**WHEATLEY HOMES SOUTH LIMITED**
**BOARD MEETING**

**Wednesday 20 November 2024 at 10.30 am**
**Brasswell Office (Dumfries)**

# AGENDA

1. Apologies for absence

2. Declarations of interest

3. a) Minute of meeting held on 18 September 2024 and matters arising
   b) Action list

4. Chair and Managing Director update

**Main business and approvals**

5. Neighbourhood plans (presentation)

6. 2025 rent setting

7. Performance and Delivery Plan

8. Health and Safety update

9. Fire Safety update

**Other business**

10. Finance Report

11. Governance update

12. Risk register

13. AOCB

Wheatley Homes South

# Report

**To:** Wheatley Homes South Board

**By:** Alex Lamb, Managing Director

**Approved by:** Alan Glasgow, Group Director of Housing

**Subject:** 2025 rent setting

**Date of Meeting:** 20 November 2024

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## 1. Purpose

1.1 This report:

- Seeks agreement from the Board for the 2025/26 rent and general service charge increases for initial focus group discussion; and
- Sets out proposals for engagement and consultation with our tenants on rent increase options.

## 2. Authorising and strategic context

2.1 Under the Group Standing Orders, the Group Board is responsible for the Group rent setting framework. We approve our own rent increases within this framework.

2.2 The Group Board agreed that a base increase within the range of 6.9-7.9% should be the basis of our initial focus group discussion with each RSLs tenants. Alongside this, we would discuss an additional option of +1% on the base to fund additional activities as we have in previous years.

## 3. Background

Economic context

3.1 The UK has experienced a challenging economic period over the past two years as inflation rose steeply and the Bank of England responded with sustained interest rate rises, creating financial pressure to both businesses and households. Over the last year the monetary policy decisions by the Bank of England have helped reduce inflation from 6.7% to 1.7% and while there are now signs of economic recovery, and potential for interest rate reductions, challenges remain in keeping inflation close to the Bank of England 2% target and creating sustainable growth. Market predictions show inflation may increase slightly over the remaining months of this financial year but will remain close to the target. This prompted an interest rate cut to 4.75% on 7 November with commentary from the Bank of England that inflation may rise slightly after the measures announced in the UK Budget which would mean interest rates may take longer to fall.

3.2 While general Consumer Price Index (CPI) inflation has reduced, costs remain higher for key areas of housing expenditure such as repairs and insurance. Interest rate reductions are forecast but rates are unlikely to return to the low levels seen pre-2022. We have updated our business plan assumptions to reflect expectations for future inflation and interest rates. After managing our services through the recent period, the 7.5% rent increase implemented in April 2024 allowed us to begin rebuilding financial capacity in our business plan and, along with assumed future rent increases, provides for an appropriate level of funding for investment in lifecycle replacements and our legislative obligations in our homes. During the year, as part of our asset strategy discussions, we agreed that the investment priorities set out in our neighbourhood plans be reflected in our rent setting proposals together with the creation of a provision to fund energy efficiency improvements in our homes which will be required to meet the new Scottish Housing Net Zero Standard (SHNZS).

## 4. Discussion

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

- Keeping rents affordable;
- Comparability with other social landlords;
- Financial viability; and
- Consultation with tenants and service users.

<u>Affordability</u>

4.2 Our average rents for 2024/25 are shown in Table 1 below, alongside the Scottish average and Scottish RSL averages now published for the same year. To allow as “like for like” a comparison as possible these rates are based on the latest available information via the 2022/23 Annual Return on the [Scottish Social Housing] Charter (“the ARC”) to the Scottish Housing Regulator (“SHR”) with the 2023/24 rent increase (sourced from the SHR) applied.

***Table 1:*** *Average Weekly Rents – March 2024 ARC Return + 2024/25 rent increase*

| RSL | Average Weekly Rent | | | | | Total Lettable Units | Overall Average Weekly Rent |
|---|---|---|---|---|---|---|---|
| | 1 Apt | 2 Apt | 3 Apt | 4 Apt | 5 Apt | | |
| WH South | £103.15 | £89.16 | £96.63 | £103.44 | £113.04 | 10,068 | £96.78 |
| **Scottish Average** | **£87.22** | **£93.19** | **£95.75** | **£104.25** | **£114.84** | | **£97.36** |
| **Scottish RSL Average** | **£93.80** | **£102.26** | **£103.67** | **£114.08** | **£125.97** | | **£105.85** |

4.3 The UK Government accepted the Low Pay Commission (LPC) recommendations and increased the national minimum wage by approximately 10% in April 2024 from £10.42 to £11.44. The minimum wage will increase, above initial estimates, by a further 6.7% to £12.21 for 2025. The UK state pension increased by 8.5% in 2024, the second highest increase ever applied, and will increase by a further 4.1% in April 2025 in line with wage increases under the "triple lock" guarantee. The Scottish Child Payment of £25 per week, per eligible child remains in place and applies to all eligible children (looked after by a guardian in receipt of a qualifying benefit) under 16.

4.4 We have used the joint Scottish Federation of Housing Associations ("SFHA")/Housemark Rent Affordability Tool to assess how affordable our rents are. This tool allows us to calculate the *Rent as a percentage of income* for different customer groups most associated with different property sizes – summarised in Table 2 below.

***Table 2:*** *Affordability analysis by property type and household composition*

| Customer Group | 1 Apt* | 2 Apt | 3 Apt | 4 Apt |
|---|---|---|---|---|
| Single Person | | 25.5% | | |
| Couple 1PT 1FT/ Pensioner couple | | 17.0% | | |
| Couple 2FT | | 12.7% | | |
| Single parent (2 Children) | | | 17.2% | 185% |
| Small family (2 Children) | | | 13.1% | 14.1% |

4.5 The table shows that consistent with previous years **all relevant customer groups and property size combinations are below a 30% rent to income ratio** relative to the national minimum (living) wage. Shelter (2015) cited in the recent Scottish Government literature review of rent affordability has quoted a figure of 35% of net household income[1] as an affordability threshold. A UK Affordable Housing Commission report from 2019 noted that if rent is higher than 40% of net income[2], then serious affordability issues may arise.

4.6 We continue to offer a wide range of wraparound services and wider support to our customers who are experiencing financial hardship including the Helping Hand Fund to assist tenants who are struggling with rent payments.

Comparability

4.7 Our rents are compared with the other local operators below. They remain significantly below the averages for other RSLs operating in the region for all stock sizes, particularly for 3 Apartment (2 bedroom) homes and larger which represent over 70% of our stock. The comparator figures are based on the whole stock base for those landlords, as RSL rents analysed by Local Authority are not made public.

Table 3: Dumfries and Galloway *RSL average rents + service charges at March 2024 with 2024/25 increase applied (Source ARC 2023/24)*

[1] https://www.gov.scot/publications/rent-affordability-affordable-housing-sector-literature-review/pages/4/
[2] https://static1.squarespace.com/static/5b9675fc1137a618f278542d/t/5cf55923f41ae70001170311/1559583017920/Defining+and+measuring+housing+affordability.pdf

| Dumfries & Galloway | | | | |
|---|---|---|---|---|
| **Social Landlord** | **2 Apt** | **3 Apt** | **4 Apt** | **5+ Apt** |
| WH South | £89.16 | £96.63 | £103.44 | £113.04 |
| Irvine HA | £92.60 | £101.99 | £110.99 | £120.04 |
| Cunninghame HA | £85.89 | £112.15 | £122.29 | £130.89 |
| Loreburn HA | £106.61 | £112.58 | £119.87 | £135.51 |
| Home in Scotland | £102.84 | £120.56 | £126.71 | £136.42 |

4.8 Our rents have been consistently the lowest in the region with both Home in Scotland and Loreburn applying a similar rent increase to us in 2024.

*Financial Viability*

4.9 We form part of a borrowing group with other Wheatley RSLs. This means that we assess the key financial indicators of the RSLs aggregated together. Over recent years, the financial capacity within our RSL business plans has been subject to external pressures such as cost inflation, repairs inflation and interest rate increases. This has been coupled with a sustained increased demand for repairs and additional legislative compliance obligations.

4.10 All of these factors have consumed more headroom than previously existed in our financial projections. Our business plan requires us to balance keeping our rents affordable, maintaining the standard of our homes, investing in our services and ensuring the organisation remains financially viable.

4.11 Cost efficiencies and rent increases are key drivers in growing the financial capacity within the business. We have been able to keep rent increases low by driving overhead efficiencies from our Group structure; we have delivered over £1.3m of annual running cost savings in the last two years and a reduction of £5.5m in employee costs over the same period. Efficiencies achieved have provided real savings in staff and running costs of £20.5m after adjusting for the effect of inflation over the first three years of our 2021-2026 strategy. For WH South, we have achieved a real reduction in overhead costs of £2.1m since 2021.

4.12 We have also recently agreed amendments to our financial covenants which provide financial capacity for specific investment capital projects relating to retrofit and improvements in the energy efficiency of our homes. Our rent increase in April 2024 allowed us to begin rebuilding the financial capacity in our business plan and, along with assumed future rent increases over the next three years, provide sufficient funding in our financial projections to meet investment in lifecycle replacements and our legislative obligations in our homes.

4.13 Our financial projections remain subject to notable cost pressures despite an easing in the rate of general CPI inflation. A large element of our annual expenditure is made up of repairs and maintenance costs and staff delivering housing and neighbourhood environmental service for our customers. Repairs inflation continues to run higher than general inflation with costs increasing by almost 5% in the year to September.

4.14 The recent budget announcement of an extra 1.2% on employers' national insurance and a lowering of the threshold at which contributions start being paid on employee salaries from £9,100 a year to £5,000. This change has a direct impact on our projections increasing staff costs by £0.3m and the costs to provide services such as repairs, environmental services and housing management to tenants. This increase in national insurance contributions was not previously anticipated in our financial projections and the resulting direct increase to our cost base has been a factor in considering our rent proposals for 2025/26.

4.15 In considering the rent increase for 2025/26 our process has been informed through our ongoing engagement with tenants and their consistent message on how important the overall quality of their home and neighbourhood is to them. When developing our Asset Management Strategy we engaged Customer Voice panels on the key themes and drivers and collated feedback on investment priorities through our network of staff who work with customers in their communities.

4.16 Our approach to energy efficiency investment is informed by customers too, with a clear theme in our Asset Management Strategy on the delivery of energy efficiency improvements to reduce heating costs, as well as meeting the proposed requirements of the Scottish Government's Social Housing Net Zero Standard (SHNZS).

4.17 This information has informed the prioritisation and approaches in our more detailed Strategic Asset Investment and Management Plans. In turn, this has informed our rent considerations and the level of funding required to increase investment in our homes and neighbourhoods beyond compliance and lifecycle replacements.

4.18 We have updated our financial projections for the most recent market predictions for future inflation and interest rates. Our inflation assumptions reflect a longer return towards the Bank of England's 2% inflation target and a stabilisation thereafter. Reductions in interest rates from the current level of 4.75% to 4.5% in 2025/26 and 2026/27 are assumed but with the longer-term rate assumption prudently held at 5.0%.

4.19 Taking all of these factors into account, our rent proposals for 2025/26 are based on an increase of 6.9%. This would allow us to:

- Continue to grow the planned funding for our legislation and lifecycle replacement investment programme;
- Create a funding provision to deliver our neighbourhood plans and a programme of environmental improvements. One of the key initiatives within our neighbourhood planning involves the Neighbourhood Environmental Team (NETs), which has involved actively working with customers to keep communities cleaner and greener. Around 30 WHS customers have been trained as assessors with Keep Scotland Beautiful. These assessors play an active role in evaluating their communities and identifying areas for improvement which have clear linkages to our asset improvement strategies, including refurbishment of communal spaces and environment maintenance of the vast areas of open space across the region;
- Create capacity to build a programme of energy efficiency improvements to meet the zero targets in the new SHNZS; and

- Cover the increase in our cost base from the additional 1.2% in employers' national insurance and the higher level of repairs and maintenance cost inflation.

4.20 As part of our April 2025 rent proposals we will continue to assist our tenants who struggle to pay their rent and have assumed a provision of £164k in the Wheatley Foundation for a 2025/26 Helping Hand Fund.

4.21 [redacted]

[redacted]

[redacted]

4.22 Our projected position against our trading cashflow golden rule is shown below. While this is not a covenant in our loan agreements it is set so that trading cashflow including investment in existing homes is sufficient to cover 110% of interest costs. This ensures that we do not borrow for day-to-day expenditure, interest costs or investment in existing homes. Following the change to interest cover covenant to remove capital investment spend in existing homes, the trading cashflow is our tightest measure with headroom of £1.7m to the golden rule target in 2028/29.

[redacted]

Consultation and approval – timing and approach

4.23 The consultation with tenants has in previous years set out the proposed increase. Last year we provided two options for the increase launched to initial focus groups followed by writing to all tenants.

4.24 It is proposed that the focus groups would again be independently facilitated discussions on:

- Two options of 6.9% and 7.9% and why the base level is necessary;
- The proposed approach to the options – community investment with the additional money; and
- The draft rent brochure and how well it explains the above.

4.25 The key outcomes we will be seeking from the focus groups would be:

- Qualitative feedback on the proposed rent increase range;
- Clear messaging in the final brochure on why the base level is what it is; and
- Clear, specific proposals in the final brochure on how additional options would be deployed in practice.

4.26 It is intended that we will engage four focus groups, with tenants drawn from across our communities in WH South. The focus groups will be a mix of in person (both Dumfries and Stranraer) and online, and daytime and evening, to allow more opportunities to participate. The attendees will be drawn from our Customer Voices, with priority given to those who have not previously attended.

4.27 A draft rent consultation booklet is attached in Appendix 1. Based on feedback last year from our tenant focus groups we have continued to reduce the amount of text whilst retaining the key messages.

4.28 In terms of the formal consultation and when and how we agree where within the 6.9%-7.9% range we consult the proposed approach is as follows:

| Key action | Timescale |
|---|---|
| Group Board approves rent increase range | Complete |
| Boards approves the rent increase range and delegate authority to the Chair to agree final level (between 6.9%-7.9%) | Today |
| Independently facilitated rent Focus Groups | w/c 21/11 to 5/12 |
| Group Board approve final consultation levels – taking into account focus group feedback and available comparability data | 18/12 |
| Chairs confirm to RSL Boards consultation increase options | 18/12 |
| Consultation with tenants<br>(subject to mail drops but a minimum of 2 weeks) | 13-27 January 25 |

4.29 As with previous years we will engage with Civica electoral services to independently administer the consultation process and verify the results. Following the high uptake levels last year we will again offer the option to respond online or via text message as well as by post.

4.30 Again, as with last year, in order to allow us to ensure that the final notification to tenants on the rent increase arrives in time it is proposed that RSL Boards are delegated authority to approve the increase at their February meetings where it is within the agreed range i.e. the Group Board agreed range in December.

4.31 This will mitigate the risk that the letters are delayed awaiting Group board approval and do not arrive in time to give sufficient, including a legal minimum of four weeks, notice to tenants. This will also allow us longer to engage with tenants once they receive the notification, particularly those who are required to update their Universal Credit portal with the 2025/26 rent levels.

## 5. Customer Engagement

5.1 The rent focus groups will seek customer feedback on the main mechanism for customer engagement, the rent consultation booklet. Thereafter every tenant will be formally consulted as part of the rent setting process.

## 6. Environmental and sustainability implications

6.1 No implications noted.

## 7. Digital transformation alignment

7.1 Tenants will once again be able to participate in the consultation through a wide range of means, both in person and digital. Responses will also be able to be emailed to the independent provider Civica. We will use a wide variety of digital and social media approaches to publicise the consultation.

## 8. Financial and value for money implications

8.1 We consider a rent increase range of between 6.9% and 7.9% provides an appropriate balance between affordability for our tenants and the preservation of appropriate levels of investment in our homes and neighbourhoods. It also starts to build capacity for the investment required to meet proposed SHNZS energy efficiency targets. This is within the context of our financial projections which already included the identification of cost efficiencies.

## 9. Legal, regulatory and charitable implications

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

## 10. Risk Appetite and assessment

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

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

10.3 The proposed approach to consultation includes writing to all tenants and this mitigates the risk that we do not meet our statutory obligation in relation to consultation.

## 11. Equalities implications

11.1 As part of both the tenant focus groups and the consultation process we will take into account tenant communication preferences and needs as appropriate. This includes, for example, where we need to provide the consultation documentation in a different way for tenants who may be blind, deaf or not read English.

## 12. Key issues and conclusions

12.1 As we set out rents for 2025/26, we must balance the economic climate and associated cost pressures, our ongoing and future obligations in relation to building compliance and what will be necessary to deliver the increased investment in their homes tenants continue to tell us they want.

12.2 Taking this into account it is proposed that we agree on a range for the rent increase with the ability to finalise where within this range we will consult in December. This will allow us to consult based on the most up-to-date information on the economic climate, the initial feedback from the tenant focus groups and the conditions of our wider operating environment.

