WHEATLEY HOMES SOUTH LIMITED
BOARD MEETING

Wednesday 15 February 2023 at 10.30am
Brasswell Office (Dumfries)

AGENDA

1. Apologies for absence

2. Declarations of interest

3. a) Minute of meeting held on 11 January 2023
   b) Minute of the meeting held on 30 November 2022 and matters arising
   c) Action list

4. Chair's update

5. Director's update

Main business

6. Rent and service charges 2023/2024

7. Financial projections 2023

8. [redacted]

9. 5-Year investment plan

10. Customer insights: improving satisfaction with our management of neighbourhoods

11. Strategic Agreement with Dumfries and Galloway Council (presentation)

12. Lochside and Lincluden: Community Improvement Partnership (CIP) deployment

Other business

13. Performance report

14. Finance report

15. Governance update

16. Sustainability Framework

17. Corporate risk register

18. AOCB

Wheatley Homes South

Report

To:	**Wheatley Homes South Board**
By:	**Alan Glasgow, Managing Director**
Approved by:	**Hazel Young, Group Director of Housing and Property**
Subject:	**2023/24 rent and service charges – consultation outcome**
Date of Meeting:	**15 February 2023**

1. Purpose

1.1 This report:

- Provides feedback from our consultation on the 2023/24 RSL rent, service and other charges increase; and
- Seeks Board approval for the 2023/24 rent, service and other charges increases.

2. Authorising and strategic context

2.1 Under the Group Standing Orders, the Group Board are responsible for agreeing the overarching rent parameters for rent setting. Thereafter each individual Board agrees their own individual rent increase proposals within the agreed parameters. The Group Board agreed rent setting parameters at their meeting on 26 October 2022.

2.2 At its meeting on 14 December 2022, the Group Board considered the feedback from tenants during the independently facilitated focus groups and individual interviews. The Group Board approved the options for consultation subject to formal agreement by this Board and confirmation by the Scottish Government there would be no rent cap for social landlords.

2.3 At its meeting on 11 January 2023 the Board agreed that an increase of 4.4% should be the basis of consultation with our tenants.

2.3 It also agreed that a second and third option, 0.5% and 1% above the 4.4% level should be discussed with tenants, with tenants asked whether they would be prepared to pay these higher levels in return for a lesser impact on investment reduction and services.

3. Background

3.1 The rent increase assumptions in our financial projections are subject to annual review. The annual review takes into account the key principles set out in our Group rent setting framework:

1) Financial viability;
2) Affordability;
3) Comparability; and
4) Consultation with tenants and service users.

3.2 The Board considered the first three principles as part of agreeing the baseline consultation levels during discussions at the November 2022 and January 2023 meetings.

3.3 Our consultation was informed by an extensive programme of advanced customer engagement. This involved more tenants than ever before in our rent setting advanced engagement, comprising of individual interviews with tenants in their homes as well as focus groups. Both were undertaken by independent customer insight and research firm BMG.

3.4 In total BMG talked to 604 of our customers through interviews, as well as more in-depth discussion in a group dynamic through 8 focus groups, involving 93 customers. The feedback from the interviews demonstrated that the highest level of support was for a higher increase (above 3.9%), which was based on a desire to protect investment and services as much as possible almost. The results also firmly confirmed that the majority of tenants do not support a rent freeze.

3.5 The focus groups also demonstrated a clear majority supporting one of the higher rent increase options; 51% of the focus group attendees supported the 4.4% increase option, with 12% supporting the 4.9% option. Of the 82 focus group attendees who expressed a view on a rent freeze 82.5% indicated they would not support one.

4. Discussion

4.1. Following our pre-consultation engagement, we formally consulted tenants on our rent setting proposals from the 23 January 2023 until 6 February 2023. Our formal consultation was independently managed by Civica.

4.2. Given the consultation period was shorter than previous years, due to commencing later amidst the uncertainty over the potential rent cap, we extended the means to respond from mail to instantaneous digital methods or by phone via a dedicated code.

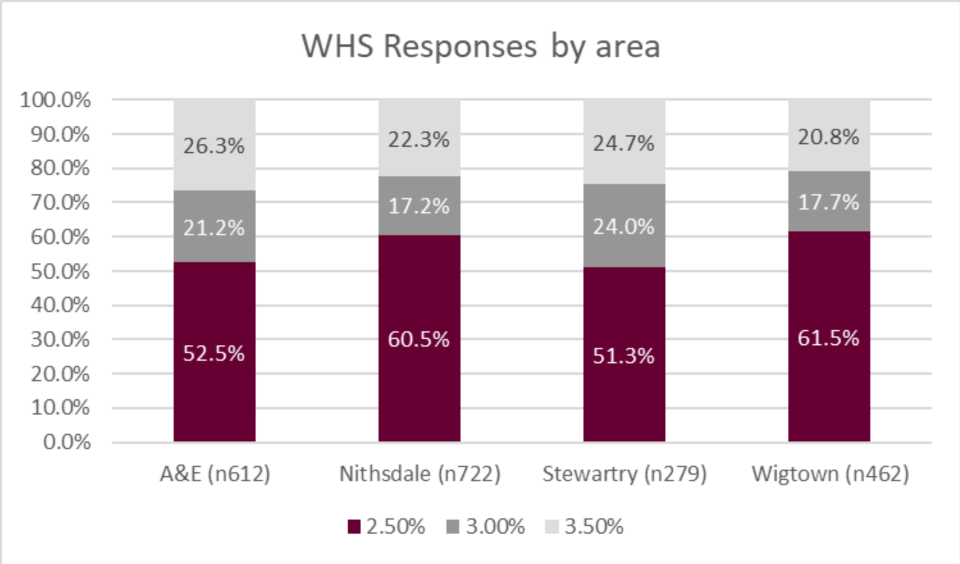
4.3. The consultation saw the highest ever response rate on record from tenants, with over 2000 valid responses received as detailed below:

Table 1: WHS results

Rent options	Total
4.4%	**1185 (57.1%)**
4.9%	**403 (19.4%)**
5.4%	**487 (23.5%)**
	2075

4.4. A further breakdown of the results by each of our three areas is set out below:

Chart 1: Responses per Area



4.5. The results show a strong appetite amongst tenants to engage in consultations through digital means, with the majority of responses via the online option.

Table 1: Response method

Customer group	Total*	Online	Postal	SMS text	Telephone
WHS	**2099**	1135	889	24	51

**Civica found 24 to be invalid and are therefore not included at Table 1 and Chart 1.*

<u>Qualitative feedback</u>

4.6. We invited respondents to provide feedback on why they elected to choose the option they did. We received feedback from over 400 customers regarding the rent setting proposals.

4.7. The most consistent theme of the feedback received was the continued pressure from the rising cost of living, including inflationary pressures, fuel costs and a lack of wage rises. Approximately 3% of customers who provided feedback suggested they would have preferred we consider a rent freeze or no increase. This low proportion of tenants providing this feedback was consistent with the pre-consultation engagement.

<u>Summary</u>

4.9 The level of tenant engagement and feedback on our rent setting proposals has been extensive and seen a record number of tenants involved. The pre-engagement with almost 700 tenants informing our consultation proposals and 2000+ responses mean we have had almost 2800 pieces of feedback from tenants as part of the process.

4.10 Taking into account the feedback from the consultation, it is proposed that we apply a 4.4% rent and service charge increase. This is less than half the current rate of inflation, at 10.5%, and well below the anticipated Scottish national average increase of 6.1% for Registered Social Landlords.

4.11 We also expect that our increase will be one of the lowest in the region based on the following (publicly confirmed) proposals that tenants of other RSLs we use in our rent setting comparability analysis were consulted on:

- Cunningham HA – 5%
- Loreburn HA – 6.5%, 7% or 9%
- Riverside (Scotland) (formerly Irvine HA)- 3%,5% or 7%

4.12 Our proposed 4.4% increase is therefore likely to be one of the lowest in the region where we already have comparatively lower rents.

5. Customer Engagement

5.1 The combination of the individual interviews and focus groups has seen the highest ever number of tenants involved in shaping our rent setting proposals. The engagement with tenants throughout the pre-engagement consultation was open and transparent about the challenges we face in maintaining investment and services and explored options and priorities with tenants. This process affirmed that the majority did not support a rent freeze.

5.2 Our formal consultation was equally open and transparent, clearly setting out the impact each option would have on investment and services to allow tenants to make an informed response to the three options we consulted on. The record level of responses affirmed that our consultation approach resonated with tenants.

6. Environmental and sustainability implications

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

7. Digital transformation alignment

7.1 Our rent pre-consultation engagement, facilitated by BMG, allowed tenants to participate through a wide range of means, both in person and digital. This saw over 600 door to door interviews with tenants and over 90 tenants attending focus groups.

7.2 The rent consultation itself was managed by independent provider Civica; a postal copy of the rent brochure was issued, as well as an email/text (depending on contact preference) with a link to an online copy. Tenants were able to participate in the consultation through a wider range of digital means than ever before. Response to the consultation could be provided via post; online; text; or call. This is the most methods of responding to a rent consultation we have ever had and may have been an impact on the high number of returns we have seen.

8. Financial and value for money implications

8.1 The level of rent increase proposed during the consolation included detailed analysis in areas such as affordability and comparability. We know that overall rent levels are an element of how tenants perceive value for money. This is however set within the context during a period of pressure on household budgets, the preservation of appropriate levels of investment in our homes, services to tenants and the financial viability of the business.

8.2 To achieve this rent proposal additional cost efficiencies have been required as well as a decision taken on deferment of £2.8m from 23/24 of core investment spend out beyond 2025/26. As our business plan, subject to a separate item, shows we still maintain a robust financial position and can continue to meet our legal and regulatory obligations in relation to building safety.

9. Legal, regulatory and charitable implications

9.1 Consultation with tenants on any increases in rent or service charges is a requirement of the Housing (Scotland) Act 2001. The approach set out in this paper therefore discharges our requirement to consult under the Act.

9.2 The 2016 Scottish Housing Regulator Thematic Review of Rent Setting detailed a number of recommendations, including provision of options to tenants during rent setting consultations. The approach taken this year responds to these recommendations.

10. Risk appetite and assessment

10.1 Our risk appetite in relation to business planning assumptions such as rent increases is open, defined as "*willing to choose the one that is most likely to result in successful delivery while also providing an acceptable level of reward".*

10.2 In relation to the statutory requirement in consulting and engaging tenants on any rent increase, our risk appetite is averse, that is "*avoidance of risk and uncertainty is a key organisational objective".*

10.3 The decision on rent increases involves striking a balance between the need to continue our path out of underlying deficit into surplus (as set out in our business plan), continuing to deliver services our customers tell us they want, and keeping rents affordable. Setting rents lower than the assumption in the business plan could – in the absence of mitigating cost savings – risk the financial viability of the Group. However, we are also required under statute to take into account the views of customers before making final decisions on rent levels.

11. Equalities implications

11.1 There are no equalities implications associated with this report.

12. Key issues and conclusions

12.1 Our rent setting engagement and consultation has been our most extensive ever with the highest response rate on record. Nearly 2800 pieces of feedback/consultation responses from tenants over the pre-consultation engagement and formal consultation has shown that tenant support for a rent increase to maintain services and investment.

12.2 The high response rate by digital means provides us with assurance for future consultations that this is a method tenants are keen to use and one that will be used in future consultations.

13. Recommendations

13.1 The Board is asked to:

1) Consider the feedback received through the consultation process with tenants on our 2023/24 RSL rent, service and other charges increase;
2) Approve a 4.4% rent, service charges and other charges (including garages and lock ups) for 2023/24; and
3) Agree that we formally write to tenants to confirm this subject to Group Board approval.

Report

To: Wheatley Homes South Board

By: Lyndsay Brown, Director of Financial Reporting

Approved by: Pauline Turnock, Group Director of Finance

Subject: Financial projections 2023

Date of Meeting: 15 February 2023

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1. Purpose

1.1 The purpose of this report is:

- to set out the updated projections for investment in assets and services over the five-year period to 2028, in support of our new strategy, *Your Home, Your Community, Your Future*; and

- to ask for the Board's approval of these updated financial projections, of which the first year will form the budget for 2023/24.

2. Authorising and strategic context

2.1 Under the terms of the Intra-Group Agreement between Wheatley Homes South ("WHS") and the Wheatley Group, as well as our Board Terms of Reference, we are responsible for the on-going monitoring of performance against agreed targets, including the on-going performance of its finances.

2.2 The key themes and aims of the 2021-26 Strategy *"Your Home, Your Community, Your Future"* set the context for the preparation of the financial projections.

3. Background

3.1 Throughout 2022/23 the economic outlook in the UK has remained challenging with inflation, driven by fuel and energy costs initially and flowing through to higher food prices, increasing to a 40 year high in October 2022 and interest rates being raised by the Bank of England. Inflation has fallen back slightly over recent months to 10.5% at December 2022 and is projected to fall to c5% by the end of 2023 in response to monetary policy actions and prices stabilising in the key inflation drivers of fuel and utilities. Thereafter inflation is predicted to fall below the policy target of 2% by the end of 2023/24.

3.2 Inflationary pressures are having a significant impact on the business and our customers. Efficiencies that we have realised to date are valuable and a focus on value for money remains important particularly in times of cost pressures. We recognise these economic factors will also put pressure on our tenants with rising inflation impacting customers' ability to keep their rent accounts up to date; the financial projections have been aligned to focus activities to benefit our customers most in need with provision made to strengthen the support provided through the Here For You Fund across Group.

3.3 In response, updated cost inflation assumptions have been provided in the earlier years of the projections and longer term we hold a prudent inflation assumption of 2.5%, above the Bank of England target rate of 2%. Operating cost efficiencies linked to improved working practices, asset growth and collaboration with service providers continue our focus on value for money savings in the projections. We have retained our provision for a higher number of tenants moving onto Universal Credit and an increase in rent arrears balances.

3.4 Our Customer First Centre allows us to deliver services using a blended approach of face to face and virtual engagement with our customers and frees up housing staff to spend more time with tenants. Feedback from our customers on the Customer First Centre has been overwhelmingly positive.

3.5 The increase in the debt per unit covenant agreed 1 April 2022 has allowed us to grow our development programme to 10 years and increase the number of new homes delivered. 9,760 new units are assumed to be completed by the RSL Borrower Group over 10 years with 77% of these for social rent. This goes some way towards delivering on our long-term strategic objective of 12,500 units and allows us to meet commitments to tenants with WHS developing up to 1,199 of these.

4. Discussion

4.1 More detail of the financial projections are provided in the appendix. Our strategy for 2021-2026, *Your Home, Your Community, Your Future*, forms the basis of these financial projections and address how the five key themes of the strategy will be achieved.

4.2 Included in the projections is provision for the continuation of investment in our services and assets:

- Over the five-year period the business plan includes provision for investment of £66.4m in our existing housing stock.
- Our new build programme includes gross development spend of £185m projected over the five-year period and the completion of 902 social rent properties.
- Management and overhead costs decrease over the five-year period from £2,832 per unit in 2023/24 to £2,686 in 2027/28. These efficiencies create capacity within WHS to fund the debt required to meet our new build ambitions and invest in services for our customers.

The financial highlights under each theme of our strategy are set out below.

Delivering Exceptional Customer Experience

4.3 Our strategy seeks to deliver exceptional customer experience while maintaining affordable rent levels for our tenants. These projections include funding to support a contribution of £5.9m over the next five years towards the Group's IT capital programme, which is aligned to five workstreams, delivering key business strategy outcomes and ongoing investment across staff and customer digital services and platforms. The workstreams are:

- Digital Workplace, including technology in hubs and support of the hybrid working model.
- Customer Self Service, including the review and replacement of our current customer self-service platforms.
- Housing and Care, supporting the new housing operating model through ongoing investment in staff mobile applications and services.
- Digital Repairs, includes a review and redevelopment of online repairs services for customers, aligned to ongoing improvement to support the evolution of 'Book-it, Track-it, Rate-it' model of delivery.
- Core Architecture and CyberSecurity, ongoing maintenance and improvement to Group technology platforms to ensure ongoing security, stability and support of critical business operations.

Making the most of our homes and assets

4.4 The projections include funding to deliver 902 new homes for social rent over the five years. A total of £185m of gross funding for the new build programme has been reflected over the period 2023 to 2028. This is assumed to be supported by grant income of £97m. A provision for the demolition of 445 properties has also been included to support regeneration of our communities.

4.5 Total investment of £66m in our existing homes has been included within our five-year forecasts. Our five-year programme includes a provision of £13.3m to improve the energy efficiency of our homes. The current and future investment plan also includes provision for a specific 10-year programme focussed on the EESSH2 standard. The make-up of this programme will be developed taking account of the outcome of the Scottish Government consultation on the standard.

4.6 During the first five years of the plan £45m has been earmarked for responsive and planned repairs, which takes cognisance of the increase in customer demand for repairs seen in 2022/23. This funding will assist with the upkeep and maintenance of our stock.

4.7 The financial projections include a provision of £0.4m over the five-year period for customer directed investment as part of our new engagement strategy. The new Customer Voice and Think Yes for Investment funds will promote community engagement and will mean investment will be directed to the work streams our customers value most.

Changing lives and communities

4.8 The financial projections demonstrate our commitment to changing the lives of our tenants and the wider communities in which we operate. This will be achieved through:

- Funding of £1.2m to the Wheatley Foundation ("The Foundation") included in the first five years of the financial projections. The Foundation use this to deliver services to our customers including welfare benefits advice, employability advice, our furniture up-cycling Homes Comforts scheme as well as our Eat Well service which delivers food parcels for 6 weeks to tenants most in need and My Great Start for new tenants.

- As part of focus on tackling poverty and the cost-of-living challenges facing our customers, funding has been assumed in the Foundation to extend the Here For You fund until March 2024. This fund provides assistance to our customers who are facing financial hardship to with food, fuel and rent.

Developing our shared capacity

4.9 Following the successful implementation of our new ways of working, in 2021/22 we launched our Customer First Centre, building on the changes we put in place to deliver services using a blended approach of face to face and virtual engagement with our customers. Feedback from our customers on the Customer First Centre has been overwhelmingly positive.

Over the next five years, we will continue to invest in our staff to ensure they have the exceptional skills, attitude, engagement and influence to excel in this hybrid working environment. Through our contribution to Wheatley Solutions, our financial plan helps fund a continued focus on staff development in a technology enabled workplace, in our leadership and graduate programmes.

During the year our office hub opened at Brasswell and plans are being finalised for a west hub in Stranraer. Provisions for investment in offices and IT will provide staff with the technology they need to work effectively from home or our hubs.

Enabling our ambitions

4.10 In order to achieve our ambitious strategy, we must demonstrate a strong and stable financial performance. This will ensure we continue to achieve a strong credit rating and attract funding at low rates of interest. The financial statements presented below demonstrate our improving financial performance and position over the next five years.

4.11 The detailed financial projections and assumptions are provided in the appendices to this report. A summary Statement of Comprehensive Income is shown in Figure 1.

Figure 1: Statement of comprehensive income

Statement of Comprehensive Income	2023/24	2024/25	2025/26	2026/27	2027/28
Net Rental Income	47,287	48,994	51,313	53,975	56,889
Other Income	2,054	1,235	1,258	1,275	1,285
Grant Income (HAG, Adaptations and SHNZ)	18,603	25,847	18,064	27,028	19,076
	67,945	**76,076**	**70,635**	**82,278**	**77,250**
Management Costs	(14,433)	(13,770)	(13,774)	(13,771)	(14,054)
Repair and Maintenance Costs	(12,360)	(12,872)	(12,778)	(13,282)	(13,790)
Demolition and ER/VR	(1,445)	(550)	(1,561)	(814)	(830)
Bad Debt	(651)	(1,029)	(1,062)	(1,126)	(1,197)
Depreciation	(14,581)	(16,161)	(17,508)	(18,785)	(20,121)
Operating Expenditure	**(43,469)**	**(44,382)**	**(46,683)**	**(47,779)**	**(49,993)**
Investment Property Valuation Movement	125	126	128	129	130
Operating (Deficit)/Surplus	**24,601**	**31,820**	**24,080**	**34,629**	**27,387**
Operating Margin (%)	**36%**	**42%**	**34%**	**42%**	**35%**
Finance Costs	(6,024)	(6,638)	(7,785)	(8,703)	(9,538)
Housing Property Valuation Movement	(10,633)	(22,935)	(11,681)	(19,237)	(11,058)
Total Comprehensive Income	**7,943**	**2,247**	**4,614**	**6,689**	**6,790**

Our annual rent and service charge consultation exercise has now been concluded and is reported to the Board separately. The financial projections incorporate the proposed 4.4% increase in rent and service charge levels.

Management and overhead costs decrease over the five-year period from £2,832 per unit in 2023/24 to £2,686 in 2027/28. These efficiencies create capacity within WHS to fund the debt required to meet our new build ambitions and invest in services for our customers.

Over the five-year period presented, WHS's Total Comprehensive Income fluctuates due to property valuation movements and grant recognition on completed units. Over the five-year period total comprehensive income is £28.3m.

4.12 In order to achieve our ambitious strategy, we must demonstrate a strong and stable financial performance. This will ensure we continue to achieve a strong credit rating and attract funding at low rates of interest. Our Statement of Financial Position, set out below, shows a strong net asset position which improves over the first five years of the projections. The delivery of new social housing properties will help to strengthen WHS's net asset base.

Figure 2 shows the projected change in the Statement of Financial Position over the five-year period to 2027/28.

Figure 2: Statement of Financial Position

Statement of Financial Position	2023/24	2024/25	2025/26	2026/27	2027/28
Housing & Investment Properties	472,240	493,251	524,099	531,081	541,462
Investment Properties	13,189	13,315	13,443	13,572	13,702
Other Fixed Assets	4,158	5,367	5,386	5,323	6,312
Total Fixed Assets	**489,587**	**511,934**	**542,928**	**549,976**	**561,476**
Current Assets	12,633	12,667	12,667	12,685	12,702
Current Liabilities	(42,316)	(35,964)	(44,192)	(37,296)	(31,645)
Net Current Liabilities	(37,452)	**(23,296)**	**(31,525)**	**(24,611)**	**(18,943)**
Long-Term Liabilities (includes LT deferred income)	(171,890)	(198,375)	(216,527)	(223,799)	(234,177)
Provisions	(88)	(88)	(88)	(88)	(88)
Net Assets	**287,927**	**290,175**	**294,789**	**301,478**	**308,269**
Total Reserves	**287,927**	**290,175**	**294,789**	**301,478**	**308,269**

The value of housing assets increases by £69.2m over the five years. The new build programme is funded by debt (and grant subsidy) which increases £65.6m over the same period. This additional debt and asset value results in a growth in net assets of £28.3m (equal to total comprehensive income) over the period.

4.13 Figure 3 shows the cash position over five years – the net movement in cash reflects WHS's borrowing requirements from WFL1 in line with new build expenditure. Our borrowing levels are, however, sustainable and fully funded within our financial projections.

Figure 3: Cash flows generated

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Cash Flow	2023/24	2024/25	2025/26	2026/27	2027/28
Net Rental Income	49,408	49,625	51,866	54,472	57,334
Operating Expenditure	(28,077)	(27,029)	(27,945)	(27,697)	(28,501)
Net Cash from Operating Activities	**21,330**	**22,596**	**23,920**	**26,775**	**28,832**
Core & Other Capital Expenditure	(21,591)	(14,857)	(11,753)	(10,996)	(14,465)
New Build Expenditure	(36,765)	(45,851)	(47,449)	(33,163)	(27,610)
Grant Income	33,567	25,176	21,895	14,108	12,638
Net Cash used in Investing Activities	**(24,789)**	**(35,532)**	**(37,307)**	**(30,051)**	**(29,437)**
Finance Costs (Cash)	(5,074)	(5,894)	(7,191)	(8,055)	(8,756)
Working Capital Movements	(1,453)	0	0	0	0
Loan Drawdowns	9,986	18,831	20,577	18,280	16,553
Loan Repayments / Transfer	0	0	0	(6,950)	(7,193)
Net Cash from Funding Activities	**3,459**	**12,936**	**13,386**	**3,276**	**605**
Net Movement in Cash	**0**	**0**	**0**	**0**	**0**

The capital expenditure in year one includes £10.0m of Social Housing Net Zero works, which are fully funded by the Scottish Government. The cash received is shown in Grant Income.

As there is a time lag between expenditure and the generation of additional rental income, our finance costs increase before we realise the benefit of additional rents from new build properties. Upon completion of the new build programme debt repayments will commence, reducing the associated finance costs, thereby improving the cash position.

As shown above we will generate sufficient income from operating activities to fund investment and finance costs with the level of cover increasing as rental income is earned from completed new build properties.

4.14 Key financial covenants are assessed at RSL borrower group level; however, we must continue to ensure that we and the other subsidiaries within the Group meet certain financial parameters. These include ensuring that a sufficient operating margin is generated and that there is sufficient cashflow strength and asset cover to support our level of debt. This ensures WFL1, as the RSL treasury vehicle is able to meet its external funding conditions. There are two key ratios that we consider:-

- Revenue Surplus less Capital Investment (earnings before interest, tax, depreciation and amortisation with major investment spend taken into account) over net interest payable is the ratio used by the Group to assess whether sufficient surplus is generated to fund our activities, maintain the housing stock and cover interest payments. This interest cover ratio should be >1.

- The loan to value ratio (outstanding loans net of cash divided by value of completed housing and investment properties) is used to assess whether there is sufficient asset cover to support the level of debt.

Figure 4: [redacted]

4.15 As shown above we will generate sufficient income from operating activities to fund investment and finance costs.

4.16 Loan to value increases from [redacted]% at 31 March 2024 to a peak of [redacted]% in 2027 as a result of the additional debt required to fund our development programme. This demonstrates that WH South will have sufficient asset cover to support loans and remain within our golden rule of loan to value not exceeding 70%. Funder negotiations were successful in increasing the debt per unit covenant. We now have capacity to increase our development programme beyond the current 1,000 units, delivering up to 1,199 new homes over 10 years.

5 Customer Engagement

5.1 This report relates to our financial projections and therefore there are no direct customer engagement implications.

6. Environmental and sustainability implications

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

7. Digital transformation alignment

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

8 Financial and value for money implications

8.1 Revised financial projections and key financial indicators are summarised in section 4 above and in Appendix 1. These financial projections, once approved, will be submitted to the Wheatley Group Board for approval on 22 February. The figures in the first year of the projections, 2023/24, will then form the basis of the annual budget which will be presented to our Board for approval in March. Performance against the budget will then be monitored through the management accounts provided to our Board throughout the year.

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

9. Legal, regulatory and charitable implications

9.1 There are no specific legal implications arising from the revised financial projections. Implementation of specific actions identified in these projections may have legal implications and specific legal input will be sought as part of any business case approval process for these actions.

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 impact

11.1 There are no equalities implications arising from this report.

12. Key issues and conclusions

12.1 This paper presents the business plan for the five-year period to 31 March 2028.

13. Recommendation

13.1 The Board is requested to:

1) Approve the updated financial projections for investment in assets and services over the five-year period to 2028; and

2) Agree that the projected 2023/24 figures form the basis of next year's annual budget which will be presented to the Board for final approval in March.

LIST OF APPENDICES

Appendix 1 - Financial Projections 2023/24

Wheatley Homes South

Better homes, better lives
www.wheatleyhomes-south.com

Wheatley Homes South Financial Projections
2023/24

Wheatley Group

1 Headlines

2022/23 saw the first full year following the implementation of our new operating model across the Group, supported by our new "Customer First Centre" with the aim of delivering outstanding customer services. We relocated our offices to a new location at Brasswell and rebranded as Wheatley Homes South in September 2022.

As we entered 2022/23 inflationary pressures were having a significant impact on the business and our customers, and this has continued throughout 2022/23 with general inflation peaking in October 2022 at 11.1% driven by fuel and energy costs initially and flowing through to higher food prices. CPI is projected to fall to around 5% by the end of 2023 then falling to below the 2% target by the end of 2024. Economic forecasts show interest rates continuing to rise, peaking at over 4% in mid-2023.

Keeping rents affordable remains a key strategic aim, with rent increases maintained at 4.4% for 2023/24 and 3.7% for 2024/25, both well below inflation. Further, recognising that economic factors will put pressure on our tenants we have retained provision in the projections for a higher number of tenants moving onto Universal Credit and an increase in rent arrears balances. During 2022/23 we launched our Here For You Fund as part of focus on tackling poverty and the cost-of-living challenges facing our customers. This fund provides assistance to our customers who are facing financial hardship to with food, fuel and rent. Funding in the Foundation has been assumed to extend the Here For You fund until March 2024.

The increase in the debt per unit covenant agreed in 2021/22 has allowed us to grow our development programme and increase the number of new homes delivered. 9,760 new units are assumed to be completed by the RSL Borrower Group over 10 years with 77% of these for social rent. This goes some way towards delivering on our long-term strategic objective of 12,500 units and allows us to meet commitments to tenants with WH South developing up to 1,199 of these.

In 2022/23, WH South completed 37 new build properties at Eastriggs and Nursery Avenue and are projected to invest £20.1m in existing homes this year.

The updated financial projections for 2023/24 and beyond include:

- Funding of £99m net of grant claims over the five years for the completion of 902 new homes for social rent and a provision for stock rationalisation which will enable the regeneration of our communities.
- Investment of £66m over the first five years in our existing properties to ensure all properties continue to meet regulatory standards and that we deliver the accelerated additional investment promised to customers.

- An additional £2.7m per annum set aside from 2023/24 for repairs, demand for repairs has increased by 10% compared to 2020/21
- A contribution of £5.9m to the Group's IT investment, helping to support the strategic aims in the 2021-26 strategy
- £1.2m in donations to the Wheatley Foundation

The financial projections for 2023/24 reflect the move to the RSL borrower group funding arrangements on 1 April 2022. Under RSL group funding arrangements the M&G £114m facility and RBS £35m revolving credit facility novated to WFL1 and was replaced by an intra group loan facility. Covenants in relation to these facilities are now calculated at the RSL borrower group level rather than for WH South on a standalone basis.

During the development period, WH South's financial forecasts are driven by the profile of the development programme and the value of grant income and valuation adjustments on completion of new build properties. The forecast bottom line total comprehensive income, net assets, cashflow and ratios reflect the higher level of borrowing to support our new build programme.

WH South's peak net debt is in 2031/32 (year 9), the final year of the current development programme, and finance costs on the debt borrowed from Wheatley Funding No 1 Limited ("WFL1") steadily increase over the five years presented in the projections. This is in advance of the significant benefit from increased rental income which increases the total comprehensive income reported.

It is important to note that rent increases in line with those assumed in our strategy, and continued control of costs are an important aspect of managing our financial position.

2 Key assumptions

The key assumptions in the WH South Business Plan are highlighted below. All figures include VAT and inflation, unless stated otherwise.

2.1 Cost Inflation

Throughout 2022/23 the economic outlook in the UK has remained challenging with inflation, driven by fuel and energy costs initially and flowing through to higher food prices, increasing to a 40 year high in October 2022 and interest rates being raised by the Bank of England. Inflation has fallen back slightly over recent months to 10.5% at December 2022 and is projected to fall to c5% by the end of 2023 in response to monetary policy actions and prices stabilising in the key inflation drivers of fuel and utilities. Thereafter inflation is predicted to fall below the policy target of 2% by the end of 2024.

Inflationary pressures are having a significant impact on the business and our customers, and the financial projections have been aligned to focus activities to benefit our customers most in need with provision made to strengthen the support provided through the Here For You Fund.

The general cost inflation rate assumed for running costs/overheads within the financial projections are shown in the table below.

Cost Inflation assumptions

General Inflation Assumptions	2023/24	2024/25	2025/26	2026/27	2027/28
General cost inflation	5.0%	3.0%	2.5%	2.5%	2.5%

The assumption in relation to employee cost inflation is 7.0% for 2023/24, 3.0% in 2024/25 and then included at 2.0% for the remainder of the plan.

2.2 Stock numbers

At 1 April 2023, WH South is assumed to own a total of 10,347 homes, 10,246 for social rent and 101 mid-market rent properties. This is based on the stock at 31 March 2022 as reported in the audited statutory accounts adjusted to reflect 37 new build properties, 18 at Eastriggs and 19 at Nursery Avenue, completed in current financial year. A total of 83 properties in the Lochside area of Dumfries were demolished during the current financial year, with a further 445 properties marked for demolition. It is assumed that 902 new homes will be completed over the five-year period to March 2028. This will bring the total new homes completed since joining the group to 988.

