



**WHEATLEY HOMES SOUTH LIMITED
BOARD MEETING**

**Wednesday 29 March 2023 at 10.30am
Brasswell Office (Dumfries)**

AGENDA

1. Apologies for absence
2. Declarations of interest
3. Appointment of Director
4. Minute of meeting held on 15 February 2023, matters arising and action list
5. Chair and Managing Director updates

Main business

6. Repairs, damp and mould update
7. Home Safe building compliance update
8. Strategic Agreement with Dumfries and Galloway Council
9. 9.1 2023/24 budget
- 9.2 Finance Report
10. [redacted]

Other business

11. Gender pay gap (presentation)
12. Governance update
13. Procurement strategy and policy updates
15. AOCB

Dates of future meetings:

- Wednesday 24 May at 10.00-17.00 (Board and strategy workshop)
- Wednesday 16 August at 10.30am
- Wednesday 20 September at 10.30am - AGM (Board meeting 11.15am)
- Wednesday 22 November at 10.30am

Report

To: Wheatley Homes South Board

By: Danny Lowe, Director of Group Repairs, Investment and Compliance

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

Subject: Repairs, damp and mould update

Date of Meeting: 29 March 2023

1. Purpose

- 1.1 To update the Board on how we are continuing to improve our repairs service and also how we are building on our already strong processes for dealing with reports of mould and damp in our customers' homes.

2. Authorising and strategic context

- 2.1 Under the Wheatley Homes South Standing Orders our Board has an ongoing role monitoring our approaches to risk and performance.

3. Background

- 3.1 Following the work undertaken through 2022 to drive further improvement in our repairs service, a commitment was made to update our Board on progress.
- 3.2 Ensuring we deal with any reports of damp and mould has always been a priority for the Group. A detailed policy and procedure were approved by the Board February 2022. This was further enhanced in November 2022.
- 3.3 In November 2022, the coroner's report into the tragic death of a child, Awaab Ishak, at his social rented property in Rochdale was released. This cited that he died of a respiratory condition caused by mould in his home.
- 3.4 Following this case, the Scottish Housing Regulator wrote to ask all governing bodies and committees to consider the systems they have in place to ensure their tenants' homes are not affected by mould and dampness and that they have appropriate, proactive systems to identify and deal with any reported cases of timeously and effectively. This report sets out how we are continuing to build on our already strong approach in this area to ensure our culture and processes take a "zero tolerance" approach to damp and mould.

4. Discussion

Repairs service improving management of repair works

- 4.1 Customer insight and feedback from how customers viewed our repairs service identified two main areas for improvement:
- improving the communication around repairs appointments
 - improving the management of complex repair works (reducing the number of visits to complete a repair)
- 4.2 Both of these areas are a focus of our service in terms of developing and implementing improvements.

Improving communications

- 4.3 The “Book It, Track It, Rate It” pilot, to undertake live testing of the system with repairs operatives prior to any launching with customers, commenced in Glasgow on 21 November 2022 as planned. The pilot testing identified a technical issue with delays in the processing of messaging which would be issued to customers eg texts and map link. Following a pause of the pilot to identify a solution, these issues have now been resolved.
- 4.4 The expanded roll out of the pilot for Book It, Track It, Rate It was re-commenced in mid-February 2023, with live communications with customers planned to commence in mid-March 2023. The rate it part of the pilot is programmed to go live at the end of March 2023.
- 4.5 Assuming the successful roll out of our pilot programme, plans are being developed to roll out the Book It, Track It, Rate It system in Wheatley Homes South in April.
- 4.6 It is expected that in addition to increasing customer satisfaction through improved communication around repairs, the introduction of Book It, Track It, Rate It will also lead to a reduction in “no access” repairs visits and calls to the CFC enquiring about when appointments are scheduled for and tracking progress with the tradesperson on the day of the repair.
- 4.7 Actions are also under development with the service delivery teams involved in the Repairs Service, to improve communications with customers around follow on repairs where these are needed so that the customer remains fully informed of what remains to be done and the timescales for these.

Other Improvement Areas

- 4.8 As part of our continued focus on improving the Repairs Service the following improvement activities are also planned for 2023/24
- change to structure and service model
 - IT enhancements
- 4.9 Currently works to void our properties are carried out through City Building (Glasgow) which was put in place in 2022/23 to help address workload demands on a temporary basis.

- 4.10 Analysis of the works undertaken to bring voids up to standard has been carried out and a proposal is being finalised to enhance the existing workforce so that this work can be carried out by the in-house team. This proposal is expected to bring about a number of benefits including:
- Improved management of this workstream as the works will be undertaken by the in-house service.
 - Overall reduction in costs of delivery of the void workstream.
 - Improvements in the quality of the works being delivered due to these being delivered through the in-house service rather than through 3rd party sub-contractors in some cases.
 - Local employment opportunities through the additional trades posts that will be created.
- 4.11 It is anticipated that this proposal will be finalised in March and the new structure in place and operational by early May. A critical part of delivering an efficient and effective Repairs Service is having effective IT systems which assist the operational planning and delivery of works but which also support the performance management of the service, including the identification of areas for improvement.
- 4.12 Over the summer months enhancements are being scheduled to the existing Servitor System operating in WH South and which will bring benefits in the:
- Delivery of the Voids Service
 - Management of Compliance Programmes through a single IT source which will enable better reporting and more effective analysis
- 4.13 Improved reporting tools will also be introduced to help drive further service improvements through easier reporting and analysis of productivity as well as service failure areas e.g. no accesses.
- 4.14 We are also concluding the development of a single suite of Key Performance Indicators for use across the Group to monitor the performance of the Repairs Service and which will enable direct comparison of performance and assist in the identification of areas for improvement. Central to this is the adoption of the Servitor system, in place in CBG and Wheatley Homes South, and programmed to be implemented in WHE in the summer. It is expected that this development work will be concluded, and the new reporting arrangements will be in place, for the new financial year.

Damp, Mould and Condensation

- 4.15 Our Group dampness, mould and condensation policy recognises the four main causes of dampness:
- penetrating dampness
 - rising dampness
 - defective plumbing
 - condensation
- 4.16 All of these have the potential to lead to mould growth, which in turn is recognised as a potential public health issue.

- 4.17 These also take account of contributing factors such as fuel poverty, roof repairs, blocked or broken ventilation and customer management of the home etc. and provide detailed guidance on how reports of dampness, mould & condensation should be managed consistently across Group. This highlights the importance of using insight and intelligence to inform our proactive approach.
- 4.18 Our process was enhanced through August and September of last year. This now includes an automatic visit for every complete damp and mould repair by a Housing Officer to ensure our customer is satisfied and that the repair has been effective in preventing the return of any mould and/or damp.
- 4.19 Having further reviewed our processes and procedures, we have taken further action to reinforce our strong approach to damp and mould. This includes:
- daily review of all cases, with actions on an individual property basis tracked and monitored by a central team comprising senior managers with expertise in property maintenance and housing management/tenant support.
 - we will aim to offer to visit a customer's home within **48 hours** of a report of mould.
 - if the customer reports, or if any of our staff members observe, a significant mould issue, this will be treated as an emergency and the customer will be visited by specialist trades staff **within 3 hours**.
 - a new target to **complete** repairs within 15 working days, down from the previous target of 30 working days (noting that some repairs may be larger or more structural in nature – for example where a new roof is needed, in which case a management and monitoring regime will be instigated for every affected property to contain the issue and support the customer pending completion of these works; this may on occasion involve the decant of tenants).
 - enhanced reporting arrangements – mould and damp figures are now included as routine in Board performance reports.
 - increasing the resources within our repairs team with additional specialist resources such as in-house building surveyor skills and integrating this with the City Building rot team.
 - augmenting our internal team with an on-call building surveyor firm to provide specialist technical input on an as-needed basis – this will include assistance in the diagnosis of root causes of damp, mould and condensation and with the verification and validation of our proposed actions.
 - refreshing the customer factsheet highlighting actions that can be taken to prevent mould and condensation.
 - training for staff and access to a full range of support services for customers including the “Here for You” fund.
 - writing to tenants to remind them of the support we have available over the winter months – including our Here for You fund – and to re-affirm that they should call us immediately if they are aware of any issues with mould, damp and condensation in their homes.
 - a new forced access approach, whereby if a customer has reported mould but has not permitted access following 3 visits, we will force access to the property to inspect on health and safety grounds.

- 4.20. We reviewed and considered other possible measures we could take to reinforce the **“zero tolerance”** approach to reports of mould and damp, including any other measures that can enhance the rapid rectification of reports of damp and condensation including:
- the review of existing damp, mould and condensation policy and operational procedures (attached as Appendix 1)
 - review of our no access approach
 - continuing to improve format and IT processes supporting daily reporting and case management
 - enhancement of the quality assurance process
 - enhancement of staff and partner training materials to assist with the identification, reporting and advice
 - improving customer factsheets/support materials
 - establishing stocks of damp and mould prevention products for customers
- 4.21 The first year of a rolling five-year survey of the condition of our housing stock across the Group has recently been completed by our independent property consultants JLL. This involved “in person” visits to assess the condition both internally and externally of over 2,600 of our homes. This will increase to cover over 8,500 inspections, representing 20% of our homes, over the five-year period of the contract. JLL worked together with qualified building surveyors from JMP Construction and Property Consultants, and the properties surveyed were spread across a variety of archetypes in Wheatley Homes Glasgow, Wheatley Homes East and Loretto. A large proportion of our homes were surveyed in 2019 in conjunction with the partnership discussions at that time and were not included in the properties selected for survey this year, but will form part of the sample from year two (2023/24) onwards.
- 4.22 The results of the surveys confirm a high level of confidence in the stock condition data held on our asset management system PIMMS and validate our lifecycle assumptions on component replacements. The inspections themselves provide an opportunity to highlight any specific issues within inspected properties including unreported damp and mould cases. Across the properties surveyed no systemic damp and mould issues were identified, however we have taken the decision to supplement the general stock condition surveys with targeted inspections by JMP of a sample of properties within archetypes that are more susceptible to damp and mould issues to provide additional third-party assurance. As at 3 March 2023, 2,396 surveys had been completed (40%) and from this 8 cases of mould/damp have been identified for immediate follow up action through the Myrepairs team.

Good Practice in Managing Mould and Damp

- 4.23 The Housing Ombudsman Service for England published its one year follow up report “Spotlight on damp and mould – it’s not lifestyle” on 2 February 2023.
- 4.24 Whilst the Housing Ombudsman Service is not a Regulatory body in Scotland, given that this report highlighted areas of best practice as well as identifying areas of continued concern across the housing sector in England it was considered appropriate to carry out a self-assessment against the 10 key factors. These are areas that the Housing Ombudsman Service considers will have an impact on how successful any action plan is in practice, and which helps in testing the adequacy of these.
- 4.25 Appendix 2 notes the outcome of our self-assessment and provides detail of the current status against each of the 10 key factors as well as further actions being taken or underway.
- 4.26 Overall this summary reinforces that we are in a good position with regards to processes and procedures around dealing with reports of damp and mould and taking the further actions noted will assist in strengthening this position even further.
- 4.27 We will also continue to engage across the Housing sector, reviewing any best practice guidance issued and attending awareness/training events to identify best practice which can further strengthen/enhance our approach.

Current Performance

- 4.28 A breakdown of the current status of all live mould cases, with categorisation for those that have already had an inspection, is as follows:

Subsidiary	Live Cases	Cat 3	Cat 2	Cat 1
WHS	41	33	8	0

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 an 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.

- 4.29 The service target is to treat/remove any mould present within 48 hours of this being reported and this is generally undertaken at the first visit to the property. For category 1 repairs noted above there may be an element of further repair works needed to resolve leaks or water penetration issues and which will require further repair visits to fully resolve the underlying cause of the mould.

- 4.30 We will continue to focus on the management and reduction of live mould, damp and rot cases. It is anticipated that as we move forward into spring/summer, increased temperatures will also help with reducing the live caseload through a reduction in condensation related referrals.