12.3 Our analysis shows that our average rents are currently well within the range of affordability and that they are not amongst the highest within the relevant comparator groups.

## 13. Recommendations

13.1 The Board is asked to:

1) Agree that we undertake an initial consultation with rent focus groups on a 6.9% increase with an additional option of 7.9% for the 2025/26 rent and service charge increase;
2) Note that the final approval of the rent increase within the range will be presented for approval at the Group Board December 2024 meeting following the completion of the tenant focus groups delegate authority to the Chair to agree the final level (between 6.9% - 7.9%);
3) Subject to the approval of the above, note that the Board will be updated on the decision on the proposed increase on 18 December 2024; and
4) Note that this Board has delegated authority to agree the 2025/26 rent and service charge increase where it is within the agreed range.

LIST OF APPENDICES:

Appendix 1 – Draft rent consultation booklet

## Report

**To:** Wheatley Homes South Board

**By:** Alex Lamb, Managing Director

**Approved by:** Alan Glasgow, Group Director of Housing

**Subject:** Performance Report

**Date of Meeting:** 20 November 2024

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### 1. Purpose

1.1 This report presents an update on:

- Sector comparisons for Annual Return on the Charter ("ARC") indicators following the publication of 2023/24 sector-wide data by the Scottish Housing Regulator ("SHR"); and
- performance delivery against targets and strategic projects for 2024/25 to the end of quarter two.

### 2. Authorising and strategic context

2.1 Under our Terms of Reference, the Board is responsible for monitoring performance against agreed targets. We measure progress with the implementation of our five-year strategy via the Group Performance Management Framework ("PMF").

2.2 The Group Board agreed an updated programme of strategic projects and performance measures and targets at its meeting in April 2024. Our Board subsequently agreed its specific performance measures and targets at its meeting on 29 May 2024.

### 3. Background

3.1 This report outlines our performance against targets and strategic projects for 2024/25. Unless specified otherwise, results for all measures are based on year-to-date figures. This includes progress with those measures that will be reportable to the Scottish Housing Regulator ("SHR") as part of the Annual Return on the Charter 2024/25.

### 4. Discussion

4.1 The SHR published the national report including Scottish averages for 2023/24 in late August 2024. The comparison with our performance provides a very positive picture of our 2023/24 performance, with 89% (24) of the total number of tenant-related indicators considered (27) better than the Scottish average.

This includes all tenant satisfaction figures sourced from our independent satisfaction surveys undertaken by Research Resource during 2023/24.

**Table 1**

| Number of ARC indicators above Scottish average 2023/24 | % above Scottish average |
|---|---|
| 24 | 89% |

4.2 Several of these Scottish average 2023/24 comparisons are referenced through this paper for the relevant Charter indicators, alongside an update to quarter two.

4.3 The following sections present a summary of key measures and strategic projects. Strategic measures can be found in Appendix 1 and Strategic projects are found in Appendix 2. SPSO and ARC complaints can be found in Appendix 3.

## Delivering Exceptional Customer Experience

Customer First Centre

4.4 Year-to-date results as of the end of quarter two for our core CFC measures are presented in Table 2:

**Table 2**

| Measure | 2024/25 | | |
|---|---|---|---|
| | Value YTD | Target | Status |
| WHS - CSAT score (customer satisfaction) rolling year) | 4.5 | 4.5 | |
| WHS - Call abandonment rate | 3.83% | 5% | |
| WHS - Call abandonment rate - those waited over 30secs and abandoned | 2.49% | 4% | |
| Group - % of contacts to CFC resolved within CFC | 88.88% | 93% | |

4.5 Customer satisfaction with the CFC (known as CFC CSAT) remains the key measure, ensuring we place our customers' voices at the heart of performance management. Our overall CFC CSAT score was 4.5 at the end of quarter two, on target and the same as at the end of quarter one. Overall, customers tell us that they value the service they receive and report that colleagues are friendly, helpful, and polite.

4.6 The call abandonment rate for our customers, although still better than the 5% target, did drop slightly from the 3.9% in quarter one to 3.83% in quarter two. The call abandonment rate after 30 seconds, whereby our customers waited over 30 seconds and then abandoned their call, better represents the aspect of the service that may be in the CFC's control. This improves to 2.49%, against a 4% target.

4.7 The percentage of contacts to the CFC resolved within the CFC, without the need to be passed to either Housing Teams or MyRepairs, was 88.88% at the end of quarter two, an improvement on the 87.68% reported at the end of quarter one. This includes resolution on the phone, with specialist teams and via digital contact.

4.8 Since September we now have a geographical team approach, established to better respond to demand and ensure that customers speak to a CFC advisor who is upskilled to support them and, wherever possible, to resolve the enquiry.

Complaints

4.9 We continue to be very responsive to complaints, successfully achieving timescales well below our Stage 1 and Stage 2 complaints targets of 5 and 20 days as set out in the table below. Further results are provided in Appendix 3.

**Table 3**

| Charter - average time for a full response to complaints (working days) | | | | |
|---|---|---|---|---|
| Subsidiary | 2023/24<br>Stage 1 – 5-day target,<br>Stage 2 – 20-day target | | 2024/25 – YTD<br>Stage 1 – 5-day target,<br>Stage 2 – 20-day target | |
| | **Stage 1** | **Stage 2** | **Stage 1** | **Stage 2** |
| WHS | 3.48 | 12.60 | 3.53 | |

4.10 We continue to have the lowest proportionate rate of complaints per 1,000 stock in the Group and this has reduced slightly further over the last 6 months compared to 2023/24. We continue our ongoing work to strengthen our complaint handling. This includes:

- Reviewing our staff support, guidance, and training, taking into account feedback from customer focus groups which highlighted communication and delivering commitments as a key priority;
- Increasing the level of quality assurance of both written responses and CFC calls;
- Updating our data classification of repairs to allow better analysis of the root cause of the complaint; and
- Increasing the frequency and profile of complaints reporting within operational performance meetings as well as senior staff meetings (e.g. Executive Team).

4.12 Key actions to respond to customer feedback from complaints, real time feedback and other insight include:

- Reducing the number of repairs stage 2 complaints;
- Improving our response to system repairs for early heat source pump systems;
- Improving information on the allocations system; and
- The need for reasonable adjustments to support customers with particular needs.

4.13 We aim to resolve as many of our complaints as possible at stage 1 to provide good customer service and reduce ongoing dissatisfaction. We are looking at stage 2 complaints to consider which of these might have been resolved at stage 1 and what would need to be done to enable that.

4.14 Our customers have reported an issue with our response for some of our early heat source pump systems. This is often due to difficulties in sourcing appropriate parts. We are working closely with Nithsdale plumbing to ensure we can get these parts as quickly as possible. We have also included this as part of our winter planning.

4.15 We receive a relatively small number of complaints about allocations and most are not upheld. However, this combined with real time feedback has shown that customers often tell us they are dissatisfied with how long it is taking to get a home or that homes they believe are available have not come up to let. This also came up in the Customer Voice discussion about complaints. When reviewed these services have been provided correctly but the complaints show that we could provide more information, particularly given the choice based system is relatively new. We are looking at our systems to identify whether we can provide stronger information on supply, demand and exceptional cases so customers better understand what is available.

4.16 Increasingly our customers ask for adjustments to be made to our services to meet their personal needs both when they complain and when requesting other services. We also see cases where we need to make these adjustments even where the customer has not requested this as_we will always look to be proactive in supporting customers. A large part of the response to this issue will be addressed through our personalised services project. However, in the meantime we have drafted guidance for staff on reasonable adjustments to help ensure that they can consider all the full range of potential aspects of the adjustments and decide what is reasonable in the context.

Tenancy Sustainment

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

4.18 We continue to support our new customers to sustain their tenancies to improve performance in both the Charter measure and our revised indicator (which excludes deaths and transfers to other homes in the Group). We work closely with Dumfries and Galloway Council (DGC) to support new customers referred by them.

4.19 Our current performance has improved from quarter one for all three indicators below, with our Charter measure now better than the 90% target for the first time since joining the Group in 2019.

4.20 The Scottish average for 2023/24 is 91.2%. Although not meeting this benchmark, our performance continues to improve.

**Table 4**

| Tenancy Sustainment | Charter – All lets | 2024/25 Target – Charter | | Charter – Homeless Lets | | Revised | 2024/25 Target - Revised | |
|---|---|---|---|---|---|---|---|---|
| WHS | 90.29% | 90% | | 88.55% | | 92.99% | 91% | |

<u>Allocations CSAT</u>

4.21 Our Allocations MyVoice survey commenced on 1 August 2023 to measure our customers' satisfaction with the process of getting their new home. For the rolling year we are achieving a score of 4.6, an improvement from 4.5 reported at the end of Q1.

**Table 5**

| Allocations CSAT | 2024/25 – Rolling year | 2024/25 Target | |
|---|---|---|---|
| WHS | 4.6 | 4.5 | |

## Making the Most of Our Homes and Assets

<u>Development Programme</u>

4.22 Our target is to deliver a total of 101 new Social Homes in 2024/25. We have 101 handovers to the end of quarter two and meeting our annual target. Handovers this year to the 30th of September are shown in the table below:

| Sites | Handovers (YTD) | Target (YTD) | Difference and handovers to 30th September |
|---|---|---|---|
| Curries Yard, Dumfries (Social) | 54 | 54 | 0 |
| Ewart Place, Springholm (Social) | 47 | 47 | 0 |
| **Totals** | **101** | **101** | **0** |

4.23 The building contract for Johnstonebridge has been signed and the site start is programmed for October 2024.

4.24 Tender returns are expected to Leswalt Phase 1 and College Mains during October.

4.25 The development at Ewart Place in Springholm completed in September 2024 providing 47 units for social rent.

<u>Volume of Emergency Repairs</u>

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

4.27 Emergency repair numbers are 469 less than the same point in 2023/24, a variance of -7.81%, on target.

**Table 6**

| Completed emergency repairs | YTD 23/24 | YTD 24/25 | | Variance |
|---|---|---|---|---|
| WHS | 6,002 | 5,533 | -7.81% | |

Repairs Timescales and Right First Time

4.28 Our average time taken for emergency repairs is 2.57 hours at the end of quarter two, well within the 3-hour target. This is a slight improvement on 2.6 hours last quarter and compares favourably to our average of 2.91 hours in 2023/24 and is better than the Scottish average of 4 hours in 2023/24.

4.29 The table below shows our average time taken for non-emergency repairs is 7.41 days, within the target of 7.5 days. Encouragingly, this is an improvement on 8.28 days last quarter and on 8.58 days last year and better than Scottish average of 9 days.

**Table 7**

| Repairs completion timescales (Charter) | Emergency (hours) | | | Non-emergency (days) | | |
|---|---|---|---|---|---|---|
| | Target | YTD Value | | Target | YTD Value | |
| WHS | 3.00 | 2.57 | | 7.5 | 7.41 | |

4.30 Right first-time performance to the end of quarter two is better than the 90% target at 91.91%, an improvement since quarter one position of 88.96% and last year (87.71%). The Scottish average in 2023/24 was 88.4%.

**Table 8**

| Percentage of repairs right first time (Charter) | 2023/24 | 2024/25 YTD | Target | |
|---|---|---|---|---|
| WHS | 87.71% | 91.91% | 90% | |

Rate It

4.31 Book It, Track It, Rate It' aims to improve visibility and communication during the repair journey. The Rate It element was launched in November last year providing an opportunity for customer feedback on repair appointments.

4.32 For quarter two, our Rate It score is 4.7/5 (from 3,330 responses, representing 17.03% of the feedback links generated to all customers with contact information).

4.33 Local teams have full access to overall scores from Rate It as well as the breakdown by trade/operative/work type to ensure feedback is used to continually review and improve performance.

Responsive repairs: Damp and mould

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

4.35 We have attended 86.05% of mould inspections within 2 working days to the end quarter two, an improvement on 83.1% in quarter one. The table below details the inspections with category of severity. We have had no severe cases.

**Table 9**

| Inspections Completed | Category | | | |
|---|---|---|---|---|
| | No Mould Found | 3 (Mild) | 2 (Moderate) | 1 (severe) |
| 915 | 93 | 754 | 68 | 0 |

4.36 To the end of this quarter, 76.5% of remedial mould repairs were completed within 15 working days.

4.37 We continue to strengthen our internal processes and capability in relation to responding to and resolving occurrences of damp and mould. We have strengthened the technical skills of staff through specialist training. We are also exploring training which would be specifically tailored to the CFC which would, also include a diagnostic questioning set which will allow better diagnosis of the issue when it is first reported.

4.39 In addition to this we are developing the sophistication of how we approach remedial work. This includes the development data driven diagnosis based on archetype, standard remediation by archetype, and detailed analysis of case data to better match the work required with the skillset of the tradesperson.

4.40 We are also taking several actions to support our response to damp and mould reports over the winter months, including:

- Contacting customers who have reported issues with damp and mould on two or more occasions this year to identify and put in place any individual support that is needed to mitigate reoccurrence; and
- Running our ‘See it, Report It’ campaign to the frontline delivery teams, reiterating our messaging around the seriousness of damp and mould in tenants' homes and their responsibility when in tenants' homes to identify and report immediately any issues relating to damp or mould to ensure we respond timeously.

<u>Medical Adaptations</u>

4.41 Scottish Government had delayed notifying us of grant funding for this year which resulted in the temporary suspension of work on adaptations with current performance to date at 35.73 days on average to complete, above the 25-day target. All approved adaptation requests are now being actively worked on and performance is expected to improve for the remainder of this year. For comparison, the 2023/24 Scottish average was 44.8 days.

4.42 We have completed 210 adaptations and currently have 20 household waiting.

**Table 10**

| Medical Adaptations (Charter) | Current Households Waiting | Number Completed YTD | Average Days to Complete YTD | Target | | |
|---|---|---|---|---|---|---|
| WHS | 20 | 210 | | 35.73 | 25 | |

Gas Safety

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

Compliance

4.44 We have made good progress this quarter with all of our 200 relevant properties are compliant with Legionella assessment requirements. At the end of quarter two we had also carried out safety inspections on all our passenger and domestic lifts.

4.45 At the end of quarter two, we continue to have had no newly expired electrical certificates, and we are making progress with the inspection of the EICRs due to expire before the end of 2024/25. At this point, 49.64% of certificates due to expire this year have been renewed, a significant increase on 15.38% last quarter, and we are on course to complete the remainder by year end.

Health and Safety

4.46 We did not have any RIDDORs reported in quarter one and we have one manual handling incident reported for quarter two resulting in 1 absence over 7 days. This year, to the end of quarter two, we have lost 26 days due to work-related accidents. The 26 days relates to one member of trades staff.

4.47 We also have no Health and Safety Executive or local authority environmental team interventions this year, the same position that we have maintained since September 2022.

4.48 We did not receive any new employee liability claims during quarter two, with zero received year to date, and have not recorded any since the measure started in 2021. Across the Group there are currently eight open employee liability claims.

4.49 For quarter two, Group has eight open liability claims, a reduction from the nine that were open at the end of quarter one. Of these eight open claims, none are attributed to WHS.

Workplace Fires

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

Peaceful Neighbourhoods

4.51 Since 2021 we have had in place a strategic measure on the number of tenancies categorised as Peaceful. This is based on the Police Scotland Safe, Calm and Peaceful methodology and the definitions are as follows:

- **Peaceful** – datazones assessed to be minimal to low priority with a recommendation of regular service delivery;
- **Calm** – datazones assessed as moderate to high priority and carry a recommendation of regular service delivery or monitoring; and
- **Safe** – datazones assessed to be very high to extremely high priority with a recommendation for a prioritisation for enforcement measures.

4.52 The Safe, Calm and Peaceful ratings are calculated by Police Scotland using the Police Scotland Business Intelligence Toolkit (BIT). This tool considers each SIMD datazone, the SIMD deprivation score for the datazone and public reported incidents of ASB which occurred within or near to Wheatley RSL properties (within 25 meters) within the datazone.

4.53 The SIMD score is only updated every three or four years and was last updated in 2020. As such, it generally remains static each period and the only variable element is the monthly reports of ASB incidents to Police Scotland.

4.54 Our strategic measure is for over 80% of customers across our Group to live in neighbourhoods categorised as peaceful by the end of the strategy period. At the end of quarter two, the Group-wide percentage of tenancies categorised as Peaceful decreased slightly from 76.92% in quarter one to 75.87%. We are, however, still performing better than this year's target of 75%. It should be noted that we also monitor our own repeat ASB cases measure by RSL, reported later in this section, which is improving.

Anti-Social Behaviour (ASB) Resolved

4.55 By the end of quarter two, the resolution rate for WHS ASB cases was 96.86%, within 10% of the target of 100% and slightly higher than the result at the end of quarter one (95.91%).