The table below shows the assumed stock profile over the period.

Stock Numbers	2022/23	2023/24	Forecast 2024/25	2025/26	2026/27	2027/28	2028/29
Social Housing							
Opening Units	10,293	10,246	10,101	10,312	10,465	10,620	10,748
New Build	37	31	211	202	260	198	132
Demolition	(84)	(176)	0	(49)	(105)	(70)	(45)
Closing Units	**10,246**	**10,101**	**10,312**	**10,465**	**10,620**	**10,748**	**10,835**
Mid-Market Rent	101	101	101	101	101	101	101
Total Closing	**10,347**	**10,202**	**10,413**	**10,566**	**10,721**	**10,849**	**10,936**

2.3 Rental Income and Service Charges

The plan assumes an average weekly rent based on the current average rent and, subject to Board approval, a 4.4% rent increase in April 2023. In addition to rental income, WH South receives income from service charges. Based on current charges, forecast income is £310k in year 1. While service charges are assumed to increase in line with rents each year, the reduction in units due to demolition programme results in a decrease in income over the five year period. The table below shows the rent and service charge growth assumptions over the next five years.

Rent Increase	2023/24	2024/25	2025/26	2026/27	2027/28 on
Rent Increase	4.40%	3.70%	3.50%	3.20%	3.20%
Service charge increase	4.40%	3.70%	3.50%	3.20%	3.20%

2.4 Operating Performance

The percentage of rent lost to voids and bad debts has been based on historical performance together with our performance expectations going forward.

	2023/24	2024/25	2025/26	2026/27	2027/28
Voids (Retained Properties)	1.2%	1.2%	1.0%	1.0%	1.0%
Bad Debts	2.00%	2.00%	2.00%	2.00%	2.00%
Arrears (£’000)	1,699	1,702	1,670	1,655	1,640

Void losses are assumed at 1.2% over the first two years for core rented stock before reducing to 1% from year three on. This is prudent compared to our current year performance to December 2022 of 0.7%. For the 445 properties assumed to be demolished a higher void rate has been assumed. This has been estimated based on current empty and unlettable units and projected clearances.

The provision for bad debts has been assumed at a constant 2.0% of gross rental income in 2023/24, which is also prudent compared to our performance of 1.6% in the current year to December 2022.

Business plan assumptions on the movement in arrears have been updated to take into account the economic challenges facing our customers together with our experience to date with Universal Credit. The 2023/24 Business Plan arrears reflect the assumption that all working age tenants on benefits move to UC by end of 2023/24. Thereafter, arrears reduce through the recovery of balances built up over the 5 week initial waiting period.

2.5 Other Income

The table below shows forecast other income including inflation and other uplifts

Other Income	2023/24	2024/25	2025/26	2026/27	2027/28
Leased Properties	154	154	154	154	154
Garage & Garage Sites	374	411	425	438	451
[redacted]					
Commercial Properties	61	63	65	66	68
RHI Grants	37	36	36	27	10
Temporary Accommodation	535	0	0	0	0
Young Person Project	200	0	0	0	0
Sheltered Housing	130	0	0	0	0
Solutions lease income	124	123	122	124	127
Total Income	**2,054**	**1,234**	**1,258**	**1,274**	**1,285**

In addition to rental and service charge income, a further £2.1m is expected to be generated by WH South in 2023/24 from other income streams. This is comprised of the following: -

- Leased properties – WH South lease 24 properties across three sites to other organisations generating £154k of income each year. This income is assumed to remain fixed i.e. does not increase with inflation.
- Garage and Garage Site Rents – Income of £374k net of voids is projected to be received from the rental of WH South's garages and garage sites.
- [redacted].
- Commercial Properties – 16 commercial units currently owned by Novantie transferred to WH South on 31 March 2022. These are managed by Lowther Homes in exchange for a management fee. Income from the commercial properties is expected to be £61k in 2023/24.
- RHI grant - £37k of income is projected to be received in 2023/24 reducing to £27k by year 4 in line with grant applications.
- Temporary Accommodation - £535k is projected to be received in 2023/24 only, in line with the current contract. This contract may be extended beyond year 1 however this has not been reflected within the financial projections.
- Young Persons Project - £200k expected to be received in 2023/24 only, in line with the current contract. This contract may be extended beyond year 1 however this has not been reflected within the financial projections.

- Sheltered Housing grant income of £130k to be received in 2023/24. This contract is renewed year to year and assumed for year 1 only.
- Office lease income - £124k is assumed to be received from Wheatley Solutions for use of the WH South office space. The amount is consistent across the five years and doesn't increase with inflation.

2.6 Management Costs

WH South's employee cost assumptions reflect the direct staff structure. Additionally, WH South pays an appropriate share of the salaries of the Neighbourhood Environmental Team, and a share of the Wheatley 360 costs. Total direct staff costs in 2023/24, including on costs are assumed to be £5.7m. Direct employee cost savings of £220k and £337k have been assumed in years 2 and 3 respectively and £687k thereafter. Running costs include day to day expenditure and an appropriate share of the Environmental Service and Wheatley 360 running costs, but exclude Initiatives. A provision of £291k has been included in 2024/25 for a stock condition survey.

The plan assumes recharges from Group, which includes employee and running costs for central services such as the Customer First Centre, Employee Relations, IT, and Finance. The Table below sets out the overall management costs (excluding inflation) assumed in the plan. Employee costs linked to temporary accommodation and the young persons project of £0.6m are only included in 2023/24 as the contracts are subject to annual renewal and assumed in the plan to run for 12 months at a time.

Management Costs	2023/24	2024/25	2025/26	2026/27	2027/28
Employee Costs	5,715	4,887	4,796	4,523	4,523
Running Costs	2,017	2,329	2,176	2,253	2,323
Wheatley Solutions Recharges	6,188	6,059	6,023	5,937	5,851
Management Costs	**13,921**	**13,274**	**12,995**	**12,713**	**12,698**

2.7 Repairs & Maintenance Costs

Repair costs remain a central part of our projections with our customer satisfaction surveys consistently showing a direct link between the repairs service tenants receive and their satisfaction levels. An additional provision for repairs of £2.3m has been made in 2023/24 compared to last year's plan. The provision for repairs recognises the increase in demand that we have experienced in 2022/23, this results in the average repairs and maintenance cost per unit increasing by 7.6%, excluding inflation, between 2022/23 budget (stated in 2023/24 prices) and the projection for 2023/24. The table summarises the revenue repairs and maintenance assumptions.

The table below shows the profile of Planned and Routine Maintenance costs (excluding inflation)

Repairs	2022/23*	2023/24	2024/25	2025/26	2026/27	2027/28
Responsive Repairs £000	7,021	8,820	8,802	8,915	9,087	9,360
Planned Maintenance £000	4,461	3,540	3,695	3,188	3,187	3,187
Total	**11,483**	**12,360**	**12,497**	**12,103**	**12,274**	**12,547**
Average Cost per Unit £	1,110	1,212	1,200	1,145	1,145	1,157

*2022/23 budget stated in 2023/24 prices.

2.8 Demolition Costs

[redacted]
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2.9 Operating Cost per Unit

As a result of the assumed efficiencies in management costs, our operating costs per unit, excluding depreciation and finance costs, decrease over the five year period and are set out in the table below.

Projected operating cost per unit (excluding inflation)

Operating costs	2023/24	2024/25	2025/26	2026/27	2027/28
Operating Costs (£'000)	28,889	27,199	26,779	26,578	26,872
No. of Units in year	10,202	10,413	10,566	10,721	10,849
Operating Cost per Unit (£)	2,832	2,612	2,534	2,479	2,477

This represents a 12.5% decrease in the operating cost per unit over the five year period, efficiency savings will also arise due to continuing investment in service transformation, including online services for customers.

2.10 Capital Investment

Investment in existing stock in 2022/23 is forecast to be £20.1m. Over the next five years this investment will continue with a further £66.4m including inflation, of planned investment in existing stock. This investment is possible due to operational efficiencies in management costs, and access to borrowing via the Group.

The focus of the investment programme will be on ensuring WH South maintain properties to current regulatory standards such as SHQS and deliver additional works to windows, roofs and external walls to provide improvements in energy efficiency pending the Scottish Government review on the EESSH2 targets. Further, core programme works in 2023/24 includes £10m for retrofit of existing homes funded by the Scottish Housing Net Zero grant award.

The table below shows the profile of capitalised investment works (incl VAT, fees and inflation) over the first five years.

£000s	2023/24	2024/25	2025/26	2026/27	2027/28	Total
Core Investment & Compliance	13,767	6,715	4,521	3,735	7,040	35,776
Capitalised Repairs	876	996	996	996	1,200	5,064
Medical Adaptations	540	540	540	540	540	2,700
Capitalised Voids	3,077	3,169	3,248	3,329	3,413	16,236
Capitalised Employee Costs	1,275	1,303	1,323	1,333	1,359	6,594
Total	**19,535**	**12,723**	**10,628**	**9,932**	**13,551**	**66,370**

Within the core programme, £0.4m has been allocated to both “Customer Voice” and “Think Yes for Investment”- spending decisions made in consultation with, and led by our customers, to address local priorities.

Capitalised void costs include the costs of carrying out the programme of void works as well as the costs of clearing the properties carried out by a specific voids team. The in-house service gives us greater control over the void turnaround process.

2.11 New Build Programme

Over the first five years of the financial projections we anticipate the completion of 902 new homes taking the total number of homes completed since joining the Wheatley Group to 988 units. A total of 1,199 units assumed to be delivered over the next 10 years. Development costs and grant assumptions have been updated to reflect actual amounts, where known, and our latest expectations on delivery.

These are shown in the table below:

£000s	2023/24	2024/25	2025/26	2026/27	2027/28	Total
Development Cost	35,597	44,669	46,255	31,979	26,403	**184,904**
Grant Income	(23,592)	(25,176)	(21,895)	(14,108)	(12,638)	**(97,409)**
Capitalised Demolition Costs	1,012	-	356	782	534	**2,684**
Capitalised New Build Staff	1,169	1,182	1,194	1,183	1,207	**5,934**
Capitalised Interest	296	608	853	781	474	**3,012**
Net Cost	**14,482**	**21,283**	**26,763**	**20,617**	**15,980**	**99,125**
Units Completed	31	211	202	260	198	902

2.12 Initiatives and Other Provisions

a) Initiatives

The projections also include provision for initiatives which are available to tenants.

The main one is our contribution to the Wheatley Foundation of £1.2m over the next 5 years. The Wheatley Foundation is a charitable trust established with the aim of delivering community benefits. The majority of the Foundation’s income is received from the other subsidiaries within the Group in the form of donations from the RSLs and through gift aid contributions from Lowther Homes. Over the five year financial projections 75% of forecast income in the Foundation is from Group entities. The income recognised in the Foundation will be used to fund a number of projects and initiatives that will benefit customers and communities across the Group. These initiatives include projects such as the Here For You Fund, Wheatley Works, educational bursaries, Home Comforts service as well as the provision of Welfare Benefit Advisers. These projects are considered to be an investment in creating strong and sustainable communities and providing better opportunities for our tenants. It is anticipated that this will contribute to the sustainability of the income stream for WHS over the long term.

WH South's contribution to these initiatives over the next five years (ex inflation) is summarised in the below table. The projections assume sufficient funding will be available in the Foundation to deliver their initiatives in years 1 and 2

Other Group Recharges	2023/24	2024/25	2025/26	2026/27	2027/28
Share of Group Initiatives (£'000)	0	0	409	409	409

b) IT Capital Investment

In total, across the Group the financial projections provide for a 5 year IT capital investment programme of £40.5m. This investment is in recognition of the key role technology has in supporting the delivery of the key strategic aims in the Group's 2021-26 strategy. Alongside the digital aspirations for Group services to customers and staff, the funding also provides for a safe, secure and reliable technology service. WH South makes a capital contribution towards the overall Group IT capital costs. The table below details WH South's contribution over the next 5 years.

IT Capital Programme	2023/24	2024/25	2025/26	2026/27	2027/28	Total
IT Capital Contribution (£'000)	1,356	1,453	1,124	1,604	913	5,910

The IT Capital Investment programme is aligned to 5 workstreams, delivering key business strategy outcomes and ongoing investment across staff and customer digital services and platforms.

The workstreams are:

- Digital Workplace
- Customer Self Service
- Housing and Care
- Digital Repairs
- Core Architecture and CyberSecurity

The investment will support a range of projects, changes to Group operating model and the delivery of service improvements across our digital, voice and face-face channels of delivery.

- **Digital Workplace** – an ongoing programme of technology and facility upgrades and improvements across our estate, including network services, hub/touchdown technology (workstations, digital communications, site security and monitoring). Ongoing support of Group hybrid and home working model (end user devices, software, remote access). Staff support and digital adoption services and the provision of improved manager and staff HR engagement platforms.

- **Customer Self Service** – Ongoing service improvements and development of our online service portfolio aligned to end-end customer journey maps and customer preferences. Review and replacement of our current customer self-service platforms; and renewal of ourCFC platforms and services (voice platform, webchat, video). Development and implementation of customer engagement and feedback services.
- **Housing and Care** – Supporting the future housing operating models and delivery approaches, through ongoing investment in staff mobile applications and services (e.g. devices, software, improved access to data and information), housing platform upgrades and process improvements. Replacement of Group factoring management system.

- **Digital repairs** – Our digital repairs programme includes upgrades and improvements to Wheatley Homes South services and the migration of Wheatley Homes East repairs to a consolidated Group repairs platform. Refresh and renewal of trade operatives mobile devices. A review and redevelopment of online repairs services to customers, aligned to ongoing improvements to support the evolution of 'Book-it, Track-it, Rate-it' model of delivery.
- **[redacted]**.

2.13 Interest Rate assumptions

The new build programme planned requires debt finance to be drawn down over time. In line with the wider Group funding strategy, borrowing is advanced from Wheatley Funding No 1 Limited ("WFL1") at an assumed blended all in average funding rate. The blended funding rate reflects a combination of bank and bond funding, any fixed rate arrangements in place and any monitoring or commitment fees payable by WFL1 to external funders and is consistent across all Group subsidiaries.

Interest	2023/24	2024/25	2025/26	2026/27	2027/28
Interest Payable (Group Funding)	4.50%	4.60%	4.60%	4.70%	4.70%
Interest Receivable	0.50%	1.00%	1.50%	2.00%	2.00%

3. Financial projections

The tables below show the projected financial statements for the five year period from 2023/24 to 2027/28. The information presented in the tables include inflation.

3.1 Statement of Comprehensive Income

STATEMENT OF COMPREHENSIVE INCOME	Forecast				
	Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Year 4 2026/27	Year 5 2027/28
	£'000	£'000	£'000	£'000	£'000
Net Rental Income	47,287	48,994	51,313	53,975	56,889
Grant Income	18,603	25,847	18,064	27,028	19,076
Other Income	2,054	1,235	1,258	1,275	1,285
Total Income	**67,945**	**76,076**	**70,635**	**82,278**	**77,250**
Management Costs	(14,261)	(13,878)	(14,622)	(13,989)	(14,277)
Repairs & Maintenance	(12,360)	(12,872)	(12,778)	(13,282)	(13,790)
Demolition	(1,105)	(344)	(613)	(493)	(503)
Support Activities	(512)	(97)	(100)	(102)	(105)
Bad Debts	(651)	(1,029)	(1,062)	(1,126)	(1,197)
Depreciation	(14,581)	(16,161)	(17,508)	(18,785)	(20,121)
Operating Expenditure	**(43,469)**	**(44,382)**	**(46,683)**	**(47,779)**	**(49,993)**
Gain on Investment Properties	125	126	128	129	130
Operating Surplus	**24,601**	**31,820**	**24,080**	**34,629**	**27,387**
Operating Margin	**36%**	**42%**	**34%**	**42%**	**35%**
Net Finance Costs	(6,024)	(6,638)	(7,785)	(8,703)	(9,538)
Movement in Value of Social Housing	(10,633)	(22,935)	(11,681)	(19,237)	(11,058)
Total comprehensive income	**7,943**	**2,247**	**4,614**	**6,689**	**6,790**

Income

Net rental income is projected to grow over the period as a result of the assumed rent increases and the additional properties completed as part of the development programme.

Other income includes garage and garage site rents, mid market rent lease income and commercial property rents in addition to grants and funding received for specific short term initiatives. The reduction over the period is due to funding for certain initiatives such as temporary accommodation and the young person project which is included in the first year only together with a reduction in service charge income as a result of the demolition programme.

In line with our accounting policies, housing properties are assumed to be carried at valuation with assumed movements reported in comprehensive income. As properties are carried at valuation, under FRS102, grants received in respect of new build developments are released to the statement of comprehensive income in full on completion of the properties using the performance method.

Operating Expenditure

The planned asset growth, improved working practices and closer collaboration with our service providers over the next 5 years will result in efficiency savings that achieve a 5.1% reduction in operating cost per unit.

Repairs and maintenance costs are projected to remain relatively stable over the period with increases in line with assumed inflation and additional provisions for new homes. The repairs and maintenance costs reflect the increase in volume of repairs during 2022/23.

Investment Property Valuation Movement

Mid-market properties are held on the Statement of Financial Position as Investment Properties. These properties are valued annually, with any increase or decrease in valuation recognised within the Statement of Comprehensive Income.

Finance Costs

Interest payable on our borrowings increases over the five years as debt increases, to fund the new build programme.

Housing Property Valuation Movement

Social rent properties are held on the balance sheet at valuation. These properties are valued annually, with any increase or decrease in valuation recognised within the Statement of Comprehensive Income, below the operating surplus line. The year on year variation in the figure is driven by the profile of new build completions in any one year.

Total Comprehensive Income

The completion of new units has a significant impact on the reported total comprehensive income. Recognition of grant income in relation to completed units increases the reported operating surplus; however, this is offset by a downward valuation of housing properties in the year of completion. Under SORP 2014 new build grants are not considered when calculating valuation movements. In general, the gross development cost, i.e. excluding grant, of these newly completed properties will be higher than the EUV-SH valuation and results in a downward valuation. We have adopted a highly conservative approach to valuation adjustments in the projections and the downward valuation adjustments presented are a prudent scenario.

Over the five year period total comprehensive income is £28.3m.

3.2 Statement of Financial Position

STATEMENT OF FINANCIAL POSITION	Forecast				
	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
Housing assets	472,240	493,251	524,099	531,081	541,462
Investment Properties	13,189	13,315	13,443	13,572	13,702
Other Fixed Assets	4,158	5,367	5,386	5,323	6,312
Total Fixed Assets	**489,587**	**511,934**	**542,928**	**549,976**	**561,476**
Current Assets	12,633	12,667	12,667	12,685	12,702
Current Liabilities	(42,316)	(35,964)	(44,192)	(37,296)	(31,645)
Net Current Liabilities	**(29,682)**	**(23,296)**	**(31,525)**	**(24,611)**	**(18,943)**
Long term liabilities	(171,890)	(198,375)	(216,527)	(223,799)	(234,177)
Provisions	(88)	(88)	(88)	(88)	(88)
Net Assets	**287,927**	**290,175**	**294,789**	**301,478**	**308,269**
Total Reserves	**287,927**	**290,175**	**294,789**	**301,478**	**308,269**

Fixed Assets

The plan assumes Housing & Investment Property assets to increase £131.3m over five years from 1 April 2023 due to the construction of 902 additional properties and an assumed increase in the value of our existing stock as a result of investment.

Other Fixed Assets include fixtures and fittings and IT equipment, the increases are a result of assumed investment in office accommodation and IT.

Current Assets

Current assets include cash, rent arrears, net of bad debt provision; and other debtors, such as office rent and insurance prepayments. The table shows current assets remaining fairly static across the five years, due to matching debt drawdowns with cash requirements.

Current Liabilities

Current liabilities are high throughout the five year period due to the deferral of new build grant income received until the relevant scheme is complete. Deferred grant income is a liability.

Long Term Liabilities

Long-term liabilities relate to the loan due from WH South to Wheatley Funding Limited 1 ("WFL1"), pension liability and long term other deferred income. The net balance due to WFL1 increases from £80m at March 2023 to £162m at March 2028, funding new build development. Peak net debt of £255.1m occurs in year 9 (2031/32).

Reserves

During the five year period from 1 April 2023, retained earnings are projected to increase by the reported total comprehensive income of £28.3m. The increase to reserves reflect the performance over the five year period, as well as property valuation movements, which offset losses linked to our borrowing costs.

3.3 Statement of Cashflow

Cash Flow	Forecast				
	Year 1 2023/24	Year 2 2024/5	Year 3 2025/6	Year 4 2026/27	Year 5 2027/28
	£'000	£'000	£'000	£'000	£'000
Operating Activities					
Turnover (excl Grant)	49,408	49,625	51,866	54,472	57,334
Operating Expenditure	(28,077)	(27,029)	(27,945)	(27,697)	(28,501)
Net Cash from Operating Activities	**21,330**	**22,596**	**23,920**	**26,775**	**28,832**
Investing Activities					
Core & Other Capital Expenditure	(21,591)	(14,857)	(11,753)	(10,996)	(14,465)
New Build Expenditure	(36,765)	(45,851)	(47,449)	(33,163)	(27,610)
Grant Income	33,567	25,176	21,895	14,108	12,638
Net Cash used in Investing Activities	**(24,789)**	**(35,532)**	**(37,307)**	**(30,051)**	**(29,437)**
Funding Activities					
Finance Costs (Cash)	(5,074)	(5,894)	(7,191)	(8,055)	(8,756)
Loan Drawdowns	9,986	18,831	20,577	18,280	16,553
Loan Repayments / Transfer	(1,453)	0	0	(6,950)	(7,193)
Net Cash from Funding Activities	**3,459**	**12,936**	**13,386**	**3,276**	**605**
Net Movement in Cash	**0**	**0**	**0**	**0**	**0**

Net Cash from Operating Activities
The plan assumes cash from operating activities to increase by 16% in five years. Rent increases and the completion and handover of 902 new build properties, creates additional rental and lease income; the positive movement being further assisted by the operating cost per unit decreasing 5.1% over the same period.

Net Cash used in Investing Activities
This reflects the on-going core programme and other investment works, and the new build programme. The 2023/24 investment spend is higher due to Social Housing Net Zero grant funded works.

Net Cash from Funding Activities

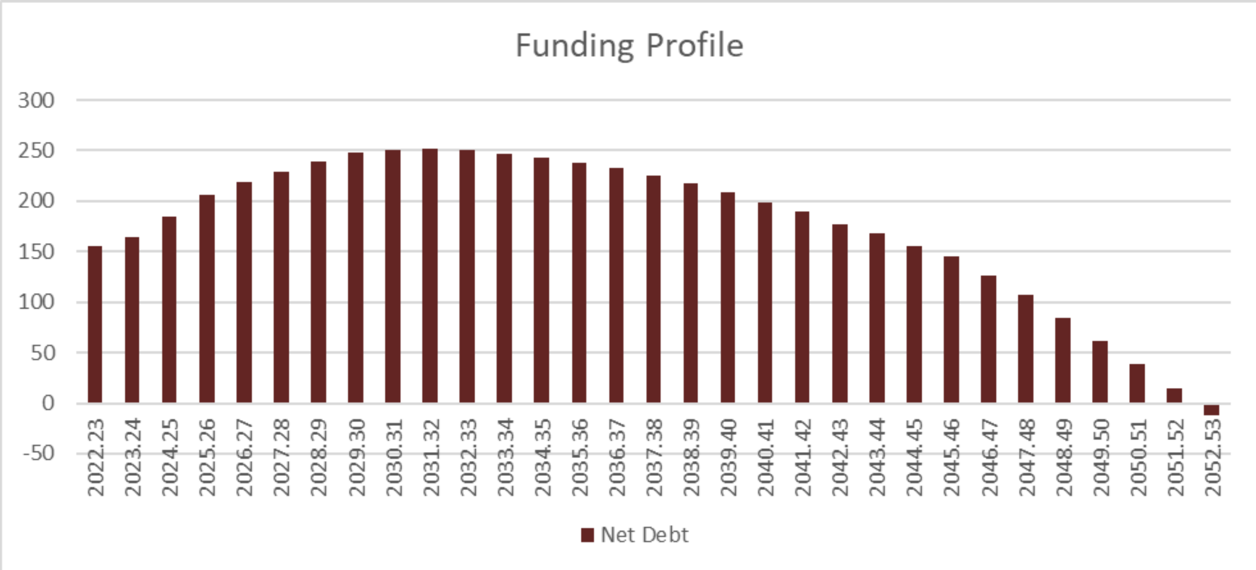
Finance Costs (Cash) reflect the interest due on WH South’s existing facilities with THFC together in addition to interest payable to WFL1 on the intra group loan. Interest on the Allia facilities is rolled up onto the outstanding debt and settled at the capital repayment date so are excluded from cash interest costs. Funding costs increase over the period as debt is drawn to fund the development programme.

The loan repayment reflects the repayment of one of the Allia loans in 2028/29. Drawdowns relate to debt assumed to be drawn from WFL1.

4. Funding and debt profile

The financial projections reflect WH South's current funding arrangements. The table and graph below show the key funding indicators and funding profile by facility for WH South.

Debt indicator	Value
Peak debt (net)	£255.1m
Peak debt year	2031/32
Debt repayment year	2052/53
Closing cash	£12.4m



WH South's debt level increases over the first 9 years as investment continues in both existing and new build homes. Debt reaches a peak of £255.1m in 2031/32, with it starting to be repaid from 2028/29. By 2052/53, there will be sufficient cash to repay debt with an estimated closing cash balance of £12.4m.

5. Key Parameters

5.1 Whilst covenants attached to WFL1 funding are assessed at Group level, rather than individual RSL level, there are important financial parameters which need to be met to ensure that WH SOUTH remains financially sustainable in the long term and that its contribution to the RSL Borrowing Group, along with all the other RSLs in the group, allows WFL1 to meet its external funding conditions. The following criteria therefore need to be taken into account when assessing the impact of any risks or business decisions on projections:

5.2 Operating margin generation
In the long term, underlying operating surplus (excluding grant income and property valuation movements) needs to be sufficient to service debt, i.e. meet interest and capital payments on debt balances and achieve overall financial surplus every year. The business plan assumes that WH South will generate the following operating margins over the next 5 years:

£000s	2023/24	2024/25	2025/26	2026/27	2027/28
Income (excluding grant income)	49,341	50,229	52,572	55,250	58,174
Adjusted Operating Surplus	5,872	5,847	5,889	7,471	8,180
Adjusted Operating Margin (%)	**12%**	**12%**	**11%**	**14%**	**14%**

The adjusted operating margin, which excludes grant income and valuation movements, is the measure used to test covenant compliance. It is lower than the operating margin reported in the Statement of Comprehensive income, illustrating the significant impact that the recognition of grant income on completion of new build has on the results. The margin initially drops while the new developments are being built, then increases due to additional rental income generated from completed new build units, as well as efficiency savings.

5.3 Cash flow strength
Cash flows need to be sufficient to demonstrate that there is enough cash available to service intra-group debt each year and to repay funding within 30 years**. Revenue surplus** removes items that are non-cash and/or unrelated to underlying operations, such as grant income and property valuation movements, to assess the funds available to meet interest payments and pay for all costs related to current stock. A ratio > 1 means that there is sufficient capacity to meet interest payments as they fall due. As the debt principal must also be repaid, long term, the interest cover ratio needs to be comfortably over 1 to demonstrate sufficient capacity to repay capital.

Cash Flow Strength	Forecast

	Year 1 2023/24 £'000	Year 2 2024/25 £'000	Year 3 2025/26 £'000	Year 4 2026/27 £'000	Year 5 2027/28 £'000
Revenue Surplus	21,311	22,466	23,753	26,622	28,676
Less Capital Investment (Existing Properties)	(8,300)	(11,679)	(9,584)	(9,009)	(11,548)
Revenue Surplus less Capital Investment	**13,011**	**10,788**	**14,169**	**17,613**	**17,128**
Net Finance Costs	(6,024)	(6,638)	(7,785)	(8,703)	(9,538)
Interest Cover	**6,987**	**4,149**	**6,384**	**8,911**	**7,590**
Interest Cover x	**2.20**	**1.60**	**1.80**	**2.00**	**1.80**

The table above shows we will generate sufficient cash, or revenue surplus, from our underlying business operations to cover the cost of investment in our existing homes and our borrowing costs. This is a significant milestone and means that our underlying operational surplus when expressed as a proportion of funding costs is >1 from year 1 onwards, a key indicator of the financial strength of the business. Over the longer term it is projected that debt can be repaid in 2052/53 of the plan with £12.4m of cash generated by year 30.

5.4 Asset cover

One of the metrics which governs overall borrowing limits is the value of the owned asset base. Under the RSL borrower group funding arrangements, WH South's investment and development programme will be supported by intra-group borrowing from WFL1 which operates on a Group wide borrowing and asset security basis. Assets are typically based on the cash flows associated with these assets, business decisions, such as in relation to rent growth, will have an impact on asset values. The loan to value profile for WH South is as follows:

[redacted]

Loan to value increases from [redacted]% at March 2024 to a peak of [redacted]% in 2026/27 as a result of the additional debt required to fund our development programme. This remains well below our 70% golden rule maximum level and demonstrates that WH South will have sufficient asset cover to support loans.

6. Risk Analysis

We have performed sensitivity analysis showing the potential impact on the plan of key risk factors. As well as general risks relating to inflation and the cost base. The response and mitigation actions will be considered on a Group-wide basis by the Group Board and Audit Committee.

No.	Risk Description	Interest Cover x					LTV	Cash Flow		Mitigation
		2024	2025	2026	2027	2028	Max value	Peak debt	Debt repaid	
2023/24 Financial Projections		2.2x	1.6x	1.8x	2.0x	1.8x	**43%**	**£255.1m**	**29**	
1	Cost inflation stays at 5% 24/25 and increases by 0.5% in years 3 - 5. No change to assumed rent increases.	2.2x	1.5x	1.7x	1.9x	1.7x	44%	£264.7m	No repay within 30 years	Costs increasing faster than rent results in reduction in interest cover and increased debt. Additional efficiency savings would be required
2	Rent increase reduced to 2.9% in years 2-5	2.2x	1.6x	1.8x	2.0x	1.8x	43%	£261.1m	No repay within 30 years	Review operating model and repairs service to seek additional efficiencies.
3	Rent increase increased to 4.7% in year 2.	2.2x	1.7x	1.9x	2.0x	1.8x	42%	£243.4m	No repay within 30 years	Higher rent increase increases the interest cover and lowers the LTV.
4	Voids are 1% higher	2.1x	1.6x	1.8x	2.0x	1.7x	43%	£260.9m	No repay within 30 years	Performance monitoring and management together with a review of the rent setting policy
5	Bad debts are 1% higher	2.1x	1.5x	1.8x	2.0x	1.7x	43%	£261.4m	No repay within 30 years	Review of rent setting policy, operational efficiencies and service and repair levels to mitigate the financial impact of the additional bad debt costs.
6	Planned staff cost savings are not achieved	2.2x	1.6x	1.8x	1.9x	1.7x	44%	£260.8m	29	Longer term performance monitoring required to identify overspends and areas for efficiencies to be realised
7	Reactive repairs costs increase by £1m (10%) each year	2.0x	1.5x	1.7x	1.9x	1.7x	44%	£262.6m	30	Performance monitoring and service review to identify areas where efficiency savings can be realised.

8	Investment programme accelerated to bring forward spend of £2m in year 1 and 2	1.8x	1.3x	1.8x	2.0x	1.8x	44%	£261.0m	No repay within 30 years	Efficiencies sought in other areas to offset the impact in those years.
9	Development costs are 15% higher on 4 legacy schemes with no change in grant	2.2x	1.6x	1.8x	2.0x	1.8x	44%	£262.6m	No repay within 30 years	All schemes subject to appraisal and board approval prior commencement.
10	Inflation increased to 5% 24/25, 3% 25/26, bad debts are 0.5% higher and repair costs increase £2m years 1-5.	1.8x	1.2x	1.4x	1.7x	1.5x	47%	£286.9m	No repay within 30 years	Performance monitoring, operational efficiencies and review service and repair levels to identify areas where savings can be made.