5. Customer Engagement

- 5.1 Customers will continue to be engaged through a number of means, including winter preparation campaigns/information, newsletters and annual customer conversations.

6. Environmental and sustainability implications

- 6.1 This report has no environmental or sustainability considerations.

7. Digital transformation alignment

- 7.1 This report aligns with the Group digital strategy, where we will use our systems to support the monitoring, tracking and analysis of damp and mould cases.

8. Financial and value for money implications

- 8.1 Costs for repair and investment work related to remediating damp and mould in our properties including additional staffing resource is provided for in the 2022/23 business plan and annual budget.

9. Legal, regulatory and charitable implications

- 9.1 Ensuring tenant and resident safety is a critical part of the work of social landlords in Scotland. The Scottish Housing Quality Standard requires that the homes provided by social landlords:

- Meet the Tolerable Standards
- Be free from serious disrepair
- Be energy efficient
- Have modern facilities and services
- Be healthy, safe and secure

- 9.2. All RSL boards have approved that forced appointments can be used where customers do not allow access to enable reported issues of damp and mould to be addressed.

10. Risk Appetite and assessment

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

11. Equalities implications

- 11.1 As part of the work referenced to develop a new end to end process for the management of dampness, mould and condensation we will review and look to strengthen our advice/guidance to customers and make these available in a range of formats and mediums that are readily understood and practical. We will also engage through customer focus groups to develop bespoke solutions where needed to meet the needs of individuals and families as part of a proactive approach to the management and prevention of mould, dampness and condensation in our homes.

12. Key issues and conclusions

- 12.1 Damp and mould are a serious health concern and are being treated in the same manner as other key compliance workstreams, such as gas safety checks and fixed electrical testing.
- 12.2 We have robust processes to deal with reports of mould and damp, and these have been strengthened over 2022. We will continue to keep the Board updated on our work in this area.

13. Recommendations

- 13.1 The Board is asked to:
- 1) Note the contents of this report.
 - 2) Note the updated Group Managing Dampness, Mould and Condensation Policy attached as Appendix 1 which was approved by the Group Board on 15 March 2023.

LIST OF APPENDICES

Appendix 1 - Group Managing Dampness, Mould and Condensation Policy [redacted]
can be found [here](#)

Appendix 2 - Self-assessment: DMC Housing Ombudsman Review

Appendix 2

Housing Ombudsman Service

“Spotlight on damp and mould – it’s not lifestyle – published 2 February 2023

Outcome of Self-Assessment against 10 key Factors

From Reactive to Proactive	Current position and sources of assurance	Further enhancements in progress
<p>Find your silence</p> <p>Complaints systems are there so people can raise their issues and get them addressed quickly. Landlords should analyse who is not using their complaints process, and why. This will help prevent receiving unexpected Letters Before Claim and/or press enquiries. Most importantly, however, finding your silence will help to ensure parity in accessing the complaints process and help to identify any shortfalls in its reach. Receiving a high volume of complaints is not necessarily indicative of a failing. Rather, it could indicate your complaints process is accessible, you are open and transparent, residents feel they can complain and believe there is a value to doing so. The Housing Ombudsman is as concerned by low levels of complaints as high ones, particularly with larger landlords.</p>	<p>Our complaints policy and process are published on our website. Complaints can be reported via multiple channels including in person through local staff eg Housing Officers and NETs operatives, in writing, by phone and via our Web Self Service.</p> <p>The volumes of complaints received and the breadth of these would suggest that the complaints process is easily understood and accessible.</p> <p>We have consciously diversified our customer voices profile to ensure that a wider range of voices are informing our work, feeding back customer experience and co-creating the way we deliver services which will include how we tackle harder to reach tenants.</p> <p>Each Housing Officer undertakes an annual visit. Part of this includes ensuring that the customer has no issues they have been unable to raise or have resolved. We have a translation service to ensure customers who do not speak English have a mechanism to communicate any issues with us and Housing Officers are aware of this service.</p>	<p>As part of the new end to end processes being developed to deal with reports of damp/mould we will incorporate contact with customers 1 month after the repair completion and again after 3 months to ensure that there are no further issues.</p> <p>The introduction of book it, track it, rate it will allow customers to provide real time feedback on repairs and request an immediate call back if they're dissatisfied with a repairs appointment (including mould and damp). The follow up visit to the customer by the housing officer within 5 days of notification of completion of the work will also present an opportunity for the customer to note back any concerns.</p>

<p>Proactive communication strategy</p> <p>Advice given to residents needs to be provided in multiple formats. The tone of the advice is key. The resident should not be patronised, insulted or blamed, for example, by making impractical suggestions about keeping the heating on all the time. The onus for resolving the issue should not be placed solely on the resident with a subtext that the issue is within their control. Our call for evidence highlighted there is good practice regarding what actions landlords are taken, but this often isn't communicated effectively to residents.</p>	<p>Our staff training and all associated procedures are extremely clear that the guiding principle for all customer interaction is that there is no fault with customers and that 'lifestyle' is not a factor. It is also clear that rectifying the issue is our responsibility as a landlord, not the customers.</p> <p>We provide advice through multiple channels and formats, including in writing via our websites, through fuel advisors, Housing Officers and technical staff such as Repairs and Investment officers. The focus of advice is that it is practical and workable and where appropriate has assistance such as fuel vouchers to cover the cost of running temporary heaters or dehumidifiers.</p>	<p>Customer communications are currently being fully reviewed, including having key information accessible/translatable in multiple languages via our website. This will include how the updated policy and procedure is communicated to tenants. When complete these will be subject to review by Customer Voices focus groups.</p> <p>Damp and mould will become a formal element of our future winter ready campaigns. The specific advice and communication as part of this will be reviewed in advance by a selection of customer Voices.</p>
<p>Take Responsibility</p>	<p>Current position and sources of assurance</p>	<p>Further enhancements in progress</p>
<p>Treat residents fairly</p> <p>Each case needs to be treated individually, even where similar cases have been seen before. This will help to prevent assumptions being made. Behind each report of damp and mould, there is a person or people who may be suffering and that should be the focal point.</p>	<p>Every case is managed individually and where it is a repeat occurrence in the same property in most cases this will trigger a surveyor or technical specialists to ensure that we identify the underlying issue.</p> <p>Our categorisation is not confirmed until an initial assessment is physically undertaken i.e. individually not based on an assumption linked to similar cases.</p>	<p>Further works to be planned with customer groups to consider bespoke solutions/advice/guidance.</p>

This case management is by a specialist team to ensure it has the appropriately skilled staff however this is coordinated with the local Housing Officer given their existing relationship with the customer. Within 5 working days of notification of the damp/mould works being completed the Housing officer will undertake a reassurance visit to ensure that the works have been successful in dealing with the damp/mould and to provide any other guidance/support that may be needed which can include access to funding and the like. The follow up visit to the customer by the housing officer, typically around 5 days, of notification of completion of the work will also present an opportunity for the customer to note back any concerns.

The need to manage each case individually is reinforced as part of our training. Our bespoke training module for frontline service teams which will assist in the identification of damp and mould and with conversations with customers on the joint solution to the specific issue. This is being rolled out across the frontline service teams and completion of this will be mandatory.

<p>Improve record keeping</p> <p>An intelligence-based approach is essential, but this requires good knowledge and information management. Good record-keeping is an integral part of service provision, not an optional extra. It benefits all concerned. Landlords have clarity on what the issues are and can evidence actions they have taken. It helps to prevent complaints being raised and/or escalated as landlords are able to communicate efficiently with residents and answer queries without the need for the resident to continuously chase</p>	<p>All our repairs, including damp and mould, are recorded on our IT systems. We have already undertaken a review of the data held and:</p> <ul style="list-style-type: none"> ▪ Improved the data capturing arrangements to allow for better analysis, monitoring and case management such as capturing images for all cases and introducing categorisation of cases ▪ Additional staff resources and skills, such as Building Surveyors, to aid the diagnosis of structural issues and fixes required ▪ Undertaken analysis of cases with multiple mould and damp related repairs and fed this into our future investment programme; ▪ an independent review of c10% 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 	<p>We have undertaken a full process mapping for damp and mould for all three repairs services (CBG, WHE and WHS) and identified where we can and need to harmonise the data we capture, change the date we capture and update our system to record data in a different way. The findings are now being converted into a range of actions which will be implemented over the coming months and will improve:</p> <ul style="list-style-type: none"> ▪ The automation of data reporting ▪ The ease by which we can analyse data such as trends and patterns ▪ Case management functionality within ASTRA which will enhance visibility of cases for the CFC ▪ The recording of all protocols and processes in a central repository for both exiting and new staff
<p>Know your residents</p> <p>Occupancy factors may include overcrowding and the availability and use of heating and ventilation systems. They also include individual circumstances such as disability, financial hardship, and health conditions</p>	<p>The initial diagnosis following a report of mould/dampness will take account of individual/family circumstances and this will be further taken account of when the Housing Officer attends to undertake the follow up visit on completion of the works to determine the effectiveness of the repairs/actions taken and to assess whether any further supports are needed.</p>	

Focus on the Fabric	Current position and sources of assurance	Further enhancements in progress
<p>Check net zero plans</p> <p>Landlords need to consider whether a green drive will push people into fuel poverty, particularly as electrical heating costs more than gas. Landlords need to be equipped to offer appropriate and empathetic signposting and referrals to agencies who may be able to support</p>	<p>We have dedicated fuel advisors who support and assist tenants.</p> <p>As part of our assessment of heating systems we consider how they fit with the wider energy efficiency of the property with a focus on keeping costs down for tenants.</p>	<p>We are strategically considering how heating systems and future regulations will impact tenants. This includes retrofit and new build properties. The costs of running systems will be a key factor in determining future works programmes specifications</p>
<p>Know your stock</p> <p>Structural factors include property age, design, and modifications. For example, certain types of properties such as converted street properties, buildings of concrete construction or traditional solid type construction are more susceptible to damp and mould than others and can require significant investment to address the issues. Property 'MOTs' and audits can help landlords to identify which of their properties are at risk of damp and mould, or already have this problem and works are needed before making this property available.</p>	<p>Reviewing where reports of mould/damp are being made from alongside other property information gathered through the ongoing survey of 10% of the stock to determine what proactive actions can be taken in relation to house types.</p> <p>Reviewing contract specifications based on works already completed</p>	<p>Analysis of data on what's being reported and from where (areas and property types etc) will be undertaken to determine any general improvement actions needed against stock types etc as part of a prevention plan.</p> <p>The first year of a rolling five-year validation survey of the condition of our housing stock across the Group has recently been completed by our independent property consultants JLL. This survey will inspect 20% of our homes over the 5 year period and involves "in person" visits to assess the condition both internally and externally our homes. This year we have enhanced this survey to cover 6,000 properties.</p>

