terms with its suppliers when it enters into contracts. The average creditor payment period for the year was within 30 days.

#### Disclosure of information to auditor

The Board members who held office at the date of approval of these statements confirm that, so far as they are each aware, there is no relevant information of which the Company's auditor is unaware; and each Board member has taken all the steps that he/she ought to have taken as a Board member to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.



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## **DIRECTORS' REPORT (Continued)**

### **DIRECTORS' STATEMENT ON INTERNAL FINANCIAL CONTROL**

The Directors acknowledge their responsibility for ensuring that the Company has in place systems of control that are appropriate to its business environment. These controls are designed to give reasonable assurance with respect to:

- The reliability of financial information within the Company, or for publication;
- The maintenance of proper accounting records; and
- The safeguarding of assets against unauthorised use or disposition.

The systems of internal financial control, which are under regular review, are designed to manage rather than to eliminate risk. They can only provide reasonable and not absolute assurance against material misstatement or loss.

The key procedures which have been established are as follows:

- Detailed standing orders covering Board structure, election, membership and meetings;
- Financial regulations and procedures with clear authorisation limits;
- Regular Board meetings, focusing on areas of concern, reviewing management reports;
- Audit and Compliance reporting focussing on areas of concern and reviewing management reports;
- Regular review of cashflow and loan portfolio performance;
- Regular review of tendering process, rent accounting, arrears control and treasury management;
- Segregation of duties of those involved in finance;
- Identification and monitoring of key risks by the management committee; and
- Monitoring the operation of the internal financial control system by considering regular reports from management, internal and external auditors and ensuring appropriate corrective action is taken to address any weaknesses.

The Directors confirm that they have reviewed the effectiveness of the systems of internal control. No weaknesses have been found which would have resulted in material losses, contingencies or uncertainties which require to be disclosed in the financial statements.



## **DIRECTORS' REPORT (Continued)**

### **Statement of Directors responsibilities in respect of the Annual Report and the financial statements**

The directors are responsible for preparing the Annual Report and the group and parent charitable company financial statements in accordance with applicable law and regulations.

Company and charity law requires the directors to prepare financial statements for each financial year. Under that law they have are required to prepare the group and parent charitable company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent charitable company and of the group's income and expenditure for that period. In preparing each of the group and parent charitable company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate and proper accounting records that are sufficient to show and explain the parent charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the parent charitable company and enable them to ensure that its financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements 2024. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

By order of the Board

**Josephine Boaden CBE, Chair**  
**XX September 2025**

Wheatley House  
25 Cochrane Street  
Glasgow  
G1 1HL



## **INDEPENDENT AUDITOR'S REPORT TO TRUSTEES AND MEMBERS OF WHEATLEY HOMES SOUTH LIMITED**

### **Opinion**

We have audited the financial statements of Wheatley Homes South Limited ("the charitable company") for the year ended 31 March 2025 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Statement of Financial Position and the Statement of Cash Flows, and related notes, including the accounting policies in note 2.

In our opinion the financial statements

- give a true and fair view of the charitable company's affairs as at 31 March 2025 and of the incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements 2024, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

### **Basis for opinion**

We have been appointed as auditor under section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under and are independent of the charitable company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The Trustees have prepared the financial statements on the going concern basis as they do not intend to liquidate the charitable company or to cease its operations, and as they have concluded that the charitable company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the trustees' conclusions, we considered the inherent risks to the charitable company's business model and analysed how those risks might affect the charitable company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified, and concur with the trustees' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for the going concern period.



## **INDEPENDENT AUDITOR'S REPORT TO TRUSTEES AND MEMBERS OF WHEATLEY HOMES SOUTH LIMITED (CONTINUED)**

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the charitable company will continue in operation.

### **Fraud and breaches of laws and regulations – ability to detect**

#### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of board members and management as to the charitable company’s high-level policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual suspected or alleged fraud; and
- Reading Board minutes
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to indications of fraud throughout the audit.

As required by auditing standards, taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that the entity management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because of the limited opportunity and incentive for fraudulent revenue recognition and the limited judgement in respect of revenue recognition.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of some of the charitable company’s wide fraud risk management controls. We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These include those posted to unusual accounts.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias including assessing the assumptions used in property valuations.

#### *Identifying and responding to risks of material misstatement related to compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussions with the directors and other management (as required by auditing standards) and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulation throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.



**INDEPENDENT AUDITOR'S REPORT TO TRUSTEES AND MEMBERS OF WHEATLEY HOMES SOUTH LIMITED (CONTINUED)**

Firstly, the charitable company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and charities legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statements items.

Whilst the charitable company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

*Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatements. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

**Other information**

The trustees are responsible for the other information, which comprises the Trustees' Annual report, Strategic Report and the Director's report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information; or
- in our opinion the information given in the Trustees' Annual Report, which constitutes the strategic report and the directors' report for the financial year, is consistent with the financial statements;
- in our opinion those reports have been prepared in accordance with the Companies Act 2006

We are required to report to you if:

- in our opinion, the Statement on Internal Financial Control on page 10 does not provide the disclosures required by the relevant Regulatory Standards for systematically important RSLs within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls; or
- in our opinion, the Statement on Internal Financial Control is materially inconsistent with the knowledge acquired by us in the course of performing our audit.

We have nothing to report in these respects.



## **INDEPENDENT AUDITOR'S REPORT TO TRUSTEES AND MEMBERS OF WHEATLEY HOMES SOUTH LIMITED (CONTINUED)**

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) we are required to report to you if, in our opinion:

- the charitable company has not kept adequate and proper accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects

### **Trustees responsibilities**

As explained more fully in their statement set out on page 11, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 and section 69 of the Housing (Scotland) Act 2010.



**INDEPENDENT AUDITOR'S REPORT TO TRUSTEES AND MEMBERS OF WHEATLEY HOMES SOUTH LIMITED (CONTINUED)**

Our audit work has been undertaken so that we might state to the charitable company's members and the charitable company's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, its members as a body and its trustees, as a body, for our audit work, for this report or for the opinions we have formed.

**Michael Wilkie (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

*KPMG LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006*

319 St Vincent Street

Glasgow

G2 5AS

xx September 2025



**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2025**

	<i>Note</i>	<b>2025 £'000</b>	<b>2024 £'000</b>
Turnover	3	74,416	62,825
Operating expenditure	3	(41,809)	(41,306)
Other gains/ (losses)	3	262	(600)
Operating surplus		<u>32,869</u>	<u>20,919</u>
Gain on sale of fixed assets	9	-	359
Finance income	10	132	188
Finance charges	11	(7,034)	(6,473)
Increase in valuation of other fixed assets	15	<u>17</u>	<u>3</u>
Surplus for the year		25,984	14,996
Unrealised (deficit)/ surplus on revaluation of housing properties	14	<u>(15,288)</u>	<u>12,637</u>
Total comprehensive surplus for the year		<u><u>10,696</u></u>	<u><u>27,633</u></u>

All amounts relate to continuing operations.

The notes on pages 21 to 42 form part of these financial statements.



## STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 MARCH 2025

	<b>Revenue Reserve £'000</b>	<b>Revaluation Reserve £'000</b>	<b>Total Reserves £'000</b>
Balance at 31 March 2023	115,393	144,311	259,704
Total comprehensive surplus for the year	27,633	-	27,633
Transfer of reserves for the revaluation of housing properties	(12,637)	12,637	-
Balance at 31 March 2024	130,389	156,948	287,337
Total comprehensive surplus for the year	10,696	-	10,696
Transfer of reserves for the revaluation of housing properties	15,288	(15,288)	-
Balance at 31 March 2025	156,373	141,660	298,033

All amounts relate to continuing operations.

The notes on pages 21 to 42 form part of these financial statements.



**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2025**

	<i>Notes</i>	<b>2025 £'000</b>	<b>2024 £'000</b>
<b>Fixed assets</b>			
Social housing properties	14	467,620	465,426
Other tangible fixed assets	15	2,593	1,878
Investment properties	16	11,851	11,582
		<u>482,064</u>	<u>478,886</u>
<b>Current assets</b>			
Stock	17	900	897
Trade and other debtors	18	9,122	8,069
Cash and cash equivalents		2,847	5,150
		<u>12,869</u>	<u>14,116</u>
<b>Creditors: amounts falling due within one year</b>	19	(17,403)	(29,142)
<b>Net current liabilities</b>		<u>(4,534)</u>	<u>(15,026)</u>
<b>Total assets less current liabilities</b>		477,530	463,860
<b>Creditors: amounts falling due after more than one year</b>	20	(179,326)	(176,352)
<b>Provisions for liabilities</b>			
Other provisions	21	(171)	(171)
<b>Total net assets</b>		<u><u>298,033</u></u>	<u><u>287,337</u></u>
<b>Reserves</b>			
Share capital		-	-
Revenue reserve including pension reserve		156,373	130,389
Revaluation reserve		141,660	156,948
<b>Total reserves</b>		<u><u>298,033</u></u>	<u><u>287,337</u></u>

These financial statements were approved by the Board on 20 August 2025 and were signed on its behalf on **xx September 2025** by:

Josephine Boaden CBE  
Chair

The notes on pages 21 to 42 form part of these financial statements.  
Company Registered Number SC220297  
Scottish Charity Number SC039896



**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2025**

	<i>Notes</i>	<b>2025 £'000</b>	<b>2024 £'000</b>
<b>Net cash generated from operating activities</b>	23	<u>29,549</u>	<u>27,800</u>
<b>Cash flow from investing activities</b>			
Improvement of properties	14, 16	(16,221)	(17,235)
Construction of new properties		(14,168)	(24,296)
Purchase of other fixed assets	15	(961)	(749)
Grants received	20	6,026	12,776
Finance income	10	132	188
Proceeds from sale of fixed assets	9	-	630
		<u>(25,192)</u>	<u>(28,686)</u>
<b>Cash flow from financing activities</b>			
Finance charges		(6,660)	(6,369)
Drawdown of loan		1,500	10,500
Repayment of loan		<u>(1,500)</u>	<u>(1,500)</u>
		(6,660)	2,631
<b>Net change in cash and cash equivalents</b>		(2,303)	1,745
<b>Cash and cash equivalents at 1 April</b>		5,150	3,405
<b>Cash and cash equivalents at 31 March</b>		<u>2,847</u>	<u>5,150</u>

The notes on pages 21 to 42 form part of these financial statements.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

### 1. Legal status

Wheatley Homes South Limited (“WHS” or “the Company”) is a wholly owned subsidiary of The Wheatley Housing Group (“WHG”). The Company is limited by guarantee and registered under the Companies Act, is a registered Scottish Charity No.SC039896 and WHS is registered as a housing association with the Scottish Housing Regulator under the Housing (Scotland) Act 2014. The principal activity of the Company is the provision of social housing and associated housing management services. The Company registered office is Wheatley House, 25 Cochrane Street, Glasgow G1 1HL.

Wheatley Homes South Limited is a public benefit entity.

### 2. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements to all periods presented in these financial statements.

#### Basis of preparation

The financial statements of the Company are prepared in accordance with applicable accounting standards and in accordance with the accounting requirements included with the Determination of Accounting Requirements 2024, and under the historical cost accounting rules, modified to include the revaluation of properties held for letting and commercial properties. The financial statements have also been prepared in accordance with the Statement of Recommended Practice for social housing providers 2018 (“SORP 2018”), issued by the National Housing Federation and under FRS 102. The presentational currency of these financial statements is Sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The financial statements have been prepared on a going concern basis which the Board considers to be appropriate for the following reasons.

The Group and Company prepares a 30-year business plan which is updated and approved on an annual basis. The most recent business plan was approved in February 2025 by the Board. As well as considering the impact of a number of scenarios on the business plan the Board also adopted a stress testing framework against the base plan. The stress testing impacts were measured against loan covenants and peak borrowing levels compared to agreed facilities, with potential mitigating actions identified to reduce expenditure.

The Board, after reviewing the Group and Company budgets for 2025/26 and the Group and Company’s financial position as forecast in the 30-year business plan, is of the opinion that, taking account of severe but plausible downsides, the Group and Company have adequate resources to continue to meet their liabilities over the period of 12 months from the date of approval of the financial statements (the going concern assessment period). In reaching this conclusion, the Board has considered the following factors:



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025  
(continued)**

**2. Accounting policies (continued)**

In reaching this conclusion, the Board has considered the following factors:

- Rent and service charge receivable – arrears and bad debt assumptions to allow for customer difficulties in making payments and budget and business plan scenarios to take account of potential future changes in rent increases;
- Maintenance costs – budget and business plan scenarios have been modelled to take account of the profile of repairs and maintenance expenditure including the effect of inflation and increased demand;
- Investment in existing homes – forecast expenditure has been remodelled to take account of additional investment spend to deliver future energy efficiency improvements;
- Development activity – budget and business plan scenarios have taken account of fluctuating labour costs, project delays, supply chain instability and availability of grant funding impacting new build;
- Liquidity – current available cash of £2.8m and access to undrawn loan facilities arranged through WFL1 of £324.4m, which are available to WHS and other Group RSLs, gives significant headroom for committed expenditure and other forecast cash flows over the going concern assessment period; and
- The Company's ability to withstand other adverse scenarios such as higher interest rates and increases in the number of void properties.

The Board believe the Group and Company has sufficient funding in place and expect the Group and Company to be in compliance with its debt covenants even in severe but plausible downside scenarios.

Consequently, the Board is confident that the Group and Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore has prepared the financial statements on a going concern basis.

Discount rates have been used in the valuation of housing properties and in the assessment of the fair value of financial instruments. The rates used are subject to change and are influenced by wider economic factors over time.

**Accounting judgements and estimations**

Estimates and judgements are continually evaluated and are based on historical experience, advice from qualified experts and other factors.

Judgements have been made in:

- Determining the appropriate discount rates used in the valuation of housing properties.
- Component accounting and the assessment of useful lives.
- The assessment of the fair value of financial instruments.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025  
(continued)**

**2. Accounting policies (continued)**

**Related party disclosures**

The Company is a wholly owned subsidiary of Wheatley Housing Group Limited and is included within the consolidated financial statements of Wheatley Housing Group Limited which are publicly available. Consequently, the Company has taken advantage of the exemption, under the terms of FRS 102, from disclosing related-party transactions with wholly owned entities that are part of the Wheatley Housing Group.

**Turnover**

Turnover, which is stated net of value added tax, represents income receivable from lettings and service charges, fees receivable, revenue grants and other income. Turnover is recognised when there is entitlement, any performance conditions attached have been met, it is probable income will be received and the amount can be realised reliably. Income received in advance is treated as deferred income.

**Grant income**

Where a grant is paid as a contribution towards revenue expenditure, it is included in turnover. Where a grant is received from government and other bodies as a contribution towards the capital cost of housing schemes, it is recognised as income using the performance model in accordance with the Statement of Recommended Practice for social housing providers 2018 (“SORP 2018”). Prior to satisfying the performance conditions, capital grants are held as deferred income on the Statement of Financial Position.

**Bad and doubtful debts**

Provision is made against rent arrears of current and former tenants as well as other miscellaneous debts to the extent that they are considered potentially irrecoverable. Debts are classed as uncollectable after an assessment of the legislative options available to recover and consideration of specific circumstances.

**Supported housing**

Expenditure on housing accommodation and supported housing is allocated on the basis of the number of units for each type of accommodation.

**Financial instruments**

Loans provided by Wheatley Funding Number 1 Limited (“WFL1”) are classed as basic financial instruments under the requirements of FRS 102 and are measured at amortised cost. In the case of payment arrangements that exist with customers, these are deemed to constitute financing transactions and are measured at the present value of the future payments discounted at a market rate of interest applicable to similar debt instruments.

Any movement in the value of financial instruments recognised in the Statement of Comprehensive Income relates to any in-year adjustments for changes in the value of payment arrangement in place with customers.

**Deposits and liquid resources**

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts repayable on demand. Liquid resources are current asset investments that are disposable without curtailing or disrupting the business and are readily convertible into known amounts of cash at or close to their carrying values.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

### 2. Accounting policies (continued)

#### Fixed assets - housing properties

In accordance with SORP 2018, the WHS operates a full component accounting policy in relation to the capitalisation and depreciation of its completed housing stock.

- **Valuation of social housing of properties**

Housing properties are valued annually on an Existing Use Value for Social Housing (“EUUV-SH”) basis by an independent professional adviser qualified by the Royal Institution of Chartered Surveyors to undertake valuation.

The cost of properties is their purchase price together with the cost of capitalised improvement works and repairs that result in enhancement of the economic benefits of the asset. Included in the cost of capitalised improvement works are the direct costs of staff engaged in the investment programme.

- **Depreciation and Impairment**

Housing properties are split between land, structure and major components which require periodic replacement. Replacement or refurbishment of such major components is capitalised and depreciated over the estimated useful life which has been set taking into account professional advice, the Company’s asset strategy and the requirement of Scottish Housing Quality Standard. In determining the remaining useful lives for the housing stock, the Company has taken account of views provided by both internal and external professional sources. Freehold land is not subject to depreciation.

Major components are treated as separable assets and depreciated over their expected useful economic lives or the lives of the structure to which they relate, if shorter at the following annual rates.

	Economic life
Bathrooms	25
External environment	20
External wall finishes	35
Heating system boiler	12
Internal works and common areas	20
Kitchens	20
Mechanical, electrical and plumbing	25
Structure and roofs	50
Windows and doors	30

Housing assets are depreciated in the month of acquisition, or in the case of a larger project, from the month of completion.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

### 2. Accounting policies (continued)

Where there is evidence of impairment, the fixed assets are written down to the recoverable amount and any write down would be charged to operating surplus.

#### • **New Build**

Housing properties in the course of construction are held at cost and are not depreciated. They are transferred to completed properties when ready for letting or sale.

The Company's policy is to capitalise the following:

- Cost of acquiring land and buildings;
- Interest costs directly attributable;
- Development expenditure, including staff costs attributable to the delivery of the capital investment programme;
- The cost of packages of work completed on void properties; and
- Other directly attributable internal and external costs.

Expenditure on schemes which are subsequently aborted will be written off in the year in which it is recognised that the schemes will not be developed to completion.

#### **Non-social housing properties**

Housing for Mid-Market Rent is valued on an open market value subject to tenancies basis at the date of the Statement of Financial Position by an independent professional advisor qualified by the Royal Institution of Chartered Surveyors to undertake valuation and are held as investment properties and not subject to depreciation. Where it is considered that there has been any impairment in value this is provided for accordingly. The cost of properties is their purchase price together with capitalised improvement works.

Commercial properties are held as investment properties and not subject to depreciation, they are held at existing use value and are subject to revaluation by an independent professional advisor qualified by the Royal Institute of Chartered Surveyors to undertake valuation. Commercial properties are revalued at each reporting date.