Wheatley Homes South

Report

To:	**Wheatley Homes South Board**
By:	**Brian Stewart, Director of Investment & Compliance**
Approved by:	**Frank McCafferty, Group Director of Repairs & Assets**
Subject:	**Five-year Capital Investment Plan**
Date of Meeting:	**15 February 2023**

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1. Purpose

1.1 To seek Board approval for the five-year capital investment plan in existing homes for the period 2023-28.

2. Authorising and strategic context

2.1 Under its Terms of Reference, set out in the Group Standing Orders, the Board is responsible for the approval of its five-year investment plan.

2.2 Our five-year investment plan in existing homes is a key component of the 'Making the most of our homes and assets' strategic theme in our five-year strategy, in particular the strategic outcome of investing in existing homes and environments. It also supports our wider Strategic ambition from 2021-26 strategy in relation to reducing carbon emissions by 20,000 tonnes across all our group subsidiaries.

3. Background

3.1 Our five-year investment plan details our approach to capital improvement work across our existing homes and environments over the next five years. This plan is reviewed and updated annually to reflect changing customer expectations emerging regulatory requirements, and new strategic investment objectives.

4. Discussion

Overall programme

4.1 Our five-year plan includes a core programme budget of **£35.8m**, which will be directed towards major property and environmental improvement works.
In addition, the programme includes **£21.3m** for improvements and capitalised repairs to void properties, **£2.7m** to support the delivery of major medical adaptations to help customers remain independent in their homes for longer, and **£6.6m** for staff to support the delivery of the programme. Grant applications are submitted to Dumfries and Galloway Council for major adaptations. The total capital programme over the next five years equates to **£66.4m**.

4.2 Our 2021-26 strategy committed to delivering £86.7m capital expenditure in our existing homes. In 2021/22 through an accelerated programme, we delivered £38m of investment in our customers' homes and we forecast a spend of £20m in 2022/23. Within the next three years of the current five year programme we will invest a further £43m in our customers' homes, this will see **£101m** of investment to improve our homes for our customers.

4.3 Our core investment activities over the next five years will continue to focus on the delivery of improvements, which provide the greatest value to our customers. Our ongoing customer engagement and locality planning activities tell us that customers want modern, energy efficient homes and safe neighbourhoods. Our investment plan outlines our commitment to deliver on these priorities with the programme content falling within three broad themes:-

- Warm, high-quality homes,
- Safe homes; and
- Great neighbourhoods

Further details of the programme that make up these themes is provided at Appendix 1. The figures in Appendix 1 and below are before on-costs unless otherwise stated.

Warm homes

4.4 This theme encompasses our energy efficiency and internal modernisation programmes. We plan to invest **£13.3m** over the next five years in improving the energy efficiency of our homes. These measures will include window replacements, wall insulation and the commencement of a programme to upgrade existing fossil fuel reliant heating systems with low and zero-carbon alternatives.

4.5 In addition to the **£13.3m** of energy efficiency measures being invested we will be carrying out a whole house retrofit and investing a further **£9.9m** (match funded by Scottish Government's Social Housing Net Zero fund) for 283 low efficiency and high-carbon intensity homes across the region. These measures include the installation of External wall insulation, Air Source Heat Pumps, Solar PV and Battery Storage technology.

4.6 Our planned programme of energy efficiency improvements will not only benefit our customers in terms of reducing heat demand and fuel poverty but will also assist in relation to the objectives of our sustainability framework and delivering our legislative obligations in relation to the Scottish Government's Energy Efficiency Standard for Social Housing ("EESSH2").

Quality Homes

4.7 Maintaining excellent internal housing quality standards is essential in ensuring that our homes are modern and desirable. Our five-year investment plan includes for the installation of over 390 new kitchens. This programme will include a combination of reactive replacements in both void and occupied properties, where there has been previous no access or refusals.

Wheatley Care Portfolio

4.8 Our updated Asset investment plan includes **£200k** of improvements to WHS core stock assets where Wheatley Care services are provided. This five-year programme has been informed by a condition survey undertaken by Wheatley South's RIC Team in the summer of 2022. This was further supplemented through engagement with the site-based care teams to understand staff and customer priorities and the sequence of the programme has been profiled on that basis.

4.9 The planned work will predominantly focus on the improvement of common areas and community spaces including redecoration, new flooring and furniture, improved lighting and the upgrade of communal kitchen and bathroom facilities. Environmental improvements will also feature with new bin storage provision and new fencing and paths included. Further detail on this programme can be found in appendix 1.

Safe Homes

4.10 Our Asset Investment Plan places a strong emphasis on ensuring our homes remain safe and secure, supporting Group's Fire Prevention and Mitigation Framework. Over the five years of our investment plan, we will deliver improvements across a range of Home Safety related programmes encompassing:

- Domestic wiring upgrades where required through our periodic electrical inspection regime,
- Installation of Thermostatic Mixer Taps for our most vulnerable customers,

4.11 Our Safe Homes programme includes the upgrade of smoke and heat detection; we completed this programme in 2022 for all 10300 assets. We will continue to promote and publicise our wider annual compliance programmes as part of our 'Home Safe' campaign.

4.12 Our five-year investment programme also continues to fund additional fire safety measures for some of our most vulnerable customers through supporting our fire safety officers in providing innovative solutions to help keep people safe. Measures include enhanced smoke/heat detection, portable fire suppression systems, fire retardant blankets and stove guards.

Great Neighbourhoods

4.13 We are committed to investing in our wider communities through the improvement of our common areas and environments. Maintaining the "kerb appeal" of our environments is an integral part of our asset management approach to ensure that our neighbourhoods are secure and desirable for both existing and prospective customers.

4.14 Our Investment Programme will help to support the delivery of our 'Keep Scotland Beautiful' environmental quality standard through works to improve controlled entry, common areas and environments.

Mould and Damp

4.15 We recognise the negative impact that damp and mould can have on our customers' health and quality of life and this has led to the development and introduction of enhanced processes and procedures across the Group.

4.16 Our investment plan includes for a number of energy efficiency measures including new heating systems, energy efficient door and window installations and targeted mechanical ventilation upgrade works. Environmental sensors are also being installed through this plan.

Year 1 programme (2023/24)

4.17 Our capital programme in Year 1 (2023/24) of the five-year plan has a total value of **£19.5m**. This includes **£13.8m** for major property improvements, **£4.0m** for capitalised repairs and improvements in void properties, **£540k** for major medical adaptations and £1.3m for staff supporting the delivery of the programme.

5. Customer Engagement

5.1 As a landlord, we have a legal responsibility to keep our tenants safe in their homes. These safety and compliance duties drive the allocation of a significant proportion of the overall investment budget. With our remaining resources however, our aim is to increase customer participation in future investment planning decisions, both in relation to the type and timing of investment, putting customers firmly in control of their homes.

5.2 The allocation of the discretionary elements of the budget beyond compliance and safety work has been informed by customer feedback in recent years, such as that gathered through pop-up local events pre-pandemic, from customer satisfaction surveys, rent consultations and the input of locality directors and housing teams, reflecting the views coming from customers in local communities.

5.3 Over the next five years, we propose to go further, through our 'Stronger Voices, Stronger Communities' framework. This framework:

- Gives customers greater control of their home by choosing how and where investment is delivered,
- Uses both online and offline approaches to make it easier for customers to engage and to share their priorities; and
- Adopts new technologies such as a community voice app to enable interactive engagement e.g., voting on investment proposals, ordering improvements for their home, making choices, and providing feedback on our investment and asset services.

Stronger Voices Investment Programme

5.4 Our investment plan includes our ‘Stronger Voices’ budget in support of this framework, which will deliver **£190k** of customer driven investment over the next five years. This budget will be used to deliver an enhanced programme of local priority investment work over and above existing planned investment commitments. The content of this programme will be informed exclusively by our tenants working with our frontline housing teams. This programme is in addition to over **£15.3m,** already allocated to deliver current customer priority investment work programmes such as new windows, heating, kitchens, common area improvements and environmental, **£650K** of this allocation will be aligned to stronger voices through the individual work streams.

6. Environmental and sustainability implications

6.1 The Scottish Government have set ambitious targets for the reduction of carbon footprint and the country’s green agenda and response to climate change. We will look to embrace this challenge and contribute towards Wheatley’s overall objectives in these areas. We plan to deliver **£23.2m** (including Net Zero works) of energy efficiency improvements over the life of the five-year plan, which equates to 39% of the total core programme spend.

6.2 The measures in our Net Zero programme alone will reduce Co_2 emissions by **2,860 tonnes** and raise the energy performance rating of the homes to EPC B from their current levels of D and E. The planned inclusion of electric and air source heat pumps will mean the properties are net-zero and the inclusion of EWI, solar and battery storage will help reduce energy costs for customers.

6.3 Further investment in Year 1 (2023/24) has an anticipated carbon reduction value of **133 tonnes** CO_2, which contributes towards the overall group annual target of 4000 tonnes CO_2 resulting from investment in our homes. This analysis shows the following anticipated CO_2 reduction impact across core programme investment activities in Year 1 (2023/24). Each new energy efficiency measure installed also provides an uplift to the property EPC score, which helps towards compliance with EESSH2. We remain on track to delivery our 20,000 tonnes target across all group subsidiaries by 2026 for WHS contributing to the cumulative group carbon savings so far over 12,000 tonnes.

Element of Programme	CO_2 reduction in tonnes	EPC score improvement
Gas Heating	5.5 tCO_2	+ 0 points
Windows	77.6 tCO_2	+ 9 points
EWI	50.5 tCO_2	+ 10 points

7. Digital transformation alignment

7.1 We will look to align our investment services with our digital transformation strategy. Historically we asked our customers to make a visit – often at a time of our choosing - to an office to view investment plans and make choices. Now, we will look to provide more interactive and convenient methods for the customer to inform investment in their homes.

7.2 We have phased out whitemail customer satisfaction surveys with individual investment project satisfaction surveys now carried out by text.

8. Financial and value for money implications

8.1 In accordance with the Group's Value for Money statement the investment programme will deliver value for money in several ways including:

- **Meeting customer aspirations** - Our investment plan supports the delivery of customer investment aspirations with our locality planning process and Stronger Voices approach helping to inform the development and content of our investment programmes
- **Quality of life** - Our investment plans help to improve our customers' quality of life and tackle fuel poverty through the provision of warm and affordable homes, which meet SHQS and EESSH standards in relation to quality and energy efficiency. Our investment planning also recognises the importance that a good quality environment can have on the desirability of our communities and on quality of life, with significant funds committed to deliver improvements in these areas
- **Environmental maintenance** - Our approach to the delivery of environmental improvements, designed with input from our NETS service, will help to build capacity by reducing the maintenance burden on this service, enabling resources to be focussed on other key service priorities.
- **Factored homeowners** - Our five-year plan demonstrates a commitment to seeking innovative solutions to assist factored homeowners to participate in our investment programme, helping to reduce the financial burden where possible, whilst also benefitting our tenants living in mixed tenure stock.
- **Asset sustainability** - By continuing to deliver investment in our existing assets we ensure the long-term sustainability of our assets, helping to drive down the frequency of response repairs, whilst giving assurance to our lenders that we have a robust approach in place to manage and maintain our assets.

8.2 The core investment programme of **£35.8m** is contained within the overall **£66.4m** five-year capital investment programme as set out in the 2023/24 financial projections.

9. Legal, regulatory and charitable implications

9.1 There are no specific implications arising from the creation of the Investment Programme.

10. Risk Appetite and assessment

10.1 The Board's agreed risk appetite for investing in existing homes and environments 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". This risk appetite is mirrored here in relation to the Investment programme.

11. Equalities implications

11.1 Our aspiration is for our homes to meet the long-term needs of our customers, enabling them to remain in their home and to live as independently as possible. Our approach to medical adaptations enables customers to self-refer for minor adaptations such as handrails and lever handle taps. Major adaptations such as level access showers and structural alterations are also funded through the capital programme subject to a referral from an Occupational Therapist.

11.2 We have a robust approach to the identification and assessment of customer requirements as part of our project planning activities. Individual customer needs are considered on a project-by-project basis, and this helps to inform the project design and specification.

11.3 Our communications strategy takes account of the broad cultural mix of our customer base with the ability to tailor correspondence to a range of different languages.

12. Key issues and conclusions

12.1 Our core investment programme will deliver over **£35.8m** of planned improvements in our property portfolio over the next five years.

12.2 The continuing focus of our programme is on delivering improvements that contribute the greatest value to our tenants and communities, with over 60% of our core programme geared towards known customer priority investment.

12.3 Customers will continue to shape our investment plans through our **£190k** Stronger Voices programme and we will empower housing officers to make investment decisions at the front line that delight our customers through our **£180k** Think Yes for Investment programme.

12.4 Our investment programme will support the objectives of our sustainability framework, specifically around the decarbonisation of our fossil fuel heated property portfolio and the delivery of EESSH2

12.5 There is increasing uncertainty around the planned introduction of hydrogen blending into the UK gas network, therefore our investment plans will be agile to react to any change in direction, including the consideration of alternative low and zero-carbon alternatives

12.6 We recognise the negative impact that mould and dampness can have on the health & wellbeing of our customers. Our investment planning makes provision for proactive investment interventions designed to mitigate the occurrence of mould within our homes.

13. Recommendations

13.1 The Board is asked to approve our five-year Capital Investment Programme 2023-2028

LIST OF APPENDICES:

Appendix 1: Five-Year Capital Investment Plan 2023-28

Appendix 1: WHS Five-Year Capital Investment Plan 2023-28

WHS CORE INVESTMENT PROGRAMME (INC VAT) 2023-2028						
PROGRAMMES	2023/24 £'000 YEAR 1	2024/25 £'000 YEAR 2	2025/26 £'000 YEAR 3	2026/27 £'000 YEAR 4	2027/28 £'000 YEAR 5	TOTAL
Gas Heating	£ 120	£ 180	£ 120	£ 120	£ 180	£ 720
Low Carbon Heating (ASHP)	£ 450	£ 720	£ 550	£ 570	£ 720	£ 3,010
Net Zero Heat	£ 9,975	£ -	£ -	£ -	£ -	£ 9,975
Low-rise Fabric	£ 600	£ 1,200	£ 700	£ 600	£ 1,350	£ 4,450
Sturctural	£ 100	£ 300	£ 100	£ 100	£ 300	£ 900
Kitchen	£ 65	£ 1,000	£ 337	£ 165	£ 1,300	£ 2,867
Bathroom	£ 65	£ 65	£ 65	£ 65	£ 65	£ 325
Windows & Doors	£ 1,000	£ 1,400	£ 1,000	£ 700	£ 1,400	£ 5,500
Environmental	£ 150	£ 264	£ 264	£ 219	£ 264	£ 1,161
Common Work	£ 375	£ 432	£ 432	£ 375	£ 432	£ 2,046
Mechanical & Electrical	£ 275	£ 320	£ 320	£ 317	£ 320	£ 1,552
Environmental Sensors	£ 210	£ 340	£ 340	£ 300	£ 340	£ 1,530
EESSH/Archetype Specific Energy Measures	£ 58	£ 57	£ 57	£ 57	£ 120	£ 349
Fire Safety	£ 35	£ 65	£ 65	£ 35	£ 65	£ 265
Living Well	£ 25	£ 50	£ 50	£ 25	£ 50	£ 200
Stronger Voices	£ 35	£ 40	£ 40	£ 35	£ 40	£ 190
Think Yes for Investment	£ 30	£ 40	£ 40	£ 30	£ 40	£ 180
Garages	£ 20	£ 62	£ 40	£ 20	£ 54	£ 196
Core Programme Total	**£ 13,588**	**£ 6,535**	**£ 4,520**	**£ 3,733**	**£ 7,040**	**£ 35,416**
TMV Taps	£ 178	£ 180	£ -	£ -	£ -	£ 358
Capital Compliance Total	**£ 178**	**£ 180**	**£ -**	**£ -**	**£ -**	**£ 358**
Core Programme & Capital Compliance Total (INCL VAT)	**£ 13,766**	**£ 6,715**	**£ 4,520**	**£ 3,733**	**£ 7,040**	**£ 35,774**

Over the next five years **£35.7m** will be invested in our homes and communities. Output projections for some of the **key** investment work streams **over the next five years** are shown below:

Heating

The Heating programme has a total value across the five years of **£3.7m**. The programme consists of **£720k** for reactive gas boiler replacements where existing boilers breakdown and cannot be repaired.

Low-rise fabric

The Low-Rise Fabric (LRF) programme consists of the provision of External Wall Insulation (EWI) and fabric component replacements such as fascias, soffits and guttering. We have made provision of **£4.4m** over the next 5 years.

Kitchen, Bathroom (KBT)

We plan to invest **£3.1m** in new kitchens and bathrooms over the next 5 years. The programme also includes investment of **£1.5M** in new efficient and effective mechanical extractor fans benefitting up to **1,290** customers and **£1.5M** environmental sensors benefiting **1,275** customers over the next 5 years. The programme phasing will be informed using data intelligence to identify trends from our repairs service which will help to identify problematic house types.

Windows and Doors

We plan to spend **£5.5M** on window replacements over the next 5 years, benefitting **573** customers. The programme will include ad hoc, reactive installations where we have previous been refused access in addition to planned lifecycle replacements.

Environmental

We will invest **£1.1m** in improving the environment within our communities over the next 5 years. The programme will include backcourt improvements for tenement stock including new bin storage provision and paths. We will also seek to deliver more customer priority investment with the commencement of a programme of fencing, steps and path renewals across our main door properties supported by our cyclical maintenance programme.

Common Works

We have allocated **£2M** to deliver common area improvements encompassing investment such as common close painter work and foyer upgrades

EESSH2

We currently await the outcome of the Scottish Government's review of the current EESSH2 standard, expected later in 2023. Our investment plan makes provision of **£10.3M,** (including the Net Zero project) to facilitate the delivery of energy efficiency investment interventions designed to thermal performance of our assets.

Fire Safety

£265k has been allocated over the 5-year plan to fund enhanced fire safety measures for our most vulnerable customers including stove guards and fire-retardant bedding packs.

Stronger Voices

We are committed to putting our customers in control of investment decisions, which affect their homes and communities. We have allocated **£190k** to deliver customer driven investment works over the next 5 years. Our dedicated Stronger Voice budget will help our local housing management teams deliver on their customers' investment priorities identified through the ongoing engagement activities.

Think Yes for Investment

We introduced a new staffing facing initiative in 2022/23, which empowers our frontline housing teams to make decisions on investment that will deliver great outcomes for customers. We will continue to support this programme over the next five years with **£180k** allocated to support housing officers in instructing small improvements such as additional kitchen wall units or tiling or painting a close where they feel the work is justified and is a priority for customers.

Capital Compliance

£358k of capital compliance works will be delivered over the next five-years to ensure our homes are safe and secure and to provide assurance that we are meeting our statutory and regulatory compliance obligations.

Wheatley Homes South

Report

To:	**Wheatley Homes South**
By:	**Alan Glasgow, Managing Director**
Approved by:	**Hazel Young, Group Director of Housing and Property Management**
Subject:	**Customer Insight: Improving satisfaction with our management of neighbourhoods**
Date of Meeting:	**15 February 2023**

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1. Purpose

1.1 This report provides Board with an update on the work we do to support and strengthen neighbourhoods and customer satisfaction with the management of neighbourhoods. This is particularly important in light of the feedback from customers in our pulse survey late last year.

2. Authorising and strategic context

2.1 The first priority in our Group Strategy is *Delivering exceptional customer experience*. We aim to deliver outstanding services with a strong focus on engagement with tenants as part of this.

2.2 We also identified as part of our strategy how we would look to tailor our services for different customer segments to respond to varying satisfaction levels, such as for families. This report sets out how we are doing this in relation to neighbourhood management.

3. Background

3.1 We have not been able to undertake our usual annual surveys due to the Pandemic. As a result, it was agreed that smaller scale pulse surveys would be undertaken during 2022 to establish a post Covid baseline and test the changes in satisfaction. The pulse survey showed that customer satisfaction with our management of the neighbourhood was 70%.

3.2 While there were many positives, the pulse surveys revealed some issues around the neighbourhood were potentially negatively affecting satisfaction levels. This correlated with insight received during other engagement with customers. For example, the families research conducted in 2022 revealed that anti-social behaviour affected satisfaction. While drug dealing was one issue, lower-level issues including noise were also highlighted.

3.3 In addition, we know from our complaints process that customers quickly become dissatisfied if their stairs and open areas are not at the standard they expect. In both circumstances it is clear from customer feedback that communication is particularly important to help customers understand what can be done and to resolve any issues quickly.

3.4 Our Group Strategy 2021 -2026: Your Home, Your Community, Your Future set two key targets in relation to neighbourhood services:

- Over 70% of our customers live in neighbourhoods categorised as peaceful
- Achieve 85% satisfaction with Wheatley Environmental Services

3.5 Improvements in satisfaction with our neighbourhoods will also contribute to the following overall customer satisfaction measures:

- Overall customer satisfaction is above 90%
- RSL tenant satisfaction with value for money is increased to 85%
- Overall satisfaction among households with children is improved to 90%

3.6 Our customer engagement around neighbourhood services will contribute to improvements in the following measures:

- 90% of customers feel they can participate in the landlord's decision making.
- 95% of customers who are actively engaged in shaping services feel they participate in decision making.

3.7 When we undertake a full annual satisfaction survey, we ask our customers about their level of satisfaction with the management of the neighbourhood. The results for this measure are reported as part of our Annual Return on the Charter.

3.8 Satisfaction with neighbourhoods can also be influenced by other partners – for example in relation to transport links, crime, bin collections etc. This is likely to be particularly evident with the economic pressures and reduced funding which are likely to further reduce services from partners. Our strategic commitment to develop a Wheatley Place measure will help us to identify the specific issues for local areas and work to address these ourselves or with partners.

4. Discussion

4.1 Our customer insight has identified three key priority issues to improve customer satisfaction with our management of neighbourhoods:

- Addressing Anti-Social Behaviour (ASB), in particular noise nuisance
- Understanding the services we provide through our Neighbourhood Environmental Team (NETs) and being able to provide feedback on these
- Communication around our actions on anti-social behaviour (ASB)

ASB and Noise - Actions

4.2 The table below outlines the actions we have taken or are undertaking in this area.

Action	Timescale
Improve our response to noise issues through use of the new Noise App	Complete August 2022
Implement digital feedback through the MyVoice programme	Autumn 2023
Implement ASB Framework:	
▪ Review of ASB streetwise system	Complete September 2022
▪ Develop a Group Neighbourliness Charter	Complete December 2022
▪ Develop and deliver Prevention & Solutions approach	Developed & currently in pilot
▪ Explore a methodology for the Wheatley Place Measure	Commenced December 2023

4.3 Almost 50% of our ASB calls are related to noise nuisance and customers have told us through various engagement events that this is an issue that causes dissatisfaction. Historically, it has been difficult to deal with noise concerns because of a lack of evidence – for example it is only being heard by one person. Additionally, some everyday living noise such as sounds of walking or washing machines are contributing to customer concerns about noise. Tolerance levels towards noise plays a factor in this. These types of issues are not classified as ASB.

4.4 As a result, we have often not been able to provide the complainer with the response they would like in relation to tangible action. In general, noise issues will also not be prioritised by the Police as they will prioritise the most serious issues. Despite this we know that they are a frequent cause of dissatisfaction in neighbourhoods.

4.5 Our ASB services have been rebranded using the “Keeping the peace” slogan which now features regularly on our digital media with encouragement to customers to “keep the peace”. The posts give examples of household noise that can be disruptive and asks our customers to consider whether they are ‘keeping the peace’. Engagement levels with customers on social media with our “keep the peace” campaign have already been positive.

4.6 To help address customer concerns and provide a better service, we have introduced a noise app which can be provided to customers who are experiencing issues and have access to a smart device. Once available a customer can capture excessive noise using the app.

4.7 The app records up to 30 seconds of noise and provides a date, time and GPS location of where the recording was made. The customer is prompted to provide where they think the noise is coming from, what they think the cause is, and to provide an indication on a scale of 1-10 of how excessive they believe the noise was.

4.8 This provides a number of avenues to help the customer. In many cases when neighbours are aware that the noise app is being used it is often enough to result in modified behaviour. It can also be used as a basis for discussion with the perpetrator to understand the impact of noise or with the victim to consider the realities of daily living noise. For example, in one particular case, the noise nuisance issue related to the use of white goods in the evening. A noise app recording was captured and when this was explained to the customer using the white goods, they recognised this to be an issue and modified their behaviour accordingly, alleviating the problem.

4.9 We have successfully trialled the noise app in cases across the region. For example, in one case in Dumfries, recordings gleaned from the app was utilised to inform discussion with neighbours who had been having issues with noise from one of the properties. Following discussion, these neighbours have now been able to live more amicably beside each other with a better understanding of differing lifestyles.

4.10 Where discussions are not successful, the app also provides stronger evidence for any action we may be able to take, this includes the ability to use a recording as evidence of corroboration in court.

4.11 At present the app is used on a case-by-case basis, usually where there have been repeated complaints about noise and potential anti-social behaviour. We currently have a small number of Housing Officers using the App in Wheatley Homes South and across the Group almost 4,000 noise recordings have been made.

4.12 We continue to implement our Anti-Social Behaviour Framework, *Peaceful Places in Thriving Spaces*, which was approved by the Board in 2021. It runs in alignment with our Your Home, Your Community, Your Future Strategy timescales. The Framework sets out our approach to ensure our communities are calm and peaceful places to live, with customer engagement at the heart of developing our actions.

4.13 During 2022 the CIP undertook extensive staff workshops engaging with staff to identify how the current Streetwise platform could be improved. The CIP have actively been working with MRi Software developers to create a new super Streetwise. This new platform which will be a single Group wide platform incorporating a number of upgrades that will improve ease of use and provide better data to analyse trends, identify patterns and target resources more effectively. Training for all frontline and CFC colleagues is underway for the upgraded platform and will go live on 1 April 2023.

4.14 In line with our strategic commitment, we have developed a Neighbourliness Charter. This charter, co-created with customers will be published on our websites. It sets out our commitments to customers around creating neighbourliness in our communities. Eighteen of our customers participated in focus groups to provide feedback on their experience and input into how a Neighbourliness Charter could have a positive impact in their neighbourhoods. We continue to work with customers to develop the action plan that will support achievement of the Charter commitments.

4.15 Our customers have told us that they become particularly dissatisfied where there is repeated ASB and they feel that we have not been able to resolve this. In response to that we have set up one of customer voice panels to be around tackling ASB within our communities, this has seen us involve our partners at Police Scotland more in supporting us locally to target low level and repeated ASB within some of our communities.

4.16 We are key partners in the MATAC (multi agency tasking and coordinating) process which is well established in Dumfries and Galloway. We have a well-established and agreed approach with Police Scotland and DGC. We work to support our most vulnerable customers who are repeat perpetrators of recorded ASB and/or criminality in our communities. Regional MATAC meetings take place every month across D&G with key staff from housing and ASBIP attending to discuss individual cases of concern with the aim of understanding and managing the factors contributing to ASB such as addiction or mental health concerns. This supports our region wide partnership approach and ensures statutory intervention as required.

4.17 Our Group Strategy contains a commitment to develop a "Wheatley Place" measure that reflects the criteria that customers identify as crucial to a successful and resilient community. We are currently utilising the Place Standard tool for this purpose through our engagement within Lochside regeneration area. This is an international measuring tool that is already used in Scotland and across Europe by planning authorities and other agencies. It provides a consistent way of assessing neighbourhoods. Whether the place is well-established, undergoing change, or is still being planned, it provides a simple framework to structure customer conversations about place, based around 14 questions.

4.18 Using this standard to inform discussions and thinking with customers would help us to consider the physical elements of a place such as the buildings, open spaces, and transport, as well as the social aspects like whether people feel they have a say in decision making. The tool provides prompts for discussions, allowing us to consider all the elements of a place in a methodical way. It pinpoints the assets of a place as well as areas for improvement. This approach allows our communities to assess whether it works for them and give us a potential framework for engagement at a local and geographical level.

4.19 Our work in neighbourhoods will be affected by our Partners' approach over the coming years. We know that local authorities, police and fire services are likely to face spending cuts. Changes in service levels from partners is likely to increase demand on our own service.

4.20 Our positive relationships with our partners e.g. local policing, Welfare and Housing Options colleagues, Health and Social Care Partnership and elected members is vital to addressing issues within our neighbourhoods. With monthly MATAC ASB tasking meetings with community police, open dialogue with elected members and regular case discussions, we continue to work together to address local issues in a challenging climate.

ASB and noise – customer insight and engagement

4.21 We continue to monitor the success of the noise app through the impact on the number of calls related to noise and the number of cases resolved by discussion. As we deploy more direct customer feedback, we will be able to link use of the noise app with positive feedback about the result of the case from the customer. Our MyVoice platform, once operational, will ask customers who have reported anti-social behaviour to assess how satisfied they were with the way this was investigated and resolved.

4.22 The CIP are currently engaging with 12 families across Wheatley Homes South who were involved in the families research, to better understand what improvements or enhancements could be made to our service delivery to increase their confidence and levels of satisfaction, in the way we respond to reports of anti-social behaviour.

4.23 Our families research early in 2022 identified ASB as a key issue for customers with families. The further work will involve more detailed exploration of the issues they have raised as concerns and trial solutions with them. The identified families have received a questionnaire to gather feedback on levels of ASB and perceived issues. Following on from this we held two successful customer panels which 18 customers attended. We held 1 event in Dumfries and one in Stranraer supported by Mark Nicol and Carey Dunn. Customers provided real time examples of the impacts of ASB on our communities and feedback on our approach to the management of ASB. Further focus groups and customer journey mapping are being arranged in 2023 with affected customer voices to identify the parts of the process which work less well for customers.

4.24 The families research also identified that some of the flats within our blocks as particularly challenging places for families to live. Noise and anti-social behaviour were not the only drivers of this, but participants did identify noise and sound proofing as a particular issue in our blocks. As a result, we are undertaking a pilot project this year. This will work with families and other customers in a small group of our blocks to identify what are the main concerns in relation to noise.

4.25 The pilot will bring expertise from across the business including housing staff, investment staff and Wheatley 360. It will consider a wide range of options. Some may be simple interventions that could work in a similar way to the suite of items we have to help fire safety. For example, effective soft door close mechanisms and vibration mats for under washing machines. It will also consider more structural options for sound proofing within the limits of the investment budget.

NETs communication and feedback

4.26 The key actions around our NETs service are outlined in the table below:

Action	Timescale
Implementation of NETs app	Underway
Environmental campaign and week of action	March 2023
Customer feedback through MyVoice and NETs app	Summer 2023

4.27 Our NETS mobile app was introduced in January. The mobile app provides a significant transformation to the way the NETS teams currently operate. All work scheduling and work orders will be sent directly to the NETS staff members' mobile device to allow them to carry out tasks while they are out working within communities.

4.28 The app will allow increased productivity through the reduction in paper-based systems and ending the need to travel to depots to be allocated work. Staff will be able to respond to customer requests in real time and will be allocated work much quicker than before. Customers will also see a significant change in terms of visibility of services provided by NETS. The online service which will be introduced in March 2023 will enable customers to view when works are scheduled and when they are completed. It will also show any ad hoc work carried out at or around their property.

4.29 This responds to important feedback from customers that they were not clear what services we provided and were not always aware of what work had been done. It also helps to address information that comes in from complaints where customers raise issues about services they believe should have been done. It will give both customers and staff quick access to service provision and any issues of service failure.

4.30 The app will also be used to provide information on all the value-added services that our teams provide such as removing waste and tidying up areas which are not necessarily Wheatley ground. Feedback suggests that while customers value these services, they are not always clear that this is the result of NETs going above and beyond in supporting neighbourhoods where this is not always the Group's responsibility.

NETs engagement and insight

4.31 The deployment of the app will be supported by a refreshed communication plan to ensure we are promoting our services much more effectively to our customers. Communications will also be used to help customers understand what we are responsible for and what is the responsibility of the local authority. This is likely to be particularly important in the coming year where there is the potential that local authorities will be looking to scale back some services.

4.32 Part of the communication plan will involve an Environmental Campaign in March. This will include a week of action with lots of activities within communities focusing on the environment. This campaign will encourage customers and partners to play their part in maintaining their local area and seek to generate ideas for future service delivery and frequency. Our recent engagement and discussions with Dumfries and Galloway Council around the strategic agreement has seen them offer to be involved in our week of action in March.