		<p>As well as validating stock condition, these surveys will also identify any cases of mould and damp, and escalate any cat 1 issues for immediate resolution. In undertaking these surveys, JLL is working together with qualified building surveyors from JMP Construction and Property Consultants, and the properties surveyed were spread across a variety of archetypes in Wheatley Homes Glasgow, Wheatley Homes East, Wheatley Homes South and Loretto. A large proportion of homes in Wheatley Homes South were surveyed in 2019 in conjunction with the partnership discussions at that time and were not included in the properties selected for survey this year but will form part of the sample from year two (2023/24) onwards.</p> <p>The results of the surveys carried out so far confirm a high level of confidence in the stock condition data held on our asset management system PIMMS and validate our lifecycle assumptions on component replacements. The inspections themselves also provide an opportunity to highlight any specific issues within inspected properties including unreported damp and mould cases. Across the properties surveyed no systemic damp and mould issues</p>
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		<p>were identified, however we have taken the decision to supplement the general stock condition surveys with targeted inspections by JMP of a sample of properties within archetypes that are more susceptible to damp and mould issues to provide additional third-party assurance.</p>
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Zero Tolerance Culture	Current position and sources of assurance	Further enhancements in progress
<p>Dedicated damp and mould strategy This should include looking wider than the individual report (s) raised and look for themes and trends. It also requires a review of parallel processes, such as mutual exchange and the void standard, to ensure these are aligned with the damp and mould strategy.</p>	<p>Our allocations policy currently permits mutual exchanges which can be used to alleviate overcrowding.</p> <p>No void property would be relet where any damp or mould was identified.</p>	<p>Our next allocations review will consider whether overcrowding that is likely to increase the likelihood of damp and mould</p> <p>Review of the current procedural documents are taking place on completion of the new “to be” processes and procedures being developed from a range of operational workshops. This work will be linked across to other workstreams including void works to ensure that consistent practices are followed when dealing with mould and damp related matters</p>
<p>Empower staff We encourage landlords to consider the Chartered Institute of Housing’s Professional Standards if they have not already done so. In particular the ‘Skilled’ standard requires housing professionals to ‘solve problems, be flexible, adaptable and respond to situations creatively, in the moment’ and considers practical application of this standard to include ‘taking pre-emptive action and proactively problem solving’ and ‘finding solutions, even if they lie outside “normal” activity.’</p>	<p>There are a range of training and development arrangements in place for Housing Officers including the “Ignite” programme. Housing Officers can also undertake the Chartered Institute of Housing’s Professional standards Qualification on a voluntary basis.</p> <p>There are also specialist technical staff engaged in the resolution of mould/damp cases including professionally qualified and accredited Building Surveyors. External specialist consultants are also engaged wherever additional technical support is needed</p>	<p>We will continue to review training and development opportunities for officers engaged at all points in the resolution process for damp/mould reports.</p>

<p>Use the complaints system to learn</p> <p>Continue to use the complaints process, even where legal action has been suggested, as there still may be an opportunity to resolve the matter. Analyse the complaints received to look for common as well as emerging themes and trends. Use this insight to make improvements to your service delivery and/or complaints process.</p>	<p>Analysis of the reason for complaints currently takes place to understand the underlying cause and to determine any actions needed to prevent any similar complaint types in future</p>	<p>A bespoke training module has been developed for frontline service teams which will assist in the identification of damp and mould and with conversations with customers on the joint solution. This is being rolled out across the frontline service teams and completion of this will be mandatory.</p>
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Report

To: Wheatley Homes South Board

By: Lorna McCubbin, Head of Repairs, Investment & Compliance

Approved by: Frank McCafferty, Group Director Repairs & Assets

Subject: Home Safe Building Compliance Update

Date of Meeting: 29 March 2023

1. Purpose

1.1 This report provides an update to the Board on our Home Safety building compliance work streams during 2022/23.

2. Authorising and strategic context

2.1 Under our Terms of Reference, the Board is responsible for the on-going monitoring and scrutiny of our compliance with relevant legislation and regulation. This report provides the Board with an operational update and details of compliance works that are undertaken and ongoing activities.

2.2 In line with our strategy, we will maintain our commitment to “make the most of our homes and assets”. We will ensure through our home safety compliance programmes that we protect and maintain our existing assets.

3. Background

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

3.2 Landlords have a mandatory legal duty to repair and maintain gas pipework, flues and appliances in a safe condition, to ensure an annual gas safety check on each appliance and flue, and to keep a record of each safety check.

3.3 Landlords also have other obligations under legislation or approved codes of practice (ACOPs) for a variety of building maintenance and inspection activities related to firefighting equipment (dry risers/sprinklers), lifting equipment, alarm systems etc.

3.4 Landlords also have a mandatory responsibility for electrical safety including carrying out Electrical Inspections, commonly referred to as EICR or FIT testing.

3.5 The arrangements for examples of some of our compliance work programmes is illustrated in the table below.

Work Stream	Cycle	Status
TMV maintenance and Installation	Annual	Rolling programme ongoing
Smoke and Heat Detector re-life programme	Every 10 years but is dictated <i>annually</i> by build date / LD2 install date	Rolling annual programme ongoing
Electrical (EICR)	Maximum Every 5 years	Rolling annual programme ongoing
Gas Servicing	Annual (10-month cycle)	Rolling programme ongoing
Electrical Heating Servicing	Annual	Rolling programme ongoing
Lift Insurance Inspections	Six monthly	Rolling programme ongoing

3.6 *Key Objectives for our Home Safety compliance work:*

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

One and done approach

3.7 Our approach to delivering compliance activities is embedded in our Group Repairs and Maintenance Policy Framework:

“The Groups approach is to offer a one-stop shop service through compliance trades teams for compliance events required within a customer’s home.... The aim of this service is to minimise disruption to the customer and to provide assurance on the safety of our homes.”

- 3.8 Wherever practical for similar related compliance activities within Wheatley Homes South stock we will endeavour to package works together taking cognisance of asset compliance cycles, property attributes and individual customer requirements.

	Stock Targeted	Type of works
Home Safety Bundle 1: Gas	Gas properties	<ul style="list-style-type: none"> ▪ Annual gas servicing ▪ Test/servicing of smoke/heat/carbon monoxide detectors ▪ Complete all certification
Home Safety Bundle 2: Electrical installs and servicing	All properties	<ul style="list-style-type: none"> ▪ Installation of S + H detectors ▪ Carry out EICR inspections

- 3.9 When one of our properties are vacant, we will also use the opportunity to carry out any required compliance activities. The purpose of the void compliance works is to ensure that every new tenant moves into a home which is safe and secure for them to live in, while also maximising the access opportunity for the Group to undertake as much cyclical or capital compliance works as possible while the property is vacant.

4. Discussion

Gas Safety

- 4.1 With exception of the impact of the early phases of the pandemic lockdown. Wheatley Homes South has always had 100% gas safety compliance (i.e. no outstanding CP12s). Achieving this compliance requires an annual inspection of every property with gas. Wheatley Homes South has 8,362 homes on the gas servicing contract.
- 4.2 Since 4 September 2020, Wheatley Homes South recovered its long standing historical 100% performance position and returned to zero failed CP12s and 100% compliance with SHR ARC performance indicators. Wheatley Homes South has maintained zero CP12 fails since reaching that level in September 2020.
- 4.3 In addition to the formal appointment letters that are posted we also carry out pro-active outbound calling through our customer first centre (CFC), to maximise access into our tenant's homes and allow them the flexibility to change appointments to suit them by speaking directly with CFC our call handlers.
- 4.4 Only as a last resort after we have exhausted all reasonable efforts to obtain access through communication and liaison do we move to a forced appointment, to guarantee we maintain 100% compliance and ensure the safety of our tenants and protection of our assets.

Subsidiary	Total Gas Services Required	Total Complete	Percentage Complete to Date
Wheatley Homes South	8,362	8,362	100%

Water Management

- 4.5 Legionella testing is part of our overall water management strategy and is a year-round rolling programme.
- 4.6 WHS have a regime for both relevant premises and dwellings. Our Legionella testing programme to dwellings is not mandatory, it is a best practice approach, which involves a rolling annual programme, whereas relevant Premises are mandatory.
- 4.7 Our regime varies on a site-by-site basis taking into consideration the water system installed, the type of property and the customer demographic. Works can include individual tasks such as visual inspections of the tanks, risk assessments, temperature checks of both the water inlet and of resting water within the tank, bacterial testing which checks the water supply for various bacteria including e-coli and legionella and chemical testing for metal and mineral contents to ensure that water meets the relevant water quality standards as set by the Water Supply (Water Quality) (Scotland) Regulations 2001.
- 4.8 The table below provides details of progress against the rolling annual programme.

Relevant Premises			
Subsidiary	Inspections/tasks Required	Inspections/tasks completed so far	Percentage Complete to Date
Wheatley Homes South	10	10	100%

Dwellings			
Subsidiary	Inspections/tasks Required	Inspections/tasks completed so far	Percentage Complete to Date
Wheatley Homes South	202	167	83%

The remaining 35 properties are the result of no access, continued efforts will be made with Housing colleagues to gain access to carry out the inspections.

TMV Servicing

- 4.9 The table below provides the total number of qualifying households within this programme in Wheatley Homes South and our progress to date.

Qualifying Households	
Wheatley Homes South	1099

Subsidiary	Inspections Required	Inspections/tasks completed so far	Percentage Complete to Date
Wheatley Homes South	1099	664	60%

Attempts to all 1099 properties has been made and gaining access has been a significant challenge. From the initial no access two further letters are issued and this is followed up by a Housing Officer visit. We will continue to work with Housing colleagues to gain access to carry out these inspections.

- 4.10 Our TMV programme is not mandatory, it is a best practice approach, which involves a rolling annual programme, and includes potentially vulnerable customer groups within qualifying households (e.g. those containing under 5s or over 75s and also some Care sites). As this programme is predominately based on age demographics the qualifying household list is reviewed and updated annually.

Smoke and Heat Detectors

- 4.11 All of Wheatley Homes South's **10,317** properties have LD2 smoke and heat detectors installed at newbuild or are upgraded as part of our rolling programme of re-life works (10 year cycle) All customers are offered a minimum of two appointments to enable the works to be completed at a time suitably convenient for them. As a last resort we move to a forced appointment, to ensure we maintain compliance in this area.

Subsidiary	Stock	Total installations	Percentage Complete to Date
Wheatley Homes South	10,317	10,317	100%

Periodic Electrical Testing (EICR)

- 4.12 In May 2020 the Scottish Government updated its guidance to social landlords via the Scottish Housing Quality Standards (SHQS), requiring that periodic electrical inspections be undertaken in all properties on a cycle of no more than 5 years. This brought the social housing sector in line with guidance issued to the private rented sector in 2015. Landlords must make “reasonable efforts” to ensure that homes are accessed to carry out the inspection.
- 4.13 We also undertook periodic electrical inspections in customers’ homes (as required) when we were installing the new LD2 smoke and heat detector systems, to minimise disruption to customers . Periodic inspections will continue to be undertaken at this appointment as part of a compliance “one and done” approach wherever it is practically possible.

Subsidiary	Stock	EICR's Carried out	Percentage Complete to Date
Wheatley Homes South	10,317	10,310	99.93%

From the remaining seven, four properties are scheduled to be completed by 31 March 2023 and we continue to work with Housing colleagues to gain access to the remaining three properties. These properties have been outstanding due to infrastructure upgrades required by SPEN and where customers have required significant support to enable us to carry out the inspections.

Lift Inspections and Maintenance

- 4.14 Lift inspections by our insurance engineers are completed on a rolling programme. Proactive servicing of our lifts is carried out monthly via our approved Insurance company (Houghton’s).
- 4.15 Lift performance such as time to complete any minor defects or major repairs is routinely monitored and managed by our Compliance Team.

- 4.16 All emergency callouts are being dealt with within set SLA timescales for example 1 hour for trapped passenger(s) and all other emergencies within 4 hours.

Subsidiary	No. of Passanger Lifts	Total inspections complete	Percentage Complete to Date
Wheatley Homes South	3	3	100%

Subsidiary	No. of Stair Lifts	Total inspections complete	Percentage Complete to Date
Wheatley Homes South	244	244	100%

Management and Delivery

- 4.17 Our Compliance Team will continue to provide day-to-day management of our Home Safety compliance work programmes including all project management functions, supporting our CFC model with customer communication and provide all performance, financial monitoring, and reporting. The team’s approach will ensure we continue to provide a robust landlord assurance function to maintain compliance across the various workstreams.

5. Customer Engagement

- 5.1 Experience tells us the value of proactively engaging our customers, and emphasising the importance of our compliance work programmes through our annual “Stay Safe” Messaging and use of social media and RSL websites. (See appendix 1)

- 5.2 We will further strengthen communications with customers at each communication stage to explain:

- what we are doing and why it’s important;
- how we will ensure the work can be carried out safely;
- what we need them to do; and
- how they can get in touch to talk to us.

- 5.3 Key messages in all our communications to customers on compliance will be:

- The safety of our customers and staff is our top priority and as a result we will continue to follow all recommended best practices on PPE.
- Compliance activities are essential work aimed at keeping you and your home safe.
- Promote positive messaging to improve the profile of compliance activities so that our customers see them as “value works”.