**Table 11**

| ASB Resolution Rate | YTD | 2024/25 Target | |
|---|---|---|---|
| WHS | 96.86% | 100% | |

4.56 We continue to have a strong focus on ensuring high visibility of unresolved cases to help support oversight and improvement. To raise the profile of resolving cases this quarter, the CIP manager attended meetings with all RSLs and highlighted:

- The importance of accurate recording and reporting of ASB through Safer Communities;
- The importance of ASB alongside other competing priorities; and

- Offered further training sessions on Safer Communities. Any frontline new starts dealing with ASB are also picked up by the Academy to ensure all relevant staff have the skills to deal with ASB within their neighbourhoods.

Repeat Anti-Social Behaviour cases – number of repeat addresses

4.57 Year-to-date for September, ASB was recorded at 59 repeat addresses within WHS, a 42% decrease compared to the baseline performance of September 2022 (when the year-to-date figure was 102 repeat addresses).

4.58 The CIP team meet monthly to discuss Prevention and Solutions activity as well as conduct analysis and make observations to facilitate further discussion around targeted activity. This helps identify areas of concern around increased and/or persistent offending, allowing for a more proactive approach to address this.

Accidental Dwelling Fires

4.59 There was one ADF in quarter two, which was categorised as minor and human accident as the causal factor. Year to date to September, we have had 6 accidental dwelling fires (ADFs). This compares to 3 reported ADFs by quarter two of 2023/24.

**Table 12**

| Number of recorded accidental dwelling fires | 2024/25 YTD | 2023/24 full year |
|---|---|---|
| WHS | 6 | 12 |

4.60 This contributes towards a Group Strategic result to reduce RSL accidental dwelling fires (ADFs) by 10% by 2025/26, against the baseline of 215 ADFs in 2020/21. We achieved this target in each year of the strategy to 2023/24 and to the end of quarter two across the group we have had 47 accidental dwelling fires against an annual upper limit of 195.

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

**Table 13**

| Fire Risk Assessments | 2024/25 YTD | Target |
|---|---|---|
| The percentage of relevant premises - with a current fire risk assessment in place | 100% | 100% |

4.62 As at the end of September, we had no outstanding overdue mandatory actions arising from the two FRA visits that took place during quarter one and two.

Reducing Homelessness

4.63 We have provided 270 homes to homeless households this year to September. Our % of relevant lets made to homeless applicants is 47.37% and we are on track to achieve our agreed provision of 400 homes to homeless households by the end of the reporting year. (relevant lets exclude mutual exchange and transfers).

**Table 14**

| Reducing Homelessness | 2024/25 Number of lets to homeless applicants (ARC) - YTD | 2023/24 Number of lets to homeless applicants (ARC) – full year |
|---|---|---|
| WHS | 270 | 393 |

Neighbourhood environmental customer satisfaction (Ad-hoc)

4.64 Our NETs MyVoice survey commenced in October 2023 to measure our customers' satisfaction with an ad-hoc service they requested such as bulk uplift, tree work or weeding. Satisfaction for the rolling year is 4.6, ahead of 4.5 reported at the end of quarter one.

**Table 15**

| NETs CSAT (Ad-hoc) | 2024/25 – Rolling year | 2024/25 Target |
|---|---|---|
| WHS | 4.6 | 4.3 |

4.65 Feedback from surveys identified that some customers were unaware of the point at which an ad-hoc request had been successfully completed. To address this, calling cards have been used to advise customers a task has been completed and teams are encouraged to make face to face contact following completion to ensure the customer is happy with the work carried out.

4.66 We are in the process of agreeing the future question set of the survey to include core services such as close cleaning and backcourt maintenance. This will be informed by the Group Scrutiny Panel's recent thematic review of environmental services, in which customers decided to focus on NETs (neighbourhood management teams) and waste management.

4.67 This review involved a range of fieldwork including scrutiny of processes, performance and customer insight information, onsite visits such as to our stock at Alloway Avenue and Curries Yard, and engagement with local environmental staff and a Keep Scotland Beautiful representative.

4.68 The thematic group developed a customer survey to better understand priorities around environmental services which informed 4 focus groups, facilitated by TPAS and observed by the thematic group. This customer engagement from the thematic emphasised that customers place high value on the environmental service, reinforcing themes from other sources of customer insight such as our most recent satisfaction surveys

4.69 The Scrutiny Panel members have finalised their thematic report with recommendations focused on key themes that emerged from the review including that of increasing communication and clarity of information about environmental services to ensure customers are kept informed about upcoming NETs services and engagement and responsibilities are clear.

4.70 We have worked with the Panel members to agree actions to address the recommendations from their review and will meet again with them in April 2025 to review progress. In the meantime, the report will be published and promoted both internally and externally including through video content to hear directly from the customers involved. An update will be brought to Boards early in 2025.

Jobs and Opportunities

4.72 261 children from WHS homes and communities have been supported so far this year. This significantly exceeds the year-to-date target of 21. Projects during quarter two included children receiving free monthly books as well as children's food packs delivered through the Fed-Up Cafe in Stranraer.

4.73 Year to date, the Wheatley Works staff have supported 31 training and employment opportunities for people in WHS homes and communities including Environmental Roots, Changing Lives, and Environmental Modern Apprenticeships. This is below the target of 45.

4.74 The Wheatley Works team is working closely with Dumfries & Galloway Council, as well as engaging in wider employability networks including Dumfries & Galloway College and Third Sector Organisations to develop a joined-up approach for employability provision. Dumfries & Galloway Council will release Employability tender information during quarter three and the team will explore all potential contract opportunities.

4.75 774 people have been supported to alleviate the impacts of poverty. This has included support through Welfare Benefits Advice, Starter Packs and our My Great Start service, which was relaunched in January 2024, providing personalised tenancy sustainment support to new tenants.

**Table 16**

| Indicator | Target (YTD) | Current Performance YTD | 2023/24 |
|---|---|---|---|
| WHS - Number of children and young people benefiting from targeted Foundation programmes in Wheatley Communities | 21 | 261 | 270 |
| WHS - Total number of jobs, training places or apprenticeships created for customers and communities | 45 | 31 | 117 |
| WHS - Number of people accessing services which help alleviate poverty in Wheatley Communities | 575 | 774 | 1,514 |

4.76 Just over 68% of planned jobs, training places or apprenticeships have been secured by customers across the Group this quarter an increase from 51% last quarter. Delivery and support for Wheatley customers remains on track against the full-year forecast.

4.77 70% of Community Benefit jobs and training opportunities arising through the spend associated with new home construction and our investment programme that have been secured by Wheatley customers. This is significantly higher than the target of 30%.

Sickness Absence

4.78 For 2024/25, the sickness rates for housing and repairs staff have been broken down to allow greater visibility and a more bespoke understanding and approach to absence management.

4.79 As the table below shows, we are currently outperforming the 5% sickness target for repairs staff at 2.63% year to date. For housing staff, sickness rates are also well below the 3% target at 2.40% year-to-date.

4.80 The combined rate for WHS is currently 2.35% which is an improvement on the sickness rate reported at the end of quarter one (2.84%).

**Table 17**

| Sickness Rate | Target | 2024/25 YTD | | 2023/24 |
|---|---|---|---|---|
| WHS – Housing staff | 3% | 2.33% | | - |
| WHS – Repairs staff | 5% | 2.40% | | - |
| WHS – Total | 3% | 2.35% | | 2.52% |

4.81 Chronic Ongoing Medical Condition was the main reason for absence in Q2 accounting for 32% of total absence.

4.82 The dedicated absence team remains in place. This team continue to identify and support absences cases throughout Group. Employee Relations ("ER") advisors also now attend all long-term absence meetings to support capability discussions.

4.83 In addition, the ER team are continuing to audit short-term sickness to check that all available support is being offered and that, where appropriate, formal sickness absence management processes are being applied.

4.84 Further assistance for staff members experiencing issues, and managers supporting staff members, was provided in quarter two. This included workshops on mindfulness and breathwork, dealing with change and unexpected life events, and stress and anxiety courses.

4.85 Inclusion events for staff across this quarter have concentrated on developing awareness and support for colleagues affected by cancer by Group engagement on Macmillan coffee morning. Further training is planned for managers around this topic with a focus on sensitive team conversations, helpful reasonable adjustments, and signposting support.

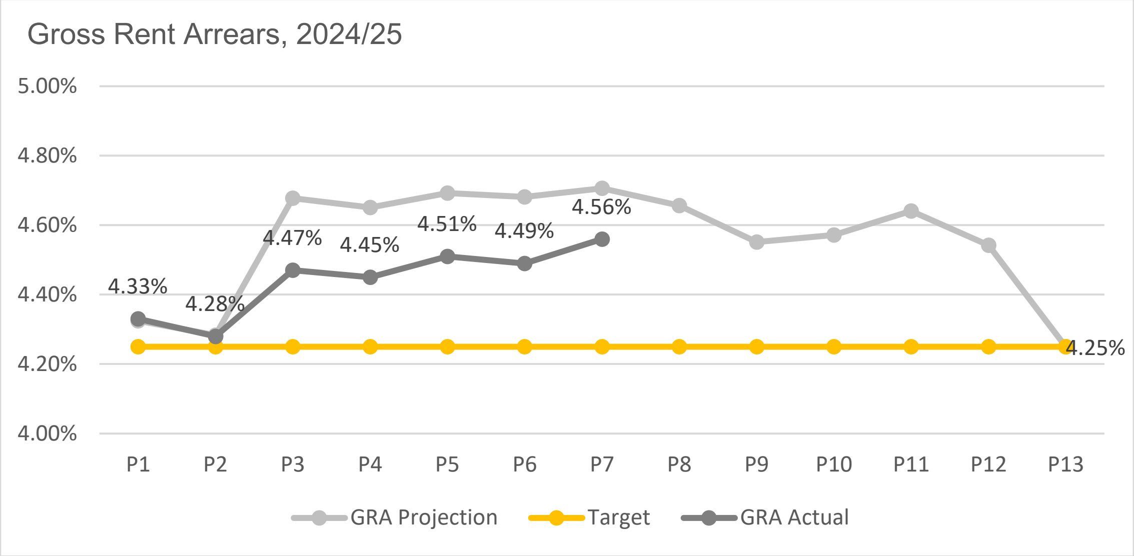
4.86 Planning for winter specific wellbeing offerings is also underway including our annual flu vaccination protection.

Gross Rent Arrears (GRA)

4.87 Our current GRA of 4.56% continues to be better than projected and compared to the same time last year at 4.81% The SHR Scottish average for 2023/24 was 6.7%, we outperform this benchmark.

4.88 The first period of Q3 (period 8) ended on 20th October and showed improvement to 4.48%. In the same period last year, we were performing at 4.73% GRA.

**Chart 1**




4.89 GRA continues to be a priority area of focus for us. We have been managing challenges experienced through the migration of customers moving onto Universal Credit. Further housing management activities include local priorities at housing officer patch level as we embark upon our annual rent campaign. Strong supports are available to customers experiencing financial difficulties through our successful 'Here For You' Events and referral to expert wraparound services.

Average Days to Re-Let (Charter)

4.90 Our average days to re-let at 8.49 days for the year-to-date remains considerably better than our 16-day target. We are the best performing RSL in the Group.

4.91 The Charter Scottish average increased from 55.6 days in 2022/23 to 56.7 days in 2023/24, indicating the sector continues to face letting issues when compared to the 31.5-day average in 2019/20. We continue to significantly surpass this benchmark.

**Table 18**

| Average days to re-let (Charter) | 2023/24 YTD | 2023/24 Target | 2022/23 Results | Charter revised YTD (no meter amendments) |
|---|---|---|---|---|
| WHS | 8.49 | 16 | 11.01 | 9.81 |

4.92 The table above includes re-letting times with no meter amendments, shown as Charter revised. Our revised result shows the impact that meter issues are having on letting times. We continue to surpass the benchmark regardless of including days lost to meter issues.

<u>Invoice Payments</u>

4.93 Year-to-date to September, 94.17% of invoices were paid in 30 days or fewer, a slight fall from the result at the end of quarter one (94.84%) but still significantly higher than the result at the end of 2023/24 (82.83%).

<u>Procurement</u>

4.94 By the end of quarter one, 94.21% of contracted expenditure was compliant with procurement rules, slightly lower than the result at the end of quarter one (95.47%).

## Summary of Strategic Project Delivery

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

**Table 19**

| Complete | On track | Slippage | Overdue |
|---|---|---|---|
| 1 | 4 | 1 | 0 |

4.97 One project completed during quarter two:

- Customer insight driven services.

4.98 The following project is currently slipping:

- *Lochside regeneration* – being considered within our wider new build and regeneration strategy.

4.99 The Group Board discussed the personalised services strategic project at its meeting in September. Following this, we have clarified that the focus in the remaining period of our current strategy will be on the following activities:

1) Developing and delivering refreshed training on how staff (including City Building staff) recognise and respond to potential indicators of customer vulnerability (for example, hoarding or suicidal ideation) for relevant staff groups, by 31 March 2026. This will include how to refer to partner organisations such as local authority social work teams; and
2) Developing an updated approach to Reasonable Adjustments for customers, by April 2025.

4.100 As we develop our new strategy for 2026-31, personalised service delivery will continue to be an important theme. Boards will be fully engaged in the development of the strategy and associated strategic projects.

4.101 The remaining projects are on track.

## 5. Customer engagement

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

## 6. Environmental and sustainability implications

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

## 7. Digital transformation alignment

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

## 8. Financial and value for money implications

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

## 9. Legal, regulatory and charitable implications

9.1 The Scottish Housing Regulator requires an Annual Return on the Charter from each RSL. Key indicators within this return are also included in quarterly performance reporting. We are also required to involve tenants in the scrutiny of performance, which we do through the Group Scrutiny Panel, and to report to tenants on performance by the end of October each year, which we have.

9.2 The Group Scrutiny Panel considered our draft Report to Tenants and in advance of being published we took on board their feedback to:

- Include that alternative versions/formats and translations into different languages are available upon request; and
- Signpost to support available.

## 10. Risk appetite and assessment

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

## 11. Equalities implications

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

## 12. Key issues and conclusions

1.2 We have strong performance against our targets for 2024/25 in several key areas including tenancy sustainment, CFC, Allocations and NETs CSATs, reducing emergency repair numbers, emergency repair timescales, repairs completed right first time, new build completions, the number of children and young people benefiting from targeted Foundation programmes, the number of people accessing services which help alleviate poverty and average time to re-let properties. Arrears remains a continued area of focus.