4.33 Our new “MyVoice” approach to rapid feedback is currently being developed. This will be used to obtain real time feedback from customers about the services they receive. This will show us how satisfaction is changing and will also allow us the opportunity to rapidly intervene to rectify issues that are causing dissatisfaction.

Communication about our role and actions related to ASB

4.34 The key actions to improve communication and engagement around ASB are outlined in the table below:

Action	**Timescale**
ASB customer awareness sessions	Complete
Local newsletters	March 2023

4.35 Customers have fed back to us that they are not always clear on our approach to ASB and what we are doing in their neighbourhood. In order to strengthen this we are using targeted interventions in key areas where we work closely with the customers to identify and resolve issues. We are also delivering stronger and clearer messaging through social media, the development of local newsletters and ongoing engagement.

4.36 The Community Improvement Partnership (CIP) has also delivered ASB Customer Awareness sessions across all our RSLs. These involved 18 of our customers from a range of ages, geographies and household types. This was used to better understand the main issues that are affecting communities. The main issues related to noise nuisance, drug dealing and safe places for children to play.

4.37 The use of data from our noise app and Streetwise ASB management platforms will be used to target specific repeat perpetrators. This approach has been very successful in preventing further complaints and has contributed to 72.8% of our Group tenancies being categorised as ‘Peaceful’.

4.38 Across Group we are developing local newsletters to ensure customers are better informed about our work, services and achievements. We are piloting the local newsletter in a small number of communities to gain feedback from customers before rolling it out across the region. Data Protection regulations limit what we can say to other customers about individual cases, but we are working with the Information Governance team to establish how we can provide more information to customers on their particular complaint.

4.39 All our housing officers are trained in the submission of community information and intelligence. We know that good information and intelligence helps us to be proactive in communities and that it also drives police service. We have now created short customer questionaries that ask customers about their experiences of anti-social behaviour and what their local priorities for action are. We have used these during CIP deployments in Lochside and looking to utilise these in Sanquhar in the coming months.

5. Customer Engagement

5.1 We have undertaken a range of customer engagement activities throughout the year to inform the improvement and development of services in neighbourhoods.

5.2 Our whole families research was a major project early in 2022 and has impacted our approach across a number of services. It provided extensive feedback from 1,800 survey responses and detailed information from focus groups. Just under 470 of the responses were from tenants of WHS. This provided strong evidence of the importance of dealing with ASB, the need for better communication and the importance of noise related issues to our customers.

5.3 This information has been backed up through our engagement with Customer Voices, which has been carried out region wide and at local level. The same issues have been raised at these events.

5.4 We are currently carrying out research with our customer voices to help ensure that we have suitable representation to match our tenant profile. The table below shows our current age profile.

Age group	Customer Voice	EDI response
16-34	2%	3%
25-34	5%	7%
35-44	14%	4%
45-54	24%	13%
55-64	27%	18%
65+	27%	54%

5.5 The current wave of information has come from digital returns. Once that is complete we will undertake further face to face work to cover all Customer Voices. This may change the overall percentages.

5.6 Returns so far show the following profile of customers by house type. Again, this may change as we move through the research process.

Stock type	Customer Voice %	Stock profile %
House	69%	68%
Tenement	23%	17%
Other Flat/Maisonette/4 In a Block	8%	15%

5.7 The current data shows customers are most interested in engaging around repairs and maintenance, community safety, development and regeneration & scrutiny activities.

5.8 Further work is currently being undertaken on segmentation in relation to other protected characteristics. This will inform our work over 2023/24 to ensure our Customer Voices are as representative of our tenant base as possible.

5.9 During 2022, the CIP visited all RSLs and spoke with 18 customers about issues or concerns relating to ASB. In 2023, further follow up work will be undertaken with families. The Wheatley Place pilot being undertaken in the Lochside regeneration area will also involve customers in detailed analysis of issues in their area.

5.10 The NETs team will continue use Customer Voice Panels to engage customers in providing views on our Environmental Services. Seven of our customers attended the panel, with a further 10 of our customers progressing through their Keep Scotland Beautiful (KSB) training. These are used to outline what we do and what we have achieved, Crucially, customers are able to give us feedback on what the team do well, what could we do better and what matters most to them in relation to our services.

5.11 The Group Scrutiny Panel will review environmental services as a key theme as part of its work. This is planned to take place in autumn 2023. We will continue local Customer Voice Panels.

6. Environmental and sustainability implications

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

7. Digital transformation alignment

7.1 This update sets out the use of digital transformation to help build satisfaction in our neighbourhoods. The work includes the roll out of:

- a new NETs app
- a new noise app
- The increased use of data analysis to direct services

7.2 These have all been included within the Digital Transformation Project or funded from existing resources

8. Financial and value for money implications

8.1 There are no financial implications arising from this update. Costs for delivery of projects are included within existing budgets.

9. Legal, regulatory and charitable implications

9.1 The Antisocial Behaviour etc (Scotland) Act 2004 is the primary legislation for dealing with antisocial behaviour in Scotland. The Act sets out a range of responses made available to Local Authorities and Police Scotland. The legislative framework that governs how the Group currently interprets and manages antisocial behaviour is contained within *the Housing (Scotland) Act* 2014 and *the Antisocial Behaviour etc. (Scotland) Act 2004.* The 2004 Act states that a person is engaging in antisocial behaviour if they:

- Act in a manner that causes or is likely to cause alarm and distress.
- Pursue a course of conduct that causes or is likely to cause alarm or to distress to at least one person not of the same household as them.

9.2 The *Housing (Scotland) Act 2014* further enhanced the powers available to social landlords for the management of antisocial behaviour. This includes:

- Social landlords will have the power to convert an existing tenant's Scottish Secure Tenancy (SST) to a Short SST (SSST) or to grant a SSST to a new tenant in cases where there is evidence that the tenant, a member of their household, or a visitor, has been involved in antisocial behaviour in or near their home within the last three years;

- Simplifying the eviction process in cases involving serious antisocial behaviour by allowing social landlords to make use of an existing conviction as grounds for possession. The tenant must have been convicted within the last 12 months; and

- Clarifying that a social landlord can suspend an application for social housing under certain prescribed circumstances.

9.3 The Scottish Social Housing Charter was introduced by the Scottish Government to help improve the quality and value of the services that social landlords provide, and support the Government's long term aim of creating a safer and stronger Scotland.

Outcome 6 of the Scottish Social Housing Charter states that:
"*Social landlords, working in partnership with other agencies, help to ensure that:*
Tenants and other customers live in well-maintained neighbourhoods where they feel safe."

9.4 This outcome covers a range of actions that social landlords can take on their own and in partnership with others. It covers action to enforce tenancy conditions on estate management and neighbour nuisance, to resolve neighbour disputes, and to arrange or provide tenancy support where it is needed. It also covers the role of landlords in working with others to tackle antisocial behaviour.

9.5 The Scottish Housing Regulator have developed the following indicators to assess how well housing associations are managing complaints of antisocial behaviour and our wider estates:

- **Indicator 13:** Percentage of tenants satisfied with the landlord's contribution to the management of the neighbourhood they live in; and
- **Indicator 15:** Percentage of antisocial behaviour cases in the last year which were resolved.

9.6 Our NETs work falls under our regulation as an RSL where we are providing services to tenants or factored owners of our RSLs.

10. Risk Appetite and assessment

10.1 Wheatley Homes South's risk appetite level for operational delivery in the strategic outcome Delivering Exceptional Customer Service is open. This means we are keen to pursue opportunities to use digital services and platforms to improve the customer experience. We should be able to demonstrate the benefits that these new digital approaches will make, including improvements to the control environment.

10.2 Wheatley Homes South's risk appetite for the Enabling Customers to Lead strategic objective is also open. This means we will pursue opportunities to use digital services and platforms to improve the customer experience without leaving anyone behind.

11. Equalities implications

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

12. Key issues and conclusions

12.1 This report outlines the actions being undertaken to improve our customers' satisfaction with the management of the neighbourhood. These include:

- a new approach to managing noise complaints which form a significant proportion of ASB issues and which customers tell us drive dissatisfaction;
- Improved communication with customers around ASB so they have a clearer understanding of the processes which need to be followed and receive updates on what has been done
- Interactive access to our environmental services to see in real time what services they receive, what has been completed and to record their satisfaction levels with these services

12.2 Work is underway to further enhance customer engagement using the satisfaction information from MyVoice for both ASB and NETs. Focus groups and customer journey mapping will be used to further develop our ASB approach, supported by the use of data analysis to target services. The Wheatley Place Standard will allow detailed customer involvement in identifying issues and solutions for their neighbourhood.

13. Recommendations

13.1 The Board is asked to note this update on actions to improve customer satisfaction with our management of neighbourhoods.

Wheatley Homes South

Report

To:	**Wheatley Homes South Board**
By:	**Jennifer Anderson, Wheatley 360 Lead**
Approved by:	**Laura Pluck, Group Director of Communities**
Subject:	**Lochside & Lincluden, Community Improvement Partnership (CIP) Deployment**
Date of Meeting:	**15 February 2023**

1. Purpose

1.1 This report provides the Wheatley Homes South Board with an update and summary of outcomes achieved during the Community Improvement Partnership (CIP) deployment to Lochside and Lincluden, Dumfries, which was approved by Board in August 2021 and concluded in September 2022.

1.2 The report also provides insight into the sustainable long-term solutions that were implemented and embedded into practice as part of the deployment to maintain the work undertaken, and an update on the picture 5 months on from the CIP team leaving the area.

2. Authorising and strategic context

2.1 Under its Terms of Reference, the Board is responsible for monitoring performance against agreed performance targets and strategic projects. The CIP deployment was signed off at Wheatley Homes South Board in August 2021.

2.2 This report links to the 'Cphanging Lives and Communities' theme within our Group strategy, detailing how we will deliver safe, calm, and peaceful neighbourhoods where our customers are proud to live.

3. Background

3.1 In 2016 the CIP developed a Prioritisation and Action Matrix which applied a priority ranking of all data zones containing Wheatley tenancies. This approach to mapping and categorising our tenancies is unique to Group and provides us with an innovative and meaningful way of measuring and tracking our progress in transitioning our most vulnerable and disadvantaged communities from Safe to Calm to Peaceful:

Safe Data Zone – An area where there are increasing levels of anti-social behaviour and social deprivation is deteriorating;

Calm Data Zone - An area where there are sustained levels of anti-social behaviour coupled with a lower deprivation ranking;

Peaceful Data Zone – An area where levels of anti-social behaviour are reducing or very low, and levels of deprivation are improving.

3.2 The matrix recognises a direct correlation between social deprivation levels and the volume of criminal and antisocial behaviour within our communities.

3.3 Our CIP Deployment Model (Customer REASSURES) enables us to develop our understanding of the issues that negatively impact on the safety and well-being of our customers and communities. We use insight from our data analytics which highlights high incidences of anti-social behaviour and its type. This data outlines the priorities for communities, which allows the CIP to identify the most appropriate intervention required to address the issues. A detailed breakdown of the Customer REASSURES model can be found in Appendix 1.

3.4 Every quarter the CIP use this matrix to identify those neighbourhoods across Group that are disproportionately affected by increased levels of anti-social behaviour and deteriorating levels of social deprivation. This is complimented with regular dialogue with local managers and staff teams within the areas identified through the CIP matrix, to gain their insight into the ongoing issues, to get the local context and any relevant additional information.

3.5 In August 2021, the CIP Information and Intelligence Unit updated the Prioritisation and Action Matrix and identified six data zones in Lochside & Lincluden, Dumfries, that were categorised as 'Priority Safe Data zones'. A statistical profile of the six data zones was created which identified that there were 1,073 tenancies within the six data zones which equated to 10.4% of all Wheatley Homes South (WHS) stock. Between 15/02/21 – 01/08/21 there were 260 incidents of anti-social behaviour reported to Police Scotland at or within 25 metres of the 1,073 homes within these data zones, which was 20.8% of all anti-social behaviour recorded across the entire WHS stock for this period.

3.6 On 18 August 2021, the CIP Lead presented these statistics with recommendations to the WHS Board. The recommendation to deploy the CIP's full resources and incorporate the Customer REASSURES operating model into the six 'Priority Safe Data zones' was approved by the Board, where it was agreed that the deployment would commence on 1 September 2021.

4. Discussion

4.1 The Deployment commenced on 1 September 2021 and concluded on 25 September 2022. Each deployment is unique and not determined by length of time, but by how 'Peaceful' a community has become as a result of the intervention and implementation of long-term sustainable solutions for the community. In terms of resources allocated to the deployment, this consisted of 10 Police Officers, two Home Safety Officers, two Anti-social behaviour Officers and was overseen by the CIP Lead throughout.

4.2 The objective of the deployment was to tackle the ongoing issues of antisocial behaviour that had become problematic within the communities of Lochside and Lincluden, as identified through the Prioritisation Matrix, as well as through discussions with staff and managers from Wheatley Homes South. Importantly, listening to our customer voices and what they identified as the key issues they were experiencing which required addressed was a crucial aspect of this. The desired successful outcome for the Lochside and Lincluden deployment was to reduce the incidence of anti-social behaviour which would result in an increase in Peaceful weeks for the data zones (the results of which are detailed in section 4.13).

4.3 **Deployment Activity**

In every deployment, there is a wide range of activity which takes place at each distinct point, that is bespoke to the area and based upon what the identified issues are and what interventions are necessary to address these. In terms of the key aspects and activity related to this deployment, some of these have been detailed below.

4.4 **Environmental Visual Audit**

An Environmental Visual Audit of Lochside and Lincluden was conducted by a CIP Police Crime Prevention Officer. There were very few physical signs of crime and antisocial behaviour identified through this audit. A drinking den was discovered at Lincluden Abbey. A Keeping Scotland Beautiful report was also shared with the CIP, identifying some environmental issues including void properties and missing fence panels and some poorly maintained public spaces.

4.5 **Strategic Partner Engagement**

Another critical part of the engagement stage is to meet with key partners who can support the CIP during the deployment, and longer term, to address the identified issued. Meetings with the senior management teams at Police Scotland (Divisional and Area Commanders for Dumfries & Galloway), Scottish Fire & Rescue (SFRS) (Lead Senior Officer and Community Action Team) and the Local Authority (Community Safety Lead) took place. The CIP team presented their findings around the area profile and explained our Customer REASSURES methodology to tackle the identified issues.

4.6 The strategic partners were supportive of the deployment, and it was agreed to establish a local multi-agency fortnightly problem-solving meeting, which would be chaired by the CIP Lead at the outset. Commitment was provided around attendance from the local community Policing Team through Community Sergeants and the Community Action Team Lead from SFRS. Although a representative of the Local Authority was unable to attend these tasking meetings, they did facilitate access to a wider Antisocial Behaviour meeting, to collaborate on the approach to improve the data zones.

4.7 The strategic partners were supportive of the deployment, and it was agreed to establish a local multi-agency fortnightly problem-solving meeting, which would be chaired by the CIP Lead at the outset. Commitment was provided around attendance from the local community Policing Team through Community Sergeants and the Community Action Team Lead from SFRS. Although a representative of the Local Authority was unable to attend these tasking meetings, they did facilitate access to a wider Antisocial Behaviour meeting, to collaborate on the approach to improve the data zones.

4.8 **Customer Priorities**

A critical stage of any deployment is understanding what our customer concerns and priorities are. The local Stronger Voices Officer organised a customer engagement initiative in Lochside and Lincluden, where a representative group of 200 customers from across the six data zone were identified and a mixture of face to face sessions and online questions via SMS text were sent. The outcome from this resulted in 96 of the 200 customers identified responded to the engagement initiative (48%). Customers were asked six specific community safety related questions and the response from this determined the focus of customer priorities for action, which was:

- Drug dealing and drug and substance misuse;
- Youth related ASB and vandalism;
- Noisy Neighbours.

4.9 A flyer detailing the results of the customer engagement exercise was posted to all 1,073 homes within the data zones. The full results from this can be found in Appendix 2.

4.10 **Local Problem-Solving Meetings**

The CIP worked to establish the agreed multi-agency local problem-solving meetings, bringing together key agencies to collaborate and find effective solutions for the area. The meetings were attended by:

- All patch Housing Officers;
- Neighbourhood Environmental Team Manager;
- Stronger Voices Officer;
- Local Police Community Team Supervisors;
- CIP Police Team Inspector and Sergeants;
- Scottish Fire and Rescue Service, Watch Manager;
- Anti-social behaviour Intervention and Prevention Officer;
- Home Safety Officer;
- CIP Lead.

4.11 The function of the meeting was to hear about progress on the customer priorities and share information and intelligence on local issues. The meeting also enabled the housing officers to task the CIP, Local Police and SFRS with actions to be undertaken to support existing and new issues identified.

4.12 **Additional Police Patrols**

The CIP Police Team provided over 1,500 additional hours of community policing to Lochside & Lincluden between the 01/09/21 – 31/08/22. These additional patrols were a mix of intelligence led and public reassurance patrols.

4.13 The incident and temporal analysis data presented in the initial statistical profile ensured these additional hours saw our officers being deployed to the right locations at the right time for the right purpose. The teams initial focus was to tackle the customers top priority of drug dealing.

4.14 During the deployment the CIP Police Team achieved the following results in relation to drug dealing:

- 4 x WHS homes were searched as a result of community intelligence received;
- £ 3,200 was seized in relation to the Proceeds of Crime Act;
- 305.5 (g) of Class A drugs were seized;
- 438.9 (g) of Class B drugs were seized;
- 41 people were positively stopped and searched in relation to the possession of drugs.

4.15 Taking a strong, proactive approach towards drug dealing within the community sent a clear message around the resolve to tackle this to those involved in the activity that it wouldn't be tolerated. It provided those concerned about the issue with a level of reassurance that something was being done about it. The strategy was to disrupt this activity and to deter further activity of this nature from occurring.

4.16 During the initial and subsequent customer engagement events, the CIP received a significant amount of information about youth related anti-social behaviour. There were also several customers who stated that there were concerns specifically about the number of young girls involved in the anti-social behaviour.

4.17 The following results were achieved by the CIP team deployment intervention in relation to youth related anti-social behaviour:

- 1 x youth was arrested and charged with 18 deliberate fires, involving vehicles and empty properties;
- 65 x visits were made to the homes of youths identified as having been involved in the anti-social behaviour and vandalism;
- 190 x local tasks were identified and actioned to the local community police;
- 28 x persons have been charged and reported to the Procurator Fiscal.

4.18 This approach reinforced to young people in the community that there were serious consequences to their actions, with clear messaging taking place at each of these interactions and home visits, that continuation of the behaviour could have an impact on their parents' tenancies with Group. Taking such a strong approach in partnership with Police, demonstrated the commitment of Wheatley Homes South to address and challenge such behaviours, with the objective being for the young people to cease and desist from this conduct and deter others from becoming involved.

4.19 **Staff Training**

On the 2 and 3of November 2021, the CIP Team travelled to Dumfries and Stranraer to deliver bespoke training to housing officers and frontline staff on problem solving, anti-social behaviour investigation, prevention and community information and intelligence submission, and how this can contribute to increasing levels of customer confidence and satisfaction. This training was extremely well received and led to 173 community intelligence reports being submitted to the CIP Intelligence Unit during the deployment, where 79% of these led to actionable intelligence. The regular submission of community intelligence by housing officers led to several successful police operations, particularly against local drug dealers. Staff worked closely with CIP colleagues throughout the deployment to learn and develop their skills in this area.

4.20 **Customer Engagement Events**

Our customers must feel confident to report issues and information to us and our partners, knowing we will use it effectively for prevention and enforcement. Our ability to provide quality resolutions to issues and to respond to customer feedback is vital to this. The information we receive can be used to target the perpetrators of anti-social behaviour, reducing the incidence of anti-social behaviour, and create a more peaceful community. This then further encourages the community to have confidence in sharing information with housing officers and police to create further benefit.

4.21 Customer engagement occurred throughout the CIP Deployment, initially to establish the deployment priorities and thereafter customer engagement events were organised at local venues across the deployment area, giving customers the opportunity to provide more information and intelligence. These events were well attended by customers who were able to meet with a range of partners including the police and fire service to discuss their issues.

4.22 One event at Lochside Community Centre was attended by the CIP Team and 28 customers, most of whom were keen to speak with the CIP Lead and Police Team and discuss concerns they had on both drug dealing and youth disorder. Customers reported they were aware of and very appreciative of the additional police presence. This event was captured in a short film which was subsequently used to promote this type of event at housing officer and stronger voices training events.

4.23 **Operation Moonbeam**

Bonfire night in Lochside had a reputation for being unsafe, with numerous dangerous bonfires, misuse of fireworks and attacks on SFRS crews attending related incidents taking place over several years. In the lead up to the 5th November 2021, the CIP Police Team worked closely with the Neighbourhood Environmental Teams (NETs) and used a drone to identify unwanted bonfires. These were then removed by our NETs Team. Our Police Team also carried out public reassurance patrols in the lead up to and on bonfire night. The operation named 'Moonbeam' resulted in the safest bonfire night in recent history, with no significant issues being reported and no requirement for SFRS crews to be called out. Operation Moonbeam is now an annual event that sees our Housing Officers and NETS supporting SFRS by identifying and removing unwanted bonfires to continue to keep the area safe.

4.24 **Girls Football Tournament**

When engaging with customers to understand what their local priorities were, youth related anti-social behaviour, particularly involving young girls, was the top priority. The CIP and WHS partnered with Police Scotland and Queen of the South Ladies football to host a girls only football tournament for 60 local girls during the Easier school break 2022. As well as coaching and playing football, talks were delivered by a range of partners promoting good behaviour, health and wellbeing and citizenship and the law. The tournament was a great success with demand out striping availability. It is intended to host this event in April 2023 and make it an annual event in the area.

4.25 **Successful Outcomes of Deployment**

Reduced Anti-social Behaviour

The purpose of the deployment was to create ‘Peaceful’ communities by tackling and preventing anti-social behaviour. In the 24-week period prior to the deployment starting, the average weekly anti-social behaviour incident count was 10.8 incidents per week. In the 46 weeks of the deployment, the incident rate reduced to on average 7.29 incidents per week, a reduction of 3.51 incidents on average per week. This equates to a 32.5% decrease in recorded anti-social behaviour by the end of the deployment when compared to the six-month period prior to the deployment. In the 16 weeks since the conclusion of the deployment the anti-social behaviour incident count has dropped to on average 5.25 incidents per week, a reduction of 5.55 incidents on average per week. This equates to a 51.4% decrease in recorded anti-social behaviour after the deployment compared to the situation pre deployment.

4.26 **Peaceful Communities**

Each week Our Prioritisation Matrix measures whether a data zone is categorised as Safe, Calm or Peaceful. In the deployment area there were six data zones. Our process for identifying Priority Data Zones always uses a 24 week period (24 weeks x 6 data zones = 144 weeks).

Within Lochside and Lincluden, the following outlines the position with regards to the area position around its peaceful categorisation throughout the pre, during and post deployment period:

Timeframe	Weeks in Peaceful	Success rate
24 weeks prior to deployment commencing	5 out of a possible 144 weeks	3.5%
46 weeks of deployment period	63 out of a possible 198 weeks	31.8%
16 weeks since end of deployment	55 out of a possible 96 weeks	57.3%

4.27 **Positive Media Coverage**

The CIP Deployment and the partnership approach to tackle and prevent anti-social behaviour and create peaceful communities generated a lot of media interest from local journalists, which led to several positive articles being written in local newspapers. The CIP Lead was also interviewed on BBC radio about the success of the deployment.

4.28 **Chief Constables Award**

The CIP's partnership work in tackling and preventing anti-social behaviour in Dumfries led to the Group being recognised in the Chief Constables Excellence Awards. Wheatley Group were recognised as Policing Partner of the Year 2021/22.

4.29 **Stakeholder Feedback**

Chief Inspector Scott Young, Dumfries Area Commander from Police Scotland, said:
"The collaborative approach between Police Scotland and Wheatley Group has combined both local and national resources working in partnership to improve the safety and wellbeing of communities here in Dumfries.
The engagement with the local community has been fantastic, the feedback extremely positive and it has assisted us to both prevent and detect crime and work in partnership with the communities to reduce the impact of anti-social behaviour.
I look forward to developing the partnership more widely in the future as we work towards our shared vision and strive for continual improvement for the lives of community members here in Dumfries and beyond and ultimately work towards ensuring our communities are a positive environment and as safe and peaceful as possible."

4.30 **Kelly Trainor, Stronger Voices Officer, Wheatley Home South, said:**
"This was one of the first pieces of engagement that I was involved in as a Stronger Voices Officer, it was a great opportunity to work closely with our partners in the police and fire services to make a real difference to the lives of our tenants and in our communities.

The engagement was anonymous; however, customers were very positive about the Deployment when we spoke to them and liked the presence in Lochside."

4.31 **Inspector Duncan Cameron, Communities Inspector, Dumfries, said:**
The deployment of the CIP to Lochside and Lincluden has had a very positive impact on reducing crime and anti-social behaviour. Of note is the very positive impact the CIP Policing Team have had on the local Community Policing Team. The partnerships developed with local police and housing officers will ensure a lasting legacy. The establishment of the local tasking meeting has ensured that the sharing of information and intelligence continues to lead to many prompt and successful outcomes for customers.

4.32 **Alan Glasgow Managing Director, Wheatley Homes South, said:**

"We take reports of anti-social behaviour very seriously and we want all of our tenants to feel safe at home and in their communities.

This was a great opportunity for us to work closely with our partners in the police and fire services to make a real and lasting difference to the lives of our tenants and in our communities.

Tenants told us they experienced the most **peaceful** bonfire night in years last year as a result of the work we are doing. Our housing officers have also seen a reduction in noise complaints as a direct result of the work of this partnership and a new Noise App to record the issues."

4.33 **Long term sustainable solutions**

The CIP have ensured that the good work developed during the deployment will continue post deployment through the following actions and initiatives:

4.34 **Local problem solving meetings**

One of the major legacy outcomes from the deployment is the establishment of the local problem-solving meetings, which continue within the area in line with their established objectives and are now chaired by the Wheatley Homes South Head of Housing. This allows for all key partners to meet to discuss local area issues collectively and for tailored local solutions to be established, crucially with tasking attributed to ensure all partners are held accountable for any identified issues. They ensure that Housing Officers have the established relationships and links with local policing and Scottish Fire and Rescue for sustainable long-term collaboration, to address local issues of concern within the communities.

4.35 **Improving staff capability**

The legacy of the deployment is a more informed workforce who are skilled and confident to respond to issues of anti-social behaviour within their communities. The time spent by CIP officers and staff upskilling the team has had the lasting effect of helping enhance their knowledge and understanding of anti-social behaviour and the appropriate responses to invoke at each stage in the process.

4.36 **Established partnerships**

The work in the area has established new partnerships for the Wheatley Homes South team with statutory and non-statutory agencies, for the benefit of outcomes for customers and communities. These partnerships have allowed our sphere of influence in the area to grow within the anti-social behaviour and community safety sector and assures our involvement in these important discussions.

4.37 **Customer Voice**

We have recruited a network of customer voices within the region to continue to be involved in providing input into our Group anti-social behaviour prevention framework – peaceful places in thriving spaces – and the associated activity coming from this. One such area is their involvement in developing our first Group Neighbourliness Charter and ensure the customer voice is contained within.

4.38 **Operation Moonbeam**

This operation, which originated as part of the CIP deployment, will now be an annual event in the Community Safety calendar, which Wheatley Homes South will be a partner of through the intelligence and support of local teams and our NETS service.

4.39 **Girls Football Tournament**

This initiative has been confirmed as an annual event in the calendar for young girls in the area as a result of the successful outcomes achieved here in helping with diversionary activity, after this had been identified as key area of concern by customers.

4.40 **Next Steps**

Although the deployment has concluded within Wheatley Homes South, there continues to be support and services available from the CIP team to continue with the work carried out which includes:

4.41 **Incident monitor period**

The CIP Information and Intelligence Team will continue to monitor anti-social behaviour incidents within the deployment area for six months post deployment, to provide oversight around any identified issues of concern occurring. Any repeat or persistent ASB incidents will be reviewed by the CIP Team and disclosed to the local Anti-social Investigation Team. We are 16 weeks into the 26-week post deployment incident monitoring period. Recorded anti-social behaviour has continued to reduce during this period. Our CIP Information & Intelligence Unit continues to monitor all incidents and provide both local Police and WHS with actionable intelligence. Our CIP and Police Lead continue to meet regularly with the Local Police Commander to provide advice and support.

4.42 **Ongoing training opportunities**

An updated digital Community Information and Intelligence presentation has been made available to all housing and frontline staff and the CIP will provide a refresher ASB Awareness session for Housing Officers early in 2023.

4.43 **CIP team support**

Wheatley Homes South have 2 Antisocial Behaviour Prevention and Intervention Officers aligned to their area and these staff are on hand to continue to provide any support required from the wider team in dealing with these cases. This is complimented with support of the wider CIP team as necessary.

4.44 **Group Neighbourliness Charter**

The introduction of a Neighbourliness Charter allows us to set out our commitments around supporting our communities to achieve the standards they have outlined are important to them and define what neighbourliness means to them. This document has been co-created by the CIP team working with a group of Customer Voices and helps us to better understand the anti-social behaviour issues that most concern our customers.

4.45 **Improved Streetwise Platform**

Work has been ongoing to provide an updated Group wide Streetwise system, which will be standardised across Group and provide richer data sets to enable us to provide real time feedback to customers reporting anti-social behaviour. This improved version will help staff manage cases of anti-social behaviour and will be rolled out in a staged implementation for staff use, commencing 1st April 2023.

5. Customer Engagement

5.1 Customer engagement is at the heart of the CIP Operating Model. During our deployment, extensive customer engagement was undertaken both face to face and digitally, to understand customer priorities. We were able to clearly evidence we listened and responded to customer feedback on their priorities for their communities.

5.2 Our ‘Keeping the Peace’ digital media campaign was another way we were able to regularly engage with our customers, seeking their views on how we could improve our anti-social behaviour service offering.

5.3 During the deployment to WHS, we created an online anti-social behaviour perception survey that realised a 48% return rate, with 96 of a targeted 200 customers responding. The last question in this survey asks customers to identify how we can continue to improve our services. Customers fed back that they particularly liked the use of the survey when shared via sms text.

6. Environmental and sustainability implications

6.1 There are 17 United Nations Sustainable Development Goals which provide a blueprint for creating peace and prosperity for people and the planet now and in the future. Our recent deployment has positively impacted on several of the sustainability goals including:

- Good Health and Well Being
    - We reduced the harm and anxiety caused by anti-social behaviour
- Gender Equality
    - We promoted a girls only football competition
- Peace, Justice and Strong Institutions
    - We created a more peaceful community.

7. Digital transformation alignment

7.1 Improving our Streetwise platform to enhance the customer experience around case management of anti-social behaviour links clearly with our objectives as set out within our Group strategy for enabling our ambitions around digital maturity. The enhanced Streetwise system will streamline Group anti-social behaviour data onto one platform and provide user benefits for dealing with cases through an improved system with customer feedback on improvements built in. It will also improve reporting and collation of data for management information and regulatory purposes such as the Social Housing Charter.

8. Financial and value for money implications

8.1 The prevention of crime and antisocial behaviour can lead to a reduction in costs of repairs and lead to a reduction in a demand for services. The deployment had a positive benefit to local housing officers as they saw a reduction in time spent responding to anti-social behaviour complaints.

9. Legal, regulatory, and charitable implications

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

10. Risk Appetite and assessment

10.1 The Group's risk appetite for service improvement is "open". This means we are prepared to take the risk of adopting the approach that is most likely to result in the successful delivery of our service objectives, while also providing an acceptable level of risk/reward (and VFM etc).

10.2 The risk associated with any deployment is the withdrawal from the area and potential for the identified antisocial issues to recur without the dedicated oversight of the CIP team being there. This is why the REASSURES model was designed, which has embedded within, an element for sustainability for long term solutions to local problems, as an integral part of the deployment. This means that long terms solutions in establishing key strategic partnerships and structures (such as local tasking and coordinating) are a fundamental element in the process, to minimise the risk of recurring issues on withdrawal. Embedding these sustainable solutions ensures that local areas are equipped and experienced to deal with any future recurring issues of anti-social behaviour should they arise.