- 5.4 These key messages, supplemented where appropriate with detail of the individual project or work being carried out, will be communicated to customers using a range of channels including telephone calls, on-line, web and social media.

6. Environmental and sustainability implications

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

6.2 However our approach to carry out associated compliance works in one visit wherever practical will as a result lead to fewer travel visits by engineers and trade staff across our assets.

7. Digital transformation alignment

7.1 We will look to align our compliance activities work programmes with our overall group digital transformation strategy. Giving customers more choice over appointment timeframes and offering a digital self-serve method for the customer to arrange compliance works in their homes once that channel shift is available for home safety compliance activities.

8. Financial and value for money implications

8.1 There are no direct value for money implications arising from this report.

8.2 Budgets for these work streams have already been agreed and approved as part of the 5-year Capital Investment plan previously presented to the board.

9. Legal, regulatory and charitable implications

9.1 In considering the current legal implications, the organisation will respond to any changes to regulations from the Scottish Government and SHR as and when they may arise.

9.2 The amendments to the Scottish Housing Quality Standards in relation to Periodic Electrical inspections required us to increase our electrical inspection programme from a 10 year to a 5-year cycle.

10. Risk Appetite and assessment

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

10.2 Risks relating to repairs and maintenance are set out in our risk register. In addition, some compliance activities, for example gas servicing, and electrical safety are embedded in the Scottish Housing Regulator's reporting return requirements.

11. Equalities implications

11.1 There are no equalities implications associated with this report.

12. Key issues and conclusions

12.1 We will continue to complete all essential compliance activities keeping our homes and customers safe. We will also continue to develop our approach to maximising access for compliance works through our new operating model.

- 12.2 Our “one and done” approach will continue to be offered where possible for similar related compliance activities subject to asset cycles, property attributes and customer requirements. Ensuring we remain agile and alert to any changing legislation or best practice is key to maintaining our commitment to provide a robust level of landlord assurance across the various compliance activities.
- 12.3 We will continue to robustly monitor and manage our performance to ensure tasks are delivered on time and to required standards.

13. Recommendations

- 13.1 The Board are asked to note the content of this report and agree the proposed ongoing approach to managing and delivering compliance related works.

LIST OF APPENDICES

Appendix 1 - Stay Safe Branding

Appendix 1

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Online safety Don't fall for computer scams and identification theft. Keep your personal details safe. > Tell me more	Condensation Tips and advice on how to stop wet spots on your walls and windows. > Tell me more	Money lenders We can help you avoid illegal money lenders and loan sharks. > Tell me more



Report

To: Wheatley Homes South Board

By: Alan Glasgow, Wheatley Homes South Managing Director

Approved by: Pauline Turnock, Group Director of Finance

Subject: Strategic Agreement with Dumfries & Galloway Council

Date of Meeting: 29 March 2023

1. Purpose

1.1 To ask the Board to consider the attached draft Strategic Agreement between Wheatley Group and Dumfries and Galloway Council (DGC) which was approved by the Wheatley Group Board at its meeting on 15 March 2023.

2. Authorising and strategic context

2.1 The Wheatley Group Board is responsible for agreeing strategic relationship such as that described in the draft Strategic Agreements with D&GC.

2.2 Your Homes, Your Community, Your Future makes clear, as part of enabling our ambitions, the importance of strong relationships with key stakeholders. This included being *'clear in our engagement with partners about what our asks and expectations are of them, in order to achieve mutual objectives, placing a greater emphasis on the contribution they will make in support of Wheatley's contribution'*. The draft Strategic Agreement with D&GC is part of our continued approach to ensuring we have a productive relationship with one of our most important partners.

2.3 It should be noted that some aspects of the agreements are likely to be sensitive and as such they should be considered confidential, and subject to change, until approved by DGC respectively. Any changes will be notified to the Board prior to being finalised.

3. Background

- 3.1. Your Home, Your Community, Your Future sets out our strategy for the period 2021 to 2026. This strategy places the group and our delivery capacity at the heart of public policy priorities in Scotland through our desire for our customers to reach their potential for a brighter future for themselves and their families, and through our strategic themes of:
- Delivering Exceptional Customer Experience
 - Making the Most of our Homes and Assets
 - Changing Lives and Communities
 - Developing our Shared Capability
 - Enabling our Ambitions
- 3.2. Key to realising our ambition is our relationship with DGC. DGC is the strategic housing authority, commissioner of care services, controller of the pace of change (e.g. through planning) and an essential delivery partner.
- 3.3. Our relationship with DGC has strengthened considerably since we joined Wheatley Group. This relationship is built on collaboration in key areas including housing, regeneration and the increasing contribution of Wheatley Homes South in local communities across Dumfries and Galloway. The draft strategic agreement with DGC is an opportunity to cement the progress made and create a platform for future joint working.

4. Discussion

- 4.1 The strategic agreement with DGC is attached at Appendix 1 for the Board's consideration. Our objective in preparing the agreement with DGC officers was to consolidate and formalise our joint current operating context and strategic objectives.
- 4.2 The agreement outlines a collaboration between DGC and Wheatley, through us, stating that we will work together to create a Dumfries & Galloway Collaborative Regeneration Model, with the first project being the Lochside Regeneration Area. The key principles of the model include setting aside and ring-fencing any capital receipts generated from regeneration activities for future regeneration projects, maximizing regeneration potential and viability through land pooling.
- 4.3 The two parties will share the costs associated with masterplanning and securing planning permission and will establish local delivery groups, project delivery teams, and a project delivery board for governance.

- 4.4 We aim to deliver 900 new social rent homes over a five-year period and work with DGC to prevent homelessness, make appropriate allocations, and provide accommodation for homeless households. Together, DGC will work to:
- Reduce youth homelessness and support customers with training, employment, education opportunities, and care and support services
 - Develop a funded approach to property buybacks
 - Support adaptations to promote independent living
 - Explore opportunities for co-location
 - Jointly work on resilience planning, which is already producing results through joint lessons learned sessions on the response to recent floods
- 4.5 We presented to the full DGC council on 9 March 2023 following the appointment of a new administration at a special meeting of Full Council on 7 March 2023. This ensures continuity across the change of leadership. Following this consultation with elected members there was a request for our assistance with access to affordable housing for veterans and to support customers with downsizing to smaller properties, both of which are included in the agreement.
- 4.6 DGC is also currently progressing the draft Strategic Agreement through its governance arrangements and is expected to seek approval at its full council Committee on 30 March 2023. Until then, it is possible that the council may request some modifications to the draft agreement at Appendix 1, although the version presented here has been agreed with senior council officials.
- 4.7 Discussions are taking place on an action plan that will support the implementation of this agreement. In keeping with the strategic nature of the agreement and its importance both parties, it is proposed that the agreement is signed by the Council Leader and Group Chair.

5. Customer Engagement

- 5.1 There has been no engagement with customers in relation to the draft strategic agreement although our understanding of customer and wider priorities has helped inform areas that are included in the agreement

6. Environmental and sustainability implications

- 6.1 The agreement includes commitments to close working to deliver sustainability objectives including building energy efficient new homes, developing expertise in modern methods of construction and regeneration where it brings environmental, as well as wider benefits, for customers.

7. Digital transformation alignment

- 7.1 Close working with DGC covered by will help further our digital ambitions especially in ensuring connectivity for our customers.

8. Financial and value for money implications

- 8.1 The commitments in the strategic agreement, such as in relation to support for regeneration and new build will have a positive financial impact and support delivery of our business plan.

9. Legal, regulatory and charitable implications

- 9.1 There are no legal, regulatory or charitable obligations associated with entering the agreement. It should be noted that the agreement is not legally binding on either party although it is intended to provide clear and agreed direction for joint working and priorities.

10. Risk Appetite and assessment

- 10.1 One of our stated strategic outcomes is to influence locally and nationally to benefit our communities. Our risk appetite in relation to our reputation and credibility in this area is open. This is defined as:

“Cementing our position as a leading influencer is a key theme for this strategy period. We aim to confidently and deliberately raise our profile further and take a leading role on the UK and international stage, which will also support our ambitions to raise future finance. We must ensure that the Group's existing reputation and credibility is protected, while maximising the impact of future exposure. In this context, we are prepared take decisions which have the potential to expose us to additional scrutiny if appropriate steps have been taken to minimise any negative exposure, and the overall benefit to the Group's profile will outweigh it.”

- 10.2 The draft strategic agreement with DGC will help reinforce our reputation with key partner local authorities and is in keeping with progressing the stated strategic objective and risk appetite.

11. Equalities implications

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

12. Key issues and conclusions

- 12.1 The draft strategic agreement DGC has been developed for Board consideration.
- 12.2 The agreement would be a first for the group and would reinforce our close working relationship locally. This agreement aligns with key strategic priorities and should help ensure progress.

13. Recommendations

- 13.1 The Board is asked to:
- 1) Consider the attached draft strategic agreement with DGC; and
 - 2) Note that any changes to the draft strategic agreement will be notified to the Board prior to signature.

LIST OF APPENDICES:

Appendix 1: [redacted]

Report

To: Wheatley Homes South Board

By: Lyndsay Brown, Director of Financial Reporting

Approved by: Pauline Turnock, Group Director of Finance

Subject: 2023/24 Budget

Date of Meeting: 29 March 2023

1. Purpose

1.1 The purpose of this paper is to seek the Board's approval for the 2023/24 budget.

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.

3. Background

3.1 At the previous meeting in February 2023 the Board were presented with the revised five-year financial projections and agreed that the 2023/24 figures would form the basis of the 2023/24 annual budget, which is presented in Appendix 1. This paper provides additional detail and commentary.

4. Discussion

4.1 The detailed budget pack presented at Appendix 1. The 2023/24 budget reports an operating surplus of £23,407k, and a statutory surplus of £17,383k, both £1,724k higher than the financial projections approved in February 2023.

Key points to note:

- Net rental income of £47,287k is in line with financial projections and reflects the agreed 2.0% rent increase and includes a prudent void assumption of 1.2%.
- Grant income of £4,977k relates to completions of 31 new build social housing units in the 2023/24 financial year.

- Other Grant Income of £11,736k includes the Social Housing Net Zero and Adaptation grant income, as well as grant income for the three Care services.
- Other Income is £1,724k higher than the financial projections due to gift aid from Wheatley Developments Scotland Limited (WDS) with corresponding higher costs in new build spend.
- Operating costs are in line with the financial projections.
- The budget for net interest payable of £6,024k is in line with the financial projections.
- The budget for net capital expenditure of £25,950k includes £19,535k of investment spend on our existing stock as well as £38,785k spend on our new build programme. There is a £1,724k variance against the financial projections driven by higher design and build service costs from WDS, offset by gift aid included in other income noted above.

5. Customer Engagement

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

8. Financial and value for money implications

- 8.1 The financial projections incorporate cost efficiency measures, which are a key element of continuing to demonstrate value for money. These are reflected in the annual budget and performance will be monitored against budget each month.
- 8.3 Financial covenants are assessed for WHS and the RSLs within the WFL1 borrowing group as a whole. In preparing the 2023/24 budgets across the RSL borrower group, the overall budgeted operating surplus and covenant compliance for the WFL1 borrowers is in line with the RSL financial projections.

9. Legal, regulatory and charitable implications

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

10. Risk Appetite and assessment

- 10.1 The Board's agreed risk appetite for business planning and budgeting assumptions is "open". This level of risk tolerance is defined as "prepared to invest for reward and minimise the possibility of financial loss by managing the risks to a tolerable level".
- 10.2 Delivery of financial results within approved budgetary limits is a key element in delivering our strategy and maintaining the confidence of investors.

11. Equalities implications

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

12. Key issues and conclusions

- 12.1 This paper presents the proposed 2023/24 budget.

13. Recommendations

- 13.1 The Board is asked to approve the 2023/24 budget.