#### **New Build Grant and other capital grants**

New Build Grant is received from central government and local authorities and contributes to the costs of housing properties.

New Build Grant received is recognised as income in the Statement of Comprehensive Income when new build properties are completed, or the capital work is carried out. New Build Grant due or received is held as deferred income until the performance conditions are satisfied, at which point it is recognised as income in the Statement of Comprehensive Income within turnover. Grant received in respect of revenue expenditure is recognised as income in the same period to which it relates.

Properties are disposed of under the appropriate legislation and guidance. Any grant that is repayable is accounted for as a liability on disposal of the property. Grant which is repayable but cannot be repaid from the proceeds of sale is abated and the grant is removed from the financial statements. Where a disposal is deemed to have taken place for accounting purposes, but the repayment conditions have not been met in relation to the grant funding, the potential future obligation to repay is disclosed as a contingent liability.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

### 2. Accounting policies (continued)

#### Other tangible fixed assets

For other tangible assets with the exception of office premises, depreciation is charged on a straight-line basis over the expected useful economic lives of fixed assets to write off the cost, less estimated residual values over the following expected lives. Assets are depreciated in the month of acquisition, or in the case of a larger project, from the month of completion, at the following rates:

	Economic Life
Furniture, fittings and office equipment (cost)	5 years
Computer equipment (cost)	3 years
Office Improvements (cost)	10 years
Community infrastructure (cost)	20 years

Office premises are held at valuation, and are depreciated, on a straight-line basis, over a useful life of 40 years. Valuations are made on a regular basis to ensure the carrying amount does not differ materially from the fair value at the end of the reporting period. Valuations are carried out at each reporting date.

#### Provisions

Liabilities are provided for at the date of the Statement of Financial Position only where there is a legal or constructive obligation incurred which will probably result in the outflow of resources.

#### Leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

#### Taxation

As a charity, the Company is exempt from corporation tax on its charitable activities by virtue of Section 478 Corporation Tax Act 2010 and from capital gains tax by virtue of Section 256 Capital Gains Tax Act 1992 to the extent that such income or gains are applied exclusively to charitable purposes.

#### Value Added Tax

The Company is registered for VAT. WHS is a member of the Wheatley Housing Group VAT group. The majority of its income, including rental receipts, is exempt for VAT purposes.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025  
(continued)**

**3. Particulars of turnover, operating costs and operating surplus**

	<b>2025</b>			<b>2024</b>	
	<b>Turnover</b>	<b>Operating Costs</b>	<b>Other gains and (losses)</b>	<b>Operating surplus</b>	<b>Operating surplus</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Affordable letting activities (note 4)	71,686	(40,125)	-	31,561	20,273
Other activities (note 5)	2,730	(1,684)	-	1,046	1,246
Revaluation of investment properties (note 16)	-	-	262	262	(600)
<b>Total</b>	<b>74,416</b>	<b>(41,809)</b>	<b>262</b>	<b>32,869</b>	<b>20,919</b>
Total for previous reporting period	<b>62,825</b>	<b>(41,306)</b>	<b>(600)</b>	<b>20,919</b>	



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025  
(continued)**

**4. Particulars of turnover, operating costs and operating surplus from social letting activities**

	<b>General Needs £'000</b>	<b>Supported Housing £'000</b>	<b>2025 Total £'000</b>	<b>2024 Total £'000</b>
Rent receivable net of service charges	50,358	1,375	51,733	47,860
Service charges	382	10	392	305
<b>Gross income from rents and service charges</b>	<b>50,740</b>	<b>1,385</b>	<b>52,125</b>	<b>48,165</b>
Less rent losses from voids	(592)	(16)	(608)	(523)
<b>Net income from rents and service charges</b>	<b>50,148</b>	<b>1,369</b>	<b>51,517</b>	<b>47,642</b>
Grants released from deferred income	15,981	436	16,417	5,619
Other Revenue Grants	3,652	100	3,752	6,427
<b>Total turnover from affordable letting activities</b>	<b>69,781</b>	<b>1,905</b>	<b>71,686</b>	<b>59,688</b>
Management and maintenance administration costs	(10,741)	(293)	(11,034)	(11,108)
Service costs	(154)	(4)	(158)	(234)
Planned and cyclical maintenance including major repairs costs	(2,875)	(78)	(2,953)	(2,790)
Reactive maintenance costs	(11,855)	(324)	(12,179)	(11,804)
Bad debts – rents and service charges	(139)	(4)	(143)	(474)
Depreciation of affordable let properties	(13,295)	(363)	(13,658)	(13,005)
<b>Operating costs from social letting activities</b>	<b>(39,059)</b>	<b>(1,066)</b>	<b>(40,125)</b>	<b>(39,415)</b>
<b>Operating surplus from social lettings</b>	<b>30,722</b>	<b>839</b>	<b>31,561</b>	<b>20,273</b>
Operating surplus from social lettings for the previous reporting period	19,735	538	20,273	



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025  
(continued)**

**5. Particulars of turnover, operating costs and operating surplus from other activities**

	Supporting People Income £'000	Other Income £'000	Total Turnover £'000	Operating Costs £'000	2025 Operating Surplus /(deficit) £'000	2024 Operating Surplus /(deficit) £'000
Wider role	-	825	825	(1,213)	(388)	(610)
Investment property activities	-	614	614	-	614	615
Support activities	144	-	144	(57)	87	80
Organisation restructuring	-	-	-	-	-	(164)
Other income	-	1,147	1,147	-	1,147	1,605
Depreciation	-	-	-	(263)	(263)	(280)
Development & Construction of Property Activities	-	-	-	(151)	(151)	-
<b>Total from other activities</b>	<b>144</b>	<b>2,586</b>	<b>2,730</b>	<b>(1,684)</b>	<b>1,046</b>	<b>1,246</b>
Total from other activities for the previous reporting period	148	2,989	3,137	(1,891)	1,246	



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

### 6. Board members' emoluments

Board members received £840 (2024: £700) by way of reimbursement of expenses. No remuneration is paid to board members in respect of their duties.

### 7. Key Management Emoluments

Key management personnel are employed by another Wheatley Group subsidiary and perform an executive management role across all subsidiaries in the Wheatley Group. The total emoluments payable to Wheatley Group key management personnel are disclosed in the Wheatley Housing Group consolidated financial statements. The Company pays a share of the costs of these personnel which includes employer pension contributions and benefits in kind.

	2025	2024
	£ 000	£ 000
Aggregate emoluments payable to key management (excluding pension contributions and benefits in kind)	120	117

During the periods the key management's emoluments (excluding pension contributions) fell within the following band distributions:

More than £10,000 but not more than £20,000	1	1
More than £20,000 but not more than £30,000	5	5

The key management are defined for this purpose as the Chief Executive and the Group Executive team in post at 31 March 2025. The senior officers are eligible to join the Strathclyde Pension Fund and employer's contributions are paid on the same basis as other members of staff. Pension contributions of £8k (2024: £22k) were paid for the Chief Executive and the Group Executive team in post at 31 March 2025.

Key management personnel in the year were as follows:

Steven Henderson	Group Chief Executive
Alan Glasgow	Group Director of Housing
Laura Pluck	Group Director of Communities
Pauline Turnock	Group Director of Finance
Anthony Allison	Group Director of Governance and Business Solutions
Frank McCafferty	Group Director of Assets and Sustainability



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025  
(continued)**

**8. Employees**

	<b>2025</b>	<b>2024</b>
	<b>No.</b>	<b>No.</b>
The average monthly number of full-time equivalent persons employed during the year was	297	285
The average total number of employees employed during the year was	303	292
	<b>£'000</b>	<b>£'000</b>
Staff costs (for the above persons)		
Wages and salaries	12,574	11,357
Social security costs	1,244	1,130
Pension costs	1,143	1,041
	<u>14,961</u>	<u>13,528</u>

**9. Gain on disposal of fixed assets**

This includes net income from the sale of one social rent property and land owned by WHS.

	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>
Net proceeds from disposal of fixed asset	-	630
Value of assets disposed	-	(271)
Gain on sale of fixed assets	<u>-</u>	<u>359</u>

**10. Finance income**

	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>
Bank interest receivable on deposits in the year	<u>132</u>	<u>188</u>



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025  
(continued)**

**11. Finance charges**

	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>
Interest on loans	3,159	3,145
Interest on intragroup loans	3,683	3,073
Amortisation of loan premium	(52)	(52)
Other financing costs	244	307
	<u>7,034</u>	<u>6,473</u>

Other financing costs include commitment, non-utilisation fees and the amortisation of transaction costs of the Company's funding arrangements.

**12. Auditor's remuneration**

The remuneration of the auditor (excluding VAT):

	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>
Audit of these financial statements	85	85
Other services	-	-
	<u>85</u>	<u>85</u>

**13. Financial commitments**

**Capital commitments**

All capital commitments were as follows:

	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>
Expenditure contracted for, but not provided in the financial statements	30,591	14,390
Expenditure authorised by the Board but not contracted	-	-
	<u>30,591</u>	<u>14,390</u>

Capital commitments are funded through a combination of grant received from the Scottish Government in relation to our new build programme, operating surplus generated by the WHS, and private funding.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025  
(continued)**

**13. Financial commitments (continued)**

**Operating leases**

At 31 March WHS had total commitments under non-cancellable operating leases as follows:

	<b>2025 Land and Buildings</b>	<b>2025 Other</b>	<b>2024 Land and Buildings</b>	<b>2024 Other</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Operating lease payments due:				
Within one year	249	607	474	620
In the second to fifth years inclusive	173	404	167	504
Over five years	-	62	-	-
	<u>422</u>	<u>1,073</u>	<u>641</u>	<u>1,124</u>

Lease commitments include the timing of the full payment due under contract as required by FRS 102. WHS's social housing properties are held under operating leases and are tenanted under cancellable operating lease conditions. As such, no disclosure of tenant leases under FRS 102 section 20.30 is made.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025**  
**(continued)**

**14. Tangible fixed assets**

**Social Housing Properties**

	<b>Social Housing Properties £'000</b>	<b>Housing Under Construction £'000</b>	<b>Total £000</b>
<b>Valuation</b>			
At 1 April 2024	434,454	30,972	465,426
Additions	16,214	15,088	31,302
Disposals	(946)	(163)	(1,109)
Transfers	28,512	(28,512)	-
Revaluation	(27,999)	-	(27,999)
At 31 March 2025	450,235	17,385	467,620
<b>Accumulated Depreciation</b>			
At 1 April 2024	-	-	-
Charge for year	(13,348)	-	(13,348)
Disposals	637	-	637
Revaluation	12,711	-	12,711
At 31 March 2025	-	-	-
<b>Net Book Value - Valuation</b>			
At 31 March 2025	450,235	17,385	467,620
At 31 March 2024	434,454	30,972	465,426
<b>Net Book Value – Cost</b>			
At 31 March 2025	308,657	17,283	325,940
At 31 March 2024	277,588	30,870	308,458

Total WHS expenditure on repairs and capital improvements in the year on existing properties was £31.3m (2024: £31.8m). Of this, repair costs of £15.1m (2024: £14.6m) were charged to the Statement of Comprehensive Income (note 4) with capital improvements of £16.2m (2024: £17.2m) shown as additions to core stock on the Statement of Financial Position.

Additions to core stock in the year of £16.2m in the year include:



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025**  
**(continued)**

**14. Tangible fixed assets (continued)**

£11.4m for component additions including:

- £3.3m on new energy efficient heating systems;
- £2.7m on structures and roofs;
- £1.7m on heating;
- £1.5m on windows and doors;
- £1.2m on kitchens and bathroom;
- £1.0m on external wall finishes.

The remaining balance of £4.8m of additions to existing properties not associated with a specific component includes £4.0m on void improvements and £0.8m of medical adaptations.

Additions to housing under construction include capitalised interest costs of £757k (2024: £1,006k). Interest has been capitalised at the weighted average interest cost for the WHS of 4.84% (2024: 4.64%).

The valuation of social housing properties is separated into two categories, namely those retained for letting and those properties which form part of the Company's demolition programme, as detailed in the Company's 30-year Business Plan for 2025/26. The demolition programme identifies 224 (2024: 433) properties for demolition over the next ten years, with no long-term investment expenditure associated with these properties. Demolition programme stock has a negative valuation for accounting purposes due to the impact of demolition costs on the EUV-SH calculation and so is held at £nil on the Statement of Financial Position as under FRS 102 there is no constructive obligation at the date of the Statement of Financial Position to provide for these costs. Retained stock for letting has been valued at £450.3m. Housing under construction, with a NBV of £17.4m, is not included within this total.

Social housing properties have been valued by Jones Lang LaSalle Limited, an independent professional adviser qualified by the Royal Institution of Chartered Surveyors ("RICS") to undertake valuations. This valuation was prepared in accordance with the appraisal and valuation manual of the RICS at 31 March 2025 on an Existing Use Valuation for Social Housing ("EUV-SH"). Discount rates between 5.50-7.00% have been used depending on the property archetype (2024: 5.75-7.00%). The valuation assumes a real rental income growth of 0.5% for the first year, followed by long-term real rental growth of 1.0% per annum for the Social Rented units. Both mid-market and full market rent properties are assumed at a long-term real rental income growth of 0.50% throughout. The capital investment made in housing properties each year may not translate directly into an increase in the value of the assets by virtue of the nature of the EUV-SH valuation methodology.

Included in core stock are 966 garages and 1,200 parking sites owned by WHS held at a value of £3,995k (2024: £3,995k). These have been valued at market value subject to tenancy ("MV-T"), the Directors consider the difference between EUV-SH and MV-T for these properties to be immaterial.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025  
(continued)**

**14. Tangible fixed assets (continued)**

The number of units of accommodation (excluding unlettable voids) held by the Company at 31 March is shown below:

	2025	2024
<b>Social Housing</b>		
General needs	9,925	9,824
Supported housing	272	272
Housing held for long-term letting	10,197	10,096
Housing approved/planned for demolition	38	176
Total Units	10,235	10,272

**15. Other Tangible Fixed Assets**

	Office Property £'000	Furniture, fittings & Equipment £'000	Total £'000
<b>Valuation</b>			
At 1 April 2024	300	5,868	6,168
Additions	4	957	961
Revaluation	(4)	-	(4)
At 31 March 2025	300	6,825	7,125
<b>Accumulated Depreciation</b>			
At 1 April 2024	-	4,290	4,290
Charge for year	21	242	263
Revaluation	(21)	-	(21)
At 31 March 2025	-	4,532	4,532
<b>Net Book Value</b>			
At 31 March 2025	300	2,293	2,593
At 31 March 2024	300	1,578	1,878
<b>Net Book Value - cost</b>			
At 31 March 2025	769	2,293	3,062
At 31 March 2024	786	1,578	2,364



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025  
(continued)**

**16. Investment properties**

	<b>Properties held for market rent £'000</b>	<b>Commercial properties £'000</b>	<b>Total £'000</b>
<b>Valuation</b>			
At 1 April 2024	11,060	522	11,582
Additions at cost	7	-	7
Revaluation taken to operating surplus	252	10	262
At 31 March 2025	11,319	532	11,851
<b>Net Book Value</b>			
At 31 March 2025	11,319	532	11,851
At 31 March 2024	11,060	522	11,582

Market rent properties were valued at market value subject to tenancy ("MV-T") by an independent professional adviser, JLL on 31 March 2025.

The number of properties held for market rent by the Company at 31 March was:

	<b>2025</b>	<b>2024</b>
<b>Mid Market Rent Properties</b>		
Total Units	101	101

**17. Stock**

	<b>2025 £'000</b>	<b>2024 £'000</b>
Materials on site	76	76
Van stocks	824	821
	900	897

Materials on site relates to items held but not yet installed into housing properties as part of the investment programme.

Van stocks are repairs materials for use by the in-house repairs service and are held at average cost.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025  
(continued)**

**18. Debtors**

	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>
Arrears of rent & service charges	2,828	3,116
Less: Provision for bad and doubtful debts	(1,138)	(1,285)
	<u>1,690</u>	<u>1,831</u>
 Prepayments and accrued income	 2,546	 2,139
Other debtors	4,771	3,847
Due from other group companies	115	252
	<u>9,122</u>	<u>8,069</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**19. Creditors: amounts falling due within one year**

	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	2,337	2,353
Accruals	1,889	2,174
Deferred income	4,184	16,417
Rent and service charges received in advance	1,277	990
Tax and social security	472	437
Other creditors	273	270
Due to other group companies	6,971	6,501
	<u>17,403</u>	<u>29,142</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**20. Creditors: amounts falling due after more than one year**

	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>
Bank loans	81,017	79,885
Due to other group companies	92,500	92,500
Deferred income	5,809	3,967
	<u>179,326</u>	<u>176,352</u>



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025  
(continued)**

**20. Creditors: amounts falling due after more than one year (continued)**

**Bank lending facility**

Borrowing arrangements are in place via a Group funding structure which consists of bank loans, note placements and capital markets debt, secured on charged properties owned by the RSLs. The RSL Group funding was made up of a committed facility of £654.7m from a syndicate of commercial banks, two committed facilities totalling £254.9m from the European Investment Bank, £400.0m from a public bond due in 2044, of which £300.0m is currently issued, £389.0m private placement loan notes with BlackRock Real Assets, M&G Investment Management and PGIM, a £50.0m facility with Barclays, a £35.0m facility with RBS, and £82.3m charitable bonds via Allia Social Impact Investments. This provided total facilities of £1,865.9m for RSLs within the Wheatley Group to develop new housing.

This facility is provided through Wheatley Funding No. 1 Ltd, a wholly owned subsidiary of the Wheatley Housing Group Limited. At 31 March 2025, WHS had access to an intra-group facility of £92.50m, secured on its housing stock. Interest in the year has been charged at 4.84% (2024: 4.73%).

WHS has a £40.0m external loan with The Housing Finance Corporation Limited (“THFC”) which is repayable in October 2043. In addition, there are four unsecured loans in place with Allia Social Impact Investments Limited, with maturity dates in December 2026, February 2028, February 2029 and March 2035.

Wheatley Homes South has secured a portion of its housing stock (£214.1m) against this facility. At 31 March 2025, 48.0% (£236.1m) of WH South’s housing properties remained unsecured.