## 13. Recommendations

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

LIST OF APPENDICES:

Appendix 1: Strategic Results Dashboard
Appendix 2: Strategic Projects Dashboard
Appendix 3: SPSO and ARC Complaints

**Appendix 1 - WHS Board - Delivery Plan 24/25 - Strategic Measures**

## 1. Delivering Exceptional Customer Experience

| Measure | 2023/24 | YTD 2024/25 | | |
|---|---|---|---|---|
| | 2023 | 2024 | | |
| | Value | Value | Target | Status |
| % new tenancies sustained for more than a year - overall | 86.1% | 90.29% | 90% | |
| % new tenancies sustained for more than a year - homeless | 84.35% | 88.55% | | |
| % new tenancies sustained for more than a year - revised | 89.45% | 92.99% | 91% | |
| Group - % of contacts to CFC resolved within CFC | | 88.88% | 93% | |
| CFC CSAT | 4.5 | 4.5 | 4.5 | |
| Allocations CSAT | 4.5 | 4.6 | 4.5 | |
| Abandonment Rate | 5.89% | 3.83% | 5% | |
| Call abandonment rate after 30 secs | | 2.49% | 4% | |

## 2. Making the Most of Our Homes and Assets

| Measure | 2023/24 | YTD 2024/25 | | |
|---|---|---|---|---|
| | 2023 | 2024 | | |
| | Value | Value | Target | Status |
| Reduce the volume of emergency repairs by 10% by 2025/26 (target -3.5% for 2024/25) | Apr to Sep 23/24 – 6,002 | 5,533 | -7.81% | |
| Average time taken to complete emergency repairs (hours) – make safe | 2.7 | 2.57 | 3 | |
| Average time taken to complete non-emergency repairs (working days) | 8.58 | 7.41 | 7.5 | |

| Measure | 2023/24 | YTD 2024/25 | | |
|---|---|---|---|---|
| | 2023 | 2024 | | |
| | Value | Value | Target | Status |
| % reactive repairs completed right first time | 87.71% | 91.91% | 90% | |
| Number of gas safety checks not met | 0 | 0 | 0 | |
| % of tenants who have had repairs or maintenance carried out in last 12 months satisfied with the R&M service | 89.17% | 91.03% | 90% | |
| Average time to complete approved applications for medical adaptations (calendar days) | 24.57 | 35.73 | 25 | |
| Legionella - percentage of applicable properties with a valid risk assessment in place | 100% | 100% | 100% | |
| Percentage of EICR certificates due to expire by end of financial year now renewed | 100% | 49.64% | 100% | |
| Percentage of properties with an EICR certificate up to 5 years old | 100% | 100% | 100% | |
| Percentage of domestic stair and through floor lifts with a valid safety inspection | 100% | 100% | 100% | |
| Percentage of passenger lifts with a valid safety inspection | 100% | 100% | 100% | |
| New build completions - Social Housing | 35 | 101 | 101 | |
| Number of RIDDOR | 2 | 1 | Contextual | |
| Number of HSE or LA environmental team interventions | 0 | 0 | 0 | |
| Number of accidental dwelling fires recorded by Scottish Fire and Rescue | 12 | 6 | Contextual | |
| Number of new employee liability claims received | 0 | 0 | Contextual | |
| Group - Number of open employee liability claims | 13 | 8 | Contextual | |
| Number of FRA - Actions - Mandatory Overdue | | 0 | 0 | |
| Number of days lost due to work related accidents | NEW | 25 | Contextual | |

3. Changing Lives and Communities

| | 2023/24 | YTD 2024/25 |
|---|---|---|

| Measure | 2023 | 2024 | | |
| --- | --- | --- | --- | --- |
| | Value | Value | Target | Status |
| % ASB resolved | 100% | 96.86% | 100% | |
| Number of lets to homeless applicants | 393 | 270 | Contextual | |
| % Lets Homeless Applicants - overall | 47.52% | 47.37% | Contextual | |
| % Relevant lets to Homeless Applicants | 47.57% | 47.37% | Contextual | |
| Group - Percentage of Community Benefit job and training opportunities arising through the spend associated with new home construction and our investment programme that have been secured by Wheatley customers | 45.58% | 70% | 30% | |
| Group - % planned jobs, training places or apprenticeships created which are secured by our customers | 72.57% | 68.1% | 60% | |
| Total number of jobs, training places or apprenticeships created for customers and communities | 117 | 31 | 45 | |
| Number of children and young people benefiting from targeted Foundation programmes in Wheatley Communities | 270 | 261 | 21 | |
| Number of people accessing services which help alleviate poverty in Wheatley Communities | 1,514 | 774 | 575 | |
| Group - Repeat antisocial behaviour cases in period – number of repeat addresses | 952 | 498 | 475 | |
| NETS Adhoc CSAT | 4.6 | 4.6 | 4.3 | |
| Group - % of our customers live in neighbourhoods categorised as peaceful | 76.16% | 75.87% | 75% | |
| Group - The percentage of HMOs that have a current fire risk assessment in place | 100% | 100% | 100% | |
| Number of accidental fires in workplace | 0 | 0 | 0 | |
| Group RSLs - Number of accidental dwelling fires (reduce by 10% by 2025/26) (Upper limit 195 for 2024/25) | 120 | 47 | 195 | |

4. Developing Our Shared Capacity

| | 2023/24 | YTD 2024/25 |
| --- | --- | --- |

| Measure | 2023 | 2024 | | |
|---|---|---|---|---|
| | Value | Value | Target | Status |
| % Sickness rate | 2.52% | 2.24% | 3% | |
| WHS (Housing) - % Sickness rate | | 2.09% | 3% | |
| WHS (Repairs) - % Sickness rate | | 2.18% | 5% | |

## 5. Enabling Our Ambitions

| Measure | 2023/24 | YTD 2024/25 | | |
|---|---|---|---|---|
| | 2023 | 2024 | | |
| | Value | Value | Target | Status |
| % lettable houses that became vacant | 7.92% | 8.16% | 8% | |
| Average time to re-let properties | 11.01 | 8.49 | 16 | |
| Gross rent arrears (all tenants) as a % of rent due | 4.33% | 4.56% | 4.25% | |
| % of payments made within the reporting period which were paid in 30 days or fewer (from the date the business receives a valid invoice) | 82.83% | 94.17% | 96% | |
| % of contracted expenditure compliant with procurement rules | 97.31% | 94.21% | 99% | |

## Appendix 2 - WHS Board - Delivery Plan 24/25 - Strategic Projects

| Delivery Plan Project | Delivery Date | Status | % Progress | Milestone | Due Date | Completed | Progress Note |
|---|---|---|---|---|---|---|---|
| Defining and agreeing our approach to vulnerability and personalised services (b) | 31-Mar-2025 | | 66% | 01. Vulnerability strategy and plan developed | 30-Jun-2024 | Yes | Update provided in cover paper |
| | | | | 02. Customer engagement concluded | 31-Aug-2024 | Yes | |
| | | | | 03. Board approval of strategy and implementation plan | 30-Sep-2024 | Yes | |
| | | | | 04. Implementation plan commenced | 31-Oct-2024 | Yes | |
| | | | | 05. Update to Board on implementation | 31-Mar-2025 | No | |
| | | | | 06. Review and refine plan phase 2 | 31-Mar-2025 | No | |
| Customer insight driven services (b) | 30-Sep-2024 | | 100% | 01. Agree the top 3 priority areas for customer journey mapping based on analysis of customer insight on key satisfaction drivers | 31-May-2024 | Yes | The findings of three customer journey mapping priorities have been presented to the Executive Team.<br><br>The agreed actions and reflection of wider learning from the strategic project is now shaping service improvement activity. |
| | | | | 02. Agree our pulse and thematic survey programme | 31-May-2024 | Yes | |
| | | | | 03. Undertake customer journey mapping, including through direct engagement with customers | 31-Aug-2024 | Yes | |
| | | | | 04. Group Executive team agree service, process and technology changes required to improve the customer journey and respond to the pulse survey findings | 30-Sep-2024 | Yes | |

| Delivery Plan Project | Delivery Date | Status | % Progress | Milestone | Due Date | Completed | Progress Note |
|---|---|---|---|---|---|---|---|
| Asset strategy (b) | 28-Feb-2025 | | 71% | 01. Asset strategy featured as a key theme in Group partner Board strategy workshops | 31-May-2024 | Yes | RSL Boards approved their respective strategic asset investment plans at their respective meetings in September 2024 |
| | | | | 02. Customer and staff engagement session | 31-May-2024 | Yes | |
| | | | | 03. Internal review and sign-off | 31-May-2024 | Yes | |
| | | | | 04. Group Board approval of Group Asset Management strategy | 30-Jun-2024 | Yes | |
| | | | | 05. Group partner asset management plans approved | 30-Sep-2024 | Yes | |
| | | | | 06. Staff launch of group asset management strategy and group partner asset management plans | 31-Oct-2024 | No | |
| | | | | 07. Agreed approach through strategy informs 2025 investment plans | 28-Feb-2025 | No | |
| Lochside regeneration (b) | 31-Mar-2025 | | 25% | 01. Masterplan Phasing & Capacities Agreed | 31-May-2024 | Yes | The overall project is currently being considered within the context of the wider new build and regeneration strategy for WHS |
| | | | | 02. PPiP Submission | 31-Aug-2024 | No | |
| | | | | 03. Contractor Procurement Complete | 31-Jan-2025 | No | |
| | | | | 04. Land Transfer Max High completion | 31-Mar-2025 | No | |
| Develop a data and technology enabled approach to managing and monitoring building compliance (b) | 31-Dec-2024 | | 25% | 01. Review our existing compliance cycles, data management, integration and management information arrangements | 31-Jul-2024 | Yes | Work is progressing to plan. Existing cycles, integration and MI has been reviewed across key compliances areas for each group partner. Work |
| | | | | 02. Build our future building | 31-Oct-2024 | No | |

| Delivery Plan Project | Delivery Date | Status | % Progress | Milestone | Due Date | Completed | Progress Note |
|---|---|---|---|---|---|---|---|
| | | | | compliance model including desired compliance cycles, key data, data flows, degree of integration, required management information and desired customer touchpoints and functionality | | | will now continue to summarise and present findings, which will support development of our desired future compliance model. |
| | | | | 03. Undertake a gap analysis and options appraisal including costs and benefits of the change between current arrangement and desired future model | 30-Nov-2024 | No | |
| | | | | 04. Develop detailed implementation proposal and plan and update Executive Team including on timescales and anticipated benefits | 31-Dec-2024 | No | |
| Improving and evolving our multi-channel customer first centre (b) | 28-Feb-2025 | | 40% | 01. Customer Engagement on service improvement opportunities via Stronger Voices team | 30-Jun-2024 | Yes | Geographic teams are now in place from September across group for all subsidiaries after Executive team approval.<br><br>Discussion is ongoing with Content Guru to agree proof of concept dates for four distinct enhancements/ trials. Business cases have been devised for these. |
| | | | | 02. Agree approach and workplan for geographical subsidiary service delivery | 31-Jul-2024 | Yes | |
| | | | | 03. Pilot customer call transcription and automated quality assurance | 31-Dec-2024 | No | |
| | | | | 04. Scope and develop an approach for automation of identification and verification (IDV) | 31-Dec-2024 | No | |
| | | | | 05. Year 1 update of the Executive Team including | 28-Feb-2025 | No | |

| Delivery Plan Project | Delivery Date | Status | % Progress | Milestone | Due Date | Completed | Progress Note |
|---|---|---|---|---|---|---|---|
| | | | | customer feedback and Year 2 enhancement plan | | | |

**Appendix 4 – Q2 2024/25 - ARC and SPSO measures**

1.1 This appendix provides ARC and SPSO measures up to Q2 2024/25.

1.2 For Group RSLs, ARC measures include complaints received from all customers who receive a service provided by the Group RSL or on their behalf. This includes factoring services delivered by Lowther Homes on behalf of RSLs.

1.3 For Group RSLs, SPSO measures include all complaints relating to the RSL, irrespective of the source of the complaint.

**Charter (ARC) Measures**

1.4 ARC measures are reported to SHR for each Registered Social Landlord (RSLs) in the Group. Performance is for all RSL customers, including those factored owners who receive a service from Lowther Homes on behalf of RSLs.

1.5 Charter - number of complaints received:

| Charter – complaints received<br>* excluding complaints carried over | | | | | | |
|---|---|---|---|---|---|---|
| | *2023/24 | | | 2024/25 YTD | | |
| | Stage 1 | Stage 2 | All | Stage 1 | Stage 2 | All |
| WHS | 486 | 77 | 563 | 224 | 44 | 268 |

1.6 The table below outlines the average time for a full response (working days) for Stage 1 and Stage 2 complaints. All targets are being met for this measure. Performance for WHS exceeds the 2023/24 SHR Scottish average of 5.1 days for S1 complaints and the Scottish average of 17.5 days for S2 complaints. Performance is for the RSL, including Lowther Factored homeowners who receive a factoring service from Lowther on behalf of that RSL.

| Charter - average time for a full response to complaints (working days) | | | | |
|---|---|---|---|---|
| Subsidiary | 2023/24 Stage 1 - 5-day target, Stage 2 – 20-day target | | 2024/25 – YTD Stage 1 - 5-day target, Stage 2 – 20-day target | |
| | **Stage 1** | **Stage 2** | **Stage 1** | **Stage 2** |
| WHS | 3.48 | 12.60 | 3.53 | 12.28 |

1.7 The table below outlines the average time for a full response to complaints (working days) overall, for Stage 1 and Stage 2 combined.

| Charter - average time for a full response to complaints (working days) | | |
|---|---|---|
| Subsidiary | 2023/24Target – not targeted | YTD 2024/25 – not Targeted |
| WHS | 4.75 | 4.78 |

## SPSO Measures

1.8 SPSO measures includes all customers who raise a complaint. We are required to record our performance against the SPSO indicators and report these to the board and senior managers. On request the SPSO can ask that we provide them with details of our complaint handling performance in line with their indicators.

1.9 Stages of complaints are defined as:

- *Stage 1 complants* – are first time reports of dissatisfaction with services.
- *Stage 2 complaints* – directly received as Stage 2, i.e. not escalated from Stage 1. This can be cases which are considered a risk to reputation or requires investigation due to the number of issues raised that could not have been reasonably resolved at Stage 1 as part of a frontline resolution.
- *Escalated complaints* – complaints that were received into the organisation at Stage 1 and later escalated to Stage 2.

1.10 A summary of the year-to date figures for each of the indicators are included below.

**Indicator 1 - total number of complaints received.**

1.11 Complaints numbers have decreased compared to the same period in 2023/24. At the end of Q2 2023/24 WHS had received 230 Stage 1 and two Stage 2 complaints. In Q2 2024/25 WHS had received 224 Stage 1 and three Stage 2 complaints.

| SPSO Indicator 1 - total number of complaints received - YTD | | |
|---|---|---|
| Subsidiary | Stage 1 (this includes escalated complaints as they were first received at Stage 1) | Stage 2 (directly received as Stage 2, i.e. not escalated from Stage 1) |
| WHS | 224 | 3 |

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

1.12 WHS are achieving target of 95% for stage 1 and 100% for stage 2 for quarter 2.

| SPSO Indicator 2 - number and % of complaints at each stage that were fully closed within timescales of 5 and 20 working days | | | | | | |
|---|---|---|---|---|---|---|
| Subsidiary | Stage 1 - responded to within 5 working days | | Stage 2 - responded to within 20 working days | | Escalated complaints - responded to within 20 working days | |
| | 2023/24 | YTD 2024/25 | 2023/24 | YTD 2024/25 | 2023/24 | YTD 2024/25 |

| | | | | | | |
|---|---|---|---|---|---|---|
| **WHS** | 95.62% | 95.09% | 100.00% | 100.00% | 100.00% | 100.00% |

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

1.13 WHS are achieving target of 5 days for stage 1 and 20 days for stage 2 for quarter 2.

| SPSO Indicator 3 - the average time in working days for a full response to the complaints at each stage – YTD 2024/25 | | | |
|---|---|---|---|
| Subsidiary | Stage 1 - responded to within 5 working days | Stage 2 - average time in working days to respond to complaint | Escalated complaints - Average time to respond to complaints after escalation from Stage 1 to Stage 2 |
| WHS | 3.53 | 15.50 | 12.33 |

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

| SPSO Indicator 4 - the outcome of complaints as a % of overall complaints | | | | |
|---|---|---|---|---|
| Subsidiary | Stage 1 - upheld | Stage 1 - partially upheld | Stage 1 - not upheld | Stage 1 - resolved |
| WHS | 20.98% | 8.04% | 51.34% | 19.64% |
| | Stage 2 - upheld | Stage 2 - partially upheld | Stage 2 - not upheld | Stage 2 - resolved |
| WHS | 0.00% | 50.00% | 50.00% | 0.00% |
| | Escalated complaints - upheld | Escalated complaints - partially upheld | Escalated complaints - not upheld | Escalated complaints - resolved |
| WHS | 47.22% | 19.44% | 33.33% | 0.00% |

## Report

**To:** **Wheatley Homes South Board**

**By:** **Neil Addie, Director of Group Health and Fire Safety**

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

**Subject:** **Health and Safety Performance Update**

**Date of Meeting:** **20 November 2024**

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### 1. Purpose

1.1 The purpose of this report is to provide the Board with an update on health and safety performance across the first two quarters of 2024/25.

### 2. Authorising and Strategic Context

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

2.2 Under our Terms of Reference, our Board has the responsibility for monitoring our performance and corporate risks. This report supports us with those responsibilities.

2.3 Health and safety management arrangements and their contribution to enhancing our health and safety culture are clearly aligned with our Group Strategy for developing our capability that provides a platform for delivering excellent customer service.

### 3. Background

3.1 The Group Board approved the current Group Health and Safety Policy ("the Policy") in December 2021. This provides the foundations for our H&S Management system and a positive health and safety culture.

3.2 The Policy is part of our overall safety architecture as shown below, along with our Group Health and Safety Management System, Health and Safety Management Arrangements and Operational Safety Manuals ("OSMs").

3.3 Monitoring arrangements are in place to maintain the validity and accuracy of the documents described below, based on feedback from operational activities, changes to the legislative environment and advances in best practice.



## 4. Discussion

<u>Group Health and Safety Policy</u>

4.1 The Group H&S Policy was last approved by the Group Board in December 2021 and is due for review in December 2024. An interim review also took place in January 2023. This review will include consultation to relevant parties across Group and production of an updated document reflecting agreed changes. The Policy is available to all members of staff and located on WE Connect in digital format. It has been uploaded as a mandatory read for all Managers, Supervisors and Team Leaders.

<u>Group Health and Safety Management System (HSG65)</u>

4.2 We have a legal duty to put in place suitable arrangements to manage health and safety. Our Group H&S Management System continues to be based on Health and Safety Executive (HSE) Guidance document HSG 65 'Managing for Health and Safety'.

<u>Group Health and Safety Management Arrangements (HSMAs)</u>

4.3 The Group H&S Team are integrating existing H&S procedures across all group subsidiaries through new H&S Management Arrangement (HSMA) guidance documents. These documents allow us to share best practice and maintain consistency of approach to H&S management across the Group. They are further supported by a legal register of applicable H&S legislation. Documents that have been completed to date include:

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

4.4 A schedule for the development and implementation of additional documents is set out in Appendix 1, with a planned completion date for all documents of March 2025.