11. Equalities implications

11.1 Customer engagement around the issues of antisocial behaviour causing most concern identified youth activity as being one of the top issues, with 26% of respondents citing this. As a result of this, work was undertaken to try and support better integration and engagement with the young people involved in this activity. One clear example of this was that girls were identified as being at the centre of much of the anti-social behaviour within the area and it was recognised that better engagement and integration was required to tackle this issue. Working with local partners within the area and the establishment of a girl's football tournament was arranged to support diversionary activity, with the objective of better engagement and community integration with young girls within the area, to channel their energies and ambitions in more positive way.

12. Key issues and conclusions

12.1 The Lochside and Lincluden community is made up of six data zones containing 1,073 tenancies, which equates to 10.4% of all WHS stock. Between 15/02/21 – 01/08/21 there were 260 incidents of anti-social behaviour reported to Police Scotland at or within 25 metres of these 1,073 tenancies, this was 20.8% of all anti-social behaviour reported across all WHS stock. In the same period these six data zones had only achieved a Peaceful categorisation in 5 of a possible 144 weeks. As a result, Lochside and Lincluden was selected for a CIP Team Deployment.

12.2 In the customer engagement phase of the deployment, we identified a representative group of 200 customers across the six impacted data zones, with 96 customers responding to provide feedback on their perception and experience of anti-social behaviour. This was a 48% return, which we recognise as being higher than normal levels of engagement, as in our experience of previous deployments, it was more common to realise a 15 – 20% return rate.

12.3 Activity was undertaken to work towards addressing the issues that arose within the data and customer feedback, which focussed on looking at implementation of structures for long term sustainable solutions, as well as establishing the required partnerships to achieve this. Some of this activity included staff training, customer engagement, establishment of local problem solving meetings and engagement with key strategic stakeholders.

12.4 There have been real tangible examples of long-term sustainable solutions implemented to ensure post deployment that there are mechanisms in place to continue to monitor and address anti-social behaviour. One of the key legacy areas of the deployment was the establishment of the local problem-solving meeting. The meeting which occurred fortnightly during the deployment was chaired by the CIP and attended by internal and external partners which enabled the housing officers to provide an overview of their patch and action local resources. This meeting continues now and ensures that all relevant partners remain committed to contributing towards a multi-agency approach in tackling anti-social behaviour within the area and is led by the Head of Housing for WHS.

12.5 The deployment has now realised a 57.3 % reduction in the recorded weekly average of anti-social behaviour from 10.8 per week pre deployment, to 5.25 per week in the 16 weeks after the end of the deployment. In the 24 weeks prior to the deployment starting, there had only been 5 of a possible 144 weeks categorised as peaceful. In the 16 weeks post deployment this has risen to 55 of a possible 96 weeks.

12.6 The bespoke community safety training provided by the CIP to the housing officers and frontline staff significantly improved the staff's problem solving and investigatory skills. The specific training also led to the submission of 176 community intelligence reports during the deployment, which in turn led to some real success in targeting known drug dealers within the area and disrupting this activity. WHS Housing Officers and staff continue to submit some of the highest quality community information and intelligence across the Group.

12.7 The partnership approach developed during the deployment and the subsequent results were recognised by Police Scotland with Wheatley Group receiving the Chief Constables, Excellence Award for 'Policing Partner of the Year' 2022.

12.8 Key partnerships with statutory and non-statutory agencies were developed through the CIP deployment and continue now locally since the deployment commenced. This is of real value for continued and ongoing multi agency involvement to address key issues within the region and that staff have established relationship to support them to find solutions for our customers and communities.

12.9 Post deployment there continues to be activity from the CIP to ensure the good work and creation of structures is maintained for long term sustainable solutions towards anti-social behaviour and community safety within the area. Some activity includes a 26 week monitor period of incidents occurring within the datazones by the CIP intelligence team, ongoing and continued staff training and an enhanced Streetwise system in development, to record cases on.

13. Recommendations

13.1 The Board are asked to note and comment on the contents of this report.

Appendix 1: Customer REASSURES model

There are 9 distinct stages that take place during a CIP deployment, which is known as the REASSURES model, which is detailed below:

Stage 1 – Research

The CIP use the Wheatley/Police Business Intelligence Toolkit to determine the data zones that are categorised as ‘Safe’ and have 100 tenancies or more and have been categorised as ‘safe’ for 20 weeks or more in the last 52 week.

Stage 2 – Engagement

This is a critical stage and involves engaging with customers and other interested parties in the priority data zones to understand the reasons for higher levels of anti-social behaviour and deteriorating social deprivation levels.

Stage 3- Audit

A physical environmental audit of the data zones is undertaken and aligned with any other local surveys including Keep Scotland Beautiful audits.

Stage 4 – Scanning

A report is created incorporating all the data collected in the first three stages and the local customer priorities and issues are detailed with context and suspected causal factors.

Stage 5 – Select

A meeting with all interested parties is then arranged and a decision is made about what the deployment priorities are. This information is then shared with the whole community.

Stage 6 - Undertake

A local problem-solving forum is arranged, and all the tasks and actions required to positively impact on the customer identified priorities are undertaken.

Stage 7 - Review

Regular monthly performance reviews are undertaken, the deployment will usually stay live until all the data zones are moving towards ‘Peaceful’, in line with our strategic KPI.

Stage 8 – Establish

It is critical in deployments that we understand what works locally and what doesn’t. We share good practice and quickly change tactic if a local initiative is unsuccessful.

Stage 9 – Sustainability

The aim of every deployment is to create ‘Peaceful’ communities and create resilient and sustainable communities.

Appendix 2: Customer Engagement Event - Findings

Q1: Do you think there is an anti-social behaviour problem in Lochside?

Response: 76 (79%) of customers said yes, and 20 (21%) said no.

Q2: What type of anti-social behaviour are you aware off?

Response:

ASB type	Number of customers	% of customers
Youth ASB	25	26%
Drug Dealing	19	20%
Noisy Neighbours	18	19%
Other	18	19%
No Answer	11	11%
Vandalism	5	5%
Total	**96**	**100%**

Q3: Have you ever been a victim of ASB in Lochside?

Response: 48 (50%) said Yes and 47 (49%) said No. 1 customer did not answer.

Q4: What would be your top priorities for DGHP and Police Scotland to tackle in Lochside?

Response:

ASB Top Priority	Number of customers	% of customers
Drug Dealing	36	28%
Noisy Neighbours	35	27%
Youth ASB	33	26%
Other	12	10%
Vandalism	11	9%
Total	**127**	**100%**

** Customers could select more than one top priority*

Q5: Would you be happy to be consulted about local issues in Lochside?

Response: 72 (75%) said yes and 24 (25%) said no.

Q6: How can we continue to improve our services in relation to tackling ASB?

Wheatley Homes South

Report

To: **Wheatley Homes South Board**

By: **Alan Glasgow, Managing Director**

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

Subject: **Performance report**

Date of Meeting: **15 February 2023**

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1. Purpose

1.1 This report presents an update on performance delivering against targets and strategic projects for 2022/23 as of the end of quarter three. The measures and strategic projects dashboards are presented in Appendix 1 and 2 respectively.

2. Authorising and strategic context

2.1 We measure progress with the implementation of our five-year strategy via the Group Performance Management Framework ("PMF") agreed in June 2021. Given the need to remain agile and flexible through the life of the strategy our PMF is subject to annual review. The Group Board agreed an updated programme of strategic projects and performance measures and targets for 2022/23 at its meeting in April 2022. This Board subsequently agreed our own specific performance measures at its meeting on 25 May 2022.

2.2 Under our Terms of Reference the Board is responsible for monitoring performance against agreed targets.

3. Background

3.1 This report outlines our performance against targets and strategic projects for 2022/23 as of the end of quarter three. Unless specified otherwise, results for all measures are based on year to date figures. This includes quarterly progress with those measures that will be reportable to the Scottish Housing Regulator as part of the Annual Return on the Charter 2022/23. It also includes new measures for 2022/23 covering areas of performance related to the implementation of our engagement model, visibility of the Customer First Centre and monitoring of the strength of our Boards and administration.

3.2 Each year we review our measures and targets to ensure that they remain fit for purpose. This process has commenced during Q4 2022/23 for 2023/24, alongside a wider refresh of our 5-year strategy. This work includes a close look at our repairs performance framework – with emphasis on ensuring the customer perspective is captured and used to drive ongoing improvements – and will feed into Board strategy workshops.

4. Discussion

Delivering Exceptional Customer Experience

Customer First Centre

4.1 The Customer First Centre (CFC) was fully launched to customers on 1 April 2022. Quarter 3 results to the end of December are presented in Table 1.

Table 1

Measure	2021/22	2022/23		
	Value	Value YTD	Target	Status
WHS - % calls answered <30 seconds (Grade of Service)	N/A	77.85%	80%	
WHS - Average waiting time (seconds)	N/A	105.8	30	
WHS - Call abandonment rate	N/A	8.16%	7%	
Group - % first contact resolution at CFC (Customer Service Advisors)	92.33% (March 2022)	89.08%	90%	
Group - Percentage of CFC customer interactions that are passed to Housing and Lowther staff for resolution	N/A	6.78%	<10%	

4.2 The CFC answered 77.85% of calls from our customers within 30 seconds, against a target of 80%. The two weeks of extreme cold weather leading up to Christmas resulted in call volumes across the Group close to doubling, presenting at upwards of 6,000 calls per day.

4.3 As would be expected, repairs enquiries to the CFC made up a greater proportion of calls handled than in the previous month (approximately 56% up from 48% in November). This sharp increase in demand impacted year to date performance, with grade of service and average waiting time both increasing from that reported to the end of the previous quarter (81.06% and 43.23s respectively).

4.4 Although calls were taking longer to answer during this busy period, a greater proportion of calls year to date were resolved at first contact (89.08% up from 88.58% to the end of Q2). The volume of calls also impacted the abandonment rate, which increased to 8.16% year to date from 5.01% reported to the end of Q2. The Q3 year to date figure is now above the target of 7%.

4.5 Call volumes are now returning to the expected levels of 3,500 per day. Additional cold spells during quarter 4 could further impact the likelihood of achieving year end targets. While the CFC is inducting 20 new staff in January and February which will support service levels in the future, in the short term this could impact on the number of calls staff can take per day.

Tenancy Sustainment

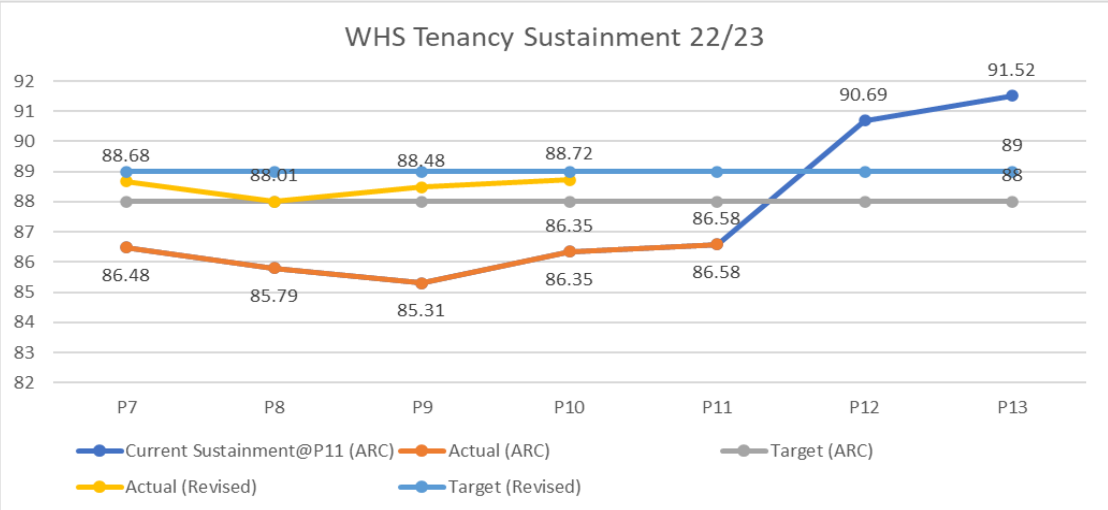
4.6 We continue to support our customers to sustain their tenancies, making best use of wrap around supports available, including fuel and welfare benefit advice. Our performance in tenancy sustainment continues to improve period on period. We are currently 15 sustained tenancies short of the ARC target of 88% and 2 below the revised target of 89%.

Table 2

Tenancy Sustainment	Charter YTD	2022/23 Target	Revised YTD	2022/23 Target
WHS	86.35%	88%	88.72%	89%

4.7 We have projected ARC tenancy sustainment rates for the remainder of this year and expect to meet the 88% target and Group target of 90% by year end. ARC measure has decreased from 85.43% in period 1 to 85.31% in period 9 (784 of 919 eligible lets) Revised measure has increased from 87.63% in period 1 to 88.48% in period 9.

Chart 1



Complaints Handling

4.9 Performance for the ARC measure – average time for a full response to complaints – is achieving target year to date. There is room for improvement in stage 1 performance against the SPSO measure % of complaints that were fully closed within the timescale of 5 days, at 93.06% year to date. Positively, year to date, 100% of both complaints escalated to stage 2 and that went directly to stage 2 are fully closed within the 20 day timescale.

4.10 Repairs remains the highest volume of complaints overall and we have taken learning from these complaints, as well as those relating to estate services and anti social behaviour to deliver improvements. Further details on changes to our approach, lessons learned and actions we have taken as a result of the learning are set out in more detail below.

4.11 The new Business Improvement Team (BIT) is now in place and has a complaints improvement plan underway including a focus on:

- Increased awareness of the importance of complaints
- Improved analysis and learning.

4.12 Working with colleagues across Group, The Business Improvement Team will use a suite of performance measures to ensure we effectivity manage, monitor, understand and learn from complaints. These performance measures include those reported to the SHR and, in the future, to SPSO.

4.13 While ARC measures have been in place for some time, SPSO measures are new. As previously reported to Boards in Q1 and Q2, clarification has been sought on the new SPSO measures and development underway. We are now able to share these measures as at the end of Q3 in advance of the full year results, due May 2023.

4.14 Q3 performance for ARC and SPSO measures is shown in Appendix 3. In future years, Boards will receive this information twice a year, in Q2 and Q4.

4.15 Current activities that will ensure a robust complaint monitoring system where we can learn from complaints and address the issues are as follows:

- Training additional staff in complaints handling and rolling out new training to existing staff
- Close working with the CFC to monitor commitments made and ensure that they are fulfilled
- Power BI reports to ensure teams across the business are well informed about complaints performance and key themes.

4.16 A key focus for actions at present is around repairs services. We know that approximately 40% of all complaints relate to repairs. Repairs are a major part of the business and we would therefore expect a high volume in this area; nonetheless, we have identified areas for improvement around repeat repairs, failed commitments and escalated complaints. Our new approach to mould and dampness will also assist with this.

4.17 More detailed analysis and learning is also being progressed. Initial lessons learnt include:

Estate Services

- 'You said' – Some customers told us that the regular cleaning of the common areas has been missed, not completed to an acceptable standard and sign off sheets within the close are missing or not completed.

- ‘We did’ – We have rolled out the use of a ‘Mobile App’ which provides the opportunity for each cleaning squad to seek sign off from customers on completion of the cleaning service providing a ‘Real Time’ digital record logging customer satisfaction. In addition, staff will be able to send back pictures of the common areas. Each cleaning team will have access to the mobile app.

ASB

- ‘You said’ – We received some complaints from customers that we were not dealing with noise issues as they would like. We also received this feedback from some customer engagement events.
- ‘We did’ – It was often difficult for us to take action in relation to noise because there was little hard evidence. We have now been able to introduce a “Noise app”. This allows customers suffering repeated incidents of noise to record these. The recordings can help those creating the noise to understand the impact it has and this is often enough to change behaviour. The recordings can also be used as evidence for more formal actions.

Customer Voices

4.18 Our customer voice programme has now achieved its targets for 2022/23. We have recruited a sufficient base of customer voices and are well positioned to develop our involvement with those customers through new engagement plans for 2023/24.

4.19 A key focus for our Customer Voices has been to diversify the range of tenants engaging with us. We have a new Customer Voice registration form which has been digitised onto MS forms and we are working to get all our customer voices, both new and existing, completing the new form. We have currently 154 customers registered and our Stronger Voices team will be doing another push to complete this and we will carry out follow up emails/calls to those who are unable to complete the online survey. This will enable us to produce demographic information more efficiently and effectively for planning and reporting purposes.

4.20 During November 2022, 7 rent focus groups took place with WH South tenants with 95 customers involved. The process, reported to Boards separately, engaged tenants on proposed options for rent and general service charge increases prior to a formal rent consultation. Focus Groups were organised with support from the Stronger Voices team and facilitated by independent research consultants BMG.

4.21 Next quarter, Customer Voices will be invited to take part in helping improve our repairs services. Specifically, we will engage around 70 customers from across Group in advising us on the SMS messaging aspect of the repairs service to improve communication over the coming year. The sessions will be supported by the Governance team.

4.22 Wheatley Homes South have established a strong presence and active contribution in D&G Council (DGC) Resilience Working Groups. Following weather related flooding events in D&G across 30th and 31st December 2022, WH South lead on housing contribution to Resilience and flooding discussions across D&G. WH South are working proactively with DGC Ward Officers to attend and contribute to 5 Community Conversations taking place in key flood impacted areas (Kirkton, Moniaive & Tynron, Dalbeattie, Dumfries and Stranraer). This is an opportunity for WH South staff to discussion opportunities for customers to sign up as Customer Voices and play an active part in our engagement programme or explore opportunities to become part of Community Resilience Groups across the region.

4.23 The W360 Community Improvement Partnership will also engage with customers in 2023/24 to deliver on the commitments contained in the new 'neighbourliness charter'. This will help shape how we will work with communities to create connected, thriving and peaceful communities.

Table 4

Customer Voices Measure	Target YTD	Actual YTD		Annual Target
Number of Customers involved in the Customer Voices programme	187	629		250
Number of the Customer Voices activities carried out	73	167		98
Number of Geographical/ Regional panels	2	15		3
Number of customers involved in Geographical/ Regional panels	100	367		150
Number of Scrutiny panels	2	2		2

Making the Most of Our Homes and Assets

New Build Programme

4.24 We have met our target to deliver 37 new social rent homes in 2022/23. As shown in Table 5 and reported last quarter, the 2022/23 target has been achieved with all 37 homes handed back.

Table 5

Sites	YTD Handovers	YTD Target	Diff.
WHS	37	37	0
Gillwood Road, Eastriggs (Social)	18	18	0
Nursery Avenue (Social)	19	19	0

Planned to Reactive Spending

4.25 We set a strategic result to achieve a ratio of 60% planned to 40% reactive spend on maintaining our properties over the life of our strategy. Spend figures are subject to investment programme profiling throughout the year. Planned Spend includes core capital programmes, cyclical maintenance, and compliance.

4.26 As shown in Table 6, our planned spend ratio is now 47.7% year to date to the end of quarter 3. This has reduced from the position to the end of the previous quarter 2 (51.1%) yet is above that to the end of quarter 1 (36.1%). The increase in variance for planned spend compared to full year 2021/22 is the result of the decision taken at the start of the year to prioritise reactive repairs - to reduce the backlog from 2021/22 - and the ongoing high repairs demand since quarter two - heightened due to the cold weather in December - and means that we are unlikely to achieve 60% target by year end.

Table 6

Percentage Spend	2021/22 Planned spend	2022/23 YTD Planned	2022/23 YTD Reactive
WHS	69.1%	47.7%	52.3%

Volume of Emergency Repairs

4.27 The table below shows our position against the strategic result to reduce the volume of emergency repairs by 10% by 2026 compared to the agreed baseline year of 2021/22. The target for 2022/23 is a reduction of 2.5%.

4.28 Emergency repair numbers had been tracking upwards during quarter 3 and peaked during the freezing temperatures and subsequent thaw in December. We continue to show a good variance reduction of 6.65% compared to the same point in 2021/22.

Table 7

Completed emergency repairs to end of June 2022	YTD 21/22	YTD 22/23	Variance
WHS	11,724	10,944	-6.65%

4.29 We also have a strategic aim to reduce the volume of emergency repairs as a percentage of all repairs to below 35% this year and to below 30% by 2025/26. Our result for quarter three is 43.2% and is an increase on 37.3% at quarter 2 due to the increase in emergency repairs in December.

Repairs Timescales and Right First Time

4.30 As reported elsewhere in this report, high and increasing demand for repairs has been experienced through quarter 3. The significant increase in emergency repairs in December, as a result of the freezing temperatures and subsequent thaw, put significant pressure on our services and in turn negatively affected completion timescales.

4.31 The average time taken to complete our emergency and non-emergency repairs is detailed in Table 8, with both above target. Emergency timescales have increased to 2.81 hours year to date (2.22 hours at Q2) yet are still in target. Non-emergency repair timescales have however reduced slightly to 6.76 days year to date (6.97 days at Q2). The position is being regularly monitored through quarter 4.

Table 8

Repairs completion timescales (Charter)	Emergency (hours)			Non-emergency (days)		
	Target	2022/23 YTD		Target	2022/23 YTD	
WHS	3.00	2.81		5.50	6.76	

4.32 The % of Repairs Right First Time year to date (91.28%) has recorded an improvement on the Q2 result (89.96%) and exceeds the 88% target. Given emergency demand in December, a higher number of non-emergency repairs were live at the end of quarter 3 creating challenges for further improvement on this measure to quarter 4/year-end.

Table 9

Percentage of repairs right first time (Charter)	2021/22	2022/23 YTD	Target	
WHS	83.10%	91.28%	88%	

Repairs Satisfaction

4.33 Targets for satisfaction with the repairs service have been set to incrementally increase annually to 95% by 2026. The target for 2022/23 has been increased from 87% last year to 89% this year and at 79.15% we are currently below target.

Table 10

Repairs Satisfaction	Current Value	2022/23 Target	
WHS	79.15%	89%	

4.34 This is measured on a rolling 12 month period based on customer responses to text messages sent following completion of the repair. The text messaging service was re-activated in September 2022 and the number of survey responses is increasing, with 235 at the end of quarter 3. While survey responses remain low each negative response has a greater baring on results. Nonetheless, the responses are currently being reviewed to understand better the reasons for dissatisfaction and develop appropriate actions to address.

4.35 There continues to be a range of service improvement activities underway which will in turn lead to improved communication with customers and improvements in service performance and satisfaction levels with the service.

Responsive repairs: Damp and mould

4.36 Following the update to the Board at its last meeting on our approach to property assurance, we are continuing to strengthen and improve our approach to Mould related requests from customers and in doing so have made the following improvements to our processes:

- target to visit customers' homes within 48 hours of the mould being reported;
- increased the resources within our structure with additional specialist resources – Director with specific oversight of Damp/Mould/Rot and a qualified Building surveyor;
- individual properties being tracked daily on a case-by-case basis;
- every completed repair case receives a housing officer visit after ~1 week to provide assurance that the mould and damp is not recurring;
- an independent review of 10% of properties is underway across the Group, carried out by specialist property surveying firm JLL. The sample focuses on properties with greater potential risk or history of mould and damp; and
- forward investment programme will also focus on structural fixes where required.

4.37 For every case of mould reported an inspector will categorise it as follows:

Category 3 – Requires a fungicidal wash down and decoration (completed in one appointment)

Category 2 – As with category 1 but covering a larger physical area which will require a longer appointment to complete (completed in one appointment)

Category 1 – More extensive mould with underlying issue which will require follow on repairs required after the initial treatment of the mould. This will require more than one appointment or a more structural fix following the treatment of the mould. Any cases that would meet the UK Government's "Housing Health and Safety Rating System (HHSRS)" definition of posing a serious and immediate threat to health were the tenant to remain in situ with untreated mould are also included under this category.

4.38 We currently have 50 live cases for mould and 25 live damp and rot repairs. A breakdown of the current status of all mould cases is as follows:

Total Live cases	Category 3	Category 2	Category 1	Scheduled for inspection	No access – pending reappointment
50	22	28	0	0	0

4.39 In terms of the cases scheduled for inspection these include instances where the tenant has requested a specific date outwith the 48 hour period. Once works are completed, under any of the above categories, a housing officer follow up visit is arranged. This is around one week after the completion of works, to assess whether the customer is satisfied with the outcome and whether there has been any recurrence of the mould. In the latter case an urgent re-inspection is arranged.

4.40 Damp and mould cases cover less than 1% of our stock, and as the table above highlights, almost half of these are minor in nature. By way of context, a recent report in England by the Regulator of Social Housing highlighted that 1%-2% of social housing in England had “notable” mould and damp.

4.41 We recently engaged with Housemark to get an understanding of the wider approach across the sector. They confirmed that our 48 hour commitment for an inspection was sector-leading and that our reporting and monitoring, weekly to the Executive Team and daily case reviews at operational management level, is also the strongest of any landlord they have engaged with.

Medical Adaptations

4.42 Time to complete medical adaptations has improved to 34.79 days year to date from 38.16 days to the end of quarter 2 and are now on target. We have completed 498 adaptations to the end of quarter 3, 212 more than the position at the end of quarter 2. This has reduced the number of referrals waiting to 24, a significant reduction on 57 at the end of quarter 2.

Table 11

Medical Adaptations (Charter)	Current Households Waiting	Number Completed YTD	2022/23 YTD Average Days to Complete	Target
WHS	24	498	34.79 days	35

Gas Safety

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

Table 12

Gas Safety Checks Unmet	2021/22	YTD 2022/23
WHS	0	0

Peaceful Neighbourhoods

4.44 Our Group strategic measure is over 70% of our customers live in neighbourhoods categorised as peaceful. Peaceful communities are defined as communities where customer reported incidents of antisocial behaviour to Police Scotland are reducing and social deprivation indicators (SIMD) in the associated data zone are improving.

4.45 The most effective way to achieve this target is by reducing the incidence of customer reported antisocial behaviour by our customers to Police Scotland. As at the end of December 2022, 72.2% of our communities are categorised as ‘Peaceful’ against a target of 68.5% for 2022/23.

4.46 There are currently 12 live ASB ‘packages’ within our communities – 2 in the North West, 7 in the North East and 3 in the South. Each package consists of all information/intelligence we have on a person who is a persistent perpetrator.

Accidental Dwelling Fires

4.47 We set a Group-wide Strategic Result to reduce accidental dwelling fires (ADFs) by 10% by 2025/26, this is against the baseline of 215 ADFs in 2020/21. We have had 4 ADFs in the third quarter of 2022/23. In addition to 4 in the first quarter and 5 in the second quarter, numbers to Q3 exceed the 2021/22 year end figure.

Table 13

Number of recorded accidental dwelling fires	2021/22	2022/23 YTD Q3
WHS	12	13
Total Group YTD	148	118
Upper limit this year to achieve strategic result	210	205

4.48 Housing Officers have carried out customer conversations with the customers and have been supported in these incidents by the Group fire safety teams who have carried out fire risk assessment of each property, we have also increased the number of fire safety visits this year to 59 which is upto Q3, which is an increase from 52 that had been completed for the whole of 2021/22 This will see us increase our fire safety visits by more than 50% given the increase we have seen in fires across our communities.

4.49 There is an additional Strategy Measure to ensue 100% of applicable properties have a current fire risk assessment in place. This continues to be achieved.

Table 14

Fire Risk Assessments	YTD	Target
The percentage of relevant premises - HMOs that have a current fire risk assessment in place	100%	100%

Reducing Homelessness

4.50 During the first quarter, we have made 351 lets to homeless applicants, this contributes to the Group total of 1,793 lets made this year, against the Group target of 1,500.

4.51 When we consider the targeted measure of percentage of relevant lets made to homeless applicants – 'relevant lets' exclude mutual exchange, transfers and Sheltered lets for which we are limited to let to homeless applicants – we are at 58.6%, above our target of 45%.

Table 15

Percentage Lets to Homeless Applicants	Relevant Lets			Charter	
	YTD 2022/23	Target	2021/22 Result	YTD 2022/23	2021/22 Result
WHS	58.6%	45%	52.1%	57.7%	51.0%

4.52 Partnership working with Dumfries and Galloway Council (DGC) is strong, with shared ambitions for customers across the region. These relationships support the delivery of our strategic targets and performance. Joint workshops with DGC, Homeless Casework teams have contributed to having an impact on our tenancy sustainment performance as well as ensuring our Wheatley Homes South staff have strong well established collaborative links across DGC Welfare and Housing Options colleagues. We are actively working with DG Homeless colleagues with planned training and development ahead of the reviewed Allocation Policy going live in April 2023. This will ensure colleagues are supported to refresh knowledge of our CHR Policy to facilitate accurate Housing Options discussions with customers. The training will include policy awareness and system training.

In addition, we have established robust joint discussions to allow early intervention and prevention. These focus on bringing all partners involving in customers support and tenancy management around the table to facilitate joint working to prevent tenancies from failing. We aim to work with customers as early as possible when any partner identified tenancy management issues. To date we have provided effective early intervention allowing customers to access required support services, addiction services, and welfare benefit advisors.

Developing our Shared Capability

Sickness Absence

4.53 We remain within the 3% sickness target at 2.07% for the year to date, we continue to have low sickness rates within Wheatley Homes South, which is due to the support given from the various managers across our teams.

4.54 Our main reasons for absence in December 2022 were Minor illnesses (36%) and non-work related Accident/Injury (31%). Stress/Anxiety accounted for 24%, below the average rate for Group.

Table 16

Sickness Rate	Target	2022/23 YTD	2021/22
WHS	3%	2.07%	1.94%

4.55 This is fairly consistent with the position across Group and is reflective of the virulent strain of cold/flu that affected the general population during December 2022 (Minor illness) and of the external pressures staff are experiencing (Non-work related stress and anxiety).

4.56 Staff are able to access the annual flu vaccine through a work based program or through a local clinic that they can claim back the expense. All our managers and staff have access to a wide range of support from our employee relations team as well as access to wellbeing and occupational health.

Board Governance and Administration

4.57 The following measures are indicators of the underlying strength of our Boards and administration.

4.58 In quarter three, there were two vacancies across Group and Subsidiary Boards. Average attendance levels across Group and Subsidiary boards remains at 82%. There were also no instances where board reports were not issued 7 days in advance of Group and Subsidiary Boards within Q3, which was the same position as Q1 and Q2.

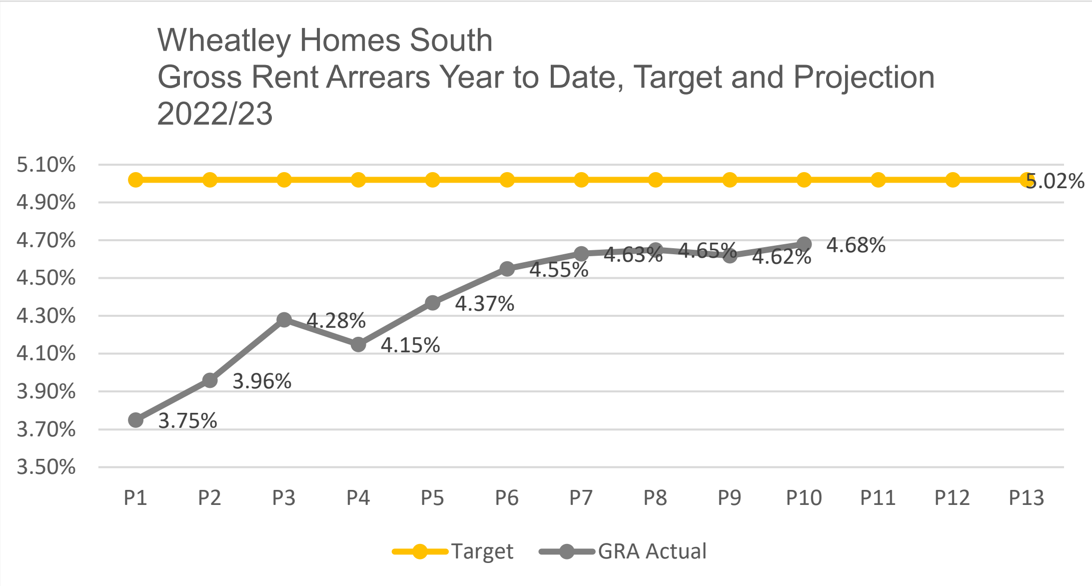
Table 17

Indicator	Target	2022/23 (YTD)
Instances where Board reports are not issued 7 days in advance of Group and Subsidiary Boards	5%	0%

Enabling our Ambitions

Gross Rent Arrears

Chart 2



4.59 Our strategic aim is to reduce gross rent arrears to 3.64% by 2026, with our target for this financial year being 5.02%. We remain within the target at 4.68% at Period 10 as shown in Chart 1, 0.34% below target and a small increase on 4.63% at Period 7. We have seen strong performance over the christmas period with a slight reduction in our rent arrears by £5,444. We will continue to support customers over the coming months and utilise our Here For You fund where we can.