Borrowings are repayable as follows

	<b>2025</b>	<b>2024</b>
	<b>£’000</b>	<b>£’000</b>
In less than one year	-	-
In more than one year but less than five years	20,707	14,118
In more than five years	152,810	158,267
	<u>173,517</u>	<u>172,385</u>

**Deferred income**

*Analysis of deferred income*

	<b>New Build Grant £’000</b>	<b>Other grant income £’000</b>	<b>Total £’000</b>
Deferred income as at 1 April 2024	20,384	-	20,384
Additional income received	6,023	3	6,026
Released to Statement of Comprehensive Income	(16,417)	-	(16,417)
Deferred income as at 31 March 2025	<u>9,990</u>	<u>3</u>	<u>9,993</u>



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025  
(continued)**

**20. Creditors: amounts falling due after more than one year (continued)**

<b>Deferred income to be released to the Statement of Comprehensive Income:</b>	<b>2025 £'000</b>	<b>2024 £'000</b>
In less than one year (note 19)	4,184	16,417
In more than one year but not less than five years	5,809	3,967
In more than five years	-	-
	<u>9,993</u>	<u>20,384</u>

**Financial instruments**

<b>Financial assets:</b>	<b>2025 £'000</b>	<b>2024 £'000</b>
<u>Measured at amortised cost:</u>		
Debtors and accrued income	9,122	8,069
Total	<u>9,122</u>	<u>8,069</u>

	<b>2025 £ 000</b>	<b>2024 £ 000</b>
<b>Financial liabilities:</b>		
<u>Measured at amortised cost:</u>		
Creditors, accruals and deferred income	23,212	33,109
Bank loans	173,517	172,385
Total	<u>196,729</u>	<u>205,494</u>

**21. Provisions for liabilities and charges**

	<b>Dilapidations £'000</b>	<b>Total £'000</b>
At 1 April 2024	171	171
Utilised	-	-
Added in the year	-	-
At 31 March 2025	<u>171</u>	<u>171</u>



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025  
(continued)**

**22. Related party transactions**

Members of the Management Board are related parties of the Company as defined by FRS 102.

The WHS retains a register of members' interests. The following interests in related parties are required to be declared:

**Tenant Board Members**

The following members were tenants of WHS during the year and have/had tenancy agreements that are on the Company's normal terms and they cannot use their positions to their advantage.

Mr Michael Greaves-MacIntosh  
Mr Hugh Martin  
Mr John McCraw

Transactions entered into with members, and rent arrear balances outstanding at 31 March 2025 are as follows:

	<b>2025 £'000</b>
Rent charged during the year	15
Arrear balances outstanding at 31 March 2025	-



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025  
(continued)**

**23. Cash flow analysis**

**Cash flow from operating activities**

	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>
Surplus for the year	25,984	14,996
<u>Adjustments for non-cash items:</u>		
Depreciation of tangible fixed assets	13,612	12,599
(Increase) / decrease in trade and other debtors	(1,053)	650
Increase / (decrease) in trade and other creditors	494	(2,076)
(Increase) / decrease in stock	(3)	58
<u>Adjustments for investing or financing activities:</u>		
Government grants utilised in the year	(16,417)	(5,636)
Interest payable	7,086	6,525
Interest received	(132)	(188)
Amortisation of loan	(52)	(52)
(Gain) / loss on investment activities	(262)	600
Increase in valuation of office property	(17)	(3)
Loss on component disposals	309	686
Gain on sale of fixed assets	-	(359)
<b>Net cash inflow from operating activities</b>	<b>29,549</b>	<b>27,800</b>

**24. Ultimate parent organisation**

The Company is a “wholly owned” subsidiary undertaking of Wheatley Housing Group Limited, a company limited by guarantee and registered in Scotland.

The only group into which the results of the Company are consolidated is Wheatley Housing Group Limited. The consolidated financial statements of Wheatley Housing Group Limited may be obtained from the registered office at Wheatley House, 25 Cochrane Street, Glasgow, G1 1HL.



## **SUPPLEMENTARY INFORMATION**

### **Secretary and Registered Office**

Anthony Allison  
Wheatley Homes South Limited  
Wheatley House  
25 Cochrane Street  
Glasgow  
G1 1HL

### **Independent Auditor**

KPMG LLP  
319 St Vincent Street  
Glasgow G2 5AS

### **Banker**

Royal Bank of Scotland  
4<sup>th</sup> Floor  
110 Queen Street  
Glasgow  
G1 3BX



(Letterhead of the Entity we audit)

KPMG LLP  
319 St Vincent  
Street Glasgow  
G2 5AS

20 August 2025

To whom it may concern,

This representation letter is provided in connection with your audit of the financial statements of Wheatley Homes South Limited (“the Charitable Company”), for the year ended 31 March 2025, for the purpose of expressing an opinion:

- i. as to whether these financial statements give a true and fair view of the state of the Charitable Company’s affairs as at 31 March 2025 and its income and expenditure for the financial year then ended;
- ii. whether these financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice (including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (“FRS 102”));
- iii. whether the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2006, the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements Order 2024, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

These financial statements comprise the Charitable Company’s Statement of Comprehensive Income, the Charitable Company’s Statement of Changes in Reserves, the Charitable Company’s Statement of Financial Position, and the Charitable Company’s Statement of Cash Flows and notes, comprising a summary of significant accounting policies and other explanatory notes.

The Board confirms that the Charitable Company meets the definition of a qualifying entity and meets the criteria for applying the disclosure exemptions with FRS 102.

The Board confirms that the representations it makes in this letter are in accordance with the definitions set out in the Appendix to this letter.

The Board confirms that, to the best of its knowledge and belief, having made such inquiries as it considered necessary for the purpose of appropriately informing itself:

#### **Financial statements**

1. The Board has fulfilled its responsibilities, as set out in the terms of the audit engagement dated 31 March 2023, for the preparation of financial statements that:
  - i. give a true and fair view of the state of the Charitable Company’s affairs as at 31 March 2025 and of its incoming resources and application of resources, including its income and expenditure for that financial year ;
  - ii. have been properly prepared in accordance with UK Generally



Accepted Accounting Practice, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (FRS 102); and

- iii. have been prepared in accordance with the requirements of the Companies Act 2006, the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements 2024, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

The financial statements have been prepared on a going concern basis.

2. The methods, the data and the significant assumptions used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.
3. All events subsequent to the date of the financial statements and for which section 32 of FRS 102 requires adjustment or disclosure have been adjusted or disclosed.

#### **Information provided**

4. The Board has provided you with:
  - access to all information of which it is aware, that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
  - additional information that you have requested from the Board for the purpose of the audit; and
  - unrestricted access to persons within the Charitable Company from whom you determined it necessary to obtain audit evidence.
5. All transactions have been recorded in the accounting records and are reflected in the financial statements.
6. The Board confirms the following:
  - i) The Board has disclosed to you the results of its assessment of the risk that the financial statements may be materially misstated as a result of fraud.

Included in the Appendix to this letter are the definitions of fraud, including misstatements arising from fraudulent financial reporting and from misappropriation of assets.

- ii) The Board has disclosed to you all information in relation to:
  - a) Fraud or suspected fraud that it is aware of and that affects the Charitable Company and involves:
    - management;
    - employees who have significant roles in internal control; or
    - others where the fraud could have a material effect on the financial statements; and
  - b) allegations of fraud, or suspected fraud, affecting the Charitable Company's financial statements communicated by employees, former employees, analysts, regulators or others.



In respect of the above, the Board acknowledges its responsibility for such internal control as it determines necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In particular, the Board acknowledges its responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error, and we believe we have appropriately fulfilled those responsibilities.

7. The Board has disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
8. The Board has disclosed to you and has appropriately accounted for and/or disclosed in the financial statements, in accordance with section 21 of FRS 102 all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
9. The Board has disclosed to you the identity of the Charitable Company's related parties and all the related party relationships and transactions of which it is aware. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with section 33 of FRS 102.

Included in the Appendix to this letter are the definitions of both a related party and a related party transaction as we understand them and as defined in FRS 102.

10. The Board confirms that:

- a) The financial statements disclose all of the matters that are relevant to the Charitable Company's ability to continue as a going concern, including key risk factors, assumptions made and uncertainties surrounding the Charitable Company's ability to continue as a going concern as required to provide a true and fair view and to comply with FRS 102.
- b) No material uncertainties related to events or conditions exist that may cast significant doubt upon the ability of the Charitable Company to continue as a going concern.

This letter was tabled and agreed at the meeting of the Board of Directors on 20 August 2025.

Yours faithfully,

Josephine Boaden  
Chair



## **Appendix to the Board Representation Letter of Wheatley Homes South Limited**

### **Definitions**

#### **Criteria for applying the disclosure exemptions within FRS 102**

- The Charitable Company discloses in the notes to its financial statements:
  - a. A brief narrative summary of the disclosure exemptions adopted; and
  - b. The name of the parent of the group in whose consolidated financial statements its financial statements are consolidated, and from where those financial statements may be obtained

#### **Financial Statements**

A complete set of financial statements (before taking advantage of any of the FRS 102 exemptions) comprises:

- Charitable Company Statement of Financial Position as at the end of the period;
- the Charitable Company's Statements of other comprehensive income for the period;
- the Charitable Company's Statement of changes in reserves for the period;
- the Charitable Company's Cash Flow Statement for the period; and
- notes, comprising a summary of significant accounting policies and other explanatory information.

FRS 102 permits an entity either to present (i) separately a Income and Expenditure account and a Statement of Other Comprehensive Income or (ii) a combined Income and Expenditure Account and Other Comprehensive Income.

#### **Material Matters**

Certain representations in this letter are described as being limited to matters that are material.

FRS 102 states that:

Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or combination of both, could be the determining factor.

#### **Fraud**

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.



## **Error**

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- a) was available when financial statements for those periods were authorised for issue; and
- b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

## **Management**

For the purposes of this letter, references to "management" should be read as "management and, where appropriate, those charged with governance".

## **Qualifying Entity**

A member of a group where the parent of that group prepares publicly available consolidated financial statements which are intended to give a true and fair view (of the assets, liabilities, financial position and surplus /(deficit) and that member is included in the consolidation by means of full consolidation.

## **Related Party and Related Party Transaction**

### **Related party:**

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in FRS 102 as the "reporting entity").

- a) A person or a close member of that person's family is related to a reporting entity if that person:
  - i. has control or joint control over the reporting entity;
  - ii. has significant influence over the reporting entity; or
  - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b) An entity is related to a reporting entity if any of the following conditions apply:
  - i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - iii. Both entities are joint ventures of the same third party.
  - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the



reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

- vi. The entity is controlled, or jointly controlled by a person identified in (a).
- vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

**Related party transaction:**

A transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

DRAFT



To: Wheatley Homes South Limited Chair

Dear Chair

**Re: Letter of representation in connection with the audit of the financial statements of Wheatley Homes South Limited**

With reference to the financial statements of Wheatley Homes South Limited ("the Charitable Company"), comprising the Statement of Financial Position, Statement of Comprehensive Income, Statement of Cash Flows, Statement of Changes in Reserves and notes, comprising a summary of significant accounting policies and explanatory notes, we confirm that to the best of our knowledge and belief the representations requested by the auditor can be validly made. We also confirm that Wheatley Homes South Limited meets the definitions of a qualifying entity and meets the criteria for applying the disclosure exemptions with FRS102.

In particular, and after consultation with other relevant senior officers of the Group we confirm that to the best of our knowledge and belief:

**Financial Statements**

1. We have fulfilled our responsibilities as set out in the terms of the audit engagement dated 31<sup>st</sup> March 2023 for the preparation of financial statements that:
  - i. give a true and fair view of the state of the Charitable Company's affairs as at *year end* and of *the Charitable Company's* incoming resources and application of resources, including its income and expenditure for the financial year then ended;
  - ii. have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (FRS 102)); and
  - iii. have been prepared in accordance with the requirements of the Companies Act 2006, the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements Order 2024, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

The financial statements have been prepared on a going concern basis.

2. The methods, the data and the significant assumptions used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.
3. All events subsequent to the date of the financial statements and for which Section 32 of FRS 102 requires adjustment or disclosure, have been adjusted or disclosed.

**Information provided**

4. The external auditor, KPMG has been provided with:
  - access to all information of which we are aware, that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
  - additional information that the auditor has requested for the purpose of the audit; and
  - unrestricted access to persons within the Charitable Company from whom the auditor determined it necessary to obtain audit evidence.
5. All transactions have been recorded in the accounting records and are reflected in the financial statements.



6. We have disclosed to the external auditor:

- i) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

Included in the Appendix to this letter are the definitions of fraud, including misstatements arising from fraudulent financial reporting and from misappropriation of assets.

ii) We have disclosed to the external auditor, all information in relation to:

- a) Fraud or suspected fraud that we are aware of and that affects the Charitable Company and involves:
  - management;
  - employees who have significant roles in internal control; or
  - others where the fraud could have a material effect on the financial statements; and
- b) allegations of fraud, or suspected fraud, affecting the Charitable Company's financial statements communicated by employees, former employees, analysts, regulators or others.

In respect of the above, we acknowledge our responsibility for such internal control as we determine necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In particular, we acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error and we believe we have appropriately fulfilled those conditions.

- 7. We have disclosed to the external auditor all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- 8. We have disclosed to the external auditor and has appropriately accounted for and/or disclosed in the financial statements, in accordance with section 21 of FRS 102 all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
- 9. We have disclosed to the external auditor the identity of the Charitable Company's related parties and all the related party relationships and transactions of which we are aware. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with section 33 of FRS 102.

Included in the Appendix to this letter are the definitions of both a related party and a related party transaction as we understand them and as defined in FRS 102.

10. We confirm that:

- a) The financial statements disclose all of the matters that are relevant to the Charitable Company's ability to continue as a going concern, including key risk factors, assumptions made and uncertainties surrounding the Charitable Company's ability to continue as a going concern as required to provide a true and fair view and to comply with FRS 102.
- b) No material uncertainties related to events or conditions exist that may cast significant doubt on the ability of the Charitable Company to continue as a going concern.

Yours faithfully

Steven Henderson  
Group Chief Executive



## **Appendix to the Board Representation Letter of Wheatley Homes South Limited**

### **Definitions**

#### **Financial Statements**

A complete set of financial statements (before taking advantage of any of the FRS 102 exemptions) comprises:

- Charitable Company's Statement of Financial Position as at the end of the period;
- the Charitable Company's Income and Expenditure account for the period;
- the Charitable Company's Statements of other comprehensive income for the period;
- the Charitable Company's Statement of changes in reserves for the period;
- the Charitable Company's Cash Flow Statement for the period
- notes, comprising a summary of significant accounting policies and other explanatory information.

FRS 102 permits an entity either to present (i) separately an Income & Expenditure account and a Statement of Other Comprehensive Income or (ii) a combined Income & Expenditure Account and Other Comprehensive Income.

#### **Material Matters**

Certain representations in this letter are described as being limited to matters that are material.

FRS 102 states that:

Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or combination of both, could be the determining factor.

#### **Fraud**

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.

#### **Error**

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- a) was available when financial statements for those periods were authorised for issue; and
- b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

#### **Management**

For the purposes of this letter, references to "management" should be read as "management and, where appropriate, those charged with governance".



## **Qualifying Entity**

A member of a group where the parent of that group prepares publicly available consolidated financial statements which are intended to give a true and fair view (of the assets, liabilities, financial position and surplus/(deficit)) and that member is included in the consolidation by means of full consolidation.

## **Related Party and Related Party Transaction**

### **Related party:**

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in FRS 102 as the “reporting entity”).

- a) A person or a close member of that person’s family is related to a reporting entity if that person:
  - i. has control or joint control over the reporting entity;
  - ii. has significant influence over the reporting entity; or
  - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b) An entity is related to a reporting entity if any of the following conditions apply:
  - i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - iii. Both entities are joint ventures of the same third party.
  - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - vi. The entity is controlled, or jointly controlled by a person identified in (a).
  - vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

### **Related party transaction:**

A transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.



## Report

**To:** Wheatley Homes South Board

**By:** Lyndsay Brown, Director of Financial Reporting

**Approved by:** Pauline Turnock, Group Director of Finance

**Subject:** Finance Report to 30 June 2025

**Date of Meeting:** 20 August 2025

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### 1. Purpose

- 1.1 The purpose of this paper is to provide an overview of the Finance Report for the period to 30 June 2025 and the Q1 forecast.

### 2. Authorising and strategic context

- 2.1 Under the terms of the Intra-Group Agreement between Wheatley Homes South and the Wheatley Group and our Terms of Reference, we are responsible for the on-going monitoring of performance against agreed targets. This includes the on-going performance of our finances.

### 3 Background - Financial performance

- 3.1 The results for the period to 30 June are summarised below:

	Actual £'000	Budget £'000	Variance £'000
Turnover	14,394	14,226	168
Operating expenditure	(10,421)	(10,711)	(290)
<b>Operating surplus</b>	<b>3,973</b>	<b>3,515</b>	<b>458</b>
<i>Operating margin</i>	28%	25%	
Net interest payable	(1,783)	(1,824)	41
<b>Surplus</b>	<b>2,190</b>	<b>1,691</b>	<b>499</b>
<b>Net Capital Expenditure</b>	<b>3,587</b>	<b>3,753</b>	<b>166</b>



## 4. Discussion

- 4.1 The statutory surplus to 30 June is £2,190k, which is £499k favourable to budget with favourable variances in both income and expenditure. Additional Young Persons service charges and the quick turnaround of properties when they become vacant has driven favourable variances in rental income. Expenditure continues to be well managed and favourable variances to budget are reported across the majority of expenditure categories.

### Key highlights:

- Adaptations grant funding has been confirmed at £1,463k for 2025/26, increasing other grant income and capital investment spend by £75k in the period to June;
- Repairs spend overall is £89k favourable to budget. Responsive repairs are £6k unfavourable due to a slightly higher average cost per job, partly offset by a reduction in demand compared to this time last year (400 less jobs). Gas planned maintenance and compliance expenditure are favourable to budget due to the cost of works compared to the allocated budget. All compliance work is delivered within the required legislative timeframe;
- Capital investment income is £500k lower than budget due to the delay in the site start for Leswalt, partly offset by accelerated spend at Ashwood Drive. The variance in new build expenditure, £714k lower than budget, is driven by the same projects; and
- Total capital investment spend is £32k higher than budget due to higher capitalised voids and additional funded aids & adaptations spend, partly offset by lower spend on core programme (windows & doors and lowrise).