Operational Safety Manuals (OSMs)

4.5 Operational Safety Manuals have been established for our staff and are reviewed every 2 years, or more frequently where a significant change in legislation, best practice or safe systems of work are identified.

Health and Safety Training

4.6 Progress with mandatory e-learning for listed WHS employees during this period is noted below.

| Course | Complete | | In Progress | | Not Started | |
|---|---|---|---|---|---|---|
| Fire Safety Awareness | 94% | | 1% | | 5% | |
| H&S Awareness | 93% | | 2% | | 6% | |
| Intro to First Aid | 93% | | 4% | | 3% | |
| Loneworking | 97% | | 0% | | 3% | |
| Personal Safety Awareness | 94% | | 1% | | 5% | |

4.7 These figures include staff who are currently on maternity leave or long-term absent.

Home Working Self- Assessment

4.8 81 of 88 homeworking WHS employees have now completed Home Working Self- Assessment documentation. Follow up discussions are being taken forward through managers, where applicable to ensure remaining assessments are completed

New Audit Programme

4.9 A new Management Arrangement on Audit and Inspection has been drafted and issued for consultation, which outlines our approach to carrying out H&S Audits across our Group workplaces.

4.10 The commencement of this new audit programme reflects HSE guidance and industry best practice for achieving the highest possible safety standards, and will be similar to the existing programme of Fire Risk Assessment visits already in place.

4.11 Progress with the programme and with any issues identified for action as a result will be included in future reports to WHS Board.

Accident, Incident, Near Miss Reporting & WE Notify

4.12 There is a legal requirement to investigate and report accidents and incidents involving staff, contractors, and customers in accordance with the Reporting of Injuries, Disease and Dangerous Occurrences (RIDDOR Regulations). There have been no RIDDOR accidents during Q1 or Q/2 2024, nor has any working time been lost from accidents of all types, including minor accidents.

4.14 The new Notify Incident Reporting System went live on 01 April 2024 following consultation, engagement, and training across all business areas. This new on-line system for reporting accidents allows rapid completion and reporting of incidents, self- completion of reports by employees, and more effective record keeping by the H&S Team.

4.15 Our employees and managers have adopted, and are using, the system.

Employers Liability Claims Experience

4.16 There are currently no open Employers Liability (EL) Claims being investigated and considered by our insurer for accidents and incidents at work.

4.17 No new EL Claims have been received so far during Q1/2 of this year.

## 5. Customer Engagement

5.1 All Group Health and Safety Policy, Management Arrangement and OSM documents are subject to ongoing consultation with recognised Trade Unions in line with our statutory obligations.

5.2 The Group H&S Committee structure ensures that we comply with the requirements for consultation and more specifically, our legal obligation under the Safety Representatives and Safety Committee Regulations and the Health and Safety (Consultation with Employee) Regulations.

5.3 During this period a new Operational H&S Meeting structure was out in place to create separate forums for Group functional areas, including Housing. A new meeting for all Group Housing staff subsequently took place on 23 October 2024. It is anticipated that this new approach will enable greater focus and attention to be given to Housing specific safety issues. The agenda of this meeting will in addition be guided and informed by the creation of a new Housing H&S Action Plan which will follow the requirements of HSG 65 ‘Managing for Health and Safety’.

## 6. Environmental and Sustainability Implications

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

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

## 7. Digital Transformation Alignment

7.1 Technology, including the recently introduced WE Notify system, is used where appropriate to support safe working arrangements.

7.2 E-Learning training is also being developed beyond our existing H&S Awareness and Fire Awareness courses.

## 8. Financial and Value for Money Implications

8.1 There are no financial implications associated with this report.

## 9. Legal, Regulatory and Charitable Implications

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

## 10. Risk Appetite and Assessment

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

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

## 11. Equalities implications

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

## 12. Key Issues and Conclusions

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

12.2 Key H&S developments during Q1/2 have included:

- The deployment of our Notify incident reporting system;
- Continuing high completion levels for H&S E-Learning courses and, where applicable, Home Working Self- Assessments by WHG employees;
- A new schedule of Management Arrangements listed at Appendix 1;
- A planned new H&S Audit programme commencing during Q3; and
- New Operational H&S meeting for Housing.

## 13. Recommendations

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

LIST OF APPENDICES:

Appendix 1: H&S Management Arrangements Development Schedule

Appendix 01 – H&S Management Arrangements Development Schedule

| Document Title | Planned Date of Completion | Progress |
|---|---|---|
| Audit and Inspection | Q3 | Completed |
| Communication and Consultation | Q3 | Drafted for consultation |
| Confined Space | Q4 | |
| Control of Contractors | Q3 | |
| Contractor Vetting | Q3 | |
| COSHH / Pesticides | Q3 | |
| Digging and Services | Q4 | |
| DSE | Q4 | Drafted for consultation |
| DSEAR | Q4 | |
| Event Management | Q4 | |
| Hot Works | Q3 | |
| Incident Investigation & Reporting | Q3 | Drafted for consultation |
| Infection Prevention and Control | Q3 | Drafted for consultation |
| Manual Handling | Q3 | Drafted for consultation |
| Moving and Assisting | Q4 | |
| New and Expectant Mothers | Q4 | |
| Noise at Work | Q4 | |
| Occupational Health and Wellbeing | Q3 | |
| OSM | Q4 | |
| Passenger Assistance | Q4 | |
| Personal Protective Equipment & RPE | Q4 | |
| Personal Safety (Violence at work) | Q3 | |
| Risk Assessment | Q3 | Drafted for consultation |
| Safety Reps | Q3 | Drafted for consultation |
| Security Threats | Q3 | |
| Severe Weather | Q3 | |
| Shift Work | Q3 | Drafted for consultation |
| Smoking | Q3 | |
| Stress | Q3 | |
| Training | Q3 | |
| Work Equipment / PUWER | Q4 | |
| Work Experience and Volunteers | Q3 | |
| Working at Height | Q3 | |
| Workplace Welfare | Q4 | |
| Young People | Q3 | |

Wheatley Homes South

# Report

**To:** Wheatley Homes South Board

**By:** Neil Addie, Director of Group Health & Fire Safety

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

**Subject:** Fire Safety update

**Date of Meeting:** 20 November 2024

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## 1. Purpose

1.1 The purpose of this report is to provide the Board with an update on the performance of our Fire Prevention and Mitigation Framework (FPMF) including:

- The current rate of Accidental Dwelling Fires (ADFs);
- The current rate of Person-Centred Risk Assessments (PCFRAs);
- Progress with our Fire Risk Assessment (FRA) programme;
- Completion of actions associated with FRA and PCFRA visits; and
- Other developments in respect of fire safety.

1.2 This report focuses specifically on the performance of our Fire Prevention and Mitigation for the period of 1st April 2024 to 30th September 2024.

## 2. Authorising and strategic context

2.1 Under the Group Standing Orders, the Wheatley Group Board is responsible for approving Group policies and frameworks and designating those as applicable to all the Group partners. The Group Board approved the updated Fire Prevention Mitigation Framework at their meeting on 24 April 2024.

2.2 Under our Terms of Reference, we are responsible for monitoring our performance and corporate risks. This report supports us with those responsibilities.

2.3 This report relates to our Strategic Theme, Changing lives and communities. Within this, we have an outcome to develop peaceful and connected neighbourhoods. The Group Fire Prevention and Mitigation Framework therefore supports us in our delivery of this outcome.

## 3. Background

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

3.2 Fire safety and keeping our customers and communities as safe as they possibly can be is of paramount importance to us. This is recognised within our 2021-2026 Strategy: Your Home, Your Community, Your Future, in which we clearly state that fire safety will remain a top priority. In addition, risk and mitigations relating to fire safety are included in our risk register, which is subject to ongoing Board review and approval.

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

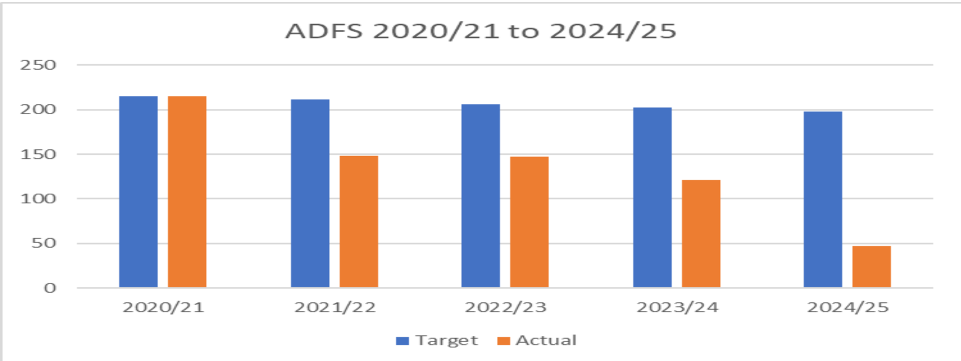
3.4 During the course of our 2021/26 strategy we aim to build on the outstanding success already achieved and reduce the number of ADFs taking place within our stock portfolio by at least a further 10% over the 5 years.

## 4. Discussion

Accidental Dwelling Fires (ADFs)

4.1 During 2020/21 there were 217 ADFs in customer homes Group-wide. This number was chosen as a baseline for a targeted reduction in the number of ADFs by a further 10% between 2021 and 2026.

4.2 In the first 6 months of 2024/25, there were 47 ADFs in customer homes Group- wide, against a target of 99 for that period. **Six** of these 47 ADFs took place in our WHS homes.




4.3 It is believed that our Person-Centred Fire Risk Assessment (PCFRA) visit programme has contributed significantly to the ongoing reductions that have been seen during this period. These visits have enabled ADF reductions by:

- Providing additional fire safety equipment such as stove guards and air fryers;
- Arranging for fire detection system upgrades for highly vulnerable individuals;
- Identifying any fire safety repairs or systems defects in tenant homes;
- Providing guidance to tenants on fire safety in the home; and
- Arranging for tenant referrals/ assistance e.g. in respect of hoarding.

4.4 In addition, the Fire Safety Team undertook a total of 8 post- fire investigation visits to significant fires to assess the extent of the damage within a property and to identify if any lessons can be learned to reduce the risk of fires re-occurring. **One** of these investigation visits took place in WHS

Person Centred Fire Risk Assessment

4.5 In the first 6 months of 2024/ 25, the Group Fire Safety Team has completed 35 PCFRAs within our properties.

4.6 At the end of Q2 there were **0** mandatory PCFRA actions overdue/ outstanding.

Fire Risk Assessment

4.7 The completion of FRAs in our relevant premises extends currently to our Corporate Estate which includes, HMOs, care premises, offices, workshops and Depots. as part of an ongoing planned programme.

4.8 During quarters 1 and 2 **two** FRA visits took place in our relevant premises. At the end of Q2 there were **no** overdue mandatory FRA actions associated with our relevant premises.

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

Other Fire Safety Developments

4.10 Following publication of Part 2 of the Grenfell Inquiry in early September 2024, the Group Board received an update at their meeting on 25 September 2024 with a number of recommendations arising from the report. These recommendations were primarily concerned with fire safety in multi storey tower blocks over 18m. and as such had limited implications for WHS, where none of these types of property are present.

4.11 A Fire Safety Action Plan, attached at Appendix 1 has been created to take forward applicable learning from the Grenfell inquiry and our approach to fire safety more generally. Progress with this plan will be overseen/ monitored by a group-wide Fire Working Group which meets every 2 months. Representatives from WHS participate in this Working Group and will continue to contribute to progressing matters included within the Fire Action Plan.

## 5. Customer engagement

5.1 Our Fire Prevention and Mitigation Framework has a very clear focus on customer engagement through our Person- Centred Fire Risk Assessment programme. Our Fire Safety Team also undertake post- fire investigation visits to tenant homes to identify if any lessons can be learned to reduce the risk of further fires occurring.

5.2 In addition, the Fire Safety Team carried out 6 fire safety community engagement events during this period, of which **one** took place in WHS.

## 6. Environmental and sustainability implications

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

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

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

6.4 Targeting PCRAs for vulnerable customers and ensuring our fire safety arrangements remain effective, including our robust fire risk assessment programme, contributes to the overall commitment of the Group to positively impact our environmental and sustainability responsibilities.

## 7. Digital transformation alignment

7.1 In support of our Digital Transformation, we have developed a Fire Risk Assessment Dashboard. This provides real-time data on the current progress and status of our FRA programme, ADFs, PCFRAs and Fire Investigation Notes.

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

## 8. Financial and value for money implications

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

8.2 In driving a positive fire safety culture across the Group and reducing the number of fires in our homes and workplaces, significant cost savings will however have been made during this time.

## 9. Legal, regulatory and charitable implications

9.1 Our approach to fire risk assessment in a legal context is one of a statutory nature for relevant premises that protects the group from unwanted enforcement action, potential prosecution, and reputational risk.

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

9.3 Relevant Premises are those premises that are covered by fire safety legislation and enforced under current legislation by SFRS. Premises such as HMOs, care premises, offices, workshops and depots are legally required to have a current FRA in place.

## 10. Risk Appetite and assessment

10.1 This report most closely aligns with our strategic outcome of investing in existing homes and environments. Within this, our risk appetite for legal/regulatory compliance is minimal and we have a commitment to ensuring strong fire safety precautions throughout our homes.

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

## 11. Equalities implications

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

## 12. Key issues and conclusions

12.1 Accidental dwelling fires continue to reduce across the Group and within our homes.

12.2 The Group Fire Safety Team carried out 35 PCFRAs in our homes during this period

12.3 FRAs within our relevant premises in accordance with Scottish Government guidelines and best practice maintains the Group’s position of strong legal compliance for fire safety.

12.4 All WHS relevant properties have had a Fire Risk Assessment carried out within our programme dates.

12.5 All mandatory actions previously raised by the PCFRA/ FRA process have been completed.

12.6 A new Fire Safety Action Plan has been created for oversight by the Fire Safety Working Group, which will continue to be attended by our staff.

## 13. Recommendations

13.1 The Board is asked to note the update and progress of our Fire Prevention and Mitigation Framework for the period 01 April 2024 to 30 September 2024.

LIST OF APPENDICES:

Appendix 1: Fire Action Plan

# Appendix 1

## Fire Working Group Fire Safety Action Plan 2024/ 5

| Subject | Objectives | Outcomes | Proposed Action | Lead Officer | Completion Date | Progress |
|---|---|---|---|---|---|---|
| **Preventing, Protecting, and Responding** | | | | | | |
| **1. PLAN** | | | | | | |
| **1.1 Policy** | Review Fire safety policy (HSMA) | Review of roles, responsibilities, monitoring arrangements | ♦ Issue of revised H&S Management Arrangement documents | [redacted] | Q1 | |
| **1.2 Fire Prevention and Mitigation Framework** | Review FPMF | Updated document to reflect current position and ongoing work | ♦ Issue of revised Fire Prevention and Mitigation Framework | [redacted] | Q4 | |
| **1.3 Process review for FRA and PCFRA** | To streamline process and remove waste | Improved performance | ♦ Process updated | [redacted] | Q3 | |
| **1.4 Forced access policy review** | Review process to ensure mandatory actions are escalated | Compliance with regulations. | ♦ Issue of revised Forced Access Policy | [redacted] | Q4 | |
| **1.5 Electric Vehicle charging point policy** | Create ELV policy | Identify roles, responsibilities, monitoring arrangements | ♦ Issue of ELV charging point policy | [redacted] | Q3 | |
| **2. DO** | | | | | | |
| **2.1 Communication** | Communication of safety information throughout Group | Improved performance, participation, awareness | ♦ Monthly Fire Safety Blog on w.e connect<br>♦ Fire Working Group<br>♦ Service operational Groups.<br>♦ Sharing of best practice / guidance and regulatory updates | [redacted] | 6 monthly<br>As required<br>As required<br>As required | |
| **2.2 Contractor Vetting** | Ensuring all contractors are vetted to applicable standards for work completed. | Only competent contractors | ♦ Confirmation that all current contractors have been vetted<br>♦ Assurance that all new contracts apply the CDM HSMA and contractors are vetted by H&S Team | [redacted] | As required<br>As required | |
| **2.3 Fire Door checks** | Ensure that all Fire-resisting doorsets are free from defects | 6 monthly inspections implemented | **Wheatley**<br>♦ Development of Inspection program for all MSFs<br>♦ Monitoring of Inspection program for no entry / number of actions.<br><br>**Privately Owned**<br>♦ Development of program in conjunction with SFRS | [redacted]<br><br><br><br><br>[redacted] | Q3<br><br><br><br><br>Q1 | |
| **2.4 MSF Lifts maintenance** | Ensuring LOLER and PUWER maintenance and servicing in place | Compliance with Regulations | ♦ Laise with RICO to establish current arrangements<br>♦ Implement improvements as required | [redacted] | Q3 | |