4.60 We are proactively working to address arrears issues and support customers. This work is carried out throughout the year and currently as part of the Rent Campaign. Key initiatives include:

- Peer to Peer focus groups ensuring consistent escalation of cases across all patches
- Wraparound service workshops to deliver positive outcomes for customers
- Promoting the Here for You service with weekly touchdown
- Head of Housing escalation letter for non-engagers.

Average Days to Re-Let (Charter)

4.61 Letting performance continues to improve this year, with performance year to date to the end of quarter 3 at 12.79 days compared to13.88 days at end of quarter 2 and better than the target of 16 days. We continue to drive improvements in letting across all teams in Wheatley Homes South who remain the best performing RSL in Group.

Table 18

Average days to re-let (Charter)	2022/23 YTD		2022/23 Target	2021/22 Results
WHS	12.79		16	17.73

Summary of Strategic Project Delivery

4.62 An update on progress with strategic projects is attached at Appendix 2. The following table summarises the current status of projects by programme stream. Eight projects have completed, seven are on track, two are slipping and one is overdue.

Table 19

Programme Stream	Complete	On track	Slippage	Overdue
Repairs	3	1	0	0
CFC	1	2	0	0
Engagement	2	1	0	0
Assets & Sustainability	1	1	1	0
Governance	1	0	1	0
Other	0	2	0	1
Total	**8**	**7**	**2**	**1**

4.63 The projects which completed were:

- *Improve Customer Contact & Communications (Repairs Programme Stream)*
- *WHS TRA – Initial Stages (Assets & Sustainability Programme Stream)*
- *Customer data collection exercise (Contact info, equalities and communication preferences) (Engagement Programme Stream).*

4.64 Progress has been made on the *Strategic Agreement with DGC*, part of the Governance Programme Stream, with meetings scheduled to discuss and finalise proposals in preparation for sign off by Board by 31 March 2023.

4.65 A change for the project Corporate Estate, part of the Assets & Sustainability Programme Stream, is proposed following ET agreement on the approach for Lipton House. Given the timescale for this work will now go beyond March 2023, it is proposed that the wording of milestone 4 is changed from 'CFC Lipton House complete' to 'CFC Lipton House approach agreed'. If approved this would allow the project to complete this year.

5. Customer Engagement

5.1 Our new engagement model continues to embed, with year-end targets having been achieved in quarter 3. Several strategic projects facilitate opportunity for customer engagement, as reflected earlier in this report and through progress notes in Appendix 2. This will directly impact the way we deliver services or the way they can be drawn down by customers.

6. Environmental and sustainability implications

6.1 We have added two new sustainability measures to support our ambitions in this area; the first to monitor the average new build CO_2 output and the second to increase the percentage of stock at EPC 'B' rating. These will be reportable annually and are therefore not included in quarterly updates.

6.2 A key project for 2022/23 is the development of a strategic sustainability framework. The framework has now been approved and work is underway to launch the framework with staff, reflect the framework in our strategy refresh and develop appropriate measures and targets as part of the review of these for 2023/24.

7. Digital transformation alignment

7.1 Our strategy is underpinned by digital transformation. The measures and strategic projects for 2022/23 have been fully reviewed to ensure we have the appropriate technical and resource capacity alongside our Digital Programme.

8. Financial and value for money implications

8.1 The measures, targets and projects included in this report were agreed as part of the PMF and Delivery Plan for 2022/23. This approach focuses service delivery and improvement on the key priorities within the Group Strategy to make sure that financial and other resources are aligned with these priorities.

8.2 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. RSL Subsidiary Boards approve the returns, and the figures are included in the year-end performance report to the Board. RSLs are also required to involve tenants in the scrutiny of performance, which the Group does through its Tenant Scrutiny Panel, and to report to tenants on performance by October each year.

10. Risk Appetite and assessment

10.1 Our risk appetite in relation to governance is “cautious”. This level of risk tolerance is defined as “preference for safe delivery options that have a low degree of inherent risk”. We mitigate this risk by reserving the agreement of individual performance targets and strategic projects to Boards and providing the Board with regular updates in relation to progress against these targets and projects.

11. Equalities implications

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

11.2 Our equality, diversity and inclusion project, under the governance programme stream, is complete. Our newly revised equality, diversity and inclusion policy will provide a stronger basis on which we can advance our ambitions.

11.3 The expansion of our Customer Voices and collation of monitoring information will support co-creation and influence which is based on a more diverse range of perspectives.

12. Key issues and conclusions

12.1 We continue with strong performance across a number of key areas. Letting performance has remained consistently strong at 12.79 days to let YTD against a 16-day target. We are exceeding our target in the percentage of relevant lets to homeless applicants. Arrears performance remains within target although is increasing due to the current challenges within the cost-of-living crisis. Complaint response timescales remain within target. Emergency repair timescales on average are being completed in less than three hours and right first time repairs are better than target. Timescales to complete medical adaptations are now within target and only 24 households have live referrals, the lowest recorded number since March 2020 (28). Staff absence is 2.07%, below our target of 3%.

12.2 Increasing demand, heightened by cold weather in December, negatively impacted both the CFC and repairs performance to the end of quarter 3. Work is ongoing to better manage changing demand and improve performance in these areas.

12.3 We will continue to focus on arrears and helping support customers during these difficult times, performance in tenancy sustainment, managing non-emergency repairs timescales and customer satisfaction.

12.4 Good progress has been made with several strategic projects during quarter 3 with both the “Improve Customer Contact & Communications” and the “Customer data collection exercise” projects completing. The Strategic Agreement with DGC has also progressed recently and next steps are mapped out.

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 3 – Complaints Dashboard (YTD Q3 ARC and SPSO measures)

Appendix 1 - WHS Board - Delivery Plan 22/23 - Strategic Measures

1. Delivering Exceptional Customer Experience

	2021/22	YTD 2022.23		
	2021	2022		
Measure	Value	Value	Target	Status
Average time for full response to all complaints (working days) - overall	5.61	5.43	6	
Average time for full response to all complaints (working days) - Stage 1	4.49	3.75	5	
Average time for full response to all complaints (working days) - Stage 2	19.93	18.42	20	
Group - % of first contact resolution at CFC	92.33% (March 2022)	89.08%	90%	
Group - Call abandonment rate	3.81% (March 2022)	4.46%	7%	
WHS - Call abandonment rate	New	8.16%	7%	
Group - Percentage calls passed to housing/commercial officers	New	6.78%	10%	
Group - % calls answered <30 seconds (Grade of Service)	85.42% (March 2022)	80.57%	80%	
WHS - % calls answered <30 seconds (Grade of Service)	New	77.85%	80%	
Group - Average waiting time (seconds)	30 (March 2022)	54.76	30	
WHS - % calls answered <30 seconds (Grade of Service)	New	105.8	30	
% new tenancies sustained for more than a year - overall	86.04%	86.35%	88%	
Number of customers involved in Customer Voices Programme	New	629	187	
Number of customer voices activities carried out	New	167	73	
Number of WHS Regional panel sessions	New	15	2	
Number of customers involved in WHS Regional panel	New	367	100	
Number of Scrutiny focus groups	New	2	2	
Number of customers involved in WHS Regional panel	New	37	20	

2. Making the Most of Our Homes and Assets

Measure	2021/22	YTD 2022.23		
	2021	2022		
	Value	Value	Target	Status
Reduce the volume of emergency repairs by 10% by 2025/26	Apr to Dec 21/22 – 11,724	10,944	-6.65%	
Reduce the volume of emergency repairs to less than 30% of overall reactive repairs	40.2%	43.2%	35%	
Average time taken to complete emergency repairs (hours) – make safe	2.21	2.81	3	
Average time taken to complete non-emergency repairs (working days)	9.91	6.76	5.5	
% reactive repairs completed right first time	83.1%	91.28%	88%	
Number of gas safety checks not met	0	0	0	
% of tenants who have had repairs or maintenance carried out in last 12 months satisfied with the R&M service	89.32%	79.15%	89%	
Average time to complete approved applications for medical adaptations (calendar days)	55.35	34.79	35	
% Planned repair spending	69.06%	47.71%	60%	
% Reactive repair spending	30.94%	52.29%	40%	
New build completions - Social Housing	37	37	37	
Number of HSE or LA environmental team interventions	0	1	0	
Group - Number of open employee liability claims	8	8	Contextual	
Group - Number of days lost due to work related accidents	258	309	Contextual	
Number of new employee liability claims received	0	0	0	

3. Changing Lives and Communities

Measure	2021/22	YTD 2022.23		
	2021	2022		
	Value	Value	Target	Status
% ASB resolved	99.17%	100%	98%	
% Lets Homeless Applicants - overall (ARC)	50.99%	57.73%	Contextual	
% Relevant lets to Homeless Applicants	52.11%	58.56%	45%	
Number of lets to homeless applicants (10,000 for Group by 2025/26)	443	351	Contextual	
WHS - Total number of jobs, training places or apprenticeships created including Wheatley Pledge	74	177	54	
Group - Over 70% of our customers live in neighbourhoods categorised as peaceful	70.1%	72.2%	68.5%	
Group - 100% of relevant properties have a current fire risk assessment in place	100%	100%	100%	
Number of accidental fires in workplace	0	0	0	
Number of accidental dwelling recorded by Scottish Fire and Rescue	12	13	Contextual	

4. Developing Our Shared Capacity

Measure	2021/22	YTD 2022.23		
	2021	2022		
	Value	Value	Target	Status
Group - Number of vacancies across Group and Subsidiary Boards	New	2	Contextual	
Group - Attendance levels across Group and Subsidiary Boards	New	80.5%	Contextual	
Group - Instances where Board reports are not issued 7 days in advance of Group and Subsidiary Boards	New	0%	5%	
% Sickness rate	1.94%	2.07%	3%	

5. Enabling Our Ambitions

	2021/22	YTD 2022.23

Measure	2021	2022		
	Value	Value	Target	Status
% lettable houses that became vacant	8.39%	7.86%	8%	
% court actions initiated which resulted in eviction - overall	20%	11.11%	25%	
Average time to re-let properties	17.73	12.79	16	
Gross rent arrears (all tenants) as a % of rent due	4.1%	4.68%	5.02%	

Appendix 2 - WHS Board - Delivery Plan 22/23 - Strategic Projects

A. Repairs Programme Stream

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
Improve Customer Contact & Communications (b)	31-Dec-2022		100%	01. Taking into account customer feedback, implement revised customer comms for all repair types (including owner repairs)	30-Jun-2022	Yes	Complete as previously reported
				02. Proposals for customer feedback to Boards developed and agreed	30-Jun-2022	Yes	
				03. Approach to real time repairs feedback on repairs agreed	31-Dec-2022	Yes	
Develop IT & Systems (b)	31-Dec-2022		100%	01. CBG Servitor upgrade implemented	31-May-2022	Yes	Complete as previously reported
				02. Localz phase 1 installation (pilot with CBG)	31-Oct-2022	Yes	
				03. Localz phase 1 full roll out programme agreed	31-Dec-2022	Yes	
Service & process redesign (b)	30-Jun-2022		100%	01. DGHP improvement plan defined and agreed	31-May-2022	Yes	Complete as previously reported
				02. Quick wins for the repairs service in the West implemented (opening up appts, better communication between CBG and CFC, approach to customer comms)	30-Jun-2022	Yes	
				03. Planning complete for implementing redesigned repairs delivery model	30-Jun-2022	Yes	
				04. DC approach to migrate to Group Servitor agreed	30-Jun-2022	Yes	
Meet the needs of owners (b)	31-Mar-2023		83%	01. Review owner billing inc. suitability of existing SoRs and	30-Jun-2022	Yes	Good progress has been made. We are continuing

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				approach to lower value jobs			to work through deploying improvements highlighted in the 'meeting the needs of owners' improvement plan. Some of the improvements are linked to other ongoing repairs projects currently in train, e.g. Book it, Rate It
				02. Review current approach to owner repairs and define & agree reshaped owner repairs service delivery model	30-Jun-2022	Yes	
				03. Review processes that support owner repairs service and refine	30-Jun-2022	Yes	
				04. Design and deliver customer engagement focus groups involving Lowther Tenants, that will improve communication and shape Lowther's repair service	31-Jul-2022	Yes	
				05. Implement revised processes to support owner repairs	31-Dec-2022	Yes	
				06. Deploy revised owner repair service delivery model	31-Mar-2023	No	

B. CFC Programme Stream

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
CFC interim review (b)	31-May-2022		100%	01. External interim review concluded	30-Apr-2022	Yes	Complete as previously reported
				02. Present findings of interim review to Group Board	30-Apr-2022	Yes	
				03. Present findings of interim review to RSL Boards	31-May-2022	Yes	
CFC second interim review (b)	31-Mar-2023		50%	01. Scope of second interim review finalised	31-Dec-2022	Yes	This interim review will be documented through a 'one year on report'. It will be used to demonstrate
				02. Undertake second interim	28-Feb-2023	No	

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				review			performance, investment and improvements made in the CFC in year one of operations.
RSL digital services model (b)	31-Mar-2023		25%	01. Review existing digital services offering with customers, including existing usage rates, functionality, and projected future lifespan	31-Aug-2022	Yes	Following ET meeting 1/12/22, the project was updated as below: - Milestone 2 is now due by the end of January 2023 (originally 31/10/2022) - Milestone 3 description has now been updated from 'Undertake themed engagement discussions with Customer Voices' to 'Undertake engagement with customers'. This has been completed through engagement via a survey which had over 1000 tenant responses.
				02. Scope future RSL digital services model, including role of apps, online services, repairs digital offering and self-service	31-Jan-2023	No	
				03. Undertake engagement with Customer Voices	28-Feb-2023	No	
				04. Present recommendations to ET for next 3 years	31-Mar-2023	No	

C. Engagement Programme Stream

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
Wheatley Whole Family approach (b)	30-Sep-2022		100%	01. Complete the research phase, including survey of households with children and follow up focus groups	31-May-2022	Yes	Complete as previously reported
				02. Present findings and proposed approach to ET	30-Jun-2022	Yes	
				03. Engagement with customer voices on the proposed Whole Family approach	31-Aug-2022	Yes	

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				04. Final implementation approach agreed by ET	30-Sep-2022	Yes	
Engagement Framework – Phase 2 (b)	31-Mar-2023		60%	01. Develop a programme of engagement using customers' preferred methods	31-May-2022	Yes	The customer voices feedback will now be at the May governance event on repairs. This will allow the pilot to have operated for longer and it also builds on a wide range of pre pilot tenant engagement undertaken in January/February 23.
				02. 2022/23 Engagement plans, including mechanisms for allocation of funding, agreed by Boards	31-May-2022	Yes	
				03. Develop learning and development programme for staff as well as Customer and Community Voices	30-Sep-2022	Yes	
				04. Customer voices feedback to group wide governance event(s)	31-Mar-2023	No	
				05. Complete recruitment of Customer and Community Voices	31-Mar-2023	No	
Customer data collection exercise (Contact info, equalities and communication preferences) (b)	30-Nov-2022		100%	01. Project approach and proposed resource requirements agreed Group Executive	31-May-2022	Yes	Complete as previously reported
				02. Data collection exercise undertaken (RSL tenants, Lowther tenants & Care customers)	30-Sep-2022	Yes	
				03. Update to Group Executive on outcome of data collection exercise and proposed actions	31-Oct-2022	Yes	
				04. Update to Boards on outcome of data collection	30-Nov-2022	Yes	

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				exercise			

D. Assets & Sustainability Programme Stream

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
Corporate Estate (b)	31-Mar-2023		80%	01. East Glasgow and Bathgate Hubs complete	31-Jul-2022	Yes	ET has now agreed the approach to Lipton House, including the first floor and, once the NETs team move to Brasswell, minor reconfiguration of the second floor. The timescale for this work will go beyond March 2023. As such, a project milestone wording change is proposed for milestone 4 – to 'CFC Lipton House approach agreed' – and has been agreed.
				02. West Glasgow Hub complete	30-Sep-2022	Yes	
				03. East Hub (NMR) complete	30-Sep-2022	Yes	
				04. CFC Lipton House complete	31-Dec-2022	No	
				05. South Hub (Dumfries) complete	31-Mar-2023	Yes	
Strategic Sustainability Framework (b)	31-Jan-2023		87%	01. Pathway to Net Zero Advisory Group recruited and in place	31-May-2022	Yes	Draft Framework now approved by Group Board will be launched by March 2023. An update on implementation and next steps is provided separately to this Board.
				02. Commission an independent review of energy efficient technologies and low emission heating systems installed to date	31-May-2022	Yes	
				03. Draft framework reviewed by Advisory Group	31-Jul-2022	Yes	
				04. Update on sustainability framework and independent review to Group Board	31-Aug-2022	Yes	

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				05. Independent review complete	30-Sep-2022	Yes	
				06. Draft framework and outcome of independent review to ET	31-Oct-2022	Yes	
				07. Draft framework approved by Group Board	31-Dec-2022	Yes	
				08. Group wide launch of strategic sustainability framework	31-Jan-2023	No	

D. Assets & Sustainability Programme Stream

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
WHS TRA - Initial Stages (b)	31-Mar-2023	✔	100%	01. Appoint Masterplan Consultant	31-Mar-2023	Yes	Smith Scott Mullen appointed. DGC taking paper to January Committee to support 50% of the Masterplan consultancy costs.
				02. Commence community consultation with Customer & Community Voices	31-Dec-2022	Yes	

E. Governance Programme Stream

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
Equality, Diversity & Inclusion (b)	31-Oct-2022	✔	100%	01. ET agree proposed survey approach for staff and tenants	31-May-2022	Yes	Complete as previously reported
				02. EDI update to Group Board, including revised Equality, Diversity and Inclusion Policy for approval	31-Aug-2022	Yes	
				03. Equalities results from customer data collection exercise analysed and	30-Sep-2022	Yes	

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				proposed actions to Group Executive			
				04. Update SHR Annual Assurance Statement on progress with equalities	31-Oct-2022	Yes	
Strategic agreement with Dumfries and Galloway Council (b)	31-Mar-2023		20%	01. Group Executive agree an outline strategic agreement for discussion with DGC	30-Sep-2022	Yes	The agreement was shared with colleagues at DGC in the middle of December for the first time as agreed. I have since spoken with the lead from DGC on the agreement on Friday 13th January as to see how that was progressing. DGC colleagues have advised that they have their own executive meetings scheduled for the week beginning 16th January with updates to provided to Wheatley Homes South the following week 23rd January. The proposal are that both Wheatley Homes South Team as well as support from group would meet DGC colleagues on February 1st 2023 to discuss the final proposals of the agreement in preparation for up coming council meetings and board updates for sign off by 31st March 2023.
				02. Present outline strategic agreement to Group Board for consideration	31-Oct-2022	No	
				03. Update to DGHP Board	30-Nov-2022	No	
				04. Board approvals of draft strategic agreement with DGC	28-Feb-2023	No	
				05. Present to DGC for approval	31-Mar-2023	No	

H. Other - Changing Lives & Communities

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
Implement year 2 of the Group Homelessness Framework (b)	31-Mar-2023		75%	01. Undertake a review of existing customer engagement in homelessness service design and delivery	30-Jun-2022	Yes	Milestone 3 now complete. We have agreed with Performance Team and Business Improvement team proposals for improvements for reporting and monitoring of tenancy sustainment. These will be presented to DMT and ET prior to next milestone deadline of 31st March 2023.
				02. Develop an action plan to maximise engagement opportunities	30-Nov-2022	Yes	
				03. Undertake a review of existing tenancy sustainment performance reporting and develop and agree a new consistent group wide approach to reporting	31-Dec-2022	Yes	
				04. Proposal drafted and available for ET review	31-Mar-2023	No	
Review of group allocations policy and systems (b)	31-Mar-2023		80%	01. Updates to policy agreed by ET and RSL Boards for consultation with tenants	31-May-2022	Yes	Milestone 4 (final milestone) in the project is to undertake testing of new Homes4D&G system. While this has commenced, we will wait until further elements of testing are complete before marking the milestone as complete.
				02. Undertake customer consultation	31-Jul-2022	Yes	
				03. Present findings to Wheatley Board	31-Aug-2022	Yes	
				04. Present findings to RSL Boards	30-Sep-2022	Yes	
				05. Undertake testing of the new system in D&G	31-Mar-2023	No	

J. Other - Enabling our Ambitions

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
NETs Digital service (b)	30-Nov-2022		80%	01. Undertake build phase	31-Jul-2022	Yes	Rollout to all NETS Staff was completed on the 26th January 2023. An update is provided separately as part of an agenda item for this meeting.
				02. Undertake testing of the product	31-Aug-2022	Yes	
				03. Commence pilot	30-Sep-2022	Yes	
				04. Go Live	30-Nov-2022	Yes	
				05. Provide update to Board	30-Nov-2022	No	

1.1 This appendix supplements complaints operational measures included in the performance cover paper, providing ARC and SPSO measures for Q3.

1.2 For RSLs, the data used for both ARC and SPSO measures differs from operational measures in that it includes both tenants and RSL owners.

1.3 Lowther are not required to report on ARC but we report an ARC equivalent measure for them which includes tenants and owners (RSL owners and non-RSL owners). Lowther's SPSO measures include tenants and non-RSL owners.

Charter (ARC) Measures

1.4 ARC measures are only reported to SHR for our Registered Social Landlords (RSLs) and include tenants and RSL owners.

1.5 The table below outlines the average time for a full response (working days) by Stage 1 and Stage 2. Performance in 2022/23 for all RSLs is exceeding targets this year.

Charter - average time for a full response to complaints (working days)				
Subsidiary	2021/22		2022/23 – YTD Stage 1 - 5-day target, Stage 2 – 20-day target	
	Stage 1	Stage 2	Stage 1	Stage 2
WHS	4.74	21.95	3.75	18.42

1.6 The table below outlines the average time for a full response to complaints (working days) overall, for Stage 1 and Stage 2 combined. All RSLs year to date are achieving the new overall target of 6 days (reduced from 8 days last year). WHG are above target for period 9 but year to date they are achieving target.

Charter - average time for a full response to complaints (working days)		
Subsidiary	2021/22 Target - 8 days	2022/23 Target – 6 days
WHS	5.94	5.43

*Not targeted for this measure

1.7 It should be noted that the additional ARC complaints measures – The percentage of all complaints responded to in full at Stage 1 and Stage 2 – are calculated at year end and will therefore be reported annually.

SPSO Measures

1.8 SPSO measures for RSLs include tenants and RSL owners complaints and for Lowther include tenants and non-RSL owners. We are required to report on these indicators annually to the SPSO.

1.9 All indicators required for the annual submission are displayed below. In addition to this an annual report must be published no later than the end of October each year. As this is the first year, this will be developed after we have the full annual results at year end 2022/23 for publication by the end of October 2023.

1.10 Stages of complaints are defined as:

- Stage 1 complaints – received as Stage 1 complaints and are normally resolved on initial receipt at CFC or by front-line staff
- Stage 2 complaints – directly received as Stage 2, i.e. not escalated from Stage 1. This can be cases which are considered a risk to reputation or requires investigation due to the number of issues raised that could not have been reasonably resolved at Stage 1 as part of a frontline resolution.
- Escalated complaints – complaints that were received into the organisation at Stage 1 and later escalated to Stage 2.

1.11 An initial summary of the latest period and year-to date figures for each of the indicators are included below

Indicator 1 - total number of complaints received.

SPSO Indicator 1 - total number of complaints received		
Subsidiary	**Stage 1 (this includes escalated complaints as they were first received at Stage 1)**	**Stage 2 (directly received as Stage 2, i.e. not escalated from Stage 1)**
WHS	353	6

Indicator 2 - number and % of complaints at each stage that were fully closed within timescales of 5 and 20 working days. Full response has been given to customer/resolution has been reached, including those with outstanding actions. Extensions of time to a complaint will be included in the total count and will be considered "late".

SPSO Indicator 2 - number and % of complaints at each stage that were fully closed within timescales of 5 and 20 working days			
Subsidiary	**Stage 1 - responded to within 5 working days**	**Stage 2 - responded to within 20 working days**	**Escalated complaints - responded to within 20 working days**
	YTD	**YTD**	**YTD**
WHS	93.06%	100.00%	100.00%

Indicator 3 - the average time in working days for a full response to the complaints at each stage.

SPSO Indicator 3 - the average time in working days for a full response to the complaints at each stage

Subsidiary	Stage 1 - average time in working days to respond to complaint	Stage 2 - average time in working days to respond to complaint	Escalated complaints - Average time to respond to complaints after escalation from Stage 1 to Stage 2
	YTD	YTD	YTD
WHS	3.75	19.20	18.28

Indicator 4 - the outcome of complaints as a % of overall complaints.

SPSO Indicator 4 - the outcome of complaints as a % of overall complaints				
Subsidiary	Stage 1 - upheld	Stage 1 - partially upheld	Stage 1 - not upheld	Stage 1 - resolved
	YTD	YTD	YTD	YTD
WHS	20.52%	9.54%	37.57%	32.37%
	Stage 2 - upheld	Stage 2 - partially upheld	Stage 2 - not upheld	Stage 2 - resolved
WHS	60.00%	20.00%	0.00%	20.00%
	Escalated complaints - upheld	Escalated complaints - partially upheld	Escalated complaints - not upheld	Escalated complaints - resolved
WHS	43.59%	12.82%	43.59%	0.00%

Report

To: **Wheatley Homes South Board**

By: **Louise Morrison, Finance Manager**

Approved by: **Lyndsay Brown, Director of Financial Reporting**

Subject: **Finance Report**

Date of Meeting: **15 February 2023**

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1. Purpose

1.1 The purpose of this report is to provide the Wheatley Homes South board with:

- An overview of the management accounts for the period to 31 December 2022 and Q3 forecast.
- Seek approval of the proposed amendment to our two finance contracts with the European Investment Bank (EIB) to change [redacted]
- [redacted]; and
- provide an update on the review of the new build appraisal target return rate.

2. Authorising and strategic context

2.1 Under the terms of the Intra-Group Agreement between Wheatley Homes South and the Wheatley Group and this Board's Terms of Reference, the WH South Board is responsible for the on-going monitoring of performance against agreed targets. This includes the on-going performance of its finances.

2.2 Under the Group Standing Orders and the Finance Terms of Reference contained therein, this board is required to approve borrowing levels and any associated loan agreements, covenant returns and granting of security.

2.3 Raising additional funding and ensuring our existing financing arrangements are fit for purpose ensure the Group has the financial resources to enable our ambitions to deliver new energy-efficient affordable homes.

2.4 [redacted].

3. Background

3.1 *Financial performance to 31 December 2022*

The results for the period to 31 December are summarised below.

	Year to Date (Period 9)		
	Actual	**Budget**	**Variance**
Turnover	41,664	39,199	2,465
Operating expenditure	(28,548)	(28,091)	(457)
Operating surplus	**13,116**	**11,108**	**2,007**
Operating margin	*31%*	*28%*	
Net interest payable	(4,075)	(4,075)	**0**
Surplus	**9,041**	**7,033**	2,007
Net Capital Expenditure	**21,176**	**20,182**	**994**

4. Discussion

4.1 We have reported a statutory surplus of £9,041k for the period to 31 December 2022, which is £2,007k favourable to budget. The key drivers of the variance are reduced void rent loss and unbudgeted grant income for adaptation works, partly offset by increased repair costs.

Key points to note:

- Net rental income of £33,925k is £366k higher than budget driven by lower void losses (0.7% vs 1.4% in budget).

- New build grant income recognised in the year relates to 37 social rent units completed with 18 units at Eastriggs and 19 units at Nursery Avenue. The YTD budget is £1,237k higher than budget due to adaptation grant income claimed (funding adpatations spend in capital investment line).

- Other income is £863k favourable driven by unbudgeted income for the decarbonisation and renewable project investment works, and higher than budgeted Care rental income.

- Operating expenditure is £457k unfavourable to budget:

- Direct and group employee costs are £10k unfavourable to budget driven by unbudgeted maternity leave cover. ERVR costs are £205k higher than budget however these costs will yield future revenue savings.

- Direct and group running costs are £188k favourable to budget driven by lower group costs across Wheatley Solutions.

- Repair costs are £775k unfavourable with higher than budgeted spend across responsive repairs which is £1,585k over budget. Increased responsive repairs is driven by increased customer demand, higher material, and subcontractor costs. Cyclical and compliance spend is £810k lower than budget.

- Bad debts are £157k lower than budget driven by timing of arrears and recognising the prudent budget assumptions.

- Demolition costs (Lochside) are £188k lower due to reprofiling of demolition programme.

- Net capital expenditure is £994k higher than budget. Total core investment spend of £15,176k is £1,565k higher than budget driven by adaptations (which are fully funded) and capitalised void spend, partly offset by deferral of core programme works to 2023/24. A grant claim has been submitted to match the additional adaptation spend over budget.

- The new build programme is £2,004k higher than budget driven by Curries Yard. Eastriggs and Nursery Avenue completed in the financial year.

4.2 *Q3 2022/23 Full Year Forecast*

	Full year 2022/23		
	Forecast £k	**Budget £k**	**Variance £k**
Turnover	56,350	50,893	5,457
Operating expenditure	(39,878)	(37,608)	2,270
Operating surplus	**16,473**	**13,285**	**3,187**
Operating margin	29.0%	*26.1%*	
Net interest payable	(5,180)	(5,180)	0
Surplus	**11,292**	**8,105**	**3,187**
Net Capital Expenditure	**26,807**	**26,019**	**788**

The forecast statutory surplus of £11,292k is £3,187k favourable to budget. The Q3 forecast has been prepared on a prudent basis and is reported after including provision for additional support to customers facing financial hardship through the launch of the Here for You Fund.

Key points to note:

- Net rental income is expected to be £430k favourable to budget reflecting a continuation of the favourable performance YTD.

- Grant income is £1,450k higher than budget driven by additional medical adaptation grant income. The associated costs sit within the investment programme.

- Other income is £3,577k higher than budget due to anticipated Social Housing Net Zero grant income of £2,643k (expected January – March 2023) and £684k for the Decarbonisation project.

- Expenditure has increased by £2,270k:
    - Direct and group running costs have increased by £970k after making a provision for additional Here For You fund and donation to Wheatley Foundation.
    - ERVR is £205k above budget with costs incurred YTD yielding future revenue savings
    - Revenue repairs and maintenance forecasts an unfavourable variance of £1,585k, due anticipated higher reactive repairs costs over the winter months and the costs of flooding repairs and the increase in customer demand experienced in the first nine months expected to continue for the remainder of the year.
    - Bad debts have reduced by £200k with the forecast reflecting a continuation of the favourable performance at December.
    - Demolition costs are £215k favourable to budget due to reprofiling the demolition programme.

- The core programme is £3,300k higher than budget with £2,643k additional spend on the Social Housing Net Zero project and additional spend on medical adaptations £1,450k (both fully funded in income) partly offset by the deferral of the core programme works to 2023/24.

- New Build expenditure is forecast to be £2,712k higher than budget related to the reprofiling spend at Corsbie Road, Springholm and Glenluce, partly offset by Curries Yard added to the 2022/23 programme (£7,321k). Nursery Avenue and Eastriggs remain unchanged.

- It is our aim to manage the forecast variations to budget within the parameters of the overall RSL Borrower Group budget for 2022/23, of which WH South is part of. The Q3 forecast presented to the Board has been prepared on a prudent basis and including the higher provision made for repairs this year continues to report an underlying surplus of £1,243k, compared to the budgeted underlying surplus of £1,356k. The 2023/24 financial projections take account of the 2022/23 outturn and demonstrate that while repairs costs are higher, the ongoing business plan remains strong and viable.

4.1 [redacted]

- [redacted].