### 4.2 Q1 2025/26 Full Year Forecast

	Full year 2025/26		
	Forecast £k	Budget £k	Variance £k
Turnover	65,331	64,328	1,003
Operating expenditure	(43,310)	(43,580)	270
<b>Operating surplus</b>	22,021	20,748	1,273
<i>Operating margin</i>	34%	32%	
Net interest payable	(7,221)	(7,221)	0
<b>Surplus</b>	<b>14,800</b>	<b>13,527</b>	<b>1,273</b>
<b>Net Capital Expenditure</b>	<b>27,479</b>	<b>23,190</b>	<b>(4,289)</b>

- A full year forecast out-turn has recently been completed following the end of the first quarter. Statutory surplus of £14,800k is projected to be £1,273k favourable to budget due to additional grant funding for aids & adaptations and donations to Wheatley Foundation paid earlier than budgeted in March 2025;
- An underlying surplus of £8,164k which is £294k favourable to budget is forecast mainly due to the donations to Wheatley Foundation paid earlier than budgeted; and



- Within net capital expenditure, investment works are forecast to be £923k higher than budget following the confirmation of additional adaptations funding. New build spend is higher by £1.1m due to accelerated spend on Ashwood Drive and College Mains. As reflected in other capital expenditure, the commercial element of Ashwood Drive is progressing well and expected to complete ahead of schedule (May 2026).

## **5. Customer Engagement**

- 5.1 This report relates to our financial reporting and therefore there are no direct customer implications arising from the Finance Report.

## **6. Environmental and sustainability implications**

- 6.1 There are no direct environmental or sustainability implications arising from this report. Our investment programme includes capital expenditure in our tenants' homes which will improve their energy efficiency.

## **7. Digital transformation alignment**

- 7.1 There are no digital transformation alignment implications arising from the Finance Report.

## **8. Financial and value for money implications**

- 8.1 Our cost efficiency targets are built into the budget and delivery of these is a key element of continuing to demonstrate value for money.
- 8.2 The statutory surplus for the period to 30 June 2025 is £2,190k, £499k favourable to budget. After adjusting the net operating surplus for new build grant income, depreciation and including capital expenditure in our properties an underlying surplus of £3,590k has been generated which is £467k favourable to budget. This reflects the operating performance that had a good start to the year with additional net rental income reported from reduced void losses, and a favourable expenditure position partly offset by additional capital void spend.

## **9. Legal, regulatory and charitable implications**

- 9.1 There are no direct legal, regulatory and charitable implications arising from the Finance Report.

## **10. Risk Appetite and assessment**

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

## **11. Equalities implications**

- 11.1 There are no equalities implications arising from the Finance Report.



## **12. Key issues and conclusions**

12.1 This paper presents the financial performance for the period to 30 June 2025.

## **13. Recommendations**

13.1 The Board is requested to:

- 1) Note the Finance Report for the period to 30 June 2025 and Q1 forecast at Appendix 1.

### **LIST OF APPENDICES:**

Appendix 1: Period 3 – 30 June 2025 Finance Report and Q1 forecast





# Period to 30 June 2025

## Finance Report





# 1) Operating statement – Period to 30 June 2025

## Key highlights

Net operating surplus of £3,973k, £458k favourable to budget and a statutory surplus of £2,190k, £499k favourable is reported. The financial performance in the period to June reflects the letting performance and the overall favourable expenditure position to budget.

- Net rental income is £77k higher than budget. Void losses are £69k favourable to budget, with a void loss rate of 0.6% vs 1.0% in budget. Rental income is favourable to budget after successful negotiations with DGC to increase the service charge income at Young Persons Project (YPP).
- Other grant income is £89k favourable to budget driven by additional aids & adaptations grant (with corresponding higher costs) and higher renewable heat incentive (RHI) grant funding.
- Total employee costs (direct and group services) are £5k adverse to budget due to additional costs from Wheatley Solutions due to the timing of changes compared to the budgeted structure.
- Total running costs (direct & group services) are £25k favourable to budget due to the timing of spend across several departments within Wheatley Solutions.
- Repairs costs are £89k favourable to budget. Responsive repairs are £6k unfavourable due to a slightly higher average cost per job, partly offset by a reduction in demand compared to this time last year (400 less jobs). Gas planned maintenance and compliance expenditure are favourable to budget due to the cost of works compared to the allocated budget. All compliance work is delivered within the required legislative timeframe.
- Bad debts are £181k favourable to budget A prudent approach is taken when setting the budget.

Interest payable of £1,813k represents interest due on the loans due to Wheatley Funding No.1 Ltd and external funders.

Net capital expenditure of £3,587k is £166k lower than budget.

- Capital investment income is £500k lower than budget. New build grant income is unfavourable to budget due to a delayed start at Leswalt, two months later than planned offset by additional grant income due to accelerated spend at Ashwood Drive and additional adaptation income £75k.
- Total capital investment spend of £2,523k is £32k higher than budget due to higher capitalised voids and additional funded aids & adaptations spend, partly offset by lower spend on core programme (windows & doors and lowrise).
- New Build expenditure, reflecting the movement in grant income, is £714k lower than budget due to later than budgeted start dates at Leswalt and accelerated spend at Ashwood Drive.
- Other capital expenditure of £422k is £16k higher than budget due to accelerated spend on the office at Ashwood Drive, Stranraer offset by the timing of IT project spend.

OPERATING STATEMENT	Period to June 2025			Full Year Budget £ks
	Actual £ks	Budget £ks	Variance £ks	
<b>INCOME</b>				
Rental Income	13,704	13,696	8	54,778
Void Losses	(81)	(150)	69	(600)
<b>Net Rental Income</b>	<b>13,623</b>	<b>13,546</b>	<b>77</b>	<b>54,178</b>
Grant Income	0	0	0	6,244
Other Grant Income	459	370	89	1,542
Other Income	312	310	2	2,364
<b>TOTAL INCOME</b>	<b>14,394</b>	<b>14,226</b>	<b>168</b>	<b>64,328</b>
<b>EXPENDITURE</b>				
Employee Costs - Direct	1,336	1,336	0	5,344
Employee Costs - Group Services	886	881	(5)	3,492
Direct Running Costs	738	739	1	3,348
Running Costs - Group Services	473	497	24	2,086
Revenue Repairs and Maintenance	2,966	3,055	89	12,496
Bad debts	99	280	181	1,119
Depreciation	3,923	3,923	0	15,695
<b>TOTAL EXPENDITURE</b>	<b>10,421</b>	<b>10,711</b>	<b>290</b>	<b>43,580</b>
<b>NET OPERATING SURPLUS</b>	<b>3,973</b>	<b>3,515</b>	<b>458</b>	<b>20,748</b>
<i>Net operating margin</i>	<i>28%</i>	<i>25%</i>	<i>3%</i>	<i>32%</i>
Interest receivable	30	23	7	90
Interest payable & similar charges	(1,813)	(1,847)	34	(7,311)
<b>STATUTORY SURPLUS</b>	<b>2,190</b>	<b>1,691</b>	<b>499</b>	<b>13,527</b>
<b>INVESTMENT</b>	<b>Actual £ks</b>	<b>Budget £ks</b>	<b>Variance £ks</b>	<b>Budget £ks</b>
<b>TOTAL CAPITAL INVESTMENT INCOME</b>	<b>4,113</b>	<b>4,613</b>	<b>(500)</b>	<b>19,930</b>
Capital Investment spend	2,523	2,491	(32)	13,908
New Build Programme	4,755	5,469	714	27,893
Other Fixed Assets	422	406	(16)	1,983
<b>TOTAL INVESTMENT EXPENDITURE</b>	<b>7,700</b>	<b>8,366</b>	<b>666</b>	<b>43,784</b>
<b>NET CAPITAL EXPENDITURE</b>	<b>3,587</b>	<b>3,753</b>	<b>166</b>	<b>23,854</b>



## 1b) Underlying surplus – Period to 30 June 2025

### Key highlights :

- The Operating Statement (Income and Expenditure Account) on page 2 is prepared in accordance with the requirements of accounting standards (Financial Reporting Standard 102 and the social housing Statement of Recommended Practice 2018).
- However, the inclusion of grant income on new build developments creates volatility in the results and does not reflect the underlying cash surplus/deficit on our letting activity.
- The chart below therefore shows a measure of underlying surplus which adjusts our net operating surplus by excluding the accounting adjustments for the recognition of grant income, gift aid and depreciation but including capital expenditure on our existing properties.
- For the period to June 2025, an underlying surplus of £3,590k has been generated which is £467k favourable to budget reflecting the operating performance that had a good start to the year with additional net rental income reported from reduced void losses, and a favourable expenditure position partly offset by additional capital void spend.

Underlying Surplus - Period to 30 June 2025				
	YTD Actual £ks	YTD Budget £ks	YTD Variance £ks	FY Budget £ks
Net Operating surplus	3,973	3,515	458	20,748
add back:				
Depreciation	3,923	3,923	0	15,695
less:				
Grant income	0	0	0	(6,244)
WDS Gift aid	0	0	0	(1,202)
Net interest payable	(1,783)	(1,824)	41	(7,221)
Total expenditure on Core Programme	(2,523)	(2,491)	(32)	(13,908)
<b>Underlying Surplus</b>	<b>3,590</b>	<b>3,123</b>	<b>467</b>	<b>7,868</b>



## 2) In House Repairs Service – Period to 30 June 2025

In House Repairs	YTD			Full Year Budget
	Actual £ks	Budget £ks	Variance £ks	
<b>INCOME</b>				
Internal	2,765	2,943	(178)	12,049
External Customers	166	112	54	447
<b>TOTAL INCOME</b>	<b>2,931</b>	<b>3,055</b>	<b>(124)</b>	<b>12,496</b>
<b>COST OF SALES</b>				
Staff Costs	1,354	1,365	11	5,476
Materials	564	586	22	2,999
Subcontractor & Other Costs	565	595	30	1,846
<b>TOTAL COST OF SALES</b>	<b>2,482</b>	<b>2,546</b>	<b>64</b>	<b>10,321</b>
<b>GROSS PROFIT</b>	<b>449</b>	<b>509</b>	<b>(60)</b>	<b>2,175</b>
Margin %	15%	0%	15%	17%
<b>Overheads</b>	<b>492</b>	<b>509</b>	<b>17</b>	<b>2,175</b>
<b>NET (LOSS) / PROFIT</b>	<b>(43)</b>	<b>-</b>	<b>(43)</b>	<b>-</b>

### Key Comments:

- Income is £124k lower than budget driven by lower number of jobs. External customers income represents Home Group income generated in the period to 30 June 2025.
- Employee costs are £11k favourable following additional capitalised environmental works.
- Materials and subcontractors are under budget as a result of fewer jobs completed.
- Overheads are £17k favourable to budget with savings in vehicle lease costs and timing of spend across other lines.



### 3) Repairs and Investment – Period to 30 June 2025

Revenue Repairs and Maintenance	YTD			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
Reactive	2,409	2,403	(6)	9,941
Gas planned maintenance	274	332	58	1,219
Compliance	283	320	37	1,336
<b>TOTAL</b>	<b>2,966</b>	<b>3,055</b>	<b>89</b>	<b>12,496</b>

#### Repairs

Repairs and maintenance costs are £89k favourable to budget.

- Reactive repairs are £6k adverse to budget driven by a slightly higher average cost per job in June, partly offset by lower job numbers (400 less jobs vs prior year).
- Gas planned maintenance and compliance expenditure are favourable to budget due to the cost of works compared to the allocated budget. All compliance work is delivered within the required legislative timeframe.

Core Investment Programme	To 30 June 2025			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
<b>Investment programme grant income</b>				
Aids and Adaptations	195	120	75	540
<b>Total</b>	<b>195</b>	<b>120</b>	<b>75</b>	<b>540</b>
<b>Investment programme spend</b>				
Core Programme	883	955	72	7,704
Capitalised repairs	222	236	14	944
Capitalised Voids	942	891	(51)	3,565
Adaptations	195	120	(75)	540
Capitalised Staff	281	289	8	1,156
<b>Total</b>	<b>2,523</b>	<b>2,491</b>	<b>(32)</b>	<b>13,908</b>

#### Investment

Net investment in our existing homes was £2,328k, which is £43k higher than budget.

- Core programme is £72k under budget due to timing of spend on windows & doors and lowrise. The spend is expected to align with budget over the coming months.
- Voids are £51k adverse to budget driven by additional high value jobs in Q1 2025/26 (20 voids over £10k each vs 10 this time last year). The team are closely monitoring spend.
- Adaptation grant funding has been confirmed at £1.4m for 2025/26 and will be reflected in the Q1 forecast.
- Capitalised staff is £8k favourable driven by savings within the team.

<b>Net Investment Spend</b>	<b>2,328</b>	<b>2,371</b>	<b>43</b>	<b>13,368</b>
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4) New Build – Period to 30 June 2025



Development Name	Status	Contractor	YTD P3			Full Year Budget
			Actual	Budget	Variance	
Johnstonebridge	Approved/Due on Site	Ashleigh	2,278	2,083	(195)	5,381
Glenluce	Feasibility	Ashleigh	-	16	16	26
Leswalt	Approved/Due on Site	TBC	504	1,457	953	8,498
College Mains	Approved/Due on Site	TBC	1,044	1,155	111	6,878
Gladstone	In Development	TBC	41	74	32	940
Summerhill	In Development	TBC	46	11	(35)	731
Ashwood Drive	Approved/Due on Site	Ogilvie	435	81	(354)	1,022
Newington	In Development	TBC	29	33	4	334
Osborne (Lochside)	In Development	TBC	27	63	36	135
Findlater (Lochside)	In Development	TBC	-	-	-	32
Maxwelltown High	In Development	TBC	5	79	73	158
Catherinefield	Feasibility	TBC	3	21	18	242
Thornhill	Feasibility	CCG	2	26	24	53
Spring Bank Road	Feasibility	TBC	-	3	3	11
Dumfries High Street	Feasibility	TBC	23	-	(23)	673
Feasibility	N/A	N/A	1	53	52	210
Development Fund	N/A	N/A	-	-	-	50
Completed PY	Feasibility	TBC	8	-	(8)	198
Total Social Rent			4,447	5,154	708	25,569
Capitalised Staff			309	315	6	1,264
Capitalised Interest			-	-	-	396
Total New Build Investment			4,756	5,469	714	27,229
Grant Income			3,918	4,493	(575)	19,390
Net New Build Cost			838	976	138	7,839
Grant Income Completions (recognised in OPS)			-	-	-	6,244

On Site/ Due on Site:

- Johnstonebridge/ MacLean Drive (SR/33):** Site started October 2024. Due for completion early 2026 however, there is a dispute with Scottish Power which has the potential to delay handovers.
- College Mains (44):** Site acquired March 2025, works started 25/03/2025. Site completion expected late Summer 2026.
- Ashwood Drive (SR/9):** Tender approved by WDSL Board in February 2025, grant funding from DGC and SG awarded. Works started 6th May 2025, ahead of budget.
- Leswalt (SR/56):** Tender and acquisition approved by WDSL Board in January 2025, grant funding in place, acquisition completed end of March. Site start was delayed with works commencing 26/05/2025 resulting in the reported underspend in the year to date.

[REDACTED]



# 5) Balance Sheet – Period to 30 June 2025

	30 June 25	31 March 25
<b>Fixed Assets</b>		
Social Housing Properties	470,982	467,620
Other Fixed Assets	3,018	2,593
Investment Properties	11,846	11,851
<b>Fixed Assets</b>	<b>485,846</b>	<b>482,064</b>
<b>Current Assets</b>		
Stock	900	900
Trade debtors	286	309
Rent and service charge arrears	2,533	2,519
less: provision for rent arrears	(1,161)	(1,138)
Prepayments and accrued income	2,245	2,546
Other debtors	4,454	4,771
Due from other group companies	131	115
<b>Total debtors</b>	<b>9,388</b>	<b>10,022</b>
Bank and cash	3,296	2,847
<b>Current assets</b>	<b>12,684</b>	<b>12,869</b>
<b>Creditors: within 1 year</b>		
Trade Creditors	(1,125)	(2,337)
Accruals	(2,588)	(1,889)
Deferred income (Grant)	(4,181)	(4,184)
Prepayments of Rent and Service Charge	(1,478)	(1,277)
Other Creditors	(674)	(745)
Amounts due to Group Undertakings	(7,072)	(6,971)
<b>Current liabilities</b>	<b>(17,118)</b>	<b>(17,403)</b>
<b>Net Current Liability</b>	<b>(4,434)</b>	<b>(4,534)</b>
<b>Long Term Creditors</b>		
Bank loans	(81,292)	(81,017)
Due to other group companies	(90,000)	(92,500)
Deferred Income	(9,726)	(5,809)
Other provisions	(171)	(171)
<b>Net Assets</b>	<b>300,223</b>	<b>298,033</b>
<b>Capital and Reserves</b>		
Revenue Reserve	158,563	156,373
Revaluation Reserve	141,660	141,660
<b>Shareholders' funds</b>	<b>300,223</b>	<b>298,033</b>

## Key Comments:

The balance sheet as at 31 March 2025 reflects the audited position and year end statutory adjustments, including the revaluation of both housing and investment properties.

At 30 June 2025:

- **Fixed assets** of £486m – representing new build works less depreciation of existing assets.
- **Stock** relates to the in-house repairs team stock and materials on site relating to the investment program.
- **Prepayments and accrued income** – Accrued income includes new build grant income (Johnstonebridge & College Mains), and Home Group income.
- **Other debtors** includes capital asset recharge £4.2m.
- **Creditors: within 1 year:**
  - Accruals includes investment works (CBG), materials & sub-contractors costs and THFC interest. The increase from March 2025 is due to timing of invoices being received.
  - Deferred income relates to Johnstonebridge which is on track to complete early 2026 (33 units).
- **Long-Term Creditors:**
  - Loan term loans include Allia and THFC loans. The increase since 31 March is due to the Allia accrued interest.
  - Due to other group companies is the WFL1 intra-group loan.
  - The roll up of accrued interest on Allia loans is not payable until the end repayment date of the loan. £6.5m has been accrued since the drawdown of the loans.
  - Grant income received is deferred until the completion of new build properties. The balance relates to College Mains, Leswalt, Ashwood Drive and Thornhill which are all expected to complete 2026/27 onwards.
  - Provision of £171k relates to dilapidations for offices and hubs.