LIST OF APPENDICES:

Appendix 1: Budget 2023/24



2023/24 Budget



1a) Operating statement

Operating Statement	2023/24	2023/24	Variance
	Financial Projection	Budget	
	£'000	£'000	£'000
INCOME			
Rental Income	47,855	47,855	0
Void Losses	(568)	(568)	0
Net Rental Income	47,287	47,287	0
Grant Income	4,977	4,977	0
Other Grant Income	11,736	11,736	0
Other Income	1,152	2,876	1,724
TOTAL INCOME	65,152	66,876	1,724
EXPENDITURE			
Employee Costs - Direct	5,715	5,715	0
Employee Costs - Group Services	4,038	4,038	0
ER/VR	340	340	0
Direct Running Costs	2,529	2,529	0
Running Costs - Group Services	2,150	2,150	0
Revenue Repairs and Maintenance	12,360	12,360	0
Bad debts	651	651	0
Depreciation	14,581	14,581	0
Demolition	1,105	1,105	0
TOTAL EXPENDITURE	43,469	43,469	0
NET OPERATING SURPLUS	21,683	23,407	1,724
Net interest payable	(6,024)	(6,024)	
STATUTORY SURPLUS	15,659	17,383	1,724
TOTAL CAPITAL INVESTMENT INCOME	34,425	34,425	0
Capital Investment spend	19,535	19,535	0
New Build Programme	37,061	38,785	1,724
Other Fixed Assets	2,056	2,056	0
TOTAL CAPITAL EXPENDITURE	58,652	60,376	1,724
NET CAPITAL EXPENDITURE	24,226	25,950	1,724

Comments:

The 2023/24 budget shows a net operating surplus of £23,407k and statutory surplus of £17,383k, both £1,724k higher than the financial projections. The movement is due to the recognition of gift aid paid to WH South from Wheatley Developments Scotland Ltd (WDS).

- **Net rental income** of £47,287k is in line with the financial projections. The budgeted void rate is prudently assumed at 1.2% for all properties, in line with financial projections.
- **Grant Income** recognised on completion of new build units is budgeted at £4,977k with completion of 31 units anticipated in 2023/24.
- **Other Grant Income** includes Social Housing Net Zero (SHNZ), aids and adaptations and Care services related grant income.
- **Other Income** is £1,724k higher than the financial projections due to the recognition of the gift aid payment from WDS, with corresponding higher costs in new build spend.
- **Direct and Group services employee** costs are in line with the financial projections and include the annual cost of living uplift. Group services of £4,038k includes the costs for support functions such as Finance, IT and HR, as well as the staff resources supporting the Customer First Centre provided by Wheatley Solutions. ER/VR costs of £340k will help deliver the cost efficiency targets in the financial projections through staff savings.
- **Direct running** costs are budgeted at £2,529k in line with financial projections. **Group services running costs** are also in line with financial projections.
- **Repairs and maintenance** costs budgeted of £12,360k includes provision to recognise the inflationary pressures and increased demand experienced in 2022/23.
- **Bad debt** costs are in line with financial projections and have been set prudently.
- **Depreciation** costs which reflect a non cash accounting adjustment are driven by the level of investment in our properties.
- **Investment programme** expenditure has been budgeted at £19,535k. This includes £10,375k of Social Housing Net Zero Funding ("SHNZ") which is fully funded with grant income recognised in Other Grant Income.
- **New build** expenditure of £38,785k has been included in the budget for 2023/24, £1,724k higher than the financial projections recognising a 5% management charge on the design and build services provided by WDS. These additional costs are reimbursed to WH South through gift aid recognised in Other Income.
- **Capital Investment Income** of £34,425k includes £23,592k relating to new build grant income. The remainder relates to SHNZ and adaptation grant income.

1b) Underlying Surplus

Comments

- 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 for the 2023/24 budget which adjusts our net operating surplus by excluding the accounting adjustments for the recognition of new build grant income and depreciation, but including capital expenditure on our existing properties.
- An underlying surplus of £5,728k is budgeted which is £4,485k higher than the forecast underlying position for 2022/23. This is due to higher Social Housing Net Zero grant income in 2023/24 and increased rental income, partly offset by higher employee costs.

WHS Underlying Surplus - Budget 2023/24			
	FY Forecast £ks	FY Projection £ks	FY Budget £ks
Net operating surplus	16,473	21,683	23,407
add back:			
Depreciation	13,649	14,581	14,581
less:			
Grant income	(3,624)	(4,977)	(4,977)
Gift aid income	0	0	(1,724)
Net interest payable	(5,180)	(6,024)	(6,024)
Total expenditure on Core Programme	(20,075)	(19,535)	(19,535)
Underlying surplus	1,243	5,728	5,728

2) Other Income

Rental Income	2023/24 Budget
	£'000
INCOME	
Rental Income	47,855
Void Losses	(568)
Net Rental Income	47,287
Average stock (no's)	10,101
Average annual rent per property (£)	4,681

Other Income	2023/24 Budget
	£'000
MMR	439
Garage & Garage Sites	374
Leased Properties	154
Commercial Properties	61
Solutions lease income	124
WDS gift aid income	1,724
Total Other Income	2,876

Other Grant Income	2023/24 Budget
	£'000
Temporary Accommodation Grant	535
Young Person Project Grant	200
Sheltered Housing Grant	130
RHI Grants	37
Decarbonisation grant income	0
Social Housing Net Zero	10,375
Adaptation grant	459
Total Other Income	11,736

Rental Income

- Budgeted figures include a rent increase of 4.4%
- Void losses are budgeted at 1.2% of rental income
- In 2023/24, assumed demolition of 176 units and 31 units completed at Curries Yard.

Other Income

- Garage, garage sites, leased and commercial properties increases at 4.4% in line with the rent increase.
- Mid market rental income increased 2.0%.
- Gift aid income of £1,724k is payable by WDS.

Other Grant Income

- The care services grant income increases in line with the individual Council contracts.
- Social Housing Net Zero grant income relates to the Net Zero homes project that started Q4 2022/23 and will complete in 2023/24.
- Adaptation grant income in 2023/24 aligns with budgeted spend.

3) Expenditure

Total overhead expenditure is budgeted to be £43,469k.

Employees Costs

- 2023/24 assumes a 7.0% cost of living uplift for both direct and group employee costs.
- The increase in group services costs include the implementation of the new operating model, most recently the centralisation of the Business Improvement and Customer First Centre administration teams.

Running Costs

- Running costs in 2023/24 include a 5.0% inflation increase.
- Direct running costs include NETS and W360 recharges.
- Here For You support will continue through existing Wheatley Foundation resources in 2023/24.
- Group running costs reflect WH South's share of group costs.
- Demolition costs include property buy backs and demolition works not part of the development programme.

Repairs and Maintenance

- Repairs include a 7% increase to align with the cost of living uplift and current inflation.
- The responsive repairs budget reflects the increase in demand during 2022/23.
- Budgeted compliance work has increased in 2023/24 in order to meet regulatory deadlines.

Employee Costs	2023/24 Budget
	£'000
Employee costs - Direct	5,715
Employee costs - Group	4,038
Employee costs (net of capitalisation)	9,754
ER/VR costs	340
Total Employee Costs	10,094

Running Costs	2023/24 Budget
	£'000
Running costs - Direct	2,017
Running costs - Group	2,150
Demolition costs	1,105
Support activities - Care	512
Total running costs	5,784

Repairs	2023/24 Budget
	£'000
Responsive Repairs and cyclical	9,998
Compliance including gas serving	2,361
Total Other Income	12,360

4) Capital Investment

Capital Investment	23/24 Budget £'000
Investment programme grant income	
Aids and Adaptations	459
Decarbonisation Project	0
Social Housing Net Zero	10,375
Total Grant Income	10,834
Investment programme spend	
Core Programme	4,668
Social Housing Net Zero	10,375
Capitalised Voids	3,077
Adaptations	540
Capitalised Staff	876
Total spend on existing properties	19,535
New Build Expenditure	
New Build development	38,785
Grant income	(23,592)
Net New Build cost	15,193
Other Fixed Assets	
IT spend	1,356
Office spend	700
Total Other Fixed Assets	2,056
TOTAL NET CAPITAL EXPENDITURE	25,950

Capital Investment

Existing Properties

- Grant income assumed in 2023/24 relates to adaptations and the Social Housing Net Zero project.
- The capital programme has been rephased to mitigate an element of the financial impact of the increased in repair costs due to materials inflation present in the market.
- Capitalised voids are budgeted at £3,077k, reflecting the move to being these in house.
- The budget includes provision for Customer Voice and Think Yes spend in 2023/24 of £65k.

New build

- Net investment in new build properties has been budgeted at £15,193k. The programme is in line with the financial projections and the updated 5 year new build programme presented to the Board in February 2023.
- A total of 31 social housing units are budgeted to complete in the coming year.

Other Fixed Assets

- IT and office spend increased driven by the Group capital programme.



Report

To: Wheatley Homes South Board

By: Lyndsay Brown, Director of Financial Reporting

Approved by: Pauline Turnock, Director of Finance

Subject: Finance Report

Date of Meeting: 29 March 2023

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 28 February 2023.

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.

3. Background

- 3.1 The results for the period to 28 February are summarised below.

	Year to Date (Period 11)		
	Actual	Budget	Variance
Turnover	49,907	46,755	3,152
Operating expenditure	(35,993)	(34,433)	(1,560)
Operating surplus	13,914	12,322	1,592
<i>Operating margin</i>	28%	26%	
Net interest payable	(4,965)	(4,898)	(67)
Surplus	8,949	7,424	1,525
Net Capital Expenditure	20,842	23,544	(2,702)

4. Discussion

- 4.1 A statutory surplus of £8,949k is reported for the period to 28 February 2023, which is £1,525k favourable to budget. The key drivers of the variance are reduced void rent loss and unbudgeted adaptation and capital project grant income, partly offset by increased repair costs.

4.2 The key points to note are:

- Net Rental income is £438k favourable to budget with YTD Void losses being £285k favourable to budget representing a 0.8% 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 £1,556k higher than budget driven by additional adaptation income.
- Other income is £1,158k favourable to budget with unbudgeted income recognised for the decarbonisation and renewable project of £684k, the SHNZ project of £103k and higher than budgeted Care (Temp Accommodation and Young Persons) rental income.
- Operating expenditure is £1,560k unfavourable to budget:
 - Total employee costs (direct and group services) are £19k higher than budget driven by unbudgeted maternity leave cover. The group services recharge is in line with budget.
 - ER/VR costs are £275k adverse to budget following the commitment of seven members of staff to take ERVR in 2022/23. This cost will yield future revenue savings.
 - Direct and group running costs are £571k unfavourable to budget. Direct running costs include £250k Here For You spend and £366k donation to Wheatley Foundation, both of these unbudgeted. Group recharges are £65k favourable to budget.
 - Repair costs are £1,250k over budget with higher than budgeted spend across responsive repairs. Increased responsive repairs is driven by increased demand, higher material and subcontractor costs. Cyclical, compliance and overhead spend is £953k lower than budget. Repairs spend while higher than budget remains within the Q3 forecast outturn.
 - Demolition costs (Lochside) are £318k lower due to reprofiling of demolition programme.
- Net capital expenditure is £2,702k lower than budget. Total core investment spend of £16,651k is £785k higher than budget driven by adaptations and capitalised void spend, partly offset by rephasing of core programme works to 2023/24. A grant claim has been submitted to match the additional adaptation spend.
- The new build programme is £2,566k higher than budget driven by Curries Yard. Eastriggs and Nursery Avenue completed in the financial year.

5. Customer Engagement

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

8. Financial and value for money implications

8.1 The statutory surplus for the period to 28 February 2023 is £1,525k 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 28 February 2023 is £741k favourable to budget driven by unbudgeted grant and additional adaptation income partly offset by higher spend on repairs and capitalised voids.

9. Legal, regulatory and charitable implications

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

10. Risk Appetite and assessment

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

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

11. Equalities implications

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

12. Key issues and conclusions

12.1 This paper presents the financial performance position for the period to 28 February 2023.

13. Recommendations

13.1 The Board is requested to:

- 1) Note the management accounts for the period to 28 February 2023 at Appendix 1.