| | | | | | | |
|---|---|---|---|---|---|---|
| **2.5 Fire Fighting Lifts** | Establish Group Fire Fighting lifts | Identified roles and responsibilities | ♦ Laise with RICO to establish stock of firefighting lifts.<br>♦ Establish current maintenance and inspection program | [redacted] | Q3 | |
| **2.6 Fire Keys for Lifts** | Establish arrangements for provision and accessibility by SFRS | Enhanced firefighting capability | ♦ Laise with RICO to establish arrangements and provision across Stock<br>♦ Implement Improvements as required | [redacted] | Q3 | |
| **2.7 Fire Action Notices in MSF** | Compliance with Guidance | Improved Signage | ♦ Source and order signage / Various formats to be considered<br>♦ Program of installation | [redacted] | Q4<br>Q1 | |
| **2.8 Gas Isolation Valve checks** | Locate position and availability of Gas Isolation valves for MSFs | Enhanced emergency response | ♦ RICO to identify location<br>♦ RICO to engage with SGN regarding condition and use | [redacted] | Q3<br>Q4 | |
| **2.9 PEEPs** | To establish feasibility of PEEPs in MSFs | Compliance with Grenfell recommendations | ♦ Develop PEEP pilot for single MSF block for all Wheatley residents in conjunction with SFRS. | [redacted] | Q2 | |
| **3. CHECK & ACT** | | | | | | |
| **3.1 Audits** | Fire Safety audit of NETS daily checks in MSF premises according to agreed frequencies | Improvements in safety standards, legal compliance | ♦ Delivery of Audit program<br>♦ Implementation of remedial actions identified<br>♦ Monitoring of compliance with actions | [redacted] | As schedule<br>As required<br>As required | |
| **3.2 SFRS Engagement** | Establish SFRS Approach for private owners | Improvements in safety standards, legal compliance | ♦ Review of process for inspection of flat doors in MSFs | [redacted] | Q3 | |
| **3.3 WHG Business Continuity** | Review WHG Business Continuity Plans in respect of MSF fire | Review of roles, responsibilities, monitoring arrangements | ♦ WHG Business Continuity Plans reviewed and updated | [redacted] | Q3 | |
| **4. People and Communities** | | | | | | |
| **4.1 Communication** | Communication of safety information to tenants | Improved awareness around Fire Safety Issues | ♦ Development and distribution of Battery Safety information for tenants | | | |
| **4.2 Training** | Ensure staff have had relevant training | Identification of customers who require a PCFRA. | ♦ Monitor compliance with mandatory fire safety training | [redacted] | Quarterly | |
| **5. Partnership and Collaboration** | | | | | | |
| **5.1 Engagement** | Establish and maintain strategic partnerships | Enhance fire safety services and initiatives | ♦ Maintain regular meetings with SFRS<br>♦ Collaborate on fire protection initiatives | [redacted] | Ongoing<br>Ongoing | |
| **6. Pioneering Products and Services** | | | | | | |
| **6.1 innovation** | Explore new technology | Enhanced Fire Safety for customers | ♦ Improve fire safety through the adoption of pioneering products and services | [redacted] | Ongoing | |

**Report**

**To:** **Wheatley Homes South Board**

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

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

**Subject:** **Finance Report to 30 September 2024**

**Date of Meeting:** **20 November 2024**

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## 1. Purpose

The purpose of this paper is to provide the Board with:

- an overview of the Finance Report for the period to 30 September 2024 and the Q2 forecast; and
- an update on the Group's funding and security arrangements.

## 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 Wheatley Homes 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 - Financial performance

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

| | Year to Date (Period 6) | | |
|---|---|---|---|
| | **Actual £'000** | **Budget £'000** | **Variance £'000** |
| Turnover | 43,801 | 43,549 | 253 |
| Operating expenditure | (20,555) | (21,986) | (1,431) |
| | | | |
| **Operating surplus** | **23,246** | **21,562** | **1,684** |
| *Operating margin* | *53%* | *50%* | |
| | | | |
| Net interest payable | (3,618) | (3,751) | 133 |
| **Surplus** | **19,628** | **17,811** | **1,817** |
| | | | |
| **Net Capital Expenditure** | **12,457** | **14,706** | **2,249** |

## 4. Discussion

4.1 *Period to 30 September 2024*

Statutory surplus to 30 September is £19,628k, is £1,817k favourable to budget mainly with the majority of expenditure lines reporting spend favourable to budget and a strong letting performance driving favourable variances in rental income.

Key points to note:

- Within income, net rental income is £178k higher than budget, with letting remaining strong this financial year and a void loss rate of 0.6% vs 1.0% in budget. Grant income is in line with budget following the completion of 54 units at Curries Yard and 47 units at Springholm, all for social rent;
- Other grant income is £58k favourable to budget due to higher than budgeted renewable heat incentive (RHI) grant income and higher Supporting People grant income from DGC;
- Operating expenditure is £1,431k favourable to budget driven by lower spend across the majority of expenditure lines;
- Total employee costs (direct and group services) are £107k favourable to budget. The savings include some vacant positions in Q1 (now backfilled), staff changes and lower than budgeted overtime. This is partly offset by a small amount of additional spend from Wheatley Solutions for Group employee costs;
- Total running costs (direct and group services) are £108k favourable to budget due to savings across various expenditure lines in direct running costs and Wheatley Solutions;
- Repair costs are £784k favourable to budget. Within this, responsive repairs are £225k favourable to budget due to the continuation of the repairs improvement plan which is helping to manage costs. Cyclical and compliance spend is £559k favourable to budget due timing of spend against budget;
- Investment income is £960k lower than budget mainly due to the delay in the site start for Ashwood Drive and College Mains. Grant income received YTD relates to Johnstonebridge;
- Total core investment spend of £5,760k is £750k lower than budget due to timing of spend on the core programme and lower capitalised staff costs as a result of staffing changes; and
- New Build expenditure is £2,299k under budget due to the later timing of start dates at Ashwood Drive and Newington. Curries Yard is also under budget due to additional spend occurring in 23/24. This is partially offset by additional spend in Springholm, with all 47 units completing in September.

### 4.2 Q2 2024/25 Full Year Forecast

A forecast of the full year out-turn has been completed following the finalisation of the financial results to 30 September 2024. The Q2 forecast is summarised below:

| | **Full year 2024/25** | | |
|---|---|---|---|
| | **Forecast £k** | **Budget £k** | **Variance £k** |
| Turnover | 73,757 | 74,508 | (752) |
| Operating expenditure | 43,950 | (44,093) | 143 |
| | | | |
| **Operating surplus** | **29,807** | **30,416** | **(609)** |
| *Operating margin* | *40%* | *41%* | |
| | | | |
| Net interest payable | (7,206) | (7,387) | 181 |
| | | | |
| **Surplus** | **22,601** | **23,029** | (428) |
| | | | |
| **Net Capital Expenditure** | **23,344** | **25,472** | 2,128 |

- Statutory surplus of £22,601k is £428k unfavourable to budget due to lower intra group Wheatley Development Scotland (WDS) gift aid income, an intra-group item, and the finalisation of the grant claim for both the 2024/25 SHNZ funded projects and aids & adaptations works. This is partly offset by higher than budgeted rental income from earlier handover of Curries Yard units and employee cost savings; and
- Within net capital expenditure, investment works are forecast to be £2,128k lower than budget with a reduction in new build spend, following the deferral of Ashwood Drive, Corsbie Road and College Mains and a reduction in other capital spend due to the deferral of the Stranraer office refurbishment to 2025/26. This is partly offset by the RSL borrower group interest cover covenant change creating additional capacity for works to be delivered in WH South.

### 4.3 Funding and Security Update

- We successfully completed the new [redacted]
- [redacted]

- [redacted]
- [redacted]

## 5. Customer Engagement

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

## 6. Environmental and sustainability implications

6.1 There are no 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 year to 30 September 2024 is £19,628k, £1,817k favourable to budget. Our cost efficiency targets are built into the budget and delivery of these is a key element of continuing to demonstrate value for money. After adjusting the net operating surplus for new build grant income, depreciation and including capital expenditure in our properties an underlying surplus of £5,170k has been generated which is £2,567k favourable to budget. Within net operating surplus an improved operating performance position is contributing to the favourable variance.

8.2 The Q2 forecast shows a statutory surplus of £22,601k, £428k adverse to budget due to lower intra group Wheatley Development Scotland (WDS) gift aid income (an intra Group item) and the finalisation of the grant claim for both the SHNZ funded project and aids & adaptations works. The Q2 forecast reports an underlying surplus of £4,948k, £649k unfavourable to budget due to additional investment following the changes made to the interest cover covenant. This aligns with our objective to provide high quality housing and investment to improve the energy efficiency of our homes.

## 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.

10.3 The Group's risk appetite in respect of development is "open", which is defined as willing to choose the option "*most likely to result in successful delivery while also providing an acceptable level of reward*". The Group's risk appetite in respect of governance is "cautious" which is defined as "*preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward*".

## 11. Equalities implications

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

## 12. Key issues and conclusions

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

## 13. Recommendations

13.1 The Board is requested to:

1) Note the Finance Report for the period to 30 September 2024 and Q2 forecast at Appendix 1; and
2) Note the Funding and Security update.

LIST OF APPENDICES:

Appendix 1: Period 6 – 30 September 2024 Finance Report.

# Period to 30 September 2024

## Finance Report

# 1) Operating statement – Period to September 2024

| OPERATING STATEMENT | Period to September 2024 | | | Full Year |
|---|---|---|---|---|
| | Actual £ks | Budget £ks | Variance £ks | Budget £ks |
| **INCOME** | | | | |
| Rental Income | 25,604 | 25,528 | 76 | 51,163 |
| Void Losses | (159) | (261) | 102 | (521) |
| **Net Rental Income** | **25,445** | **25,267** | **178** | **50,642** |
| Grant Income | 16,418 | 16,418 | 0 | 16,418 |
| Other Grant Income | 1,333 | 1,275 | 58 | 5,297 |
| Other Income | 605 | 588 | 17 | 2,152 |
| **TOTAL INCOME** | **43,801** | **43,549** | **253** | **74,508** |
| **EXPENDITURE** | | | | |
| Employee Costs - Direct | 2,530 | 2,643 | 113 | 5,277 |
| Employee Costs - Group Services | 1,775 | 1,769 | (6) | 3,508 |
| ER/VR | 0 | 0 | 0 | 210 |
| Direct Running Costs | 1,258 | 1,285 | 27 | 2,651 |
| Running Costs - Group Services | 1,022 | 1,103 | 81 | 2,305 |
| Revenue Repairs and Maintenance | 5,893 | 6,677 | 784 | 13,122 |
| Bad debts | 114 | 528 | 414 | 1,056 |
| Depreciation | 7,720 | 7,720 | 0 | 15,441 |
| Demolition and compensation | 243 | 261 | 18 | 523 |
| **TOTAL EXPENDITURE** | **20,555** | **21,986** | **1,431** | **44,093** |
| **NET OPERATING SURPLUS** | **23,246** | **21,562** | **1,684** | **30,415** |
| *Net operating margin* | *53%* | *50%* | *4%* | *41%* |
| Interest receivable | 66 | 15 | 51 | 30 |
| Interest payable & similar charges | (3,684) | (3,766) | 82 | (7,417) |
| **STATUTORY SURPLUS** | **19,628** | **17,811** | **1,817** | **23,028** |

| INVESTMENT | Actual £ks | Budget £ks | Variance £ks | Budget £ks |
|---|---|---|---|---|
| **TOTAL CAPITAL INVESTMENT INCOME** | **1,047** | **2,007** | **(960)** | **16,304** |
| Capital Investment spend | 5,760 | 6,510 | 750 | 15,432 |
| New Build Programme | 7,188 | 9,487 | 2,299 | 24,207 |
| Other Fixed Assets | 556 | 716 | 160 | 2,137 |
| **TOTAL INVESTMENT EXPENDITURE** | **13,504** | **16,713** | **3,208** | **41,776** |
| **NET CAPITAL EXPENDITURE** | **12,457** | **14,706** | **2,249** | **25,472** |

**Key highlights:**

Net operating surplus of £23,246k is £1,684k favourable to budget. Statutory surplus for the period is £19,628k, is £1,817k favourable with lower spend across expenditure lines contributing to the favourable position.

- Net rental income is £178k higher than budget. Void losses are £102k favourable to budget, with a void loss rate of 0.6% vs 1.0% in budget. Rental income is £76k higher due to unbudgeted rental income from earlier handover of Curries Yard and the deferred Lochside clearance.
- Grant income is in line with budget following the completion of 54 units at Curries Yard and 47 units at Springholm, all for social rent.
- Other grant income is £58k favourable to budget due to higher than budgeted renewable heat incentive (RHI) grant income and higher Supporting People grant income from DGC.
- Other income is £17k favourable to budget due to unbudgeted procurement rebate, partly offset by lower garage income and two void commercial properties.
- Total employee costs (direct and group services) are £107k favourable to budget, with vacant positions in Q1 (now backfilled) and the timing of staff changes, partly offset by additional spend from Wheatley Solutions for Group employee costs.
- Total running costs (direct and group services) are £108k favourable to budget primarily due to several departments reporting lower costs across Wheatley Solutions
- Repairs costs are £784k favourable to budget. Responsive repairs are £225k favourable to budget with less complex jobs reducing the overall cost per job. Cyclical, gas maintenance and compliance are also all favourable to budget due to timing of spend compared to budget.
- Bad debts are £414k favourable to budget. A prudent approach was taken when setting the budget.
- Demolition costs includes two buy backs in Summerhill and the demolition costs at Ecclefechan with all 12 units at Ecclefechan now demolished.

Interest payable of £3,684k represents interest due on the loans due to Wheatley Funding No.1 Ltd and external funders. The £82k favourable variance is due to lower drawdowns than budgeted.

Net capital expenditure of £12,457k is £2,249k lower than budget.

- Capital investment income is £960k lower than budget. New build grant income is unfavourable to budget due to a delayed start at Ashwood Drive and College Mains. Grant income received relates to Johnstonebridge.
- Total capital investment spend of £5,760k is £750k lower than budget, mainly due to the timing of spend on core investment programme.
- New Build expenditure is £2,299k lower due to later than budgeted start dates at Ashwood Drive and Newington. Curries Yard, now complete and fully handed over, is also under budget due to additional spend in 2023/24. This is partially offset by additional spend in Springholm.
- Other capital expenditure of £556k is £160k lower than budget due to timing of IT spend.

# 1b) Underlying surplus – Period to September 2024

**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 September 2024, an underlying surplus of £5,170k has been generated which is £2,567k favourable to budget. Within net operating surplus an improved income and favourable expenditure position, mainly driven by reduced repairs costs, bad debts and reduced core investment spend to date.

| Underlying Surplus - Period to 30 September 2024 | | | | |
|---|---|---|---|---|
| | **YTD Actual £ks** | **YTD Budget £ks** | **YTD Variance £ks** | **FY Budget £ks** |
| Net Operating surplus | 23,246 | 21,562 | 1,684 | 30,415 |
| add back: | | | | |
| Depreciation | 7,720 | 7,720 | 0 | 15,441 |
| less: | | | | |
| Gift aid | 0 | 0 | 0 | (1,023) |
| Grant income | (16,418) | (16,418) | (0) | (16,418) |
| Net interest payable | (3,618) | (3,751) | 133 | (7,387) |
| Total expenditure on Core Programme | (5,760) | (6,510) | 750 | (15,432) |
| **Underlying Surplus** | **5,170** | **2,604** | **2,567** | **5,596** |

# 2) In House Repairs Service – Period to September 2024

| In House Repairs | YTD | | | |
|---|---|---|---|---|
| | Actual £ks | Budget £ks | Variance £ks | Full Year Budget |
| **INCOME** | | | | |
| Internal | 5,528 | 6,454 | (926) | 12,648 |
| External Customers | 208 | 224 | (16) | 447 |
| **TOTAL INCOME** | **5,736** | **6,677** | **(942)** | **13,095** |
| | | | | |
| **COST OF SALES** | | | | |
| Staff Costs | 2,604 | 2,745 | 141 | 5,476 |
| Materials | 1,215 | 1,567 | 351 | 3,050 |
| Subcontractor & Other Costs | 1,065 | 1,311 | 246 | 2,577 |
| **TOTAL COST OF SALES** | **4,884** | **5,623** | **737** | **11,103** |
| | | | | |
| **GROSS PROFIT** | **852** | **1,054** | **(202)** | **1,993** |
| Margin % | 15% | 16% | -1% | 15% |
| **Overheads** | **952** | **1,000** | **48** | **2,000** |
| **NET (LOSS) / PROFIT** | **(100)** | **55** | **(155)** | **(7)** |

Key Comments:

- Income is £942k lower than budget. External customers income represents Home Group income generated in the period to 30 September 2024.
- Employee costs are £141k favourable to budget driven by an increase in the labour capitalised to accommodate the demand for capitalised voids and environmental works.
- The favourable variance in materials and subcontractors is driven by lower cost per job vs budget.
- Overheads are £48k favourable to budget driven by savings across various expenditure lines including lower fuel costs.