- [redacted].

- [redacted].

- [redacted].

4.4 [redacted]

- [redacted].
- [redacted].
- [redacted].
- [redacted].
- [redacted]:

Borrower	Amount	Drawdown Date	Expiry Date	Interest rate
[redacted]				

[redacted].

- [redacted]
- [redacted].

4.5 Review of New Build Appraisal Target Return Rate

- Group Board approved an increase to the IRR target rates in their October 2022 meeting to reflect the increase in UK interest rates, and our associated increased cost of funding, and an increase in the risk element of the target rate to reflect the uncertainty created by the rent cap/freeze announcement in September. The approved rates are set out below:

  i. 6.1% over 30 years for social rent developments for Wheatley Homes Glasgow, Wheatley Homes East and Loretto;
  ii. 6.1% over 35 years for social rent developments for Wheatley Homes South; and
  iii. 6.3% over 30 years for mid-market rental ("MMR") developments across the Group

- The October 2022 review was based on market forecasts for interest rates to peak during 2023 at between 4.25% and 4.50% as the Bank of England continues to take action to curb inflation. Recent inflation figures have reduced marginally from a peak of over 11% in October and markets continue to hold expectations for rates to peak at the same 4.25% - 4.50% level that informed that last target return rate review.

- The review was also informed by the emergency legislation that was in place to cap social and private rent increases (including MMR) at 0% until March

2023. The Minister for Zero Carbon Buildings, Active Travel and Tenants' Rights has since announced that the social rent cap legislation will expire on 31 March 2023, with Scottish Government indicating that the Mid-Market and PRS sector will remain subject to a cap of 3% for 6 months from this date, with a potential extension for 6 months' thereafter. The continued uncertainty on MMR/PRS rent and the precedent created by the government intervention is such that it remain appropriate to retain the risk assessment factor included in the IRR rates, and the rates approved in October 2022 will be maintained for new build appraisal at this time. In line with policy, the IRR levels will be subject to review on a minimum frequency of every three years.

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 The Allia loan does not have a direct sustainability-link, however, it is a requirement from Scottish Government that the funding is used for the supply of new social rent homes which meet stretching energy efficiency standards.

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 The statutory surplus for the period to 31 December 2022 is £757k favourable to budget. Delivery of our cost efficiency targets is a key element of continuing to demonstrate value for money. The underlying result for the period to 31 December 2022 is £794k unfavourable to budget driven by higher spend on capitalised voids and timing of adaptation grant income.

9. Legal, regulatory and charitable implications

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

9.2 We have taken legal advice from Pinsent Masons in respect of the amendments to the EIB finance contracts. Pinsent Masons advised us on all other LIBOR transition amendments. We were advised by Brodies in respect of the Allia funding agreement. The Allia agreement is unsecured which results in a more efficient legal exercise than is the case where security is required.

9.3 There are no regulatory requirements arising from the amendments to the EIB finance contracts. The Scottish Housing Regulator is no longer required to provide consent for new debt facilities for RSLs, although they will be updated about our new Allia loan in our regular quarterly meetings.

9.4 There are no charitable implications arising from either the EIB amendments or the new Allia facility.

10. Risk Appetite and assessment

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

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

10.3 Raising funding to support our ambitions is a Strategic Outcome under the Theme of Enabling our Ambitions. Our agreed risk appetite for the operational delivery of raising funding is cautious, preferring safe delivery options that have a low degree of inherent risk. The previous track record of dealing with Allia, the associated pricing and the unsecured nature of the loan meets this risk criteria. The facility will be arranged at the Group treasury vehicle level (WFL1) which means it can be on-lent to any of the Wheatley RSL's, with all parties benefitting from the strong negotiating power of the wider Group for pricing and other terms & conditions.

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 position for the period to 31 December 2022. It also includes details of benchmark rate amendments to our EIB funding and a new loan to be delivered through WFL1 from Allia for the RSLs. An update on the review of our target internal rate of return (IRR) to be used for appraising new build projects is also provided.

13. Recommendations

13.1 The Board is requested to:

1) Note the management accounts for the period to 31 December 2022 and the Q3 forecast at Appendix 1.
2) Approve the amendments to the EIB finance contracts to reflect the transition from LIBOR to SONIA.
3) Approve the new £35m Allia facility to fund new affordable homes.
4) Note the outcome of the review of the internal rate of return targets.

LIST OF APPENDICES:-

Appendix 1: Period 9 – 31 December 2022 Finance Report
Appendix 2: [redacted]
Appendix 3: [redacted]
Appendix 4: [redacted]
Appendix 5: [redacted]
Appendix 6: [redacted]

Period to 31 December 2022

Finance Report

1a) Operating statement P9 – December 2022

OPERATING STATEMENT	Year to December 2022 Actual £ks	Budget £ks	Variance £ks	Full Year Budget £ks
INCOME				
Rental Income	34,156	34,052	105	45,184
Void Losses	(232)	(493)	261	(654)
Net Rental Income	**33,925**	**33,559**	**366**	**44,529**
Grant Income	5,236	3,999	1,237	4,124
Other Income	2,504	1,641	863	2,240
TOTAL INCOME	**41,664**	**39,199**	**2,465**	**50,893**
EXPENDITURE				
Employee Costs - Direct	3,954	3,944	(10)	5,258
Employee Costs - Group Services	2,117	2,117	0	2,807
ER/VR	205	-	(205)	-
Direct Running Costs	1,562	1,652	90	2,203
Running Costs - Group Services	1,257	1,356	98	1,813
Revenue Repairs and Maintenance	8,565	7,790	(775)	10,248
Bad debts	550	707	157	943
Depreciation	10,237	10,237	0	13,649
Demolition	100	288	188	688
TOTAL EXPENDITURE	**28,548**	**28,091**	**(457)**	**37,608**
NET OPERATING SURPLUS	**13,116**	**11,108**	**2,007**	**13,285**
Net operating margin	*31%*	*28%*	*3%*	*26%*
Interest Receivable and similar incom	18	25	(7)	33
Interest payable & similar charges	(4,093)	(4,100)	7	(5,213)
STATUTORY SURPLUS	**9,041**	**7,033**	**2,007**	**8,105**

INVESTMENT	Actual £ks	Budget £ks	Variance £ks	Budget £ks
TOTAL CAPITAL INVESTMENT INCOME	**2,295**	**2,400**	**(105)**	**5,063**
Capital Investment spend	15,176	13,611	(1,565)	16,775
New Build Programme	7,608	5,604	(2,004)	9,391
Other Fixed Assets	687	3,367	2,680	4,916
TOTAL CAPITAL INVESTMENT EXPEND	**23,471**	**22,582**	**(889)**	**31,082**
NET CAPITAL EXPENDITURE	**21,176**	**20,182**	**(994)**	**26,019**

Key highlights :

Net operating surplus of £13,116k is £2,007k favourable to budget. Statutory surplus for the period to 31 December is £9,041k, which is £2,007k favourable to budget. The key drivers of the variance are reduced void rent loss and unbudgeted grant income for adaptation works, partly offset by increased repair costs.

- Net Rental income is £366k favourable to budget with YTD Void losses being £261k favourable to budget representing a 0.7% void loss rate compared to the budgeted rate of 1.4%.
- Grant income recognised in the year relates to 37 social rent units completed with 18 units at Eastriggs and 19 units at Nursery Avenue. The YTD budget is £1,237k higher than budget due to adaptation grant income claimed (offsets spend in capital investment line).
- Other income is £863k favourable to budget with unbudgeted income recognised for the decarbonisation and renewable project of £537k, including Cavity Wall Insulation (CWI) and Low Carbon Infrastructure Transition Programme (LCITP) works, and higher than budgeted Care (Temp Accommodation and Young Persons) rental income.
- Total employee costs (direct and group services) are £10k higher than budget driven by maternity leave cover. The group services recharge is in line with budget and reflects WH-South's share of changes in Wheatley Solutions staff from the budgeted structure.
- ER/VR costs are £205k adverse to budget following the commitment of five members of staff to take ERVR in 2022/23. This cost will yield future revenue savings.
- Total running costs (direct and group services) are £188k favourable to budget. Group recharges are £98k favourable to budget due to several departments currently reporting lower costs across Wheatley Solutions, leading to the underspend against budget. Direct running costs
- Repair costs are £775k over budget with higher than budgeted spend across responsive repairs which is £1,585k over budget. Increased responsive repairs is driven by increased demand, higher material and subcontractor costs. Cyclical and overhead spend is £810k lower than budget.
- Demolition costs are £188k lower than budget relating to timing of works at Troqueer and Kelloholm. YTD costs of £100k relates to buy back of final property at Lochside and a number of disturbance costs.

Gross interest payable of £4,093k represents interest due on the loans due to Wheatley Funding No.1 Ltd and external funders.

Net capital expenditure of £21,176k is £994k higher than budget. The variance is driven by higher investment and new build spend.

- Total core investment spend of £15,176k is £1,565k higher than budget due to increased spend on adaptations and capitalised voids, partly offset by the deferral of boiler replacements to 2023/24.
- New Build expenditure is £2,004k over budget driven by Curries Yard development now on site (not part of 2022/23 budget) partly offset by deferral of Glenluce and Corsbie Rd to 2023/24. Capital investment income is £105k lower than budget as a result of reprofiling the development programme.
- Other capital expenditure of £687k is £2,680k lower than budget. Other capital spend includes work on local touchdown hubs and IT costs.

1b) Underlying surplus – P9

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 2014).
- However, the inclusion of grant income on new build developments creates volatility in the results and does not reflect the underlying cash surplus/deficit on our letting activity.
- The chart below therefore shows a measure of underlying surplus 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.
- For the period to December 2022, an underlying surplus £479k has been generated which is £443k unfavourable to budget. The variance is driven by higher spend on capitalised voids and adaptations, partly offset by unbudgeted grant income for decarbonisation works and lower void rent loss.

Underlying Surplus - YTD 2022

	YTD Actual £ks	YTD Budget £ks	YTD Variance £ks	FY Budget £ks
Net operating surplus	13,116	11,108	2,007	13,285
add back:				
Depreciation	10,237	10,237	0	13,649
less:				
Grant income	(3,623)	(3,623)	0	(3,623)
Net interest payable	(4,075)	(4,075)	0	(5,180)
Total expenditure on Core Programme	(15,176)	(13,611)	(1,565)	(16,775)
Underlying surplus / (deficit)	**479**	**36**	**443**	**1,356**

2) In House Repairs Service – P9

In House Repairs	YTD Actual £ks	YTD Budget £ks	YTD Variance £ks	Full Year Budget £ks
INCOME				
Internal Subsidiaries	11,447	7,888	3,558	11,587
External Customers	348	1,044	(696)	1,392
TOTAL INCOME	**11,795**	**8,932**	**2,863**	**12,979**
COST OF SALES				
Staff Costs	4,320	4,727	407	6,302
Materials	1,626	1,417	(209)	1,820
Subcontractor & Other Costs	4,676	1,905	(2,771)	2,990
TOTAL COST OF SALES	**10,623**	**8,049**	**(2,574)**	**11,112**
GROSS PROFIT	**1,171**	**884**	**288**	**1,867**
Margin %	10%	10%	10%	14%
Overheads	**1,058**	**884**	**(174)**	**2,003**
NET PROFIT	**116**	**-**	**116**	**-**

Key Comments:

- Income for the in house repairs service is £2,863k higher than budget. External customers income represents Home Group income generated in the period to 31 December 2022.

- Subcontractor costs are higher than budget with City Building Glasgow continuing to carry out the void work. Overheads are higher driven by increased vehicle costs while we transition to the new fleet of vehicles.

3) Repairs and Investment – P9

Wheatley Homes South

Revenue Repairs and Maintenance	YTD			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
Reactive	6,837	5,252	(1,585)	6,687
Gas planned maintenance	655	921	266	1,335
Landscaping and cyclical maintenace	471	550	79	719
Compliance	719	1,068	349	1,507
Profit on IHR	(116)	-	116	-
TOTAL	**8,565**	**7,790**	**(775)**	**10,248**

Core Investment Programme	YTD			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
Investment programme grant income				
Aids and Adaptations	1,613	375	1,238	500
Decarbonisation Project	537	-	537	-
SHNZ	-	-	-	-
Total	**2,150**	**375**	**1,775**	**500**
Investment programme spend				
Core Programme	9,166	10,152	986	12,106
SHNZ	32	-	(32)	-
Capitalised Voids	3,484	2,210	(1,274)	2,987
Adaptations	1,687	438	(1,249)	600
Capitalised Staff	806	812	5	1,082
TOTAL	**15,176**	**13,611**	**(1,565)**	**16,775**

Repairs

Repairs and maintenance costs are £775k adverse to budget.

- Reactive repairs are £1,585k adverse to budget driven by increased demand resulting in higher material and subcontractor costs.
- Gas planned maintenance favourable to budget by £266k driven by savings from prior year investment spend.
- Landscaping and cyclical maintenance is £79k lower than budget due to a reprofiling of spend.
- Compliance expenditure is £349k favourable to budget driven by a decision to not accelerate the EICR inspections (still within regulatory timeframe) and timing of spend on play park servicing vs budget.

Investment

Overall the capital costs are £1,565k higher than budget.

- Core programme spend includes £537k CWI and LCTIP works that are grant funded with the grant recognised through other income. This is offset by the deferral of boiler replacements which were budgeted to start in July (deferred to 20232/24) and pausing the kitchen programme.
- The number of voids continues to increase but is being monitored by the Investment team, with a plan to bring in-house in April 2023.
- A significant number of major adaptations have been installed YTD with £1,613k of grant funding claimed and recognised in grant Income.

4) New Build – P9

[redacted]

Development spend at end of December 2022 totalled £7,608k, against a budget of £5,604k, a variance of £2,004k over budget. £2,295k grant income received for Curries Yard. This will be recognised in the operating statement when units are handed over.

- ***Nursery Ave (SR/19):***6 units handed over early in August and handed over last 13 units on 30 September 2022. Project complete and in defects liability period.
- ***Eastriggs (SR/18):*** Site start was achieved on 12th July 2021 and completed, as programmed, in July 2022. Project complete and in defects liability period.

Future Developments – awaiting approval:
- ***[redacted]***

5) Balance Sheet – P9

Wheatley Homes South

	31 December 22		31 March 22	
Fixed Assets				
Social Housing Properties		423,758		410,930
Other Fixed Assets		1,658		901
Investment Properties		12,940		12,940
		438,356		424,771
Current Assets				
Stock		695		695
Rent and service charge arrears	2,652		2,813	
less: provision for rent arrears	(1,534)		(1,228)	
Prepayments and accrued income	2,229		648	
Other debtors	2,170		5,776	
Total Debtors		5,517		8,010
Due from other group companies		1,190		753
Cash & Cash Equivalents		5,120		42,534
		12,523		51,992
Creditors: within 1 year				
Trade Creditors	(461)		(10,048)	
Accruals	(10,514)		(36)	
Deferred income (Grant)	-		(4,161)	
Prepayments of Rent and Service Charge	(933)		(567)	
Other Creditors	(921)		(3,364)	
Total Creditors		(12,829)		(18,176)
Amounts due to Group Undertakings		(3,688)		(3,487)
		(16,517)		(21,663)
Net Current Liability		**(3,994)**		**30,329**
Long Term Creditors				
Long term loans		(155,683)		(188,683)
Loan interest		(3,856)		(3,100)
Grants		(8,006)		(5,540)
Other provisions		(88)		(88)
Pension				
Net Assets		**266,730**		**257,689**
Capital and Reserves				
Share Capital				
Revenue Reserve		115,407		106,366
Revaluation Reserve		151,323		151,323
Shareholders' funds		**266,730**		**257,689**

Key Comments:

- **Fixed assets** of £438m – representing new build works added less depreciation of existing assets. Other fixed assets have increased in value due to IT capital investment spend and premises spend on the Brasswell office in Dumfries.
- **Stock** relates to repairs stock purchased from Saint Gobain and materials on site related to the investment program.
- **Trade & other debtors –** rent and service charge arrears have reduced driven by timing of debt received and a write off of former tenant debt (£173k) in P6. Other debtors balance at 31 March included £2.8m for aids and adaptation and LCITP grant income. Accrued income includes £1.3m for adaptation grant claim.
- **Cash at Bank** of £5.1m has reduced since 31 March reflecting the repayment of £35m of debt and the ongoing New Build and Investment expenditure programme spend.
- **Creditors: within 1 year** Includes
  - Trade creditors are lower than 31 March driven by timing of supplier payments. 31 March was higher due to CBG invoices outstanding at the year end.
  - Accruals includes £5.1m of investment works (CBG).
  - Grant income received is deferred until the completion of new build properties. £1,602k deferred income released in July 2022 in relation to Eastriggs completion and £2,021k released in August and September 2022 for the 19 units at Nursery Avenue. The remaining balance has been moved to long term grants due to deferral of these developments.
- **Long-Term Creditors** This relates to
  - Capital loans of £155.7m following £35m repayment in P1. DGHP joined the RSL borrower group on 1 April 2022. In P9, £2m drawdown to cover a large CBG payment run.
  - The roll up of accrued interest on Allia loans not payable until end date £3.9m incurred since drawdown.
  - Grant income received is deferred until the completion of new build properties. The increase since 31 March relates to Curries Yard which is underway and expected to complete March 2024/25.
  - Provision of £88k relates to the remaining balance made for dilapidation liabilities for offices.

6) Quarter 3 Forecast to 31 March 2023

Operating statement	Full Year 2022/23 Q3 Forecast £k	Budget £k	Variance £k
INCOME			
Rental Income	45,284	45,184	100
Void Losses	(324)	(654)	330
Net Rental Income	**44,960**	**44,529**	**430**
Grant Income	5,574	4,124	1,450
Other Income	5,816	2,240	3,577
Total Income	**56,350**	**50,893**	**5,457**
EXPENDITURE			
Employee Costs - Direct	4,933	4,933	0
Employee Costs - Group Services	2,838	2,807	(31)
ER / VR	205	0	(205)
Direct Running Costs	3,498	2,528	(970)
Running Costs - Group Services	1,707	1,813	106
Revenue Repairs and Maintenance	11,833	10,248	(1,585)
Bad debts	743	943	200
Depreciation	13,649	13,649	0
Demolition	473	688	215
TOTAL EXPENDITURE	**39,878**	**37,608**	**(2,270)**
OPERATING SURPLUS / (DEFICIT)	**16,473**	**13,285**	**3,187**
Interest Payable	(5,180)	(5,180)	0
STATUTORY SURPLUS / (DEFICIT)	**11,292**	**8,105**	**3,187**

Investment	Full Year 2022/23 Q3 Forecast £k	Budget £k	Variance £k
Total Capital Investment Income	**6,800**	**5,063**	**1,737**
Investment Works	20,075	16,775	(3,300)
New Build	12,103	9,391	(2,712)
Other Capital Expenditure	1,428	4,916	3,487
TOTAL CAPITAL EXPENDITURE	**33,607**	**31,082**	**(2,525)**
NET CAPITAL EXPENDITURE	**26,807**	**26,019**	**(788)**

Key Comments:

This table shows the 2022/23 budget presented to the Board compared to the Q3 forecast for 2022/23. The forecast reflects the results in the year to date as well as expected income and expenditure for the remaining 3 months of the year. The forecast statutory surplus of £11,292k is £3,187k favourable to budget.

- Net rental income is expected to be £430k favourable with the forecast reflecting a continuation of the favourable performance YTD.
- Grant income is £1,450k higher than budget driven by additional medical adaptation grant income. The associated costs sit within the investment programme.
- Other income is £3,577k higher than budget due to anticipated Social Housing Net Zero grant income of £2,643k (expected January – March 2023) and £684k for the Decarbonisation project.
- ER/VR unbudgeted costs were incurred YTD and will yield future revenue savings.
- Direct running costs are expected to be £970k unfavourable to budget after making provision for additional Here For You fund, a donation to the Wheatley Foundation. Group running costs are favourable by £106k due to central cost savings which have been allocated appropriately across the Group.
- Revenue repairs and maintenance are prudently forecasting an unfavourable variance of £1,585k, due anticipated higher reactive repairs costs over the winter months including flooding repairs and with the increase in customer demand experienced in the first three quarters expected to continue for the remainder of the year.
- Bad debts are £200k lower than budget with the forecast reflecting a continuation of the favourable performance at December.
- Demolition costs are £215k lower as a result of reprofiling the demolition programme.
- Interest is forecast to be in line with budget with lower costs providing capacity to absorb any increases in the variable rate in the last quarter of the year.

Investment:

- The core programme is £3,300k higher than budget with £2,643k additional spend on the Social Housing Net Zero project and additional spend on medical adaptations £1,450k (both fully funded in Income) partly offset by the deferral of the core programme works to 2023/24.
- New Build expenditure is forecast to be £2,712k higher than budget related to the reprofiling spend at Corsbie Road, Springholm and Glenluce, partly offset by Curries Yard added to the 2022/23 programme (£7,321k). Nursery Avenue and Eastriggs remain unchanged.
- Other capital spend is £3,487k lower than budget as a result of lower year to date spend on offices at both Dumfries & Stranraer and lower IT spend in the year.

Wheatley Homes

South

Report

To: **Wheatley Homes South Board**

By: **Stephen Wright, Director of Governance**

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

Subject: **Governance update**

Date of Meeting: **15 February 2023**

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1. Purpose

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

- Board Member appointment; and
- Annual Board agenda planner

2. Authorising and strategic context

2.1 Under the Group Standing Orders, the Group Board is responsible for agreeing the overall governance framework for the Group. The Recruitment, Appointment, Appraisal and Governance ("RAAG") Committee supports the Board in this role.

2.2 Our Board is responsible for ensuring that we meet the requirements of the Group, being that we have a Board of between 8 and 10 members with a balanced mix of skills and experience, in line with the agreed skills matrix and having regard to the diversity of the tenant population we serve.

3. Background

3.1 Following the retirement of Caryl Hamilton it was agreed that we would initiate recruitment for a new Board member with skills and experience in finance. As previously agreed by the Board a priority for any recruitment is that candidates have a strong local connection, ideally a resident of Dumfries and Galloway. This knowledge is complementary to the core finance skills and experience and an important part of the overall Board skills matrix.

4. Discussion

<u>Board Member appointment</u>

4.1 We have identified a potential new candidate who has appropriate skills and experience and lives and works in Dumfries and Galloway. The Chair, accompanied by the Group Director of Finance (as the executive lead for us), will interview the candidate on 15th February 2023.

4.2 Under our Articles of Association we may appoint a new Board member to fill a casual vacancy arising a result of a retirement. If successful, the new candidate would be appointed to fill this vacancy. The appointment would revert to a fixed three-year appointment at the first Board meeting following our AGM. In accordance with the Group Standing Orders, Group Recruitment, Appointment, Appraisal and Governance ("RAAG") Committee approval will also require to be sought.

Annual Board Agenda Planner

4.3 Having an annual Board agenda planner enables the Board to have an understanding of and to directly influence Board activity for the year ahead. The annual planner will remain fluid but will be maintained on AdminControl for the Board's visibility. The annual board agenda planner is attached at Appendix 1.

5. Customer engagement

5.1 There has been no direct engagement with customers in relation to this report.

6. Environmental and sustainability implications

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

7. Digital transformation alignment

7.1 There are no digital transformation implications associated with this report.

8. Financial and value for money implications

8.1 There are no financial implications arising from the recommendations contained within this report.

9. Legal, regulatory and charitable implications

9.1 Standard 6 of the SHR Standards of Governance and Financial Management requires the governing body of all RSLs to 'have the skills and knowledge they need to be effective'. Our Board succession planning and recruitment helps us to achieve this; in addition, having a Board with a range of skills and experience helps ensure strong governance with necessary skills and experience to help ensure we have arrangements in place comply with our legal, regulatory and charitable objectives.

10. Risk appetite and assessment

10.1 Our agreed risk appetite in relation to both our governance structure and our adherence to laws and regulations is "cautious". We mitigate risk in these areas through our approach to succession planning and regular review of our governance-related policies.

11. Equalities implications

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

11.2 We take into consideration any specific member requirements that will support an individual to undertake the role of a Board Member eg provision of specific methods of transport, subsistence and expenses allowances, accessibility to our meeting venues.

11.3 The gender and skills balance of our Board is subject to annual review and reporting and our member applications are encouraged from individuals with a broad range of knowledge, experience, skills or expertise which are complementary to our objects.

12. Key issues and conclusions

12.1 Board planning, both in terms of personnel as well as annual business, is a key strength and helps us to ensure that we have effective arrangements in place to achieve our strategic objectives.

13. Recommendations

13.1 The Board is asked to:

1) Note the proposed interview of a new Board member and that any appointment would be subject to Group RAAG approval and formal Board approval.

2) Note the annual Board agenda planner.

LIST OF APPENDICES
Appendix 1 – Annual Board Agenda Planner

Wheatley Homes South

Appendix 1: Annual Board Agenda Planner 2023

Meeting date	Items
15 February 2023	1. Rent and service charges 23/24 2. 23/24 Financial Projections 3. 5-year Devel. Programme and new build performance 4. 5-year investment Plan 5. Customer Insights Update (pulse survey results and update on management of neighbourhood) 6 Strategic Agreement with DGC 7. CIP deployment in Lochside and Lincludden 8. Performance Report 9. Finance Report 10. Governance update 11. Group sustainability Framework 12. Corporate risk register
29 March 2023 (Followed by stock tour)	1. Assurance Update 2. Finance and 23/34 budget 3. Gender Pay Gap presentation 4. Damp and Mould policy and procedure 5. Home Safe Building Compliance Update 6. Repairs update 7. Cyber Security update 8. Governance update 9. Procurement policy
24 May 2023 (Board meeting and strategy workshop)	1. 22/23 ARC return and year end performance 2. Delivery plan 23/24-*KPIs and targets* 3. Finance report-*loan portfolio submission, summary sheet, financial data and projections* 4. Corporate risk register

Meeting date	Items
	5. Fire prevention and mitigation 6. Acquisitions and disposals update 7.Complaint handling and performance 8. Group Social Media Policy
16 August 2023	1. Governance Update- AGM, Modern Slavery, Board Appraisals, succession plans 2. Financial Statements-letter of rep, letter of comfort 3. Complaint handling and performance 4. Annual Internal Audit Report and opinion 5. Performance Report 6. Finance Report 7. Corporate risk register
20 September 2023 (Board meeting and AGM)	1. Development mid-year update 2. Finance Report 3. Health and safety update
22 November 2023	1. 2024 rent setting 2. Governance update - *Assurance statement* 3. Q2 Performance 4. Finance report 5. Corporate Risk register 6. Assurance update 7. Complaints half year update
Unallocated	Updated WH-S strategy Tenant Satisfaction Survey - planned approach Tenant Satisfaction Survey – results Further repairs updates Foundation update

Meeting date	Items

Report

To: Wheatley Homes South Board

By: Stephen Devine, Director of Assets and Sustainability

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

Subject: Sustainability Framework

Date of Meeting: 15 February 2023

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1. Purpose

1.1 To ask the Wheatley Homes South Board to note the attached Group Sustainability Framework.

2. Authorising and strategic context

2.1. Decisions on group strategy are for Wheatley Group Board under our standing orders.

2.2. 'Setting the benchmark for sustainability and reducing carbon footprint' is a stated key outcome in Your Home, Your Community, Your Future. This Sustainability Framework provides the direction for how this vision will be realised.

2.3. The Sustainability Framework presented here was approved by the Group Board at its meeting on 14 December 2022, and considered previously by Wheatley Solutions, who lead on sustainability, and our expert PNAG (Pathway to Net Zero Advisory Group). Both were supportive of the framework.

3. Background

3.1. As a group we already undertake a wide range of actions that lead to positive sustainability outcomes include through our investment in existing homes, the quality of our new build properties and our varied programmes to improve neighbourhoods and communities. To date our strategic direction on sustainability has been set through our commitment to 'setting the benchmark for sustainability' in Your Home, Your Community, Your Future and through related targets including to reduce emissions of CO_2 from our existing homes by 20,000 tonnes by 2026 and to be carbon neutral in our corporate estate by the same date.

4. Discussion

4.1. The Sustainability Framework provided at Appendix 1 is a first for our Group. It is intended to provide a focus on sustainability, group wide with particular emphasis on our main sources of emissions - our existing homes and their heating systems, our new build properties and our business operations. The first two of these are particularly applicable to Wheatley Homes South including in meeting stated Government policy requirements for:

1) improved energy efficiency in existing homes
2) the need to install new or replacement fossil fuel heating systems to be phased out (in off-gas grid areas) from 2025 and all areas in 2030, and to install a zero-emission heating systems

4.2. The main themes in the framework have been discussed previously by the Group Board and other Group partners, especially Wheatley Solutions, and PNAG. These discussions were lively and varied, and have helped shape the framework. Key points from discussions included:

- that focus was essential and that we should not over commit ourselves to delivering against all global sustainability goals;
- the need to tailor approaches to improving fabric-first energy efficiency by property architype;
- the prominent role that heat networks are likely to play in decarbonising heating systems in our properties;
- recognition of our willingness to go beyond challenging levels set through building standards in our specification for new build homes;
- that any particular activities to promote bio-diversity in our communities should involve extensive customer engagement to ensure buy in;
- that approaches in rural areas will differ from those in urban;
- the importance of developing behaviours to support sustainability objectives, alongside particular initiatives.

4.3. Our intention is to launch the framework during the final quarter of 2022/23. Launch activities will focus particularly on staff, with the customer and stakeholder focus being on projects – such as retrofitting homes, deploying connected response and green infrastructure (e.g. cycle stores, EV charging etc) – under our greener homes, greener lives banner.

4.4. Launch activities will include developing an easily accessible summary version for staff, engaging leaders through existing collaboration forums so they have the necessary understanding to share the framework with their teams, and staff workshop session that build on the sustainability taster and mobilisation sessions we ran earlier this year in conjunction with Planet Mark.

5. Customer Engagement

5.1. Discussions were held with customers, form our Customer Voices network, on the main areas of the framework. There was broad support for the ideas in the framework and especially the importance of improving energy efficiency in existing homes, ensuring that customers were not financial disadvantaged by changes we make and providing on-going advice and guidance to help customers get the most from their heating systems.

5.2. These initial discussions are helpful in ensuring the framework has relevance and in engaging customers in sustainability priorities. Further engagement with customers, and staff, will be essential in implementing the framework to build understanding and to provide a platform for action in daily lives to address the climate emergency. This is a significant aspect of the framework.

6. Environmental and sustainability implications

6.1 This report and the attached framework focus on environmental and sustainability implications.

7. Digital transformation alignment

7.1 Where applicable digital techniques and innovation will be used to support execution of the framework.

8. Financial and value for money implications

8.1 As set out our in the framework there are significant financial implications in achieving sustainability outcomes. The framework makes clear that we do not expect customers to pay for this through increased rents or reduced services. As now, we will work closely with our funders, government and other partners to identify funding sources that will be needed to achieve the objectives in the framework.

9. Legal, regulatory and charitable implications

9.1 The framework, and the actions resulting from it will help focus our efforts including to ensure we meet regulatory objectives relating to sustainability

10. Risk Appetite and assessment

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

- ***Financial or VFM: Open*** *- A significant investment in retrofitting will be required to increase the energy efficiency and reduce the carbon footprint of our existing homes. In this context we are prepared to invest for reward, considering both the value and benefits which this investment will bring. However, we must still minimise the possibility of financial loss by managing risks to a tolerable level*

- ***Reputation and Credibility: Open*** - *We aim to establish Wheatley Group as a role-model for sustainability nationally and beyond, as well as influencing the rest of the sector to raise its standards. We seek to partner with the Scottish Government and other organisations (e.g. Sustainable Glasgow) to achieve our common climate change and sustainable development goals. We are prepared to be innovative to deliver these aims and take decisions that might expose us to additional scrutiny, but only where success is likely and we have taken appropriate steps to minimise any negative exposure.*

- ***Operational Delivery: Hungry*** - *We are eager to be innovative and pioneer new approaches to sustainability through the delivery of innovative energy generation opportunities. We will prioritise solutions that enhance control and cost savings for customers, and work with research partners to solve long standing challenges for improving energy efficiency in non-standard construction types. We are prepared to take greater risks where we believe opportunities will significantly support our aim to 'break the mould' and establish us as a leader in sustainability and reducing carbon footprint.*

- ***Compliance: Legal / Regulatory: Cautious*** - *this area is gaining more importance for stakeholders, including potential investors, staff and customers. We must be able to demonstrate that we have taken action to comply with all existing and emerging legislative and regulatory requirements in this area and be reasonably sure we would win any challenge.*

10.2 The framework presented here is in keeping with this risk profile and provides direction for how these risks will addressed.