## 6) Q1 Forecast 2025/26

Operating statement	Full Year 2025/26		
	Q1 Forecast £k	Budget £k	Variance £k
<b>INCOME</b>			
Rental Income	54,803	54,778	25
Void Losses	(600)	(600)	0
<b>Net Rental Income</b>	<b>54,203</b>	<b>54,178</b>	<b>25</b>
Grant Income	6,244	6,244	0
Other Grant Income	2,465	1,542	923
Other Income	2,419	2,364	55
<b>Total Income</b>	<b>65,331</b>	<b>64,328</b>	<b>1,003</b>
<b>EXPENDITURE</b>			
Employee Costs - Direct	5,344	5,344	0
Employee Costs - Group Services	3,504	3,492	(12)
Direct Running Costs	3,016	3,348	332
Running Costs - Group Services	2,086	2,086	0
Revenue Repairs and Maintenance	12,496	12,496	0
Bad debts	1,119	1,119	0
Depreciation	15,695	15,695	0
Demolition	50	0	(50)
<b>TOTAL EXPENDITURE</b>	<b>43,310</b>	<b>43,580</b>	<b>270</b>
<b>OPERATING SURPLUS</b>	<b>22,021</b>	<b>20,748</b>	<b>1,273</b>
Interest Payable	(7,221)	(7,221)	0
<b>STATUTORY SURPLUS</b>	<b>14,800</b>	<b>13,527</b>	<b>1,273</b>

Investment	Full Year 2025/26		
	Q1 Forecast £k	Budget £k	Variance £k
<b>Total Capital Investment Income</b>	<b>18,143</b>	<b>19,930</b>	<b>(1,787)</b>
Investment Works	14,831	13,908	(923)
New Build	28,389	27,229	(1,160)
Other Capital Expenditure	2,403	1,983	(420)
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>45,622</b>	<b>43,120</b>	<b>(2,502)</b>
<b>NET CAPITAL EXPENDITURE</b>	<b>27,479</b>	<b>23,190</b>	<b>(4,289)</b>

### Key highlights

A statutory surplus of £14,800k, £1,273k favourable to budget is reported.

- Rental income is £25k favourable to budget after the successful negotiations with DGC to increase the service charge income at Young Persons Project (YPP).
- Other grant income is £923k higher than budget due to grant funding confirmed for aids & adaptations.
- Other income is £55k higher than budget relating to the WDS gift aid. The new build spend is forecasting to be higher, therefore increasing the gift aid received.
- Employee costs (direct and group) are £12k adverse to budget reflecting changes from the budgeted structure in Wheatley Solutions.
- Direct running costs are £332k favourable to budget due to donations to Wheatley Foundation paid earlier than budgeted in March 2025.
- Demolition costs are £50k higher than budget due to the demolition of the final bungalow, brought forward from 2026/27.
- Capital investment income is £1,787k lower than budget driven by lower grant on Leswalt (delayed start) and College Mains (additional grant received March 2025) offset by £923k of additional grant funding for aids & adaptations.
- Investment works are £923k higher reflecting the additional spend on aids & adaptations now the funding is secured.
- New build expenditure is £1,160k higher than budget driven by accelerated spend on Ashwood Drive and College Mains.
- Other capital expenditure is £420k higher than budget driven by accelerated spend on the Ashwood Drive office. Spend brought forward from 2026/27 as the completion date is ahead of schedule, now expected May 2026. The total spend over the two years is in line with WDS Board approval.



## 7) Underlying surplus – Q1 forecast 2025/26

### Key highlights :

- The forecast Operating Statement (Income and Expenditure Account) is prepared in accordance with the requirements of accounting standards (Financial Reporting Standard 102 and the social housing Statement of Recommended Practice 2018).
- However, the inclusion of grant income on new build developments creates volatility in the results and does not reflect the underlying cash surplus/deficit on our letting activity.
- The chart below therefore shows a measure of underlying surplus which adjusts our net operating surplus by excluding the accounting adjustments for the recognition of grant income and depreciation but including capital expenditure on our existing properties.
- The Q1 forecast shows an underlying surplus of £8,164k which is £294k favourable to budget mainly due to the donations to Wheatley Foundation paid earlier than budgeted in March 2025. The movement in underlying surplus in WH South is favourable and contributes to the RSL Borrower Group position, where an overall underlying surplus is reported for the financial year to date. Financial performance continues to be managed within the overall budget parameters and covenants for the RSL Borrowers.

WH South Underlying Surplus - Q1 Forecast 25/26			
	Forecast £ks	Budget £ks	YTD Variance £ks
Net Operating surplus	22,021	20,748	1,273
add back:			
Depreciation	15,695	15,695	0
less:			
Grant income	(6,244)	(6,244)	0
Gift aid	(1,257)	(1,202)	(55)
Net interest payable	(7,221)	(7,221)	0
Total expenditure on Core Programme	(14,831)	(13,908)	(923)
Underlying surplus / (deficit)	8,164	7,868	294







## Report

**To:** Wheatley Homes South Board

**By:** Ranald Brown, Director of Assurance

**Subject:** Assurance Update

**Date of Meeting:** 20 August 2025

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### 1. Purpose

- 1.1. This report provides the Board with an update for noting the following matters:
- the Internal Audit Annual Report and Opinion 2024/25, which was approved by the Group Audit Committee on 14 May 2025; and
  - the internal audit work reported to the February and May Group Audit Committee meetings.

### 2. Authorising and strategic context

- 2.1. The Group Audit Committee is responsible for monitoring the Group's assurance activities, including approval of the Internal Audit Annual Report, and monitoring results as presented in quarterly Assurance Updates.
- 2.2. Under its Terms of Reference, the Board is responsible for managing and monitoring its compliance arrangements and operational performance. The activities undertaken by the Assurance Team provide the Board with independent assurance to support the Board in this role.

### 3. Background

- 3.1. The Group's Internal Audit team operates in accordance with the International Institute of Internal Auditors' International Professional Practices Framework ("IPPF"), which was revised during 2024/25. The new Global Internal Audit Standards ("GIAS" / the "**Standards**") applied from January 2025. In addition, the Chartered Institute of Internal Auditors issued a Code of Practice that supports the new Standards by providing additional guidance on the practice of Internal Auditing within the United Kingdom.
- 3.2. To meet the requirements of the Standards and the Code of Practice, at **Appendix 1** Internal Audit provides the Board with an Annual Report and Opinion, which summarises the results of the Internal Audit team's work during the financial year and provides an opinion on the Group's governance, risk management, and control framework.
- 3.3. In November 2024 and February 2025, the Group Audit Committee approved delivery of the following reviews, as part of the rolling Internal Audit Plan. The reviews highlighted in **blue font** are those relevant to this Board:



Allocations	CBG Performance Reporting (with GCC)	Frontline RSL Assurance checks
Payroll Data Analytics	Repairs Data Analytics	Treasury Management
Anti-Social Behaviour	Rent Credit Balances Data Analytics	Gas Safety Data Analytics

- 3.4. The Internal Audit team has now completed these reviews, and details of the relevant findings are set out in the report at **Appendix 2**.

#### 4. Discussion

##### *Internal Audit Annual Report and Opinion 2024/25*

- 4.1. A copy of the Annual Report and Opinion has been included at **Appendix 1** for the Board's information. The table below shows the different types of Internal Audit Opinion which may be given:

<b>No Assurance</b>	There are <b>business critical control weaknesses</b> 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.
<b>Limited Assurance</b>	There are <b>significant control weaknesses</b> 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.
<b>Substantial Assurance</b>	There are <b>control weaknesses</b> 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.
<b>Full Assurance</b>	There are <b>no identified control weaknesses</b> 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.

##### Basis of Opinion

- 4.2. There have been no material changes to the Group's objectives, activities or regulatory environment during 2024/25.



- 4.3. The internal audit engagements delivered during 2024/25 identified no critical weaknesses in the governance, risk or control framework that would put the achievement of Group objectives at risk except for ongoing weaknesses in City Building Glasgow processes and controls in relation to governance and compliance matters. There continues to be joint working between the Wheatley Group and Glasgow City Council Chief Executives to improve governance and compliance controls within these areas.
- 4.4. 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.
- 4.5. During 2024/25, 6 of 30 risks within the Strategic Risk Register were reported as being outwith risk appetite. These risks were impacted by external factors over which management has limited influence and were reviewed by management and the Group Audit Committee each quarter to determine whether additional action was required.
- 4.6. 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 2024/25. In giving this opinion, it should be noted that assurance can never be absolute.

### Internal Audit Opinion 2024/25

Based on our Group-wide work undertaken in 2024/25 a **substantial level of assurance\*** can be given that the Group's governance, risk control framework is designed to support achievement of relevant organisational objectives and operating effectively, within the Group's risk appetite.

However, some weaknesses in the design or consistent application of controls remain and there were a small number of risks in the Strategic Risk Register that were outwith risk appetite. In particular, there continues to be joint working between the Wheatley Group and Glasgow City Council Chief Executives to improve governance and compliance controls within City Building Glasgow.





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.



## Summary of work completed between November 2024 and May 2025

4.7. The tables below summarise the results of all internal audit work completed in the period since our last report.

### Assurance Reviews

Review Title	Relevant Subsidiaries	Control Objective Assessment	No of actions by type	
Allocations	Lowther, WH-E, WH-G, WH-S, Loretto		P - 2	CI - 3
CBG Performance Reporting (joint review with GCC)	Loretto, Lowther, WH-G, Solutions	Not applicable – assessment is in the full CBG report.	P - 1	N/A
Treasury Management	All Subsidiaries except Care and Foundation		N/A	CI - 4
Anti-Social Behaviour	Loretto, WH-E, WH-G, WH-S, Solutions		N/A	CI - 3
Rent Credit Balances Analytics	Loretto, WH-E, WH-G, WH-S, Lowther		N/A	CI - 2

### Advisory Reviews

Review Title	Relevant Subsidiaries	No of actions by type	
Frontline RSL assurance checks	Loretto, WH-E, WH-G, WH-S	N/A	CI - 1
CBG Partnership Oversight Board	Loretto, Lowther, WH-G, Solutions	N/A	N/A

### Focused Reviews

Review Title	Relevant Subsidiaries	No of actions by type	
Payroll data analytics	All subsidiaries except WDSL	N/A	N/A
Repairs analytics	Loretto, Lowther, WH-E, WH-G, WH-S, Solutions	N/A	N/A
Gas Safety Certificates data analytics	Loretto, Lowther, WH-E, WH-G, WH-S, Solutions	P - 1	CI - 2
Repairs analytics	Loretto, Lowther, WH-E, WH-G, WH-S, Solutions	N/A	N/A



4.8. The control objective ratings are defined below:

Red	Amber	Yellow	Green
<ul style="list-style-type: none"><li>•Control objective not achieved.</li><li>•Control weaknesses identified could have a significant and immediate impact on the risks to achievement of the organisation's objectives.</li></ul>	<ul style="list-style-type: none"><li>•Control objective not achieved.</li><li>•Control weaknesses identified could have a moderate impact on the risks to achievement of the organisation's objectives.</li></ul>	<ul style="list-style-type: none"><li>•Control objective achieved.</li><li>•Control weaknesses identified could have a minor impact on the risks to the achievement of the organisation's objectives.</li></ul>	<ul style="list-style-type: none"><li>•Control objective achieved.</li><li>•Any control weaknesses identified could have very little impact on the risks to the achievement of the organisation's objectives.</li></ul>

4.9. The actions are prioritised as follows:

Priority Action
<ul style="list-style-type: none"><li>•Applies to management actions that will address identified control weaknesses, usually where there is no control in place to mitigate the identified risk or the existing control does not provide assurance due to inadequate design of ineffective operation.</li></ul>
Continuous Improvement
<ul style="list-style-type: none"><li>•Applies to management actions where there is an existing control in place that provides assurance. However, the control could be strengthened through revised design or renewed application of existing controls (“house-keeping” issues); or further development of existing controls that are operating effectively, such as automation of a manual control.</li></ul>

4.10. More detail on the key findings for those reviews relevant to this Board are set out in the Assurance Update at **Appendix 2**. Full reports are available to all Board members upon request.

**5. Customer Engagement**

5.1. No customer engagement implications arise directly from this report although action owners may engage with customers to inform decision-making arising in the course of completing assigned actions.

**6. Environmental and sustainability implications**

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

**7. Digital transformation alignment**

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



## **8. Financial and value for money implications**

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

## **9. Legal, regulatory and charitable implications**

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

## **10. Risk Appetite and assessment**

- 10.1. This report summarises the internal audit work performed during 2024/25 and informs the Board of specific risks arising from internal audit reviews performed between November 2024 and May 2025. The nature of the risks varies depending on the review and the agreed management actions are designed to help management to mitigate the identified risks.
- 10.2. Where management considers the risks identified through an internal audit review are sufficiently material to be included in the Group's risk profile, the risk is aligned to a Strategic Outcome and a risk appetite category assigned. This allows management to confirm whether the risk is being managed within risk appetite or if further improvement action is required.

## **11. Equalities implications**

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

## **12. Key issues and conclusions**

- 12.1. The Internal Audit team has completed its planned work for 2024/25 and the Director of Assurance has issued his annual opinion, as outlined at paragraph 4.6.
- 12.2. The Internal Audit team has completed the listed reviews. No significant matters were noted to bring to the attention of the Board members and management have agreed actions to address the improvement actions identified during each review. The Internal Audit team will monitor completion of these actions and report progress to future meetings of the Group Audit Committee and this Board.

## **13. Recommendations**

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

### **LIST OF APPENDICES:**

Appendix 1 - Internal Audit Annual Report and Opinion 2024/25  
Appendix 2 - Assurance Update August 2025



# Internal Audit Annual Report and Opinion 2024/25

*Approved by Group Audit Committee*  
*14 May 2025*



# 1. Introduction

The purpose of this report is to provide Internal Audit’s view on the adequacy and effectiveness of the Wheatley Group’s (“the Group”) systems of governance, risk management and internal control, as assessed through delivery of the rolling Internal Audit Plan during 2024/25. The Internal Audit Plan is reviewed and approved by the Group Audit Committee (“the Committee”) each quarter.

The detailed findings from individual engagements have been reported to Management during the year, with a summary of the findings reported to the Committee at each of its 2024/25 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.

The Internal Audit function provides internal audit services that meet the Purpose of Internal Auditing (see opposite) and as set out in the Group Internal Audit Charter, in accordance with the Internal Audit Mandate.

## Purpose of Internal Auditing

Internal auditing strengthens the organisation’s ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight and foresight.

- Internal auditing enhances the organisation’s:
- Successful achievement of its objectives.
  - Governance, risk management and control processes.
  - Decision-making and oversight.
  - Reputation and credibility with its stakeholders.
  - Ability to serve the public interest.

- Internal auditing is most effective when:
- It is performed by competent professionals in conformance with the Global Internal Audit Standards, which are set in the public interest.
  - The internal audit function is independently positioned with direct accountability to the board.
  - Internal auditors are free from undue influence and committed to making objective assessments.

*Domain 1: Purpose of Internal Auditing, Global Internal Audit Standards*



# 2. Annual Internal Audit Opinion



## Scope

In line with the Global Internal Audit Standards (“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. The report includes an opinion on the effectiveness of the Group’s governance, risk and control framework, and an opinion of whether the Group’s risk appetite is being adhered to, based on the work completed during 2024/25.

Our opinion is subject to the inherent limitations of Internal Audit 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 effects of any material changes in the Group’s objectives, activities or regulatory environment;
- the results of all Internal Audit work undertaken (including any upheld instances of fraud or whistleblowing) during the year ended 31 March 2025;
- 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;
- Management’s progress to complete agreed audit actions within agreed timescales;
- risks assessed as being outwith risk appetite and management’s assessment of whether additional action was required; 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

There have been no material changes to the Group’s objectives, activities or regulatory environment during 2024/25.

The internal audit engagements delivered during 2024/25 identified no critical weaknesses in the governance, risk or control framework that would put the achievement of Group objectives at risk except for ongoing weaknesses in City Building Glasgow processes and controls in relation to governance and compliance matters. There continues to be joint working between the Wheatley Group and Glasgow City Council Chief Executives to improve governance and compliance controls within these areas.

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.

During 2024/25, 6 of 30 risks within the Strategic Risk Register were reported as being outwith risk appetite. These risks were impacted by external factors over which management has limited influence and were reviewed by management and the Group Audit Committee each quarter to determine whether additional action was required.

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 2024/25. In giving this opinion, it should be noted that assurance can never be absolute.



# 2. Annual Internal Audit Opinion

## Annual Assurance Opinion Definitions

The different types of Internal Audit opinion which may be given are set out below:

No Assurance	There are <b>business critical control weaknesses</b> 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 <b>significant control weaknesses</b> 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 <b>control weaknesses</b> 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 <b>no identified control weaknesses</b> 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.

## Internal Audit Opinion 2024/25

*Based on our Group-wide work undertaken in 2024/25 a **substantial level of assurance** can be given that the Group’s governance, risk and control framework is designed to support achievement of relevant organisational objectives and operating effectively, within the Group’s risk appetite. However, some weaknesses in the design or consistent application of controls remain and there were a small number of risks in the Strategic Risk Register that were outwith risk appetite. In particular, there continues to be joint working between the Wheatley Group and Glasgow City Council Chief Executives to improve governance and compliance controls within City Building Glasgow.*

*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.*



# 3. Summary of Work Performed



This section summarises the results of Internal Audit reviews completed during 2024/25. The types of review, control objectives assessment ratings and number of actions by type are defined in Appendix 2.

Section and Review title	Type of review	Relevant Subsidiaries									Control Objective assessment	No. of actions by type	
		Care	Foundation	Loretto	Lowther	Solutions	WDSL	WH-E	WH-G	WH-S			
Development Completion & Post-Completion review	Assurance										<div><div>Amber</div><div>Amber</div><div>Yellow</div><div>Amber</div><div>Green</div><div>Yellow</div><div>Green</div></div>	P – 4	CI - 3
W.E. Notify Incident and Accident reporting	Assurance										<div><div>Amber</div><div>Green</div><div>Yellow</div><div>Yellow</div><div>Yellow</div></div>	P - 3	CI - 6
Faster Payments data analytics	Assurance										<div><div>Green</div><div>Green</div><div>Green</div><div>Green</div><div>Green</div></div>	N/A	CI - 3
Allocations	Assurance										<div><div>Green</div><div>Green</div><div>Green</div><div>Yellow</div><div>Green</div><div>Green</div></div>	P - 2	CI - 3
Anti-social behaviour	Assurance										<div><div>Green</div><div>Green</div><div>Green</div><div>Yellow</div><div>Green</div><div>Yellow</div></div>	N/A	CI - 3
Rent credit balances data analytics	Assurance										<div><div>Yellow</div><div>Yellow</div><div>Green</div><div>Green</div></div>	N/A	CI - 2
Treasury Management	Assurance										<div><div>Green</div><div>Green</div><div>Green</div><div>Green</div><div>Yellow</div><div>Green</div><div>Yellow</div></div>	N/A	CI - 4
SHR Annual Assurance Statement validation	Assurance										Not applicable	N/A	N/A
CBG Performance Reporting (Note 1)	Assurance										Not applicable	P - 1	N/A

Note 1: This review was a joint review with the GCC IA team and the assessment of the control objectives is in the GCC IA team’s report to CBG.



# 3. Summary of Work Performed

Continued from previous slide.