# 3) Repairs and Investment – Period to September 2024

Wheatley Homes South

| Revenue Repairs and Maintenance | YTD | | | Full Year |
|---|---|---|---|---|
| | Actual £ks | Budget £ks | Variance £ks | Budget £ks |
| Reactive | 4,520 | 4,745 | 225 | 9,468 |
| Gas planned maintenance | 487 | 625 | 138 | 1,174 |
| Landscaping and cyclical maintenace | 308 | 530 | 222 | 900 |
| Compliance | 578 | 777 | 199 | 1,580 |
| **TOTAL** | **5,893** | **6,677** | **784** | **13,122** |

| Core Investment Programme | To 30 Sept 2024 | | | Full Year |
|---|---|---|---|---|
| | Actual £ks | Budget £ks | Variance £ks | Budget £ks |
| **Investment programme grant income** | | | | |
| Aids and Adaptations | 258 | 258 | 0 | 1,000 |
| Social Housing Net Zero | 551 | 551 | 0 | 3,364 |
| **Total** | **809** | **809** | **0** | **4,364** |
| **Investment programme spend** | | | | |
| Core Programme | 1,969 | 2,697 | 728 | 5,414 |
| Capitalised repairs | 450 | 458 | 8 | 921 |
| Social Housing Net Zero | 551 | 551 | 0 | 3,364 |
| Capitalised Voids | 1,953 | 1,909 | (44) | 3,459 |
| Adaptations | 258 | 258 | 0 | 1,000 |
| Capitalised Staff | 579 | 637 | 58 | 1,274 |
| **Total** | **5,760** | **6,510** | **750** | **15,432** |

| | | | | |
|---|---|---|---|---|
| **Net Investment Spend** | **4,951** | **5,701** | **750** | **11,068** |

**Repairs**

Repairs and maintenance costs are £784k favourable to budget.

- Reactive repairs are £225k favourable to budget driven by an overall lower cost per job.
- Gas planned maintenance, landscaping and cyclical maintenance and compliance expenditure were all favourable to budget due to the timing of spend against budget. All compliance work is delivered within the required legislative timeframe.

**Investment**

Net investment in our existing homes was £4,951k, which is £750k lower than budget.

- Core programme is £728k under budget due to lower spend on windows & doors, internal common works, kitchens, bathrooms and lowrise, offset partly by higher spend on environmental works and ASHP. The full year budget is expected to be spent.
- Capitalised voids are £44k adverse to budget driven by higher average cost per void. In P5 & P6, we have seen higher value voids, requiring significant investment.
- YTD adaptations spend has been prudent due to the delay in the grant award confirmation. Spend is expected to increase to accommodate the full grant award of £669k for the year.
- Capitalised staff is £58k lower than budget with the reallocation of the Head of Asset Investment post to Group Repairs & Investment in Wheatley Solutions.

# 4) New Build – Period to September 2024

Wheatley Homes South

| Development Name | Status | Contractor | YTD P6 Actual | YTD P6 Budget | YTD P6 Variance | Full Year Budget |
|---|---|---|---|---|---|---|
| Curries Yard | On Site | CCG | 1,839 | 2,576 | 737 | 2,700 |
| Springholm | On Site | Ashleigh | 3,214 | 2,673 | (541) | 2,673 |
| Glenluce | Feasibility | Ashleigh | 7 | - | (7) | 2 |
| Johnstonebridge | Approved/Due on Site | Ashleigh | 43 | 100 | 57 | 2,603 |
| Corsbie Road | Feasibility | McTaggart | 14 | 182 | 168 | 3,320 |
| Ashwood Drive | Feasibility | Ogilvie | 45 | 914 | 869 | 1,482 |
| Thornhill | Feasibility | CCG | 234 | 58 | (176) | [redacted] |
| [redacted] | | | | | | |
| **Total Social Rent** | | | **6,600** | **8,900** | **2,299** | **22,549** |
| Capitalised Staff | | | 588 | 587 | (1) | 1,173 |
| Capitalised Interest | | | - | - | - | 484 |
| **Total New Build Investment** | | | **7,188** | **9,487** | **2,299** | **24,206** |
| **Grant Income** | | | **238** | **1,198** | **(960)** | **11,940** |
| **Net New Build Cost** | | | **6,950** | **8,289** | **1,338** | **12,266** |
| **Grant Income Completions (recognised in OPS)** | | | **16,418** | **16,418** | **-** | **16,418** |

**On Site/ Due on Site:**

- ***Currie's Yard (SR/89):*** All 89 properties are now handed over. External communal works being finalised by CCG.
- ***Springholm/ Ewart Place (SR/47):*** Construction started in May 2023 and all properties are now fully handed over.
- ***Johnstonebridge/ MacLean Drive (SR/33):*** Tender approved in March 2024; funding granted in July 2024. Site start is October 2024.

[redacted]

**Regeneration:**

- **Lochside** – Identified as a Transformational Regeneration Area and regeneration of the area will be delivered in partnership with Dumfries and Galloway Council with the Heads of Terms agreed. Deliverability of sites being assessed alongside wider WHS programme.
- **Newington**: Demolition works have commenced. Planning submitted for new builds in September 2024. Mini comp for procurement of contractor has started with contractor anticipated to be appointed by December 2024.
- **Summerhill**: Demolition works anticipated to commence mid-October 2024. New build design is progressing with planning to be submitted in Q3 2024/25. Awaiting feedback from DGC regarding relocation of Young People's Service to this location
- **Troqueer**: Demolition completed; new build design being progressed with planning to be submitted in Q3.

# 5) Balance Sheet – Period to September 2024

| | 30 September 24 | | 31 March 24 | |
|---|---|---|---|---|
| **Fixed Assets** | | | | |
| Social Housing Properties | | 470,217 | | 465,426 |
| Other Fixed Assets | | 2,852 | | 1,878 |
| Investment Properties | | 11,583 | | 11,582 |
| | | 484,652 | | 478,886 |
| **Current Assets** | | | | |
| Stock | | 897 | | 897 |
| *Rent and service charge arrears* | 2,963 | | 3,116 | |
| *less: provision for rent arrears* | (1,285) | | (1,285) | |
| *Prepayments and accrued income* | 1,782 | | 2,138 | |
| *Other debtors* | 3,650 | | 3,849 | |
| Total Debtors | | 7,110 | | 7,817 |
| Due from other group companies | | 108 | | 252 |
| Cash & Cash Equivalents | | 2,417 | | 5,150 |
| | | 10,533 | | 14,116 |
| **Creditors: within 1 year** | | | | |
| *Trade Creditors* | (676) | | (2,354) | |
| *Accruals* | (2,414) | | (2,173) | |
| *Deferred income (Grant)* | 0 | | (16,417) | |
| *Prepayments of Rent and Service Charge* | (1,151) | | (990) | |
| *Other Creditors* | (829) | | (707) | |
| Total Creditors | | (5,069) | | (22,641) |
| Amounts due to Group Undertakings | | (6,850) | | (6,501) |
| | | (11,920) | | (29,141) |
| **Net Current Liability** | | **(1,387)** | | **(15,026)** |
| **Long Term Creditors** | | | | |
| Long term loans | | (166,214) | | (167,214) |
| Loan interest | | (5,712) | | (5,171) |
| Deferred Income | | (4,204) | | (3,967) |
| Other provisions | | (171) | | (171) |
| Pension | | | | |
| **Net Assets** | | **306,965** | | **287,337** |
| **Capital and Reserves** | | | | |
| Share Capital | | | | |
| Revenue Reserve | | 150,017 | | 130,389 |
| Revaluation Reserve | | 156,948 | | 156,948 |
| **Shareholders' funds** | | **306,965** | | **287,337** |

**Key Comments:**

The balance sheet as at 31 March reflects the audited position.

- **Fixed assets** of £485m – representing new build works less depreciation of existing assets.
- **Stock** relates to stock for the in-house repairs team and materials on site relating to the investment program.
- **Debtors –** net rent and service charge arrears are lower by £153k due to timing of rents received.
- **Prepayments and accrued income** – Accrued income includes new build grant income and aids & adaptations. 31 March 2024 included £1.4m SHNZ grant income which was received in Q1 24/25. Prepayments includes £0.5m 2024/25 insurance prepaid to Solutions.
- **Other debtors** includes capital asset recharge £3.5m.
- **Creditors: within 1 year** Includes
  - Trade creditors are lower by £1.7m compared to 31 March 2024, driven by timing of supplier payments.
  - Accruals includes £1.0m of investment works (CBG) and £0.4m materials & sub-contractors. The increase in accruals is due to timing.
- **Long-Term Creditors** relate to
  - Capital loans of £166m, include WFL1, Allia and THFC loans.
  - The roll up of accrued interest on Allia loans is not payable until the end repayment date of the loan. £5.7m has been accrued since the drawdown of the loans.
  - Grant income received is deferred until the completion of new build properties. The balance relates to Catherinefield and Thornhill which are all expected to complete in 2025/26 onwards.
  - Provision of £171k relates to the remaining balance made for dilapidation liabilities for offices and hubs.

# 6) Q2 Forecast 2024/25

| Operating statement | Full Year 2024/25 Q2 Forecast £k | Budget £k | Variance £k |
|---|---|---|---|
| **INCOME** | | | |
| Rental Income | 51,263 | 51,163 | 100 |
| Void Losses | (421) | (521) | 100 |
| **Net Rental Income** | **50,842** | **50,642** | **200** |
| Grant Income | 16,418 | 16,418 | 0 |
| Other Grant Income | 4,836 | 5,297 | (461) |
| Other Income | 1,661 | 2,152 | (491) |
| **Total Income** | **73,757** | **74,508** | **(752)** |
| **EXPENDITURE** | | | |
| Employee Costs - Direct | 5,177 | 5,277 | 100 |
| Employee Costs - Group Services | 3,529 | 3,508 | (21) |
| ER / VR | 210 | 210 | 0 |
| Direct Running Costs | 2,651 | 2,651 | 0 |
| Running Costs - Group Services | 2,241 | 2,305 | 64 |
| Revenue Repairs and Maintenance | 13,122 | 13,122 | 0 |
| Bad debts | 1,056 | 1,056 | 0 |
| Depreciation | 15,441 | 15,441 | 0 |
| Demolition | 523 | 523 | 0 |
| **TOTAL EXPENDITURE** | **43,950** | **44,093** | **143** |
| | | | |
| **OPERATING SURPLUS** | **29,807** | **30,416** | **(609)** |
| Interest Payable | (7,206) | (7,387) | 181 |
| **STATUTORY SURPLUS** | **22,601** | **23,029** | **(428)** |

| Investment | Full Year 2024/25 Q2 Forecast £k | Budget £k | Variance £k |
|---|---|---|---|
| **Total Capital Investment Income** | **10,673** | **16,304** | **(5,631)** |
| Investment Works | 16,093 | 15,432 | (661) |
| New Build | 16,387 | 24,207 | 7,820 |
| Other Capital Expenditure | 1,537 | 2,137 | 600 |
| **TOTAL CAPITAL EXPENDITURE** | **34,018** | **41,776** | **4,948** |
| | | | |
| **NET CAPITAL EXPENDITURE** | **23,344** | **25,472** | **2,128** |

**Key highlights :**

Statutory surplus of £22,601k is £428k unfavourable to budget mainly driven by the lower intra group Wheatley Development Scotland (WDS) gift aid income and the confirmation of adaptation grant income within other grant income.

- Net rental income is £200k higher than budget due to the early handover of Curries Yard (54 units), deferred clearance of Lochside units (Osborne phase) to 2025/26 and lower than budgeted void losses.
- Other grant income is £461k lower than budget following the finalisation of the scope of works and associated grant claim for the Social Housing Net Zero (SHNZ) project and lower than budgeted aids & adaptations grant award, both with a corresponding reduction in Investment spend, partly offset by £54k additional Care grant for Temporary Accommodation and £24k additional RHI income.
- Other income is £491k lower than budget due to lower WDS gift income in line with reduced development spend and lower garage rental income.
- Employee costs (direct and group) are £79k favourable to budget driven by savings from vacant positions and changes in staff structure.
- Group services running costs are forecast to be £64k lower than budget due to IT savings realised in Wheatley Solutions.
- Revenue repairs and maintenance are in line with budget. The repairs team are closely monitoring spend to ensure it stays within budget.
- Interest is forecast to be £181k lower than budget with the earlier than budgeted receipt of the fixed rate £125m private placement at a lower interest rate than budgeted, timing of the drawdowns, a lower base rate charged on the variable loans than budgeted and higher interest receivable from the THFC deposits.
- Investment income is £5,631k lower than budget due to the reprofiling of the development programme with reduced grant income in the year at College Mains, Corsbie Road, Dumfries High School and Ashwood Drive, and lower SHNZ and adaptations grant funding.
- Investment works are £661k higher than budget with the RSL borrower group interest cover covenant change creating additional capacity for works to be delivered in WH South, partly offset by lower spend in both the SHNZ funded project and aids & adaptations funded work.
- The new build programme has reduced by £7,820k due to reprofiling of developments. College Mains, Corsbie Road, Dumfries High Street and Ashwood Drive have reduced new build costs by £7.6m and £0.8m lower spend on Curries Yard was brought forward to 2023/24, partly offset by accelerated spend on Johnstonebridge and Leswalt.
- Other capital expenditure is £600k lower than budget reflecting the deferral of the Stranraer office refurb to 2025/26.

# 7) Underlying surplus – Q2 forecast 2024/25

**Key highlights :**

- The forecast Operating Statement (Income and Expenditure Account) is prepared in accordance with the requirements of accounting standards (Financial Reporting Standard 102 and the social housing Statement of Recommended Practice 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.

- The Q2 forecast shows an underlying surplus of £4,948k which is £649k unfavourable to budget. The variance is due to the additional investment spend recognised in line with our objective to provide high quality housing and invest to improve the energy efficiency of our homes. The movement in underlying surplus in WH South can be accommodated within the context of the RSL Borrower Group where an overall underlying surplus is reported for the financial year to date. Financial performance continues to be managed within the overall budget parameters and covenants for the RSL Borrowers.

| WH South Underlying Surplus - Q2 Forecast 24/25 | | | |
|---|---|---|---|
| | Forecast £ks | Budget £ks | YTD Variance £ks |
| Net Operating surplus | 29,807 | 30,416 | (609) |
| add back: | | | |
| Depreciation | 15,441 | 15,441 | 0 |
| less: | | | |
| Grant income | (16,418) | (16,418) | 0 |
| Gift aid | (583) | (1,023) | 440 |
| Net interest payable | (7,206) | (7,387) | 181 |
| Total expenditure on Core Programme | (16,093) | (15,432) | (661) |
| Underlying surplus / (deficit) | 4,948 | 5,597 | (649) |

Wheatley Homes
South

Wheatley Homes South

# Report

**To:** Wheatley Homes South Board

**By:** Eilidh Mowat, Governance Business Partner

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

**Subject:** Governance update

**Date of Meeting:** 20 November 2024

---

## 1. Purpose

1.1 To seek Board approval to remove Company members from the register of members and to update the register of members.

## 2. Authorising and strategic context

2.1 The Group Standing Orders, Articles of Association (“Articles”), Terms of Reference, intra-group agreement with Wheatley Group and our membership policy direct the authorising context for the above governance-related matters.

2.2 The management of our register of members is a matter for the Board in accordance with our Articles of Association and membership policy.

## 3. Background

3.1 At the meeting on 19 August 2024, the Board agreed to review our register of members to remove members who were no longer tenants. Prior to the Annual General Meeting in September 2024 we agreed to remove 137 members from the register who were no longer tenants.

## 4. Discussion

4.1 The members of the Company comprise 468 tenants, the Board members and the Parent member.

4.2 Articles 9 to 15 of our Articles of Association set out the basis for management of the membership of the Company.

4.3 Article 15(5) states that membership will end if a member has failed to tell the Association of a change of address; or for five general meetings have not attended, submitted apologies, exercised a postal vote or appointed a representative to attend and vote on your behalf by proxy.

4.4 There are a significant number of tenant members of the Company who are members but have not engaged with us at an Annual General Meeting.

4.12 We have reviewed the list of Company members and have identified 418 members who for five general meetings have not attended, submitted apologies, exercised a postal vote or appointed a proxy. Those 418 members are no longer entitled to be members of the Company. The full details of those 418 members can be obtained from the Governance Business Partner upon request.

**5. Customer engagement**

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

**6. Environmental and sustainability implications**

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

**7. Digital transformation alignment**

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

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

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

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

9.1 It is important to ensure our records are accurate and up to date to ensure compliance with our requirements to hold an AGM.

**10. Risk appetite and assessment**

10.1 Our governance arrangements support delivery across each of our strategic themes. Across each of our strategic themes we have a cautious or minimal approach to our legal and regulatory compliance. The matters in this report are consistent with this approach.