11. Equalities implications

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

12. Key issues and conclusions

12.1 The Sustainability Framework is a first for Wheatley and is intended to define how we will 'set the benchmark for sustainability' as we have committed to in Your Home, Your Community, Your Future.

13. Recommendations

13.1 The Wheatley Homes South Board is asked to note the Sustainability Framework at Appendix 1.

<u>Appendices</u>

Appendix 1: Sustainability Framework [redacted] can be found here

Wheatley Homes South

Report

To: Wheatley Homes South Board

By: Alan Glasgow, Managing Director

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

Subject: Corporate Risk Register

Date of Meeting: 15 February 2023

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1. Purpose

1.1 This report asks the Wheatley Homes South Board to consider and approve the proposed changes to the Wheatley Homes South Risk Register.

2. Authorising and strategic context

2.1 In accordance with the Board Terms of Reference, our Board is responsible for managing and monitoring its Corporate Risk Register and Risk Appetite. The Group Board is responsible for managing and monitoring the Wheatley Group Risk Management Framework.

2.2 Risk registers are in place across the Group and are reported to each subsidiary board on a quarterly basis. These capture risks that may impact on the delivery of the Board's strategic aims.

3. Background

3.1 The paper gives an overview of Wheatley Homes South's current risk position for consideration by the Board. As set out in the Group Risk Management approach, this update focuses on risks we wish to bring to the attention of the Board. This includes risks in the following categories:

A. Risks outwith risk appetite;
B. Risks with a residual risk score of 12 of more or an inherent risk score of 20 or more, for which the Board has not received an update on the operation of the controls in the last 6 months, and;
C. Risks highlighted for consideration by the Board are also set out in Section C – Horizon Scanning. This will include new risks, risks to be removed from the Risk Register, or risks with a significant change in scoring. Section C also includes brief details of any significant changes to the external environment that may impact on the Board's risk profile.

4. Discussion

4.1 The chart below shows all risks within the Corporate Risk Register. These are colour-coded as follows:

- Red font – risks highlighted for Member consideration (as set out in paragraphs 3.1 and 3.2) and discussed further below;
- Purple font – risks with a high residual risk or inherent risk score where Boards have received an update on the operation of the controls in the last 6 months;
- Black font – lower scoring risks that have remained stable within the current period.

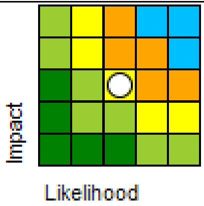
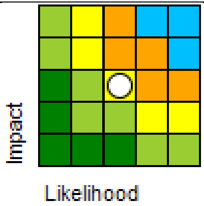
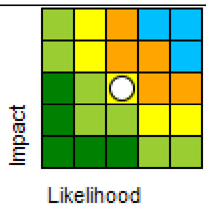
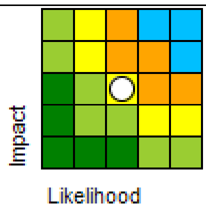
Impact					
5					
4			• Failure to recruit, develop, retain and succession plan	• Cyber Security (A) • Impact on our customers of the Cost-of-Living crisis • Reduced availability of financial support from SGov't/Local Govt	
3		• Business Continuity/ DR • Damp and Mould (C) • Rent Arrears arising from UC • Group Development Programme • WHS Stock Condition	• New operating model implementation • Care and Support Services (A) • Financial impact of rent control legislation (A) • WHS Property Services • Future waves of pandemic • Fire Safety (A) • Compliance with funders' requirements • Customer Satisfaction • Governance Structure • Securing new fundings and adverse market changes • Political and Policy changes • Group Credit Rating (A)	• Climate change impact on Group assets and services	• Supply chain disruption
2			• Implementation of partnership promises	• Laws and Regulations	
1					
		1	2 3	4	5

Likelihood

4.2 The remainder of this section provides additional commentary on those risks highlighted in red font. A full description of each of these risks, and associated controls, is set out in Appendix 2.

Section A - Risks outwith risk appetite

4.3 There are five risks with a residual risk score that is greater than the approved risk appetite. These are set out in the table below.

Risk	Residual Risk Score	Risk Appetite Level	Commentary
[redacted]			
RISK005- Care and Support Services		Minimal	Management will review the scoring of this risk following a one-year review of the Care Quality Framework in April 2023. It is anticipated that this will result in a reduced residual risk score.
RISK022 – Financial impact of rent control legislation		Minimal	The Scottish Government has confirmed that the rent control legislation will lapse from 1 April 2023 for social housing. The legislation will remain in place for private and MMR properties, and there will be a 3% rent increase cap in place until 1 October 2023. There is still a risk of further Scottish Government intervention in future, and until the position is more settled, the risk scoring will be maintained.
RISK003- Fire Safety		Minimal	The risk scoring reflects the high potential impact associated with fire and the Group's limited ability to influence the behaviour of those external to the organisation.
RISK 010 – Group Credit Rating		Minimal	The residual risk score has increased due to the uncertainty within the external economic and policy environment. Management will continue to monitor the potential impact on business plans and keep the scoring of this risk under review.

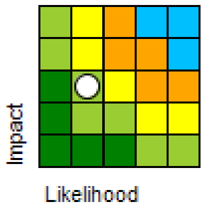
4.4 The implementation of any identified actions will be monitored and residual risk scores will be reviewed as part of the scheduled quarterly review of all risks.

Section B – High scoring risks with controls due for review.

4.5 There are no risks with a residual risk score that is greater than 12, and an inherent risk score of 20 or more, for which the Board has not received an update on the operation of the controls in the last 6 months.

Section C- Horizon Scanning

4.6 Following review of the operating environment, the following risks have been highlighted for consideration by the Board. We will no longer ask the Board to approve minor changes. The table below summarises the key changes to the risks within the Corporate Risk Register; full details of these changes are detailed at Appendix 2.

Risk	Residual Risk Score	Risk Appetite Level	Commentary
NEW RISK: RISK 053: Damp and Mould		Minimal	This risk has been added to the Strategic Risk Register in response to the risk to tenant health caused by damp and mould. The cost-of-living crisis, and in particular the increased cost of heating, increases the risk that tenants may face such issues, as properties become colder and less ventilated. Propose this is added to the WHS risk register to monitor.

4.7 The Board is asked to consider whether any matters discussed elsewhere during the Board meeting result in additional risks to be captured in the risk register.

5. Customer Engagement

5.1 No customer engagement implications arise directly from this report.

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 There is no single risk appetite associated with this paper. Instead, the review of risks within the Corporate Risk Register, as outlined in this paper is designed to provide assurance on the controls in place to manage risks such that the residual risk score is within risk appetite and to identify additional actions management plans to reduce residual risk further, where required.

11. Equalities implications

11.1 This report does not require an equalities impact assessment.

12. Key issues and conclusions

12.1 Review of the Corporate Risk Register has identified five risks that are out with risk appetite for Board consideration.

13. Recommendations

13.1 The Board is asked to:

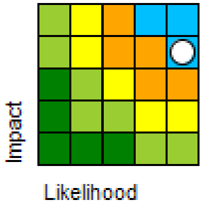
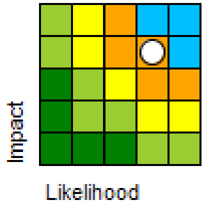
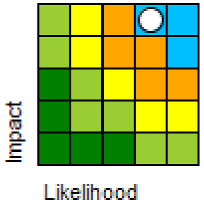
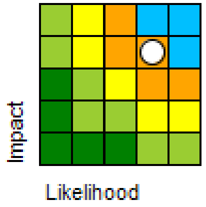
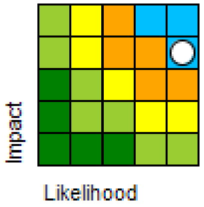
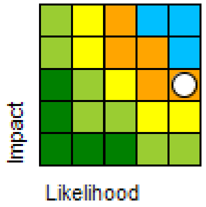
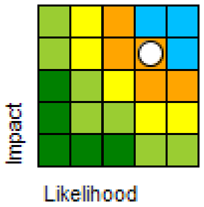
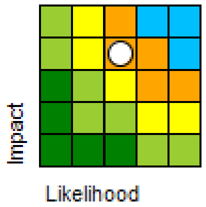
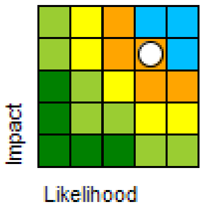
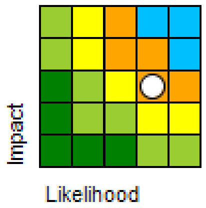
1) Approve the updates in this report; and

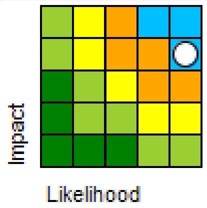
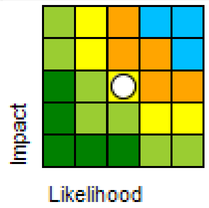
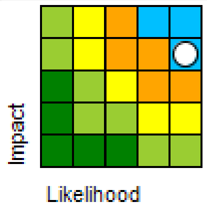
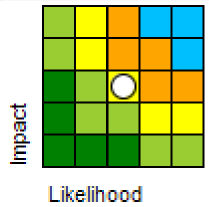
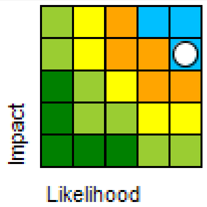
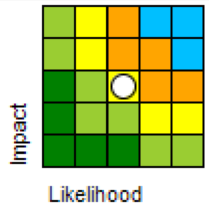
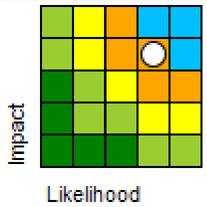
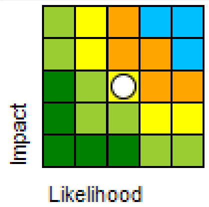
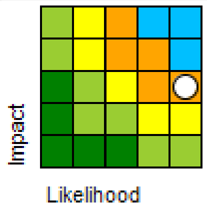
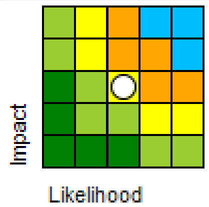
2) Identify any further changes to the Corporate Risk Register arising from discussion at the meeting.

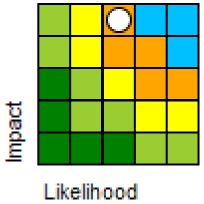
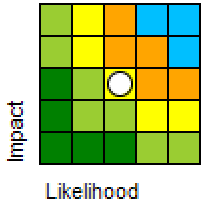
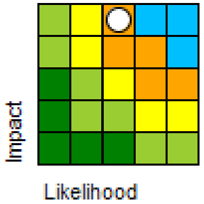
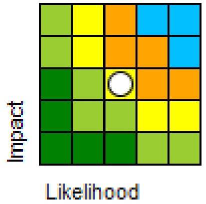
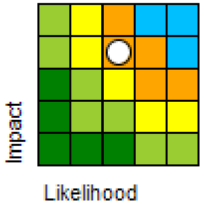
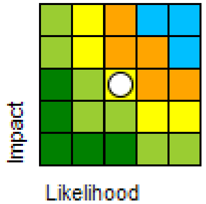
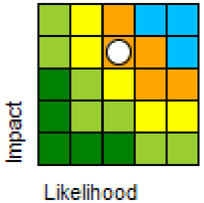
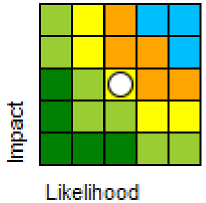
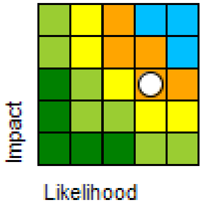
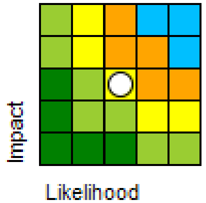
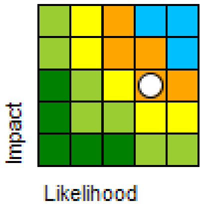
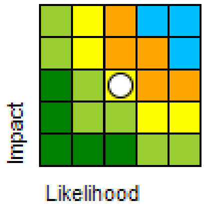
LIST OF APPENDICES:

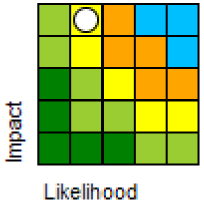
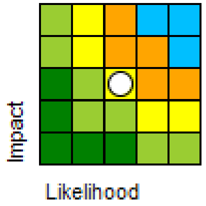
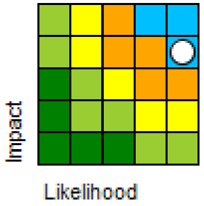
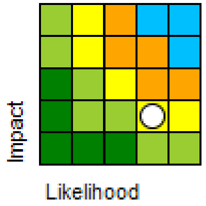
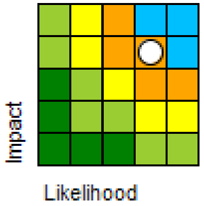
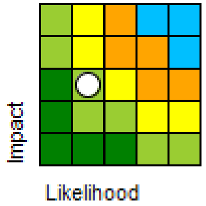
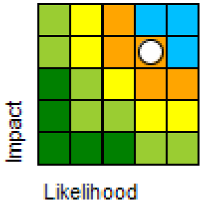
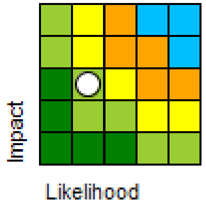
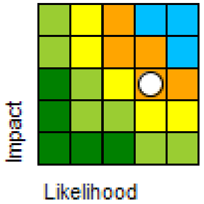
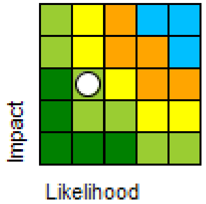
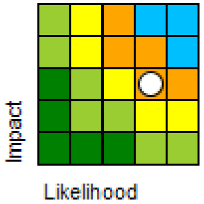
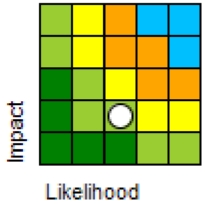
Appendix 1 – Summary status of Wheatley Homes South Corporate Risk Register
Appendix 2 – Wheatley Homes South Detailed Highlighted Risks

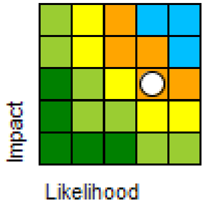
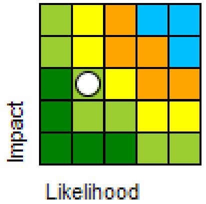
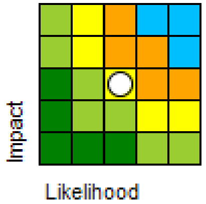
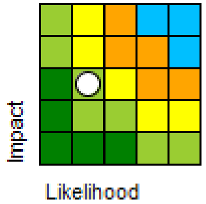
Appendix 1 – Summary status of Wheatley Homes South Risk Profile (full details available on Pentana)

Code	Title	Original Score	Risk Appetite	Current Risk Score	Owner	Strategic Outcome	Ref to Appendix 2
[redacted]							
RISK 001	Impact on our customers of the cost of living crisis		Risk Appetite is HUNGRY (Blue)		Group Director of Communities	Supporting economic resilience in our communities	N/A (High inherent and residual risk scores; Boards have received an update within the last 6 months)
RISK 021	Reduced availability of financial support from Scottish Government and / or local government		Risk Appetite is OPEN (Orange)		Group Director of Finance	Raising the funding to support our ambitions	N/A (High inherent and residual risk scores; Boards have received an update within the last 6 months)
RISK 018	Supply chain disruption		Risk Appetite is OPEN (Orange)		Group Director of Governance & Business Solutions	Increasing the supply of new homes	N/A (High inherent and residual risk scores; Boards have received an update within the last 6 months)
RISK 015	Failure to recruit, develop, retain and succession plan		Risk Appetite is HUNGRY (Blue)		Group Director of Finance	W.E. Work – strengthening the skills and agility of our staff	N/A (High residual risk score; Boards have received an update within the last 6 months)
RISK 023	Climate change impact on Group assets and services		Risk Appetite is OPEN (Orange)		Group Director of Repairs and Assets	Setting the benchmark for sustainability and reducing carbon footprint	N/A (High residual risk score; Boards have received an update

Code	Title	Original Score	Risk Appetite	Current Risk Score	Owner	Strategic Outcome	Ref to Appendix 2
							within the last 6 months)
RISK 004	New operating model implementation		Risk Appetite is **HUNGRY** (Blue)		Group CEO; Group Director of Finance	W.E. Work–strengthening the skills and agility of our staff	N/A (High inherent risk scores; Boards have received an update within the last 6 months)
RISK 005	Care and support services		Risk Appetite is **MINIMAL** (Light Green)		Group Director of Communities	Shaping Care Services for the future	Page 13 (Outwith Risk Appetite)
RISK 022	Financial impact of rent control legislation		Risk Appetite is **MINIMAL** (Light Green)		Group Director of Finance	Maintaining a strong credit rating and managing financial risk	Page 14 (Outwith Risk Appetite)
RISK 183	WHS Property Services		Risk appetite is **OPEN** (Orange)		Group Director of Repairs and Assets	Developing a Customer Led Repairs Service	N/A
RISK 002	Ongoing threat of future waves of COVID–19 and / or another pandemic		Risk Appetite is **HUNGRY** (Blue)		Group Director of Repairs and Assets; Group CEO	W.E. Work–strengthening the skills and agility of our staff	N/A

Code	Title	Original Score	Risk Appetite	Current Risk Score	Owner	Strategic Outcome	Ref to Appendix 2
RISK 003	Fire Safety		Risk Appetite is **MINIMAL** (Light Green)		Group Director of Repairs and Assets	Investing in existing homes and environments	Page 15 (Outwith Risk Appetite)
RISK 008	Compliance with funders' requirements		Risk Appetite is **OPEN** (Orange)		Group Director of Finance	Raising the funding to support our ambitions	N/A
RISK 006	Customer Satisfaction		Risk Appetite is **OPEN** (Orange)		Group Director of Housing & Property Management	Enabling customers to lead	N/A
RISK 009	Governance Structure		Risk Appetite is **CAUTIOUS** (Yellow)		Group Director of Governance & Business Solutions; Group CEO	W.E. Work–strengthening the skills and agility of our staff	N/A
RISK 011	Securing new funding and adverse market changes		Risk Appetite is **OPEN** (Orange)		Group Director of Finance	Raising the funding to support our ambitions	N/A
RISK 014	Political and Policy changes		Risk Appetite is **OPEN** (Orange)		Group Director of Governance & Business Solutions; Group CEO	Influencing locally and nationally to benefit our communities	N/A

Code	Title	Original Score	Risk Appetite	Current Risk Score	Owner	Strategic Outcome	Ref to Appendix 2
RISK 010	Group Credit Rating		Risk Appetite is MINIMAL (Light Green)		Group Director of Finance	Maintaining a strong credit rating and managing financial risks	Page 16 (Outwith Risk Appetite)
RISK 016	Laws and Regulations		Risk Appetite is CAUTIOUS (Yellow)		Group Director of Governance & Business Solutions	Progressing from Excellent to Outstanding	N/A (High inherent risk score; Boards have received an update within the last 6 months)
RISK 012	Business Continuity / Disaster Recovery		Risk Appetite is HUNGRY (Blue)		Director of People Services	W.E Work – Strengthening the skills and agility of our staff	N/A
RISK 053	Damp and Mould		Risk appetite is MINIMAL (Light Green)		Group Director of Repairs and Assets	Investing in existing homes and environments	Page 17 (New risk)
RISK 007	Rent Arrears arising from Universal Credit		Risk Appetite is MINIMAL (Light Green)		Group Director of Housing & Property Management	Maintaining a strong credit rating and managing financial risks	N/A
RISK 020	Implementation of partnership promises		Risk Appetite is MINIMAL (Light Green)		Group Director of Governance & Business Solutions; Group CEO	Progressing from Excellent to Outstanding	N/A

Code	Title	Original Score	Risk Appetite	Current Risk Score	Owner	Strategic Outcome	Ref to Appendix 2
RISK 172	Group Development Programme		Risk Appetite is **MINIMAL** (Light Green)		Group Director of Repairs and Assets	Increasing the supply of new homes	N/A
RISK 184	WHS Stock Condition		Risk appetite is **OPEN** (Orange)		Group Director of Repairs and Assets	Investing in existing homes and environments	N/A

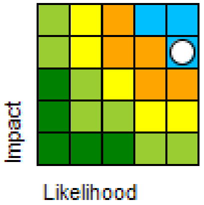
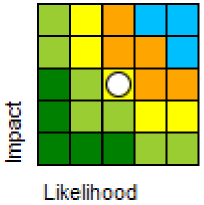
Appendix 2 – Detailed risks highlighted for Board consideration

[redacted]

Strategic Outcome		Risk type		Risk owner	
Description			***Controls***		
Inherent risk	**Residual risk**	**Risk Appetite level:**	**Previous / Next detailed Board update on operation of controls listed above:**		

RISK 005 Care and support services – *Outwith Risk Appetite*

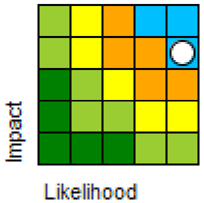
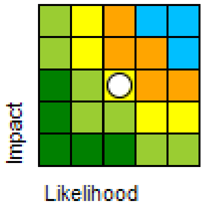
Strategic Outcome	Shaping Care Services for the future	Risk type	Compliance: Legal/Regulatory	Risk owner	Group Director of Communities
Description			***Controls***		
A failure in the care of an individual could result in serious personal harm, leading to risk to life and limb, financial liability and loss of future work due to reputational damage. The commissioning environment relating to care and support services creates risks that funding is insufficient to allow services to break-even while paying staff fair wages.			Care and support services governance arrangements, including the authorising environment, are clear and have been approved. These include regular reviews of service financial positions and processes to hand back services which cannot be delivered in a financially viable manner. Care Assurance Framework (which includes monitoring the results from Care Inspectorate service visits and Group Assurance inspections) in place which		

			assesses the quality of care and adherence to Care policies and procedures across Group. Care Quality Framework approved by Care Board April 2022 is being implemented. The Care Inspectorate has remobilised inspections of registered services as part of its scrutiny arrangements. Regular management review of service users' care packages to monitor where people are leaving the services and how to redeploy resources or attract new users. The Protecting People Policy Framework sets out arrangement for protecting the People We Work For, including those considered to be vulnerable. Work to deliver against the Framework is reported to the Wheatley Care Board.
Inherent risk	**Residual risk**	**Risk Appetite level:**	**Previous / Next detailed Board update on operation of controls listed above:**
		Risk Appetite is **MINIMAL** (Light Green) **Outwith Risk Appetite**	Finance reports are standing items at the Wheatley Care and Group Boards. (Ongoing) Care business plan and ongoing care performance reporting to Group and Wheatley Care Board (minimum quarterly)

RISK 022 Financial impact of rent control legislation – *Outwith Risk Appetite*

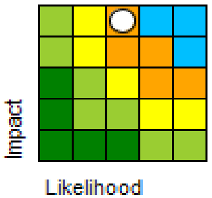
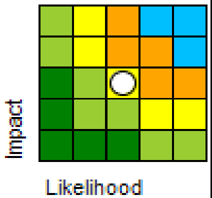
Strategic Outcome	Maintaining a strong credit rating and managing financial risk	Risk type	Financial or VFM	Risk owner	Group Director of Finance

Description	*Controls*
There is a risk that the Group is required to significantly curtail future planned expenditure as a result of rent controls imposed by the Scottish Government, resulting in reduced spend on the new build programme, reduced capital investment in existing properties, and reduced services to customers, all of which may reduce customer satisfaction.	The Group is involved in discussions with the Scottish Government, both directly and through the Scottish Federation of Housing, about its plans in relation to the extent and period of any rent controls applied after 1st April 2023. This includes the Group Chief Executive's membership of a Scottish Government-convened working group. The Group has developed a flexible approach to the rent consultation so that customers contribute to the process in a meaningful way, within the constraints of the current period of uncertainty. The Finance team has reviewed financial plans against a variety of assumptions and will continue to review business plans as additional information becomes available.

Inherent risk	Residual risk	Risk Appetite level:	Previous / Next detailed Board update on operation of controls listed above:
		Risk Appetite is **MINIMAL** (Light Green) **Outwith Risk Appetite**	• Group Board workshop including discussion of cost-of-living crisis (August 2022) • Group Board paper on rent setting approach (October and December 2022)

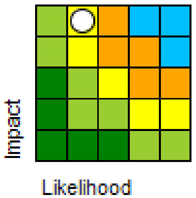
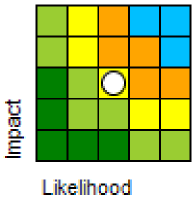
RISK 003 Fire Safety – *Outwith Risk Appetite*

<table>
<tr><td>Strategic Outcome</td><td colspan="2">Investing in existing homes and environments</td><td>Risk type</td><td>Compliance: Legal/Regulatory</td><td>Risk owner</td><td>Group Director of Repairs and Assets</td></tr>
<tr><td colspan="3">Description</td><td colspan="4">Controls</td></tr>
<tr><td colspan="3">There is a risk that a failure to comply with relevant fire safety standards for our buildings results in harm to the health or safety of our customers and/or staff, leading to injuries or fatalities, enforcement action and reputational damage</td><td colspan="4">Group Fire Safety Team focuses on identification of fire preventions actions for implementation by MDs.
Fire Working Group attended by Snr Mgt teams every 2 months feeds into a Group Executive Fire Liaison Meeting chaired by Executive Lead and attended by Directors to review performance, emerging issues and escalate matters as required.
Quarterly Bi-annual reporting of implementation of actions to Group Audit Committee.

Outwith relevant premises, Fire Prevention and Mitigation Framework, including our approach to high rise block inspections and Livingwell, and Fire Risk Assessments are completed on a rolling cycle.
Daily, weekly and monthly inspections of high-rise domestic premises maintained by Environmental Teams in between Fire Risk Assessments being completed.
Extensive compliance and investment regime to achieve compliance with building safety regulations (as required) and best practice guidance.</td></tr>
<tr><td>Inherent risk</td><td>Residual risk</td><td>Risk Appetite level:</td><td colspan="4">Previous / Next detailed Board update on operation of controls listed above:</td></tr>
<tr><td></td><td></td><td>Risk Appetite is <u>MINIMAL</u> (Light Green)

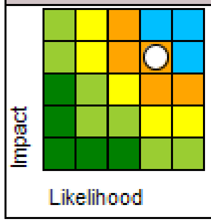
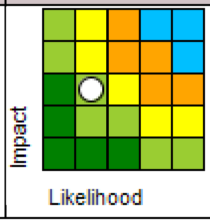
Outwith Risk Appetite</td><td colspan="4">Standing item at Group Audit Committee meetings. (Ongoing)
Annual Report to RSL and Lowther Boards on Fire Prevention and Mitigation Framework
Group, RSL and Lowther Boards - Fire safety performance related KPIs (ADFs and FRAs) as part of standing performance updates. (Ongoing)</td></tr>
</table>

RISK 010 Group Credit Rating – *Outwith Risk Appetite*

<table>
<tr><td>Strategic Outcome</td><td>Maintaining a strong credit rating and managing financial risks</td><td>Risk type</td><td>Financial or VFM</td><td>Risk owner</td><td>Group Director of Finance</td></tr>
<tr><td colspan="2">Description</td><td colspan="4">Controls</td></tr>
<tr><td colspan="2">There is a risk that external factors such as a downgrade of the UK's credit rating or a default by another organisation within the social housing sector results in a downgrading of the Group's credit rating to BBB+ or below, resulting in a potential requirement to repay our European Investment Bank loans, a reduction in the availability of future borrowing, and/ or an increase in the cost of current debt.</td><td colspan="4">The Group’s business plan is designed to maintain a strong standalone credit rating, for example excluding build for sale. Our financial Golden Rules include maintaining strong levels of liquidity to mitigate refinance risks. Ongoing dialogue is maintained with relevant credit rating agencies in order to mitigate the risk of unexpected rating changes which are controllable. Mitigation drafting used in legal clauses - in the event the rating fell to BBB+, the legal clauses are specific that this is not an event of default (thereby avoiding cross-default). Negotiation period – the legal clauses provide for a period to negotiate with EIB on mitigating measures, such as revisions to covenants or posting of increased security/collateral. Standby funders to replace EIB if necessary - A strong relationship is maintained with EIB to mitigate future risk from external factors causing a credit rating downgrade. Strong investor/lender relationships are maintained with a number of other organisations at all times in case of unanticipated funding need. Annual review (April) and quarterly meetings held with the S&P ratings team to enable pre-emptive actions where required.</td></tr>
<tr><td>Inherent risk</td><td>Residual risk</td><td>Risk Appetite level:</td><td colspan="3">Previous / Next detailed Board update on operation of controls listed above:</td></tr>
<tr><td></td><td></td><td>Risk Appetite is <u>MINIMAL</u> (Light Green)

Outwith Risk Appetite</td><td colspan="3">Business plan projections for all Boards set out how we will maintaining financial position (Feb 22)
The Group and WFL1 Boards receive quarterly treasury reports on the current credit market conditions and any credit rating updates. (Quarterly through 2021 and 2022)</td></tr>
</table>

RISK 053 Damp and Mould – *New Risk*

<table>
<tr><th>Strategic Outcome</th><th colspan="2">Investing in existing homes and environments</th><th>Risk type</th><th>Compliance - Legal / Regulatory</th><th>Risk owner</th><th>Group Director of Repairs and Assets</th></tr>
<tr><td>Description</td><td colspan="6">Controls</td></tr>
<tr><td>There is a risk that housing stock is in a poor-quality condition as a result of damp and mould, resulting in harm to tenants' health.</td><td colspan="6">Existing controls
The Group has a Damp and Mould Policy, which is supported by detailed procedures.
Mould and damp are recorded as specific work order descriptions, with agreed timescales for completion of the works. Timescales for completion of mould works have been reduced from 30 to 15 days and all jobs include a full inspection arranged by the RICO team within 48 hours. Additional staff, who will specialise in mould and damp, are being recruited to provide additional resource to the existing team.
A process in in place to contact tenants with completed mould and damp jobs to determine whether the reported issue has been resolved.
Trades staff are made aware of condensation and its causes, as well as being trained in application of products used to manage it.
There are annual visits to all properties as part of technical compliance programme, with those in attendance advised to report any issues noted while in a property, including damp and mould.
Housing Officers also access properties at least once per annum (usually more frequently). Housing Officers have access to information about current mould and damp jobs, factsheets to provide to tenants and are able to direct tenants to videos on how to manage issues. These are also available on Group websites.
Training has been developed for all frontline staff who work with tenants including housing, wraparound services, CFC and care staff. CFC staff have specific script for probing when someone raises concern about damp or mould so we understand clearly the extent of concern at the outset.
A No Access Policy to cover the Group’s approach to forced access, including in instances where repeated issues of damp and mould are raised but access is refused, has been recently rolled out.
Planned controls
The Group Health & Safety team has sourced products that can be made available to tenants to help manage condensation, such as dehumidifiers, air dryers for clothes and anti-mould sprays. These will be stored locally and fuel advisors will be able to issue these products to assist tenants.
All staff with reason to visit customer homes are being trained to recognise signs of damp and mould.
Daily PowerBI reporting on numbers of mould and damp work orders is in development.
The group is developing a pilot exercise to test environmental sensors in a small number of properties.</td></tr>
<tr><td>Inherent risk</td><td>Residual risk</td><td>Risk Appetite level:</td><td colspan="4">Previous / Next detailed Board update on operation of controls listed above:</td></tr>
<tr><td></td><td></td><td>Risk appetite is <u>MINIMAL</u> (Light Green)</td><td colspan="4">Property Condition Assurance Approach reported to Subsidiary Boards in November 2022 and Group paper on approach to Damp and Mould at the December Group Board.</td></tr>
</table>