Section and Review title	Type of review	Relevant Subsidiaries									No. of actions by type	
		Care	Foundation	Loretto	Lowther	Solutions	WDSL	WH-E	WH-G	WH-S		
Care Quality Assurance Framework	Advisory										P - 3	N/A
Post-Implementation Review	Advisory										P – 4	CI - 1
Frontline RSL assurance checks	Advisory										N/A	CI - 1
CBG Partnership Oversight Board	Advisory										N/A	N/A
Legislative Compliance mapping	Focused										N/A	N/A
Electrical Testing Certificates data analytics	Focused										P – 4	CI - 3
Purchase Cards data analytics	Focused										N/A	CI - 2
Rent Credit Balances	Focused										N/A	CI - 2
Helping Hand data analytics	Focused										P – 3	CI - 0
Payroll data analytics	Focused										N/A	N/A
Repairs data analytics	Focused										N/A	N/A
Gas Safety Certificates data analytics	Focused										P – 1	CI - 2
Retained Bond Prospectus review	Focused										N/A	N/A
Audit Scotland's NFI project	Focused										N/A	N/A

Summaries of all reviews conducted during 2024/25 have previously been reported to the Group Audit Committee and to Subsidiary Boards.



# 3. Summary of Work Performed

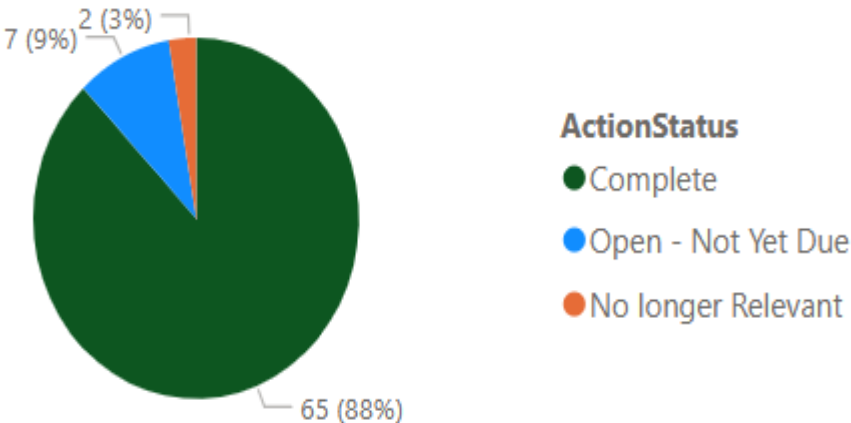
## Follow up of management actions

Internal Audit completes quarterly follow up activity to verify that management have implemented agreed actions. The results are reported to each meeting of the Group Audit Committee, an annual summary of which is shown below.

Group-wide action status at 31 March 2025	Actions
Actions brought forward from 31 March 2024	14
New actions agreed during 2024/25	60
Total Actions followed up during 2024/25	74

All actions due for completion by 31 March 2025 were complete at the year end and therefore there were no overdue actions to report.

Count of ActionStatus by ActionStatus



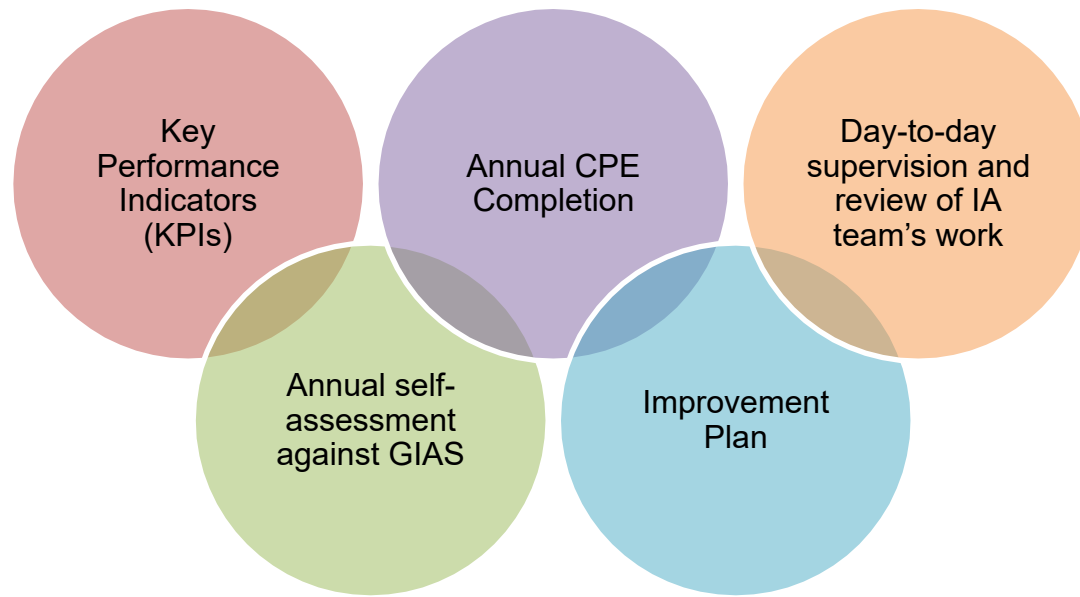


## 4. Quality Assurance and Improvement Programme

The Standards require the Director of Assurance to develop, implement, and maintain a quality assurance and improvement programme (QAIP) that covers all aspects of the internal audit function. The Group's QAIP consists of internal and external assessments.

### Internal Assessments

The Standards require internal assessments of the IA function's conformance with the Standards and progress towards performance objectives. The Group's internal assessment approach is set out below and the results are set out on the next slides.



### External Assessments

The Standards require that an independent external quality assessment (EQA) is completed at least once every five years, by a qualified, independent assessor or assessment team.

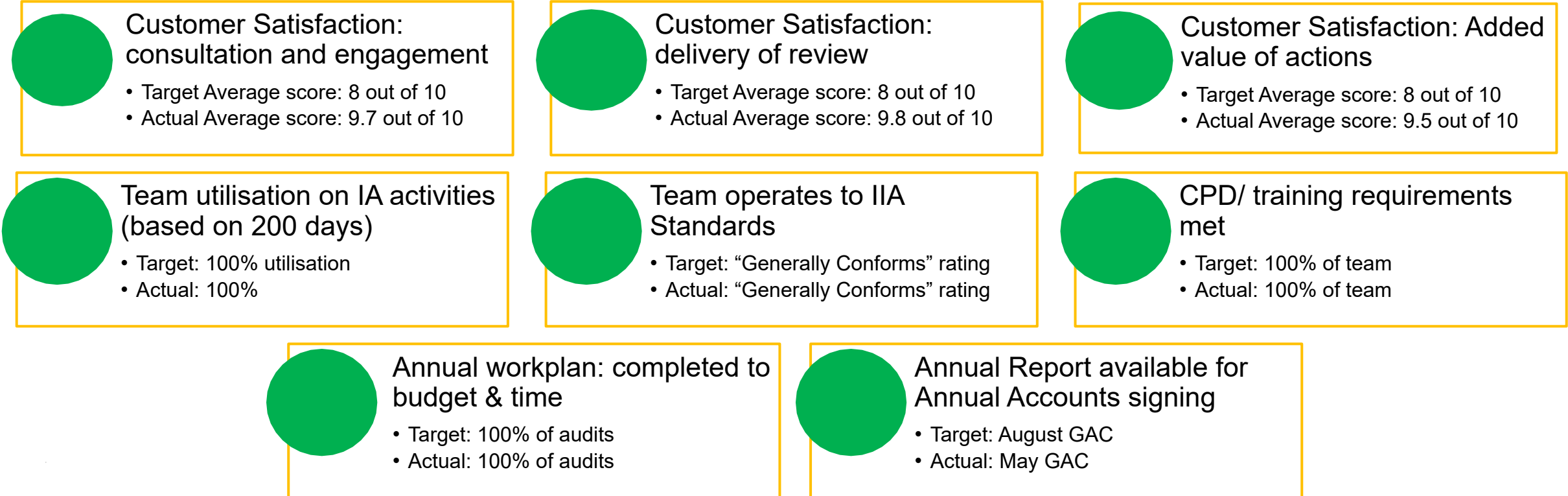
To be qualified, at least one member of the assessment team must hold an active Certified Internal Auditor designation.

The next EQA is due in 2026/27.

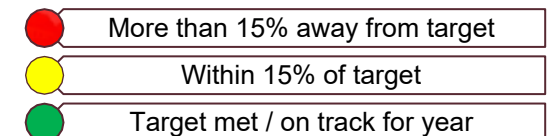


## 4. Quality Assurance and Improvement Programme

The Internal Audit team's performance against its agreed KPIs for 2024/25 is set out below. The same KPIs are proposed for 2025/26.



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:





# 4. Quality Assurance and Improvement Programme

## Annual Self-Assessment against GIAS

The Internal Audit team completed its annual quality self-assessment, using a GIAS toolkit for the first time. In total, the toolkit provides a conformance assessment against 5 domains, 15 principles and 52 standards. In addition, 3 of the domains, 4 of the principles, and 8 of the standards have an additional performance assessment.

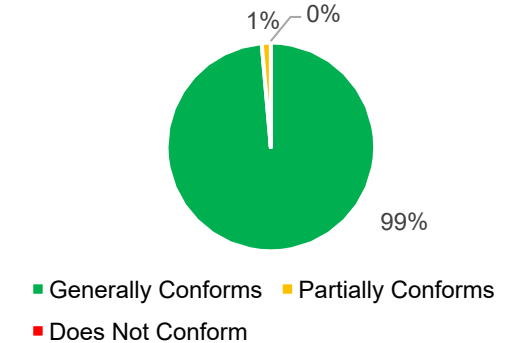
**Conformance results:** We conform in all 5 domains, all 15 principles and 51 out of 52 standards. There was one standard which was assessed as “*partially conforms*”: Standard 9.2 “Internal Audit Strategy”, because work to develop an updated Internal Audit Strategy was in progress at the time of the assessment.

**Performance results:** As above, one domain, one principle and one standard were recorded as having partial performance; all relating to the development of the IA Strategy. The remaining performance assessments were all “*reasonable performance*”, which equates to “*generally conforms*”.

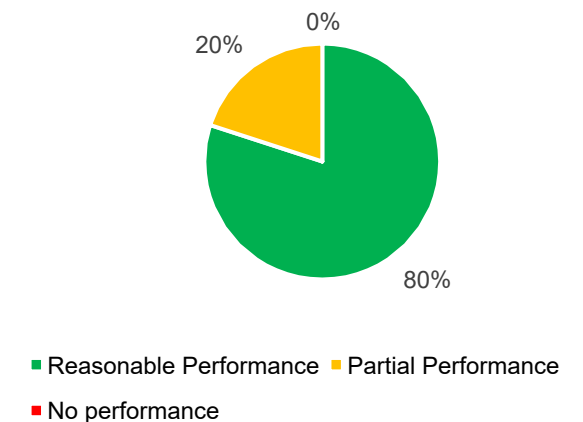
Actions to address the areas of partial conformance/ performance were captured in the Self-Assessment Improvement Plan, a summary of which is set out on the next slide.

Overall, the internal self-assessment rated performance as “**Generally Conforms**”, the highest rating available. Definitions of the ratings available are set out in Appendix 3.

## Conformance Results



## Performance Results





# 4. Quality Assurance and Improvement Programme

## Improvement Plans

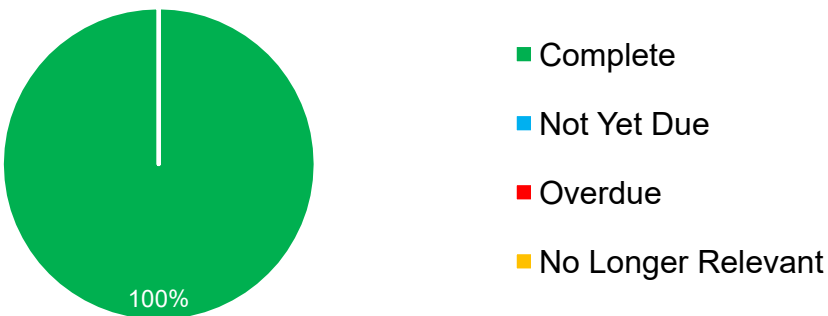
The Internal Audit team has delivered improvements through 3 actions plans during 2024/25:

**The Methodology Improvement Plan:** As reported to the Group Audit Committee in May 2024, the Internal Audit team reviewed its methodology against the new Global Internal Audit Standards, which came into force in January 2025. Six actions arose from that review, which were reported to the Committee until completed. All actions in this plan were completed during 2024/25.

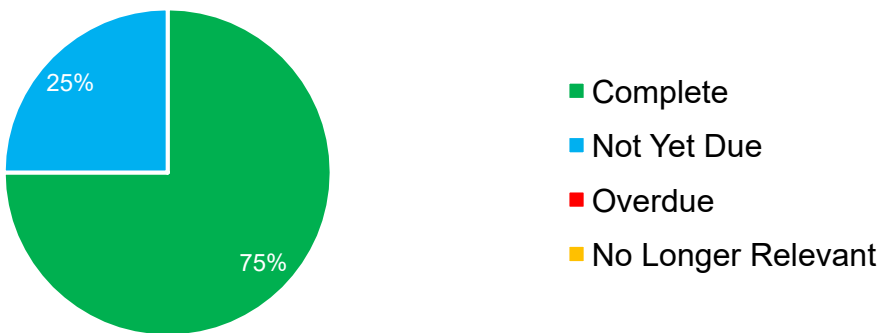
**Self-Assessment Improvement Plan:** Following the completion of the annual self-assessment, eight actions were identified and reported to the Group Audit Committee in January 2025. The status of the incomplete actions is reported to each Group Audit Committee meeting.

**KPI Improvement Plan:** There were no improvement actions arising from the customer feedback forms used to calculate customer satisfaction KPIs set out earlier in this report.

Methodology Improvement Plan



Self-Assessment Improvement Plan





# 5. Disclosures required by Global Internal Audit Standards

As required by the Global Internal Audit Standards, we confirm the following:

Green	Objectivity / Independence / Qualifications <ul style="list-style-type: none"><li>• GIAS requires the Director of Assurance to consider potential impairments to the IA team's independence and objectivity as part of the planning for each engagement. The team also confirms independence annually, and the Director's qualifications and independence are discussed with the Committee annually.</li><li>• There were no impairments to objectivity or independence noted in relation to the reviews completed during 2024/25. All team members completed independence reviews in September 2024, and the Director confirmed all CPD requirements were met in the year, and he had</li></ul>
Green	Agreement of Findings <ul style="list-style-type: none"><li>• GIAS requires the Director of Assurance to report any areas of disagreement with management that have not been resolved during the reporting process.</li><li>• The audit findings in all of the reviews completed in 2024/25 have been agreed with management as factually accurate and management has agreed the actions.</li></ul>
Green	Unmanaged risks <ul style="list-style-type: none"><li>• GIAS requires the Director of Assurance to highlight any instances where, in his view, management's response to engagement findings leaves the Group facing an unacceptable level of risk.</li><li>• There are no such concerns arising from management's response to the matters raised in 2024/25 reports.</li></ul>
Green	Reporting Errors <ul style="list-style-type: none"><li>• GIAS requires the Director of Assurance to bring any significant errors or omissions arising from previous reporting to the attention of the Group Audit Committee and senior management.</li><li>• An example of a "significant" error or omission would be where an incorrect control objective rating is provided, or a misleading overall conclusion for an individual engagement.</li><li>• There were no such errors or omissions to report during 2024/25.</li></ul>
Green	Conformance with Standards <ul style="list-style-type: none"><li>• GIAS requires the Director of Assurance to flag any reviews that were not completed in conformance with GIAS</li><li>• All of the reviews completed in 2024/25 were performed in conformance with GIAS.</li><li>• The IA Mandate and Charter are reviewed and approved by the Group Audit Committee every three years, or in the event of any updates being required.</li><li>• They were most recently approved in May 2024 and the triennial review is due in May 2027. The Internal Audit team has confirmed no interim update is required.</li></ul>

Green	No concerns to be raised	Amber	Minor concern to be raised	Red	Significant concern to be raised
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# Appendices



# 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 Rolling 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 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: Types of Review and Subsidiaries key



## Wheatley Housing Group Subsidiaries

The table below shows the Wheatley Housing Group subsidiaries to which the Internal Audit team provides internal audit services, along with the shortened form used for this report.

Wheatley Homes East (WH-E)	Wheatley Homes Glasgow (WH-G)	Wheatley Homes South (WH-S)	Loretto Housing (Loretto)	Lowther (Lowther)
Wheatley Care (Care)	Wheatley Foundation (Foundation)	Wheatley Solutions (Solutions)	Wheatley Development Scotland Ltd (WDSL)	

Internal audit services for the Group’s joint venture, City Building Glasgow, are provided by the Glasgow City Council internal audit team and the results are reported separately.

## Review Types

The Group’s internal audit services comprise assurance, advisory and focused activities, examples of which are outlined below.

Assurance:	Internal audits, continuous auditing data analysis, validation of management self-assessments. These reviews include an assessment against agreed control objectives within the final report.
Advisory:	Advisory review, project support, investigative data analysis to support development of management information
Focus areas:	controls mapping, pre-inspection visits, fraud investigations



# Appendix 2. Definitions of ratings

## Control Objective Classification:

The audit approach involves assessing the risks to the achievement of the control objectives. Controls to mitigate these risks are then identified and tested in terms design, adequacy and operating effectiveness. Where those controls are considered insufficient to mitigate the risks to the achievement of the control objective, the classification will be “red” or “amber”. Where the controls are adequate to mitigate the risks, the classification will be “yellow” or “green”. The classification allocated is based on audit findings and the Director of Assurance’s professional judgement, which will consider the strategic importance of the area under review.

Red	Amber	Yellow	Green
<ul style="list-style-type: none"><li>Control objective not achieved.</li><li>Control weaknesses identified could have a significant and immediate impact on the risks to achievement of the organisation’s objectives.</li></ul>	<ul style="list-style-type: none"><li>Control objective not achieved.</li><li>Control weaknesses identified could have a moderate impact on the risks to achievement of the organisation’s objectives.</li></ul>	<ul style="list-style-type: none"><li>Control objective achieved.</li><li>Control weaknesses identified could have a minor impact on the risks to the achievement of the organisation’s objectives.</li></ul>	<ul style="list-style-type: none"><li>Control objective achieved.</li><li>Any control weaknesses identified could have very little impact on the risks to the achievement of the organisation’s objectives.</li></ul>

## Action Prioritisation:

Each of the actions arising from an Internal Audit engagement is assigned a priority rating, as shown below. The prioritisation allocated is based on the Director of Assurance’s professional judgement.

Priority Action

- Applies to management actions that will address identified control weaknesses, usually where there is no control in place to mitigate the identified risk or the existing control does not provide assurance due to inadequate design of ineffective operation.