LIST OF APPENDICES:-

Appendix 1: Period 11 – 28 February 2023 Finance Report



Period to 28 February 2023

Finance Report



1a) Operating statement P11 – February 2023

OPERATING STATEMENT	Year to February 2023			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
INCOME				
Rental Income	41,503	41,349	154	45,184
Void Losses	(314)	(599)	285	(654)
Net Rental Income	41,189	40,751	438	44,529
Grant Income	5,555	3,999	1,556	4,124
Other Income	3,163	2,005	1,158	2,240
TOTAL INCOME	49,907	46,755	3,152	50,893
EXPENDITURE				
Employee Costs - Direct	4,839	4,820	(20)	5,258
Employee Costs - Group Services	2,571	2,572	1	2,807
ER/VR	275	-	(275)	-
Direct Running Costs	2,657	2,021	(636)	2,203
Running Costs - Group Services	1,595	1,660	65	1,813
Revenue Repairs and Maintenance	10,697	9,447	(1,250)	10,248
Bad debts	627	864	238	943
Depreciation	12,511	12,511	(0)	13,649
Demolition and compensation	220	538	318	688
TOTAL EXPENDITURE	35,993	34,433	(1,560)	37,608
NET OPERATING SURPLUS	13,914	12,322	1,592	13,285
<i>Net operating margin</i>	28%	26%	2%	26%
Interest Receivable and similar income	22	30	(8)	33
Interest payable & similar charges	(4,987)	(4,929)	(59)	(5,213)
STATUTORY SURPLUS	8,949	7,424	1,525	8,105
INVESTMENT				
TOTAL CAPITAL INVESTMENT INCOME	7,349	4,526	2,823	5,063
Capital Investment spend	16,651	15,866	(785)	16,775
New Build Programme	10,584	8,018	(2,566)	9,391
Other Fixed Assets	956	4,186	3,230	4,916
TOTAL INVESTMENT EXPENDITURE	28,190	28,070	(120)	31,082
NET CAPITAL EXPENDITURE	20,842	23,544	2,702	26,019

Key highlights :

Net operating surplus of £13,914k is £1,592k favourable to budget. Statutory surplus for the period to 28 February is £8,949k, which is £1,525k favourable to budget. The key drivers of the variance are reduced void rent loss and unbudgeted grant income, partly offset by increased repair costs.

- Net Rental income is £438k favourable to budget with YTD Void losses being £285k favourable to budget representing a 0.8% 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 Easttriggs and 19 units at Nursery Avenue. The YTD budget is £1,556k higher than budget driven by additional adaptation income claimed.
- Other income is £1,158k favourable to budget with unbudgeted income recognised for the decarbonisation and renewable project of £684k, SHNZ project of £103k and higher than budgeted Care (Temp Accommodation and Young Persons) rental income.
- Total employee costs (direct and group services) are £19k higher than budget. 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 £275k adverse to budget following the commitment of seven members of staff to take ERVR in 2022/23. This cost will yield future revenue savings.
- Total running costs (direct and group services) are £571k adverse to budget. Direct running costs include £250k Here For You spend and £366k donation to Wheatley Foundation, both of these unbudgeted. Group recharges are £65k favourable to budget due to several departments currently reporting lower costs across Wheatley Solutions, leading to the underspend against budget.
- Repair costs are £1,250k over budget with higher than budgeted spend across responsive repairs which is £2,203k over budget. Increased responsive repairs is driven by increased demand, higher material and subcontractor costs. Cyclical, compliance and overhead spend is £953k lower than budget. While higher than budget, repairs costs are within the Q3 forecast full year out-turn.
- Demolition costs are £318k lower than budget relating to timing of works at Troqueer and Kelloholm. YTD costs of £220k relates to buy back of properties at Lochside and Gowanlea and a number of disturbance costs following the flooding in December.

Gross interest payable of £4,987k represents interest due on the loans due to Wheatley Funding No.1 Ltd and external funders.

Net capital expenditure of £20,842k is £2,702k lower than budget. The variance is driven by savings in other fixed assets.

- Total core investment spend of £16,651k is £785k 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 £2,566k 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.
- Other capital expenditure of £956k is £3,230k lower than budget. Other capital spend includes work on local touchdown hubs and IT costs.

1b) Underlying surplus – P11

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 February 2023, an underlying surplus of £1,186k has been generated which is £741k favourable to budget. The variance is driven by unbudgeted income for energy efficiency projects and adaptation income partly offset by higher spend on repairs and capitalised voids.

Underlying Surplus - YTD 2023				
	YTD Actual £ks	YTD Budget £ks	YTD Variance £ks	FY Budget £ks
Net operating surplus	13,914	12,322	1,592	13,285
add back:				
Depreciation	12,511	12,511	0	13,649
less:				
Grant income	(3,623)	(3,623)	0	(3,624)
Net interest payable	(4,965)	(4,899)	(66)	(5,180)
Total expenditure on Core Programme	(16,651)	(15,866)	(785)	(16,775)
Underlying surplus / (deficit)	1,186	445	741	1,355

2) In House Repairs Service – P11

In House Repairs	YTD			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
INCOME				
Internal Subsidiaries	14,150	10,654	3,496	11,622
External Customers	359	1,276	(917)	1,392
TOTAL INCOME	14,508	11,930	2,579	13,014
COST OF SALES				
Staff Costs	5,259	5,777	519	6,302
Materials	2,042	1,686	(357)	1,820
Subcontractor & Other Costs	5,951	2,628	(3,323)	2,990
TOTAL COST OF SALES	13,252	10,091	(3,161)	11,112
GROSS PROFIT	1,256	1,838	(582)	1,902
Margin %	9%	15%	-23%	15%
Overheads	1,318	1,838	521	2,003
NET LOSS	(61)	-	(62)	-

Key Comments:

- Income for the in house repairs service is £2,579k higher than budget. External customers income represents Home Group income generated in the period to 28 February 2023.
- Subcontractor costs are higher than budget with City Building Glasgow continuing to carry out the void work.

3) Repairs and Investment – P11

Revenue Repairs and Maintenance	YTD			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
Reactive	8,410	6,207	(2,203)	6,687
Gas planned maintenance	773	1,197	424	1,335
Landscaping and cyclical maintenance	519	658	138	719
Compliance	934	1,386	451	1,507
Profit on IHR	61	-	(61)	-
TOTAL	10,697	9,447	(1,250)	10,248

Core Investment Programme	YTD			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
Investment programme grant income				
Aids and Adaptations	1,932	375	1,557	500
Decarbonisation Project	684	-	684	-
Social Housing Net Zero	103	-	103	-
Total	2,616	375	2,241	500
Investment programme spend				
Core Programme	9,189	11,600	2,411	12,106
Social Housing Net Zero	103	-	(103)	-
Capitalised Voids	4,448	2,728	(1,720)	2,987
Adaptations	1,932	546	(1,386)	600
Capitalised Staff	978	992	14	1,082
TOTAL	16,651	15,866	(785)	16,775

Repairs

Repairs and maintenance costs are £1,250k adverse to budget.

- Reactive repairs are £2,203k adverse to budget driven by increased demand resulting in higher material and subcontractor costs.
- Gas planned maintenance favourable to budget by £424k driven by savings from prior year investment spend.
- Landscaping and cyclical maintenance is £138k lower than budget due to a reprofiling of spend.
- Compliance expenditure is £451k 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.

Investment

Overall the capital costs are £785k higher than budget.

- Core programme spend includes £684k CWI and LCTIP works that are grant funded with the grant recognised through other income. This is offset by the rephasing of boiler replacements and 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 April 2023.
- A significant number of major adaptations have been installed YTD with £1,932k of grant funding claimed and recognised in grant Income.

4) New Build – P11

Development Name	Status	Contractor	YTD P11			Full Year
			Actual	Budget	Variance	FY Budget
Nursery Avenue	Completed	McTaggart	1,552	1,397	(155)	1,397
Eastriggs	Completed	Ashleigh	398	453	55	453
Queensberry Brae Thornhill	In development	TBC	7	-	(7)	-
Herries Avenue, Dumfries	Not approved	TBC	12	-	(12)	-
Springholm	In development	Ashleigh	222	1,494	1,272	1,909
Main St. Glenluce	In development	Ashleigh	198	962	764	1,078
Catherinefield Farm	Not approved	TBC	146	-	(146)	-
Curries Yard Heathhall	On Site	CCG	6,290	-	(6,290)	-
Johnstonebridge	In development	Ashleigh	103	-	(103)	-
Corsbie Road	Not approved	McTaggart	2	1,522	1,520	1,908
Ashwood Drive	In development	Ogilivie	29	686	657	831
Lochans, Stranraer	Not approved	TBC	202	-	(202)	-
Stock Regen West	Not approved	TBC	37	-	(37)	-
Stock Regen East	Not approved	TBC	8	-	(8)	-
Spring Bank Road	Not approved	TBC	9	-	(9)	-
Completed PY	Completed		(81)	169	250	170
Total Social Rent			9,135	6,683	(2,452)	7,746
Capitalised Staff			865	820	(45)	895
Capitalised Demolition			584	515	(69)	618
Capitalised Interest			-	-	-	132
Total New Build Investment			10,584	8,018	(2,566)	9,391
Grant Income			4,733	4,151	582	5,063
Net New Build Cost			5,851	3,867	(1,984)	4,328
Grant Income Completions (recognised in OPS)			3,624	3,624	0	3,624

Development spend at end of February 2023 totalled £10,584k, against a budget of £8,018k, a variance of £2,566k over budget. £4,733k 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.
- **Lochside** – all 12 blocks demolished.

Future Developments – awaiting approval:

- [redacted]

5) Balance Sheet – P11

	28 February 23	31 March 22
Fixed Assets		
Social Housing Properties	425,935	410,930
Other Fixed Assets	1,857	901
Investment Properties	12,940	12,940
	<u>440,732</u>	<u>424,771</u>
Current Assets		
Stock	695	695
Rent and service charge arrears	2,929	2,813
less: provision for rent arrears	(1,594)	(1,228)
Prepayments and accrued income	2,672	648
Other debtors	2,130	5,776
Total Debtors	6,136	8,010
Due from other group companies	471	753
Cash & Cash Equivalents	5,083	42,534
	<u>12,385</u>	<u>51,992</u>
Creditors: within 1 year		
Trade Creditors	(1,360)	(10,048)
Accruals	(10,352)	(36)
Deferred income (Grant)	-	(4,161)
Prepayments of Rent and Service Charge	(797)	(567)
Other Creditors	(906)	(3,364)
Total Creditors	(13,416)	(18,176)
Amounts due to Group Undertakings	(3,867)	(3,487)
	<u>(17,283)</u>	<u>(21,663)</u>
Net Current Liability	(4,897)	30,329
Long Term Creditors		
Long term loans	(154,683)	(188,683)
Loan interest	(4,024)	(3,100)
Deferred Income	(10,402)	(5,540)
Other provisions	(88)	(88)
Pension		
Net Assets	266,638	257,689
Capital and Reserves		
Share Capital		
Revenue Reserve	115,315	106,366
Revaluation Reserve	151,323	151,323
	<u>266,638</u>	<u>257,689</u>
Shareholders' funds	266,638	257,689

Key Comments:

- **Fixed assets** of £441m – 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.
- **Debtors** – rent and service charge arrears have increased driven by timing of debt received. Other debtors balance at 31 March 2022 included £2.8m for aids and adaptation and LCITP grant income.
- **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 £2.0m of investment works (CBG), £3.2m Design and Build costs due to WDSL, £0.8m THFC interest accrual and £0.3m materials.
 - 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 in line with the timing of future completions.
- **Long-Term Creditors** This relates to
 - Capital loans of £154.7m following £35m repayment in P1. WH South joined the RSL borrower group on 1 April 2022.
 - The roll up of accrued interest on Allia loans not payable until end date £4.0m accrued 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 2024/25.
 - Provision of £88k relates to the remaining balance made for dilapidation liabilities for offices.



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: 29 March 2023

1. Purpose

- 1.1 This report provides an update to our Board on the following governance related matters:
- New Board Member appointment
 - Tenant Board Member Pathway Programme
 - Gifts and Hospitality
 - Register of Interests

2. Authorising and strategic context

- 2.1 We are required to operate in accordance with our Articles of Association (“Articles”), Terms of Reference (“ToR”) (as set out in the Group Standing Orders) and our intra-group agreement with Wheatley Group. Our Articles, supplemented by our Terms of Reference, set out the process for the appointment of Board members. Appointments are made by our Board, with the appointment of independent Board members also requiring approval from the Group Remuneration, Appointments, Appraisals and Governance Committee.

3. Background

- 3.1 The Board is responsible for overseeing recruitment and succession planning. As part of this, the Board is responsible for ensuring we have a blend of skills and experience, in line with our agreed skills matrix. We have identified a new candidate with skills and experience that fit our skills matrix. In addition, we intend to develop a new tenant board member pathway programme to help ensure we have a pool of potential tenant Board members whenever a tenant vacancy arises in future.
- 3.2 Board appointments reflect our agreed Board composition, through which we aim to have a Board of up to three tenants members, six independent members and one parent appointee. We also have space on the Board for up to five co-optees. Our current composition is three tenant and five independent Board members.

- 3.3 As part of joining the Board, Board members agree to be bound by a Code of Conduct. This sets out the standards that Board members are required to adhere to. It also requires Board members to manage any interests as well as offers of gifts and hospitality. Each year we seek confirmation from Board members about these matters, which will be reported on as part of our year-end processes.

4. Discussion

New Board Member appointment

- 4.1 Following the unplanned retirement of Caryl Hamilton, the Board sought to fill the skills gap that arose (accounting and finance). The Board had also previously agreed that a priority for any recruitment is that candidates have a strong local connection, ideally as a resident of Dumfries and Galloway.
- 4.2 As advised at the previous meeting, two Board members (John Henderson and, Jo Boaden) and our Executive Lead (Group Director of Finance) interviewed a potential Board Member candidate on 15 February 2023, following our Board meeting.
- 4.3 The candidate interviewed, Karen Hunter, is an accountant with strong financial skills and experience. Karen also lives and works in Dumfries and Galloway.
- 4.4 Following successful interview, and in accordance with the Group Standing Orders, approval of this appointment was sought from the Group Remuneration, Appointments, Appraisal and Governance Committee (RAAG) on 22 February 2023.
- 4.5 Given the current vacancy is a result of retirement, this appointment will revert to a fixed three-year appointment at the first Board meeting following our AGM.

Independent Board member recruitment

- 4.6 We have a further vacancy arising as Heather Macnaughton retires from the Board following this meeting. We will now commence recruitment of a new independent Board member in place of Heather. Heather had particular skills in the areas of housing management and in accountancy. Although our Chair is due to retire in September, we have recently appointed Jo Boaden to our Board. Jo has specialist knowledge of housing and housing management. In addition, Karen Hunter's appointment addresses the requirement for accounting and finance experience.
- 4.7 There are no identified skills gaps likely to arise over the next three years as a consequence of succession planning. Taking into account our current skills matrix, it is therefore proposed that we seek to recruit a Board member with general commercial skills or with particular experience in property asset management.

Tenant Board member pathway programme

- 4.8 In order to help grow a pool of candidates, we intend to develop a tenant Board member pathway programme. The programme approach is being introduced across the Group at this current time and provides a supported route for tenants to gain the skills and experience necessary to join our Board. Through the pathway programme tenants would be invited to join the Group Scrutiny Panel and be given the opportunity to undertake targeted training with the aim of them developing the skills and required to take up a future board vacancy.
- 4.9 Our next planned tenant board retirement is not until 2026, however the Board is asked to agree that we implement this programme as part of our approach to succession planning.

Gifts and Hospitality

- 4.10 Board members are required to declare offers of gifts and hospitality when these are made or received. Our Group Policy (Payments, Benefits, Gifts and Hospitality Policy) forms part of our induction and was last reviewed by the Board in August 2022.
- 4.11 Under the policy, Board Members are required to declare any offers of gifts and hospitality. A register of the offer or receipt of any gifts or hospitality is maintained by the Governance Team.
- 4.12 During the time period August 2022, until the current date, no declarations have been received from any members of our Board.

Register of Interests

- 4.13 Under our Code of Conduct, Board members are required to ensure they register any interests and update their entry whenever a new interest arises. Information on Board member interests is also published on our website, along with Board member profiles. In addition, we are required to provide information to our auditors in relation to related parties.
- 4.14 We have a Group policy on Board member conflicts of interest which was last reviewed in August 2022. The policy sets out our Group position and must be read in conjunction with the constitution of each individual entity in our Group and our Group Code of Conduct.
- 4.15 As per Policy, a Register of Interests is maintained for our Board and is available on AdminControl.
- 4.16 Declaration of Interests form a standing agenda item at each meeting of our Board where members are requested to declare any further interests, any amendments to the register of interests or declare any conflicts related to specific agenda items. As part of our year end procedures, we will seek confirmation from our Board members that they have no new declarations that require to be made.

5. Customer engagement

- 5.1 We want tenants to be at the heart of everything we do. Our approach to tenant board membership is consistent with our approach to customer engagement. We continue to recognise the benefit of sharing tenant board vacancies on our website; however our customer voices programme has provided us with an excellent opportunity to focus our recruitment on those customers who have expressed an interest to be involved in shaping our activities.

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'.

- 9.2 As a matter of corporate and charity law, it is important that we manage any potential conflicts of interest. We can support compliance with this by ensuring that we maintain a clear policy position and proactively manage gifts, hospitality and outside interests.

10. Risk appetite and assessment

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

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

- 10.3 We mitigate this risk by having clearly defined roles and responsibilities across our governance framework, regularly reviewing our framework and submitting our governance arrangements to external review.

11. Equalities implications

- 11.1 We have a strong commitment to equality and diversity and recognise the benefit of having people with different lived experiences on our Board. Our commitment extends to our tenant board member pathway programme. This includes our commitment to making reasonable adjustments to support candidates who may have additional requirements.

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) Approve Karen Hunter as a member of the Company and approve her appointment as a director; and
 - 2) Provide feedback on the recruitment of a new independent Board member.

LIST OF APPENDICES

None

Report

To: Wheatley Homes South

By: Laurie Carberry - Director of Procurement, Fleet and Utilities

Approved by: Anthony Allison - Group Director of Governance and Business Solution

Subject: Annual Procurement Strategy and policy updates

Date of Meeting: 29 March 2023

1. Purpose

- 1.1 This report presents the annual updates to the Procurement Strategy, Procurement Policy, Group Sustainable Procurement Policy and Group Community Benefits Statement for review, prior to publication.
- 1.2 This report will also detail Wheatley Homes South (WHS) Procurement specific updates and performance from 2021-2022, with a look ahead to the delivery for 2023.

2. Authorising and strategic context

- 2.1 Under its Terms of Reference, set out in the Group Standing Orders, the Board has delegated authority to approve the Group procurement strategy and policy. Our procurement strategy and policy is a lever to support us achieving strategic objectives within our strategy, such as sustainability, creating job and training opportunities more widely maximising value for money.

3. Background

- 3.1 As a registered public body we are required to comply with procurement legislation as defined for Contracting Authorities within Procurement Regulations 2015. WHS have an overall compliance of contracted spend at of 91.83% against a target of 70% it had set low to allow for historic legacy arrangements expire. The Group has an overall compliance of contracted spend of 97.06%.
- 3.2 The first Group Procurement Strategy was published in December 2016 and it is a legal requirement to review it annually by 3March. The updated Procurement Strategy 2023 (Appendix 1) updated Procurement Policy 2023 (Appendix 2), proposed Group Sustainability Procurement Policy 2023 (Appendix 3), and updated Community Benefits Statement (Appendix 4) have all been developed in compliance with this requirement.
- 3.3 The Group Procurement Policy 2023 (Appendix 2) has been updated to capture other business activity underway, such as our revises Equality, Diversity and Inclusion (EDI) policy and action plan and the launch of the Group Contract Management System (CMS).

- 3.4 Wheatley Homes South overall external expenditure in 2021/22 was £64m of which 78% (£50m) was on capital and 22% (£14m) on revenue. The high level of capital spend was due to our capital investment programme to housing stock.
- 3.5 Below are examples of Group wide procurement activity delivered to during 2022 that will benefit directly Wheatley Homes South:
- *£3.6m Legal Services Framework* – delivering choice and best value;
 - *£55m Technical Consultancy Framework* – securing the range of specialist skills we need to deliver our new build programme;
 - *£500m Generation 3 – New Build Framework* – securing a range of prospective contractors to maximise our choice in delivering our new build programme;
 - *£2.4m Hybrid Mail Contract* – supporting operational efficiency and our transition from white mail to digital; and
 - *New Contract Management System* – to continually focus on compliance and managing contracts to ensure both compliance and extraction of all benefits, especially community benefits.

Wheatley Homes South Procurement

- 3.6 There has been a special focus over the last 12 months to onboard Wheatley Homes South onto Group wide contracts where suitable, to ensure value for money and consistent quality levels are being delivered to our customers. As and when required WHS specific contracts have been delivered ensuring we continue the momentum of delivery of capital investment projects and new build sites commenced.
- 3.7 Back Up Contractor framework - WHS In-house Repairs Team has access to Twenty-One contractors across ten trades to supplement the repairs service. The value of these contract is £6.2m and all contractors are local or have a presence in the Dumfries and Galloway region. Not only do these contracts benefit the WHS repairs service, but they also benefit the local economy through the creation of jobs and apprenticeships.
- 3.8 Contract Everwarm – to deliver a further £9m for Insulation improvement works to WHS homes. The works awarded under this contract aims to deliver a range of efficiency measures across 326 properties in Dumfries and Galloway. This work includes the installation of External Wall Insulation, Air Source Heat Pumps, Solar PV and Batteries. Work is anticipated to start in March 2023 and be completed within twelve months. This work will contribute towards improving energy efficiency and meet EESSH2 standards and also our stated strategic objective of reducing CO2 emission from our homes by 20,000 tonnes by 2026.
- 3.9 Contracted Idverde - A contract for Grounds Maintenance services across Dumfries and Galloway was procured to supplement the work carried out by the NETs Team. This work focusses on land owned by WHS that is more agricultural in nature and requires specialist machinery to maintain its upkeep. This new contract enabled the continuation of a solid working relationship that had developed with Idverde since 2013. This contract has provided work to local people and wider employment opportunities in respect of our NETs Team.

- 3.10 Demolition Contract – This project was to demolish the former Glenbay Hotel in Glenluce, following its abandonment and subsequent dilapidation. This project was technically challenging as the Hotel had adjoining privately owned properties. Following demolition of the hotel, this site will gain 10 energy-efficient homes as part of the Group’s “Greener Homes, Greener Lives” campaign.
- 3.11 Group New Build, Technical Consultancy and Legal Services frameworks all now designed to take into account delivery of services within Dumfries and Galloway, making sure we have the benefit of Group purchasing scale but developers, consultants and legal services designed for WHS specific need.
- 3.12 Mini Competition Design Team Lochside Regeneration – Procurement completed with Dumfries and Galloway Council to select and appoint a design team to deliver the urban regeneration project of Lochside ensuring local knowledge and benefits are retained.