Continuous Improvement

- Applies to management actions where there is an existing control in place that provides assurance. However, the control could be strengthened through revised design or renewed application of existing controls (“house-keeping” issues); or further development of existing controls that are operating effectively, such as automation of a manual control.



# Appendix 3: Internal Quality Assessment (IQA) Definitions



The IPPF requires internal audit functions to complete a regular assessment of performance against standards. The Group has agreed that an internal quality assessment (IQA) will be completed annually, except in years when an external quality assessment (EQA) is completed. To assist with preparing for conformance with the new GIAS, an IQA was completed in December 2024, using the IIA’s new GIAS-based assessment tool. The table below shows the assessment descriptions, with the highest rating being ‘Generally Conforms’.

Assessment Opinion	Assessment Description
Generally Conforms	The relevant structures, policies, and procedures of the function, as well as the processes by which they are applied, conform with the requirements of the Global Internal Audit Standards 2024 in all material respects. For the Domains and Principles, this means that there is general conformance to a majority of the Standards (Requirements). There may be significant opportunities for improvement, but these must not represent situations where the function has not implemented the Principles and/or Standards (Requirements), has not applied them effectively, or has not achieved their stated objectives. As indicated above, general conformance does not require complete/perfect conformance, the ideal situation, successful practice, etc.
Partially Conforms	The function is making good-faith efforts to conform with the overarching requirements of the Global Internal Audit Standards 2024 i.e. Principles and Standards (Requirements), but falls short of achieving some major objectives. These will usually represent significant opportunities for improvement in effectively applying the elements of the Global Internal Audit Standards 2024 i.e. the Principles and Standards (Requirements) and achieving their objectives. Some deficiencies may be beyond the control of the function and may result in recommendations to senior management or the board of the organisation.
Does not Conform	The function is neither aware of nor making good-faith efforts to conform, with, or is failing to achieve many/all of the objectives of the Global Internal Audit Standards which includes the Principles and the Standards (Requirements). These deficiencies will usually have a significant negative impact on the function’s effectiveness and its potential to add value to the organisation. These may also represent significant opportunities for improvement, including actions by senior management or the board.
Not Applicable	The function is unable to comply with the requirements of the Global Internal Audit Standards 2024 due to circumstances outside of its control, such as internal audit team size and/or regulatory/legal requirements.







# Appendices



# Appendix 1: Types of Review and Subsidiaries key

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The Group’s internal audit services comprise assurance, advisory and focused activities, examples of which are outlined below.

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Red	Amber	Yellow	Green
<ul style="list-style-type: none"><li>Control objective not achieved.</li><li>Control weaknesses identified could have a significant and immediate impact on the risks to achievement of the organisation’s objectives.</li></ul>	<ul style="list-style-type: none"><li>Control objective not achieved.</li><li>Control weaknesses identified could have a moderate impact on the risks to achievement of the organisation’s objectives.</li></ul>	<ul style="list-style-type: none"><li>Control objective achieved.</li><li>Control weaknesses identified could have a minor impact on the risks to the achievement of the organisation’s objectives.</li></ul>	<ul style="list-style-type: none"><li>Control objective achieved.</li><li>Any control weaknesses identified could have very little impact on the risks to the achievement of the organisation’s objectives.</li></ul>

## Action Prioritisation:

Each of the actions arising from an Internal Audit engagement is assigned a priority rating, as shown below. The prioritisation allocated is based on the Director of Assurance’s professional judgement.

### Priority Action

- Applies to management actions that will address identified control weaknesses, usually where there is no control in place to mitigate the identified risk or the existing control does not provide assurance due to inadequate design of ineffective operation.

### Continuous Improvement

- Applies to management actions where there is an existing control in place that provides assurance. However, the control could be strengthened through revised design or renewed application of existing controls (“house-keeping” issues); or further development of existing controls that are operating effectively, such as automation of a manual control.



## Report

**To:** Wheatley Homes South Board

**By:** Lorna McCubbin, Director of Asset Strategy

**Approved by:** Frank McCafferty, Group Director Repairs and Assets

**Subject:** Stock Condition Assurance

**Date of Meeting:** 20 August 2025

---

### 1. Purpose

- 1.1 This report provides an update to the Board on our approach to Stock Condition Surveys.

### 2. Authorising context

- 2.1 Through its Terms of Reference, the Board has responsibility for asset management, including the approval of our 5 year investment plan, asset management plan and Neighbourhood Plans. It is also responsible for monitoring compliance, including an ongoing role in monitoring our approaches to risk and performance.
- 2.2 The Board has had a strong strategic focus on stock condition and how we create capacity for additional investment in tenants' homes. This has included strategy workshops to develop our approach to asset management and consider how investment in homes and neighbourhoods is reflected in our five-year strategy.
- 2.3 As a result of these discussions, we initiated a strategic project in 2024/25 to develop a data and technology enabled approach to managing and monitoring building compliance.
- 2.4 This work will continue into our next five-year strategy, as we bring our different sources of data together to allow us to assess and report on all aspects of the condition of our properties. This means developing integrated data and reporting on all aspects that matter to tenants – condition inside the home, in communal areas and the external environment, including gardens.



### 3. Background

- 3.1 Following the approval of our Strategic Asset Investment Plan (“**SAIP**”) in 2024, this report provides the Board with an update on the work being carried out to deliver on the main priorities of the plan in relation to stock condition. The five priority areas in our plan were:
- Compliance;
  - Neighbourhoods;
  - Component Replacement;
  - Energy Efficiency; and
  - Particular Stock Types.
- 3.2 The Board agreed to receive regular updates on the work being carried out to enhance the information we collect on the condition of our stock and how this will be used to inform our investment plans.

### 4. Discussion

#### Stock Condition Surveys

- 4.1 An integral part of our SAIP is to ensure the information that we have on the condition of our stock is accurate and kept up to date. This information is essential to allow us to make informed decisions on where investment is prioritised, together with the ability to undertake more focused and accurate long-term investment planning.
- 4.2 This approach has enabled us to achieve compliance with legal property condition standards, including the Scottish Housing Quality Standard (“**SHQS**”) and the Energy Efficiency Standard for Social Housing (“**EESH2**”). We currently hold comprehensive lifecycle and component detail at an individual property level in our PIMMS system.
- 4.3 This information has previously been informed and updated by validation surveys, instead of routine stock condition surveys, which cover approximately 5%–7% of our stock annually. This approach supported our risk-based methodology, using insights from external surveys to validate our stock data and inform future investment planning.
- 4.4 These surveys are conducted by Jones Lang-Lasalle (“**JLL**”) as part of the annual valuation process. Where sample surveys identify issues requiring further investigation, we may increase the sample size to ensure a more comprehensive assessment. We have used our stock condition validation data to inform the financial provisions we make in our business plan.
- 4.5 As part of our new SAIP, we are strengthening our approach by creating an in-house team to assess the condition of our stock. We will undertake condition surveys of each property on a 5-year cycle. This increased survey programme will enable us to collect more information on our stock than the previous JLL surveys, more frequently.



- 4.6 Our surveys will include an assessment of the condition of each element of the building. This will cover external surveys of building fabric, such as walls, windows, external doors, rainwater goods, roofs and common closes; and grounds – including common garden areas, fencing, paving, steps, handrails. Internal surveys will include heating, electrics, kitchen, bathroom and internal doors.
- 4.7 The surveys will also assess the remaining anticipated life, which will be used to update our asset management database, PIMMS. Our survey programme will continue to be externally validated/audited to provide additional assurance.
- 4.8 This enhanced survey programme, together with consultation with stakeholders, including customers and frontline staff, will feed into the annual planning programmes as follows:
- 30-year Business Plan - our high-level planning tool;
  - 5-year Business Plan - standard finance planning tool for all investment. Information will be drawn from the annual and 3-year plan, as well as information from PIMMS;
  - 3-year Delivery Plan - The 3-year delivery plan will be utilised to ensure a 12-month rolling programme of investment works and will identify planning and design resources required to deliver each project. It will also identify projects which may cover multiple financial years; and
  - Annual Investment Programme - our annual investment programme approved by the Board each year. This cyclical programme approach of survey, analyse, consult and report will help improve our ability to ensure our investment decisions have the correct balance of customer and business priorities.

#### Stock Categorisation

- 4.9 We have a huge variety of property construction types within our housing stock, ranging from homes constructed over 150 years ago to new homes being delivered in 2025. To allow for more efficient analysis of information we have grouped these typologies into the following proposed clusters:
- Houses;
  - 4 in a block flats;
  - Inter war tenements;
  - Post war tenements;
  - Pre 1919 tenements; and
  - Sheltered housing (Living Well)
- 4.12 Each of these clusters of stock will present different challenges and require different approaches to meet the investment requirements however, our enhanced programmed approach in assessing condition will assist in our prioritisation and investment planning.



## **5. Customer Engagement**

- 5.1 It is important that we communicate proactively with tenants about how we keep them safe in their homes, how we monitor stock condition and our plans to invest in improving homes and neighbourhoods. We do this through a range of methods, such as dedicated sections of our website, our annual report to tenants, the rent consultation, housing officer visits, and social media updates.
- 5.2 As we review our approach to tenant communication and engagement this year, and moving into our new strategy period, we plan to increase the range and frequency of this communication, in response to tenant feedback that we should provide more detail, more regularly, on future investment plans and how rent is spent.

## **6. Environmental and sustainability implications**

- 6.1 Our properties perform well against energy efficiency standards. At present, 71% of our homes meet the current required Energy Performance Certificate (“**EPC**”) of Band C or above. Maintaining the fabric and components of our stock, such as kitchens and boilers, has a positive impact on the environment through delaying the production of CO2 associated with manufacturing process.
- 6.2 In addition, the interrogation and validation of our asset management data will provide the assurance that the environmental impact of our homes (as measured by EPC/SAP score) continues to be up-to-date and accurate. This robust data will also support and inform decisions for the investment programme towards achieving regulatory requirements for future energy efficiency standards.

## **7. Digital transformation alignment**

- 7.1 Our Asset Strategy includes the proposal to explore, through developing appropriate pilot projects, how digital techniques including AI can support asset management. This will build on our already extensive use of data to support our asset investment and management through our PIMSS asset management system.

## **8. Financial and value for money implications**

- 8.1 The stock validation process augments the condition reporting undertaken by our in-house teams through repairs, investment and compliance programmes. It provides the assurance that the £53.3m we plan to invest in our customers’ homes in the next five years is targeted and effectively delivering the right measures, in the right properties at the right time.

## **9. Legal, regulatory and charitable implications**

- 9.1 The Scottish Housing Regulator (“**SHR**”) provides guidance on Business Planning which advises:

*“An RSL’s ability to deliver good services for customers and provide a solid platform for improvement depends on its ability to make the most of its housing assets. The business plan should be underpinned by a robust approach to*



*strategic asset management. RSLs should therefore develop strategic asset management alongside, and to complement, the business planning process”.*

- 9.2 Our business plan 30-year investment assumptions are cross-checked to the independent assumptions made by JLL in their stock valuations, which are discounted cash flow calculations, including the investment they consider would be necessary to manage and maintain the stock appropriately over the period.

## **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 the 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.
- 10.2 Our Agreed risk appetite in ensuring compliance with legal and regulatory requirements is minimal. Keeping customers and staff safe is a key priority and we must be able to demonstrate that we comply with health and safety legislation in relation to our investment activity.

## **11. Equalities implications**

- 11.1 There are no equalities implications arising from this report

## **12. Key issues and conclusions**

- 12.1 We have a strong and robust approach to asset management. Our Asset Management Strategy sets out how we will continue to build on this, by increasing our in-house surveying capacity, covering every property over a five-year cycle, and retaining that knowledge in-house rather than solely using external consultants. We are also using technology effectively to support this approach, such as installing sensors in properties where mould and damp may have previously presented.
- 12.2 Our data strategy – overseen by the Wheatley Solutions Board - is critical in supporting our Asset Management approach, as we aim to draw together asset information from different sources to allow us to assess and report on all aspects of the condition of our homes and neighbourhoods

## **13. Recommendations**

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

LIST OF APPENDICES:

None



## Report

**To:** Wheatley Homes South Board

**By:** Lorna McCubbin, Director of Asset Strategy

**Approved by:** Frank McCafferty, Group Director of Assets and Development

**Subject:** Social Housing Net Zero (“SHNZ”) Programme - Whole House Retrofit

**Date of Meeting:** 20 August 2025

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### 1 Purpose

- 1.1 To update the Board on the whole house retrofit works that have been undertaken with support from the Scottish Government through its Social Housing Net Zero (“SHNZ”) fund.

### 2 Authorising and strategic context

- 2.1 “Setting the benchmark for sustainability and reducing carbon footprint” is a stated key outcome in our Group Strategy - **Your Home, Your Community, Your Future**. Our Sustainability Strategy, which we published in early 2023, builds on this through setting key areas of focus, namely:
- **Existing homes:** Achieve the fabric efficiency element of the Social Housing Net Zero standard and having Net-Zero emissions from all properties where technically and economically feasible by end 2043;
  - **New Homes:** All properties at minimum of EPC B and with Net-Zero heating systems in line with planning timescales;
  - **Business operations:** Carbon neutral by end 2026 including decarbonised fleet where feasible and use of green electricity; and
  - **Supporting contributors:** Build understanding and support action including among staff and communities, to address

- 2.1 This report focuses on work to achieve the first of these key areas – improving existing homes – through funding from the Scottish Government’s Social Housing Net Zero fund.

### 3 Background

- 3.1 Improving the energy efficiency of our existing homes will help customers save money on the cost of heating, improve the quality of our stock and ensure we are continuing to progress towards the SHNZ regulatory targets that will eventually be defined, as discussed previously.



### 3.2 Energy efficiency of our homes currently is mixed as shown below.

Archetype	EPC/R A	EPC/R B	EPC/R C	EPC/R D	EPC/R E	Total
Deck access			8	6		<b>14</b>
Houses	1	653	4,379	1,422	665	<b>7,120</b>
Houses 4 in blk		31	930	461	34	<b>1,456</b>
Inter war Ts			51	15		<b>66</b>
Post 1946 Ts	1	40	1,163	255	7	<b>1,466</b>
pre 1919 Ts			44	30	1	<b>75</b>
<b>Total</b>	<b>2</b>	<b>724</b>	<b>6,575</b>	<b>2,189</b>	<b>707</b>	<b>10,197</b>

3.3 Over the past three years we have been working with the Scottish Government, through its SHNZ fund, to improve some of our poorest, performing homes from an energy efficiency perspective. These homes are mainly two or three bedroom houses, with poor building fabric energy efficiency and oil or solid fuel heating systems.

3.4 Between 2023 and 2025, £10m of SHNZ funding has been invested to improve 102 homes. Homes benefited from a range of energy efficiency and net zero measures including Air Source Heat Pumps, Solar PV. Batteries and External Wall Insulation (“**EWI**”). Around half of the homes received the full scope of energy efficiency measures discussed, with others receiving less due to circumstances such as already having electric heating or wall insulation.

3.5 SHNZ funding requires the Energy Performance Certificate (“**EPC**”) improvement achieved by the investment to be assessed. This was done through post-works EPC certificates being produced for each home. These showed that EPC levels were typically raised from ‘E’ to ‘B’.

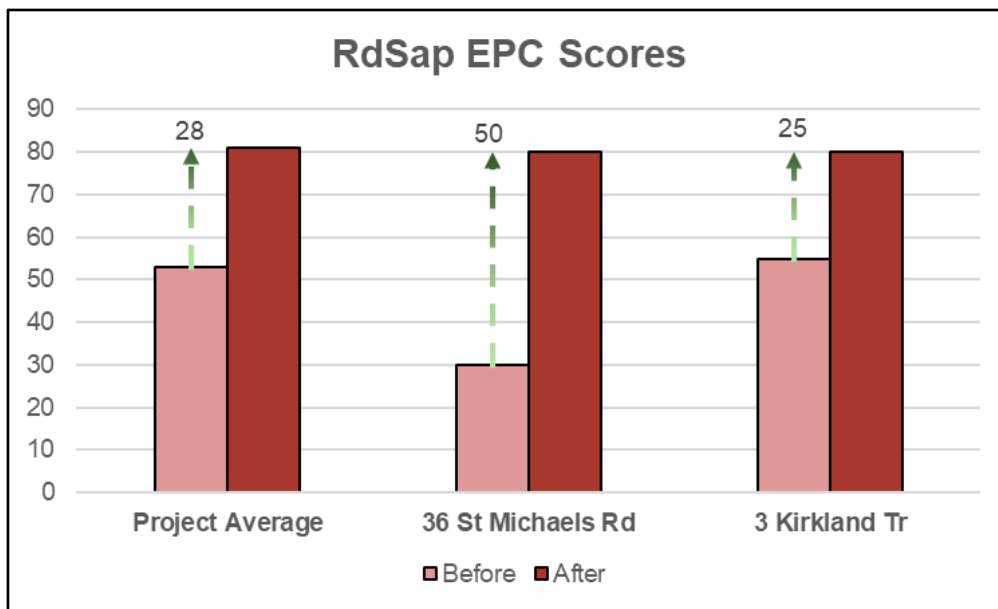
3.6 Alongside the requirement to assess the EPC improvement, we have also undertaken more detailed analysis of the impact of the improvements. This analysis, which should be considered preliminary because it is based on limited data due to a full year not having passed since some of the works were completed, is discussed below.

## 4 Discussion

4.1 Our analysis focused on the technical performance of the energy efficiency measures applied to the properties and the impact that the improvement had for customers.