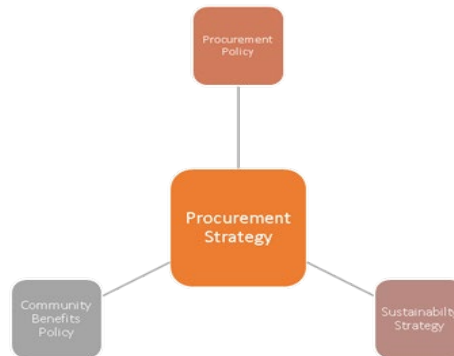
4. Discussion

- 4.1 The Group Procurement Strategy 2023 is a legislative reporting requirement for all large Scottish contracting authorities. As a minimum, the strategy must include the following elements:
- 12-month retrospective review of contracts awarded
 - 24-month forward plan of future contract opportunities
 - Community Benefit Delivery
 - Proposed Sustainability requirements
 - Embedded compliance to legislation.
- 4.2 Our procurement strategy can contribute to delivering the key objectives in all themes of our strategy, such as:
- creating jobs and training opportunities through the use of Community Benefit clauses;
 - drawing on the value of group wide contracting arrangements which allow us to be more efficient and reinvest more money in our communities;
 - build our overall resilience by having a wide range of supply chain options, which in turn can also drive competition and innovation;
 - reducing potential counterparty risk and contractor financial exposure through the use of frameworks such as in development to reduce reliance on a small number of contractors; and
 - driving wider change in our supply chains by making areas such as EDI and sustainability practices requirements to contract with us.

Procurement Updates

- 4.3 The Procurement Strategy is our road map towards achieving organisational objectives and to meet Scottish government’s commitments to efficient and effective procurement, whilst reflecting important legislative changes which ensure that Group is in line with Scottish Government procurement legislation and best practice.

- 4.4 To support us in achieving standardised practises and procedures pertaining to procurement across the Group the Procurement Policy, Sustainability Policy & Community Benefit Policy were developed to deliver the overall Procurement Strategy. To ensure these documents remain fit for purpose they are required to be reviewed on an annual basis. The hierarchy of these documents is as follows



Procurement Strategy

- 4.5 The updated Procurement Strategy incorporates changes which have taken place, including changes to tender thresholds. From January 1 2023 for all Works the threshold is £5,336,937, this was previously £4,733,252, Goods and Services threshold is £213,477, this was previously £189,330, and 'Light Touch Regime' Services threshold remains at £663,540 and has not been changed. For clarity, all threshold values are exclusive of VAT.
- 4.6 The Strategy pipeline has also been updated to reflect the recently procured contracts in the last 12 months and the upcoming procurements for the next 24-month period.

Procurement Policy

- 4.7 The updated Procurement Policy 2023 includes the addition of desirable requirements, which are for contractors to have an Equality, Diversity and Inclusion (EDI) policy and the increased legislative tendering thresholds. By adding the EDI policy as a desirable, this highlights to our potential suppliers the importance of EDI to us as an organisation. This helps support our Group EDI and Human Rights policy and our EDI aims more widely. In particular, this supports our aim to ensure 'EDI is embedded in all our policies and services with an ability to report on this' as contained within our Group EDI Action Plan, approved by the Wheatley Solutions Board in November 2022. Following the addition of the EDI policy requirement, we will be able to report on how many suppliers we procure with meet this requirement.
- 4.8 By having this as a desirable rather than an essential requirement, this helps ensure that this does not indirectly discriminate for example, small suppliers who may not have an EDI policy. It does however encourage and raise awareness with suppliers that they should be considering EDI in their operations and that our procurement process is cognisant of equalities. This approach is further confirmed through our Community Benefits.

Group Sustainable Procurement Policy

- 4.9 We have an ambitious target for our corporate activities to be Carbon Neutral by 2026. Using the breadth and depth of our service, combined with our experience and skills, our aim is to be a catalyst for change in the housing sector and a significant contributor to the national decarbonisation goals. Critical to this objective is how we work with our partners, stakeholders, customers, and suppliers to prioritise sustainable solutions and embed sustainability in each of our decisions. We have therefore created a new Group Sustainable Procurement policy as detailed in Appendix 3.
- 4.10 Our aim is to switch to carbon neutral capable fleet, where suitable electric, hybrid and hydrogen fuelled vehicles exist (i.e., have sufficient gross vehicle weight and range to meet our business need), by the end of 2026. In advance of doing this, we will work to ensure there is suitable charging infrastructure including at our depots and other corporate locations. We will also, where we have the ability to do so, deploy charging infrastructure in our communities, which will benefit our business operations, customers and the wider community in these locations. We will also explore options for reducing emissions associated with staff travel such as active travel, public transport and encouraging use of low emission vehicles.
- 4.11 Our wider long-term sustainability targets include, becoming carbon neutral across our corporate estate, eliminating fuel poverty, and reducing carbon emissions from our homes by at least 4000 tonnes per year. Procurement will take an active role in supporting these ambitions through sustainable sourcing of goods services and materials, as well as ensuring our supply chains also work towards these targets. It will be ensured that consideration of social, ethical, environmental, and economic impacts is present in each procurement activity. With the use of the newly launched Contract Management system, outcomes will be measured, monitored, and recorded.
- 4.12 Procurement shall continue to seek to eliminate and reduce where possible, the use of single use plastics, pesticides and chemicals that may cause harm to the environment, as part of all procurement activity across the Group. The commitment to zero waste going to landfill will also be a key contracting consideration.

Community Benefits Statement

- 4.13 The formation of this statement takes note of Scottish Government Guidance, legislation, and the need for requirements to be proportionate (Appendix 4). This guidance is in-line with Scottish Procurement Legislation and Regulations.
- 4.14 Procurement has an important role in the delivery of Community Benefits. Working in partnership, Group Community Benefits are a shared responsibility for all contract leads across the Group. Where possible there is a focus on maximising jobs and training places and supporting local community activity.
- 4.15 We are therefore able to deliver new jobs, apprenticeships, training opportunities and supply chain development activities for the community. Procurement and contract leads ensure compliance in terms of Construction related contracts and the obligation of the Contractor therein, which is a mandatory requirement captured through the terms of the Contract.

4.16 This also supports our Group EDI aims, as going forward we will use our customer equality data and Wheatley Foundation equality data to inform our Community Benefit approach through analysis of our employability programmes.

Contract Management System (CMS)

4.17 Procurement have implemented a Contract Management System (CMS) to digitise our contracts and assist Contract Owners with their contract management responsibilities. All Contract Owners will receive log in details to the CMS and will have access to administer, monitor and manage their suppliers/contracts. The CMS has three modules:

- Sourcing – Use to add new suppliers, amend supplier details and routinely check supplier information (insurances, bank details etc). For sole use of Procurement currently.
- Contract Management – this module is where contracts are set up and documentation is uploaded to ensure that all information relevant to the contract can be viewed in one place. To be used by both Procurement and Contract Owners (predominantly Procurement)
- Supplier Relationship Management (SRM) – this module is used to collate supplier performance via scheduled supplier requests aimed at understanding performance against pre-determined Key Performance Indicators (KPIs) or other performance targets. To be used by both Procurement and Contract Owners (predominantly Contract Owners).

4.18 Procurement shall work with Contract Owners to set up their contracts in the first instance and maximise the CMS' functionality. Contract Owner shall be responsible for contract/supplier interactions thereafter. The CMS will alert the Contract Owner when an action is due and will repeat the alert until action is taken.

Challenges for Procurement 2023

4.19 In line with the challenging Scottish Government policy on carbon reduction to net-zero, we seek to ensure that sustainability is rooted within all procurement activity. For example, the new build properties are designed to a high standard of energy efficiency, and boilers that are being installed in customers' homes are specified to ensure low consumption rates.

4.20 However, these challenging targets will require a common-sense approach to developing our community's ensuring sustainability is an objective to each and every procurement that is undertaken. This was a major factor as to why our new sustainability strategy has been developed, the targets and initiatives detailed within will play an important role in all procurement activities.

4.21 The UK insurance market for Housing Associations has significantly changed in the last 12-18 months and we are still very much in a hard insurance market. This is currently in the most distressed the property stock market has been in over 30 years. Limited capacity in the market has also impacted insurer appetite with them being more selective and only considering better quality risks, and also increased premiums irrespective of claims experience. We have recently seen our Group property insurance renewal increase.

4.22 The new build contracting market continues to require strong monitoring with suppliers now increasingly requesting to mitigate their risk on costs in the way they contract and ask for cost increases. Our approach has been to seek fixed costs and have contractors take the risk on cost inflation.

4.23 [redacted]

4.24 [redacted].

4.25 [redacted]

5. Customer Engagement

5.1 Each procurement exercise will take into consideration customer engagement. Customer consultation will be carried out when applicable. Community Benefit delivery aspirations also involve key customer engagement activities.

5.2 The use of the new CMS system will ensure we are driving all the additional value and community benefit offerings from Group contracts, ensuring the best possible outcomes for our customers.

6. Environmental and sustainability implications

6.1 Our aim is to be carbon neutral in our corporate activities by 2026. Scotland has set a target to phase out the sale of new fossil fuel vehicles by 2032. To ensure delivery of these requirements we have a dedicated fleet team to oversee the transition of Group fleet to carbon neutral by 2026.

6.2 Sustainability outcomes will continuously be measured against Group targets and Procurement will take an active role in supporting these ambitions through sustainable sourcing of goods services, materials and supply chains.

7. Digital transformation alignment

7.1 The new Contract Management System (CMS) allows for integrated use of IT systems and acts as a central repository for all contract. It will provide a much more automated and structured way to manage contracts which will be both more efficient for staff time and increase the robustness of supplier monitoring.

8. Financial and value for money implications

8.1 Value for money and financial efficiency continue to be a key focus in procurement, alongside quality. These objectives are being achieved by leveraging our size and scale. Effective procurement is a key approach to meet the Group business plan, sustainability targets, and identified savings targets

9. Legal, regulatory and charitable implications

9.1 By publishing the Group Procurement Strategy by March 2023, we are meeting our legal obligation and adhering to government requirements. All procurement within the Group adheres to legislative procurement requirements.

10. Risk Appetite and Assessment

- 10.1 Our agreed risk appetite relating to laws and regulations is “**Averse**”. This level of risk tolerance is defined, as “Avoidance of risk and uncertainty is a key organisational objective”.
- 10.2 The key procurement strategic risk (SSR15) for the Group is Non Compliance with current Scottish Procurement Legislation/Regulation relating to procurement and award of contracts. In order to mitigate any risks to Group the following measures are embedded:
- Compliance with Group standing orders;
 - Annually reviewed Group procurement policy;
 - Visibility of our Contract Register;
 - Mandatory training for all staff authorised to procure ‘Passport to Procure’ eLearning tool;
 - Procurement plans for above threshold procurements; and
 - Dedicated Procurement team with specialist knowledge / training Support from legal advice as required.
- 10.3 The Procurement Policy 2023 and the updated Procurement Strategy 2023, proposed Sustainable Procurement Policy 2023, and updated Community Benefits Statement 2023 help us mitigate the risks of non-compliance of regulation and legislation.

11. Equalities Impact

- 11.1 Through its procurement approach, relationships with Group wide and local suppliers, and awareness of equalities legislation, we promote equality across all areas of procurement business.
- 11.2 Updates made to our Procurement Policy and Community Benefits approach supports out EDI aims as a Group, contained within our Group EDI Action Plan as approved in November 2022 by the Solutions Board. This supports the implementation of our Group EDI and Human Rights policy.
- 11.3 Our procurement strategy outlines how we will work to ensure our procurement process is inclusive for example through: Equal Treatment, Non-Discrimination, Transparency and Proportionality; Prevention of Modern Slavery; Fair and Ethical trading; the Living Wage; Supporting SMEs and social enterprises.

12. Key issues and conclusions

- 12.1 We must comply with legislative requirements for procurement and contracting arrangements due to our classification as Contracting Authority. Our suite of procurement documents presented help to ensure compliance. These will be published on our Group website.

13. Recommendations

- 13.1 The Wheatley Homes South board is asked to note the following documents:
- 1) Wheatley Group Procurement Strategy (2023 – 2025)
 - 2) Wheatley Group Procurement Policy 2023
 - 3) Wheatley Group Sustainability Procurement Policy 2023
 - 4) Wheatley Group Community Benefits Statement 2023

LIST OF APPENDICES:

Appendix 1 – Group Procurement Strategy 2023 – 2025

Appendix 2 – Group Procurement Policy 2023

Appendix 3 – Group Sustainability Procurement Policy 2023

Appendix 4 – Group Community Benefits Statement 2023

Can be found [here](#)