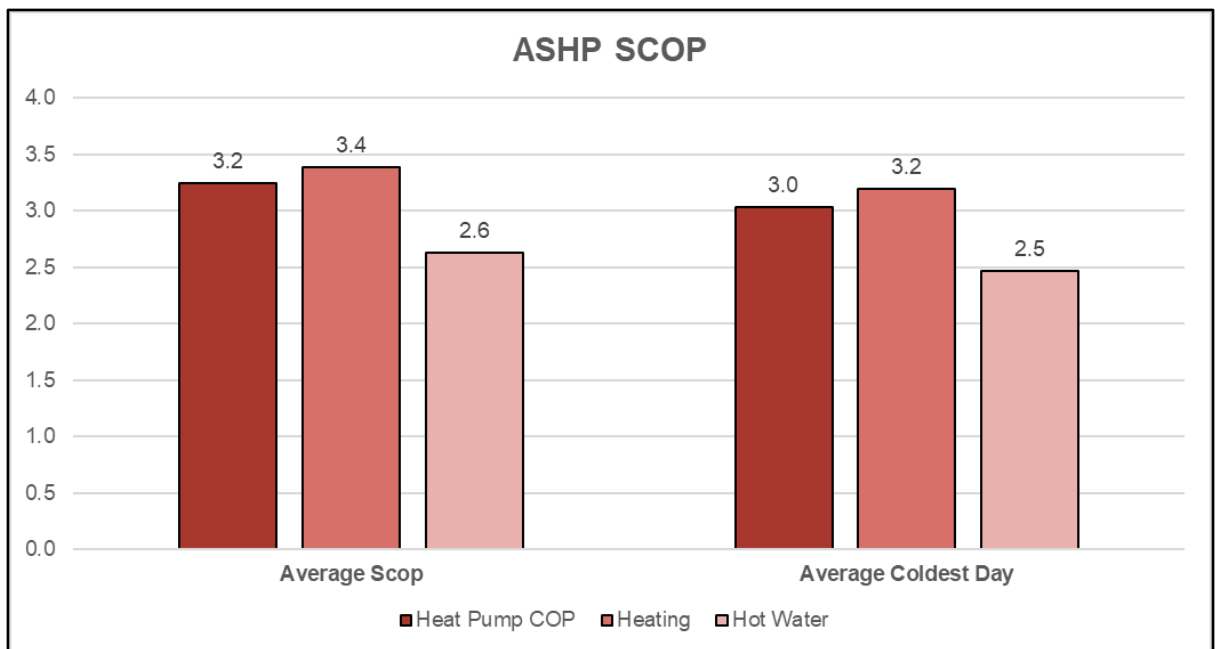
4.2 As indicated, properties typically showed an improvement in EPC performance from ‘E’ to ‘B’. However, we wanted to understand this more fully by considering the rdSAP point improvement. This is summarised below with information for the highest and lowest improvement achieved, as well as the average across the properties involved.





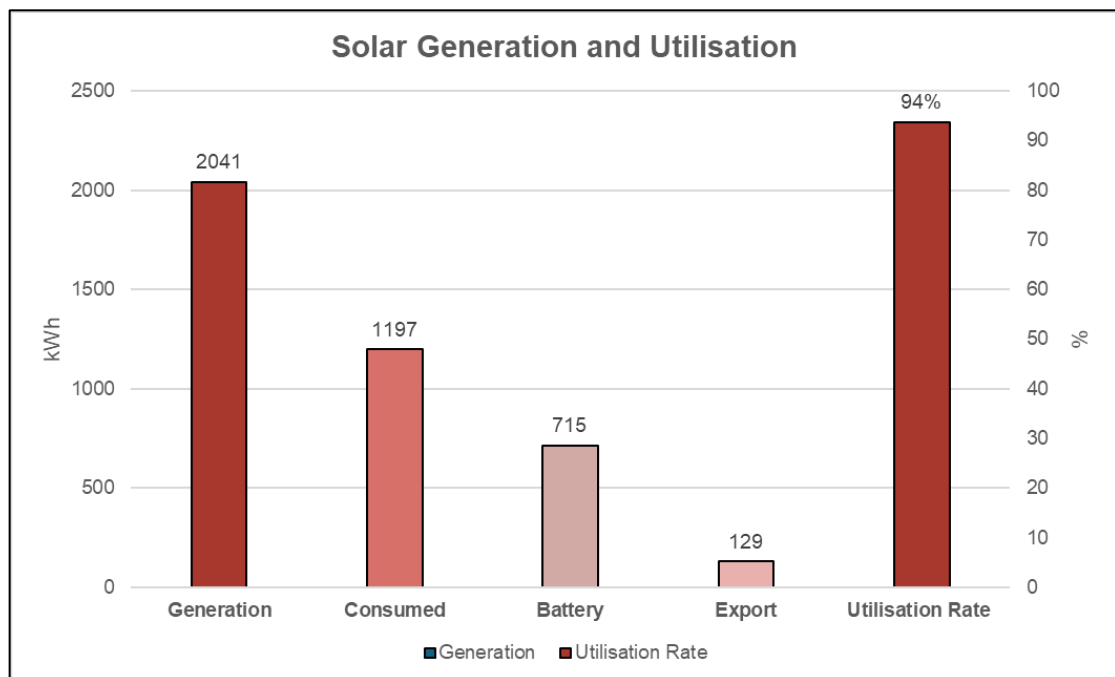
- 4.3 The variation reflects the measures in place already in particular properties and the works undertaken. Building fabric U-values were of particular interest given the focus in the draft social housing net zero standard on fabric efficiency and the deployment of EWI as part of these improvements. Measurement showed improvement on applicable properties in the building fabric efficiency U-values from 1.63 W/m<sup>2</sup>/K to 0.21 W/m<sup>2</sup>/K, which is comparable to new build fabric efficiency.
- 4.4 Air Source Heat Pumps (“**ASHP**”) were installed to replace electric wet boiler, oil boiler and solid fuel heating systems. ASHP efficiency is measured using a coefficient of performance (“**COP**”) which is the amount of heat energy (in kWh) produced for each kWh of electricity used. Conventional heating systems operate with a COP of less than 1 due to inefficiencies of burning fossil fuel and systems losses. Operational data was collected using data loggers on various ASHP that were installed. This shows that the ASHP systems were operating with an average COP of 3.2. This is marginally above the manufacturer's stated typical.
- 4.5 The graph below shows this including information for the heating and hot water circuit, and information from the coldest day of the year where ASHPs typically perform less well and have lower COPs.





4.6 Solar PV and Battery systems were also installed to provide additional benefits through renewable on-site electric generation and storage. Each property typically had a 2.92 kW solar system installed although there was site-by-site variation because of available roof space and. Domestic batteries were installed to maximise value for customers through providing a buffer between supply and demand. The typical battery capacity installed was 9.5 kWh but where grid capacity limitations persisted, 5.2 kWh batteries were installed as an alternative.

4.7 Solar generation and battery data, along with energy consumption is shown below.





- 4.8 The solar generation directly consumed by customers was on average 1,197 kWh across the year. Energy used on site increased to 1,915 kWh when the impact of the battery was included, giving a utilisation rate of 94%. 1,915 kWh of local electricity generation and usage equates to around £467 in annual savings.
- 4.9 We also wanted to understand the impact of these energy efficiency measures for customers. This was done through using surveys to gather feedback from tenants on the investment and its benefits or otherwise.
- 4.10 Approval ratings for heating systems more than doubled with the installation of the ASHPs rising from 40% to 90%. Benefits noted from the change from the previous heating systems included more continuous and controllable heat, at much lower costs.
- 4.11 The fabric improvements increased tenants' opinions on how energy efficient their home is from 40% to 83%. Furthermore, when additional benefits such as improved soundproofing and aesthetic appeal were considered, overall satisfaction increased to 91%. In general, tenants described their home as being more comfortable as a result of being able to heat it quickly and maintain temperatures much better than before the work.
- 4.12 As part of the surveys, tenants were asked how their utility bills had changed following completion of the works. Every respondent noted a positive impact on utility bills and anecdotally described an average monthly bill reduction of £43.30 (£520 annually).
- 4.13 We recently applied to the Scottish Government for further SHNZ funds to continue improving our lower performing homes, although we were unsuccessful due to the level of support provided to date. As an alternative and based on the confidence we have that the energy efficiency measures we are deploying are having a positive impact on tenants, we have looked to make use of Energy Company Obligation ("**ECO**") funding to improve more of our poorer performing properties.
- 4.14 Since January this year, ECO funding has benefitted over 230 households by paying for the installation of solar PV. The value of this investment is estimated at £2m. Based on typical seasonal outputs for these systems, the expected savings for customers, through local renewable energy generation, are around £600 per year off their electricity bills. We are continuing to work with our ECO partner, with surveys and scoping for more installations planned over the coming months.
- 4.15 In addition, we are developing, again through ECO, a programme to improve a 'non-traditional' house type with 'room-in-roof'. Initially, 21 properties have been identified and an ECO funded solution developed that would see around £16,000 of investment in energy efficiency measures. This work is expected to complete by end of November. Providing it goes to plan, we would look to expand the approach to include the further 96 homes with this build form in our stock, with the work expect to take place over the next 2 financial years.



- 4.16 We are also continuing to explore ECO opportunities more generally including through the in-depth relationship we have developed with two ECO brokers through the projects above, and through energy companies directly. We are hopeful, that this close working will allow us to take advantage of new funding opportunities as OFGEM develops guidance on the next iteration of ECO that is expected to begin in March 2026.

## 5 Customer Engagement

- 5.1 We worked with tenants throughout the investment works to ensure they had the support needed to operate their new heating systems effectively. We also undertook post-project engagement to assess the outcomes of the investment, as discussed in this report. This was mainly through online surveys that allowed tenants to respond and rate different areas of the project.

## 6 Environmental and sustainability implications

- 6.1 This project contributes towards our objective of reducing emissions from our homes. The amount of carbon savings is relative to the type of heating system replaced. In the case of oil-fired boilers being replaced with an ASHP, the estimated CO2 reduction is between 3 to 5 tonnes per year.

## 7 Digital transformation alignment

- 7.1 This project has allowed us to build experience in remote monitoring of ASHPs, solar generation and battery system, which has contributed to our understanding and assessment of operational performance and impact. Having remote monitoring has also allowed triage of faults and maintenance reporting remotely without onsite investigations.

## 8 Financial and value for money implications

- 8.1 The investment discussed here was fully funded through the Social Housing Net Zero Fund to a value of over £10m.
- 8.2 Financial benefits to tenants are estimated on average (based on data collected and described above) at £520 per year. This is in addition to the improvement in our assets and the progress this brings in meeting our strategic and regulatory objectives relating to improving energy efficiency.

## 9 Legal, regulatory and charitable implications

- 9.1 The investment improves the energy performance of properties to meet both the current (on-hold) EESSH2 regulations and also their anticipated SHNZS replacement targets of 2033 and 2045 for fabric and low-carbon heating respectively.

## 10 Risk Appetite and Assessment

- 10.1 Our risk appetite for operational delivery in setting the benchmark for sustainability and reducing carbon footprint is hungry. This is defined as being *eager to be innovative and pioneer new approaches to sustainability through the delivery of innovative energy generation opportunities....and to prioritise solutions that enhance control and cost savings for customers...*



- 10.2 The project and progress set out here, and our desire to secure future funding, is in keeping with this risk appetite and illustrates our willingness to pursue innovative opportunities that benefit our tenants.

## 11 **Equality Implications**

- 11.1 There were no equalities implications associated with this report.

## 12 **Conclusion**

- 12.1 We have been working with the Scottish Government through its SHNZ fund to improve our homes with the poorest energy performance. Preliminary assessment of the energy efficiency measures deployed and the benefit for customers is positive. We are now looking to continue this type of investment through accessing ECO funding.

## 13 **Recommendation**

- 13.1 The Board is asked to note the update.

### LIST OF APPENDICES:

None



## Report

**To:** Wheatley Homes South Board

**By:** Anne-Marie Hallett, Head of Governance

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

**Subject:** Governance update

**Date of Meeting:** 21 August 2025

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### 1. Purpose

- 1.1 To update the Board and, where applicable, seek Board approval for the following governance related matters:
- Final schedule of meetings for the remainder of the 2025 calendar year; including the Annual General Meeting (“**AGM**”) and the proposed 2026 meeting dates;
  - Board vacancy update; and
  - Annual assurance statement.

### 2. Authorising and strategic context

- 2.1 The Board is responsible for calling meetings, including General Meetings and ordinary Board meetings throughout the course of the year including reporting on governance matters which precede the Annual General meeting. The Board is also responsible for approving the appointment of our tenant Board members.
- 2.2 The Group Board is responsible for approving a Group Annual Assurance Statement for submission to the Scottish Housing Regulator.

### 3. Background

- 3.1 The matters in this report form part of our annual governance reporting, which precedes the AGM each year. It also provides an update on the progress of recruitment for vacancies.
- 3.2 The requirement to submit an Annual Assurance Statement (“**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.
- 3.3 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 Registered Social Landlords (“**RSLs**”).



#### 4. Discussion

##### Remaining 2025 meeting dates and 2026 schedule

- 4.1 We have two further Board meetings scheduled for this calendar year which would take us to the minimum requirement of 6 scheduled meetings for the calendar year:
- 17 September 2025 and;
  - 26 November 2025.
- 4.2 It is proposed that we call our AGM for 17 September 2025 at 10 am. The meeting and business thereof will be called in line with the requirements of our Rules. This will be followed by the Board meeting at approximately 10.30 am. The annual Group Christmas lunch will be at 1pm on Wednesday 17 December 2025.
- 4.3 The proposed schedule of meetings for 2026, which follows the timings for this year, is as follows:

Date	Time
Wednesday 11 February	10.30 am
Wednesday 25 March - (followed by stock tour)	10.30 am
Wednesday 27 May - (inc strategy workshop)	10.30 am
Wednesday 19 August	10.30 am
Wednesday 16 September - (following AGM)	10.30 am
Wednesday 25 November	10.30 am

##### Board vacancy

- 4.4 Martin Dorby has advised that he wishes to step down as director with effect from this board meeting due to personal commitments.
- 4.5 Recruitment for a replacement Non-Executive Director is underway. We continue to focus on recruiting a Non-Executive Director from the local area.

##### Annual Assurance Statement

- 4.5 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.



- 4.6 We have taken account of updates to the SHR's guidance in the preparation of our AAS and used the toolkit developed by the Scottish Federation of Housing Associations ("SFHA"). This year, the SHR issued a requirement for RSLs to
- Confirm whether you meet all duties in relation to tenant and resident safety, and in particular that you have obtained appropriate assurance about your compliance with all relevant safety requirements including:*
- Gas safety
  - Electrical safety
  - Water safety
  - Fire safety
  - Asbestos
  - Damp and Mould
  - Lift safety
- 4.7 These are not new elements to what we have assured on in our previous AASs i.e. tenant and resident, rather they are being made more explicit by the SHR.
- Self-assessment and review
- 4.8 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.
- 4.9 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.
- 4.10 This year we are required to have our self-assessment externally reviewed. Campbell Tickell has carried out and completed its review and confirmed that we are materially compliant with the regulatory standards.
- "Wheatley has carried out a comprehensive self-assessment that clearly evidences compliance with the SHR Regulatory Standards, Requirements of RSLs and the Constitutional Requirements."*
- 4.11 Campbell Tickell has highlighted that there are no areas of non-compliance. It has highlighted one area to consider in relation to the formatting of risk reports. This will be reviewed and if considered appropriate and beneficial, reflected in our future risk reporting.
- 4.12 A copy of the full self-assessment is available to Board members on request.



#### Tenant and resident safety

- 4.13 Tenant and resident safety remain 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 also have a dedicated fire safety team which has suitably skilled and experienced individuals.
- 4.14 We include building compliance and fire safety reports to the Group, Lowther and each RSL Board on an annual basis and provide comprehensive health and safety reports bi-annually.
- 4.15 In April this year the Group Board approved an updated Group Health and Safety policy and considered fire safety within the context of the Grenfell Phase 2 report, Multi Storey Flat cladding and fire door checks.
- 4.16 Where practical, we would combine compliance activities taking account of asset compliance cycles, property attributes and individual customer requirements. Our compliance processes and delivery programmes are regularly reviewed by both internally by our Assurance Team and externally by bodies such as CORGI for Gas, NEIC for electrical safety and relevant lifts inspectors arranged through our insurers.
- 4.17 We further strengthened our building compliance activity through our Group Asset Management Strategy and associated subsidiary Strategic Asset Investment Plans. These have a strong focus on compliance-related activity, which keeps our tenants and residents safe.
- 4.18 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.

#### Social Housing Charter

- 4.19 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.
- 4.20 The SHR sets a wide range of specific performance measures that 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 a wide range of 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.
- 4.21 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.



- 4.22 There is a requirement to evidence renewal of 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.
- 4.23 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 0.06% 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.

#### All relevant legislative duties

- 4.24 The AAS requirement covers a broad scope. Compliance is addressed through adherence to the relevant legal framework and the application of internal policies that reflect applicable laws and regulations.
- 4.25 These policies are reviewed by specialist teams and, when necessary, by external advisors. Legislative compliance mapping conducted by our Assurance team has contributed to clarifying our responsibilities.
- 4.26 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.
- 4.27 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.
- 4.28 Over the last 12-18 months, our Assurance Team have undertaken compliance mapping activity. The results of this have been reported to the Audit Committee and provide both additional assurance on our understanding of and compliance with our legislative duties.

#### 2025 Assurance Statement

- 4.29 Based on the above, it is intended that the following statement be recommended to the Group Board:



## **Wheatley Housing Group Limited: Annual Assurance Statement 2025**

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 Limited, Wheatley Homes East Limited, Wheatley Homes South Limited and Loretto Housing Association Limited) 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 27 August 2025 and from our ongoing oversight and scrutiny of the Group's affairs throughout the year 2024/25.

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 insofar 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 assurance of our compliance in respect of duties relating to gas safety, electrical safety, fire safety, water safety, lift safety, asbestos and damp and mould.

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 0.06% 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 2026.

### **5. Customer engagement**

- 5.1 The content of the report is reserved to the Board and is of an internal focus and as such no customer engagement has been appropriate.

### **6. Environmental and sustainability implications**

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



## **7. Digital transformation alignment**

- 7.1 There are no digital transformation implications related to the matters in this report.

## **8. Financial and value for money implications**

- 8.1 There are no direct financial and value for money implications arising within this report.

## **9. Legal, regulatory and charitable implications**

- 9.1 The SHR Regulatory Standards of Governance that all RSLs:  
*formally and actively plans to ensure orderly succession to governing body places to maintain an appropriate and effective composition of governing body members and to ensure sustainability of the governing body.*
- 9.2 The proposals within this report are consistent with us complying with this requirement.
- 9.3 The requirement to hold an AGM is in accordance with our Articles of Association.

## **10. Risk appetite and assessment**

- 10.1 Our governance arrangements support delivery across each of our strategic themes. Across each of our strategic themes we have a cautious or minimal approach to our legal and regulatory compliance. The matters and recommendations in this report are consistent with this approach.
- 10.2 We regularly report to the Board on governance-related matters and routinely review our records to ensure that our governance records remain up-to-date and accurate.

## **11. Equalities implications**

- 11.1 There are no direct equalities implications in regard to this report.

## **12. Key issues and conclusions**

- 12.1 The report covers key standing processes within our governance arrangements, including arrangements for our Annual General Meeting.
- 12.2 This report covers updates to our Board membership, including the recruitment of current vacancies.

## **13. Recommendations**



13.1 The Board is asked to:

- 1) Instruct the Secretary to call the Annual General Meeting for Wednesday 17 September 2025 at 10 am to be held online; and
- 2) Note the outcome of our annual self-assessment against the SHRs Regulatory Framework and proposed Annual Assurance Statement for agreement by the Group Board.

LIST OF APPENDICES:

None