10.2 We regularly report to the Board on governance-related matters and routinely review our records to ensure that our governance records remain up-to-date and accurate.

**11. Equalities implications**

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

**12. Key issues and conclusions**

12.1 The report covers updates to our register of members, to ensure accurate and up to date records.

## 13. Recommendations

13.1 The Board is asked to:

1) Agree the removal of 418 members from the register of members who for five general meetings have not attended, submitted apologies, exercised a postal vote or appointed a representative to attend and vote by proxy.

LIST OF APPENDICES:

None

Wheatley Homes South

## Report

**To:** **Wheatley Homes South Board**

**By:** **Alex Lamb, Managing Director**

**Approved By:** **Alan Glasgow, Group Director of Housing**

**Subject:** **Risk Register**

**Date of Meeting:** **20 November 2024**

---

### 1. Purpose

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

### 2. Authorising and strategic context

2.1. In accordance with the Group Standing Orders, the Board is responsible for managing and monitoring its Risk Register and Risk Appetite. The Group Board is responsible for managing and monitoring the Wheatley Group Risk Management Framework.

### 3. Background

3.1. This report gives an overview of the current risk position for consideration by the Board. As set out in the Group Risk Management approach, this update focuses on risks to bring to the attention of the Board. This includes risks in the following categories:

A. Risks outwith risk appetite;

B. Risks with a residual risk score of 12 of more or an inherent risk score of 20 or more, for which the Board has not received an update on the operation of the controls in the last 6 months; and

C. Risks highlighted for consideration. This will include new risks, risks to be removed from the Risk Register, or risks with a significant change in scoring. It also includes brief details of any significant changes to the external environment that may impact on the Board's risk profile ("horizon-scanning").

### 4. Discussion

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

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

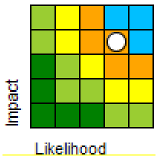
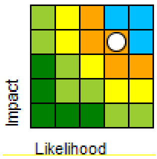
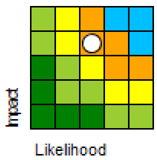
| Impact | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| 5 | | | | | |
| 4 | | | • Ability to meet Scottish Government legislative requirements for energy efficiency (A) | [redacted]<br>• Reduced availability of financial support from SGov't/Local Govt | |
| 3 | • Insufficient Group Development Programme pipeline | • Care and Support Services<br>• Business Continuity<br>• Senior staff recruitment<br>• Staff development and succession planning<br>• Damp and Mould<br>• Fire Safety<br>• Group Credit Rating<br>• Customer Satisfaction (tenants)<br>• Rent arrears management<br>• Governance Structure<br>• WHS Property Services | • Impact on our customers of reduced public funding<br>• Laws and Regulations<br>• Staff behaviour enables a cyber-attack<br>• Compliance with funders' requirements<br>• Repairs supply chain disruption<br>• Fire Event (A)<br>• Securing new fundings and adverse market changes<br>• Political and Policy changes impact on strategic key partnerships (C) | • Climate change impact on Group assets and services | |
| 2 | • Impact of housing emergency on RSLs (C) | | • Non- achievement of sustainability targets | | |
| 1 | | | | | |

Likelihood

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

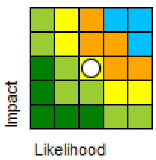
***Section A - Risks outwith risk appetite***

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

| Risk | Residual Risk Score | Risk Appetite Level | Commentary |
|---|---|---|---|
| [redacted] |  | [redacted] | [redacted] |
| [redacted] |  | [redacted] | [redacted] |
| RISK 004: Ability to meet Scottish Government legislative requirements |  | Cautious | The Scottish Government is currently consulting on energy efficiency targets for social housing with a view to updating requirements for social landlords. While our assets remain in good condition and deliver a high level of customer satisfaction, there is a risk that the level of grant |



Classsified as public

| Risk | Residual Risk Score | Risk Appetite Level | Commentary |
|---|---|---|---|
| for energy efficiency | | | funding available will be insufficient to meet the Standard in line with timelines set out by the Government. To address this, we are taking steps to increase available resources for asset investment through business planning with a focus on investment in areas that matter most for customers and our business, including energy efficiency, through the development of our asset management strategy and related asset investment plans. We are also continuing to work with the Government and others to identify the additional funding that will be needed in the longer term to meet decarbonisation ambitions. |
| RISK 089 – Fire Event |  | Minimal | This is focused on the risk of a fire event within a customer property. It is out with risk appetite due to the limited control the Group has over the actions of third parties to minimise fire risk. Despite best efforts we cannot eliminate all risk of accidental dwelling fires. We have reduced these year-on-year, through proactive engagement with our customers and rigorous fire safety inspections of our assets on a rolling programme basis and mitigating measures, but we will continue to experience accidental dwelling fires due to the actions of customers. |

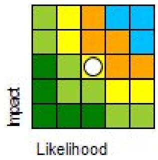
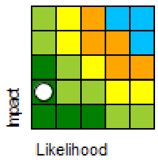
4.4. The implementation of any identified actions will be monitored and residual risk scores will be reviewed as part of the scheduled quarterly review of all risks.

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

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

*__Section C- Horizon Scanning__*

4.6. The table below summarises two risks highlighted for the Board's attention, including any key changes to the risks in the Risk Register.

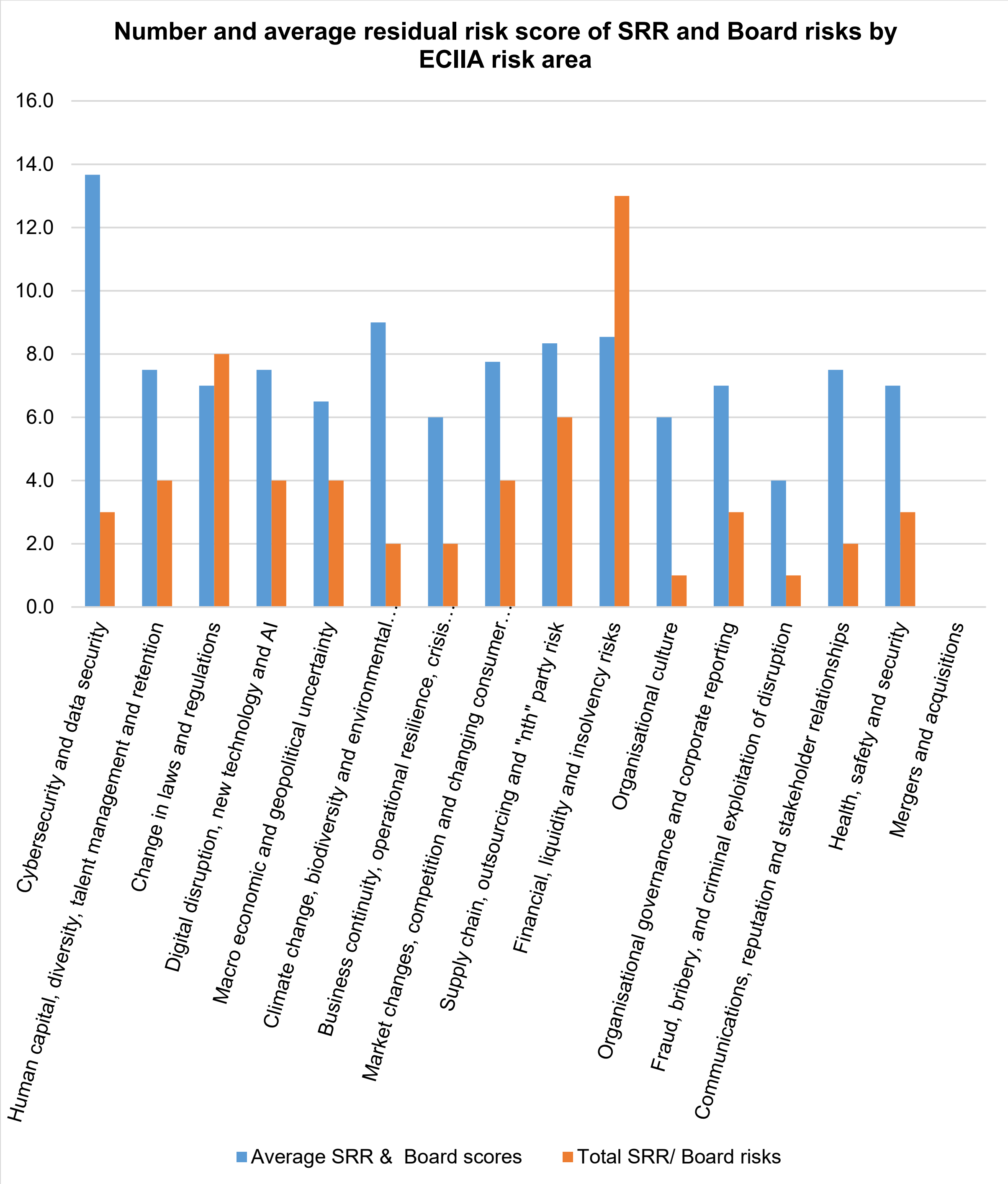
| Risk | Residual Risk Score | Risk Appetite Level | Commentary |
|---|---|---|---|
| **AMENDED RISK:** RISK014 Political and Policy changes impact on strategic partnerships |   | Open | The original Political and Policy changes risk has been updated to reflect the impact that any such changes may have on the effectiveness of the Group's working relationships with key strategic partners. |
| **PROPOSED FOR REMOVAL:** RISK249 Impact of housing emergency on RSLs |   | Open | Given the low residual score, it is proposed that this risk is removed from the Risk Register and monitored at a local level. |

4.7. Dumfries and Galloway Council announced recently that it will be undertaking a budget consultation during November 2024 with a view to identifying £30m of savings over the period 2025 – 2028. While it is too early to determine any potential impact this may have on the partnership working between Wheatley Homes South and the Council, we will monitor the results of the consultation to determine whether there is any impact on our risk profile.

*__Risk in Focus 2025__*

4.8. In addition to the information presented in relation to existing risks, the Internal Audit team has also reviewed the Group's Strategic Risk Register and Subsidiary Board Risk Registers against the European Confederation of Institutes of Internal Auditing's (ECIIA's) annual publication "Risk in Focus". This publication summarises the results of a survey of Chief Audit Executives (CAEs) in which they are asked to rank the risks that are of most concern to their organisation.

4.9. The chart below shows the ECIIA's 16 risk categories in order of descending risk when read from left to right. The chart also shows the total number of risks within either the Strategic Risk Register or Subsidiary Board Risk Registers (in orange) and the average residual risk score of those risks (blue).




4.10. This demonstrates that the Group has risks in all categories assessed by the ECIIA, except for mergers and acquisitions – this reflects the lack of recent activity in this area, with the risk "Implementation of Partnership Promises" being removed from the Group Risk Profile in 2024.

4.11. The chart also shows that there are only 3 cybersecurity risks within the combined Strategic and Board Risk Registers, but these 3 have the highest residual risk scores. The greatest number of risks (13) is in the Financial, liquidity and insolvency risk category, but the average residual risk score for these risks is 8.5.

4.12. The Board is asked to consider whether any matters discussed elsewhere during the Board meeting result in additional risks to be captured in the Risk Register.

## 5. Customer Engagement

5.1. No customer engagement implications arise directly from this report.

## 6. Environmental and sustainability implications

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

## 7. Digital transformation alignment

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

## 8. Financial and value for money implications

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

## 9. Legal, regulatory and charitable implications

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

## 10. Risk Appetite and assessment

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

## 11. Equalities implications

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

## 12. Key issues and conclusions

12.1. Our review of the Risk Register has identified four risks that are outwith risk appetite, no risks with high inherent or residual risk scores that have not been reviewed; and a further two risks highlighted for Board consideration.

## 13. Recommendations

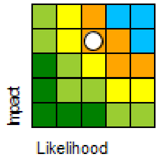
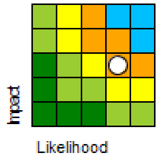
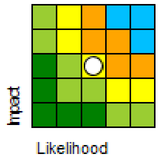
13.1. The Board is asked to:

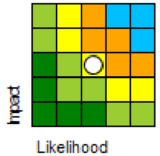
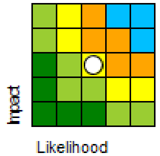
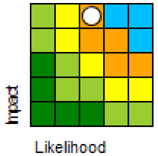
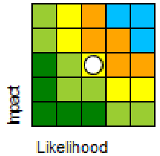
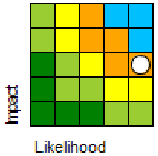
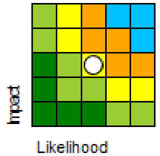
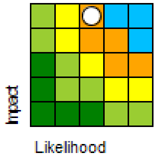
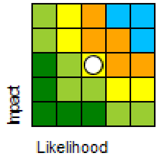
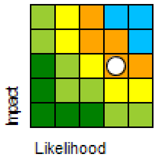
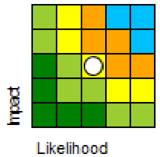
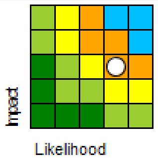
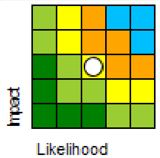
1) Approve the updates in this report; and
2) Identify any further changes required to the Risk Register.

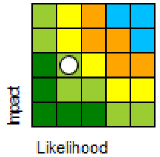
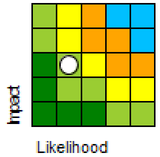
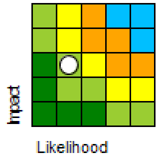
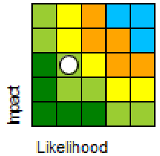
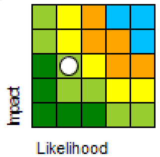
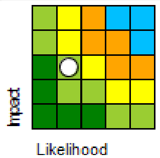
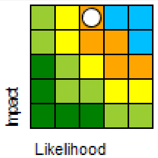
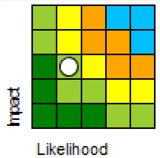
LIST OF APPENDICES:

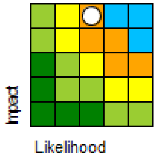
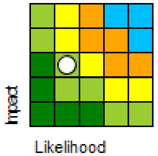
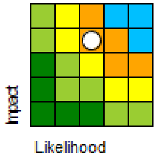
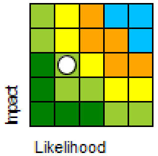
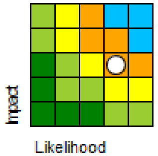
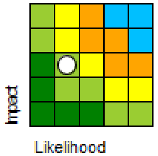
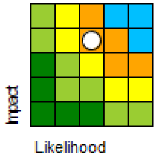
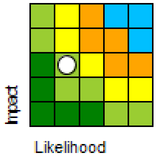
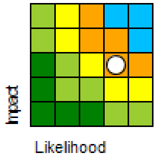
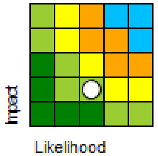
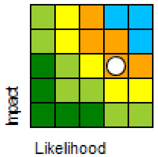
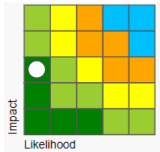
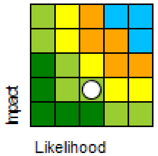
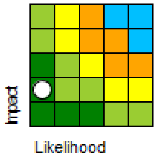
Appendix 1: Summary status of Wheatley Homes South Risk Register
Appendix 2: Wheatley Homes South Detailed Highlighted Risks

## Appendix 1 – Summary status of Wheatley Homes South Risk Profile

| Code | Title | Original Score | Risk Appetite | Current Risk Score | Owner | Strategic Outcome | Ref to App 2 |
|---|---|---|---|---|---|---|---|
| [redacted] | [redacted] | [redacted] Likelihood | [redacted] | [redacted] Likelihood | [redacted] | [redacted] | [redacted] |
| [redacted] | [redacted] | [redacted] Likelihood | [redacted] | [redacted] Likelihood | [redacted] | [redacted] | [redacted] |
| RISK 021 | Reduced availability of financial support from Scottish Government and / or local government | [redacted] Likelihood | Risk Appetite is <u>OPEN</u> (Orange) | [redacted] Likelihood | Group Director of Finance | Raising the funding to support our ambitions | N/A |
| RISK 004 | Ability to meet Scottish Government legislative requirements for energy efficiency | [redacted] Likelihood | Risk Appetite is <u>CAUTIOUS</u> (Yellow) |  | Group Director of Repairs and Assets | Investing in existing homes and environments | P14 A – outwith risk appetite |
| RISK 023 | Climate change impact on Group customers, assets and services | [redacted] Likelihood | Risk Appetite is <u>OPEN</u> (Orange) |  | Group Director of Repairs and Assets | Setting the benchmark for sustainability and reducing carbon footprint | N/A |
| RISK 001 | Impact on our customers of reduced public funding | [redacted] Likelihood | Risk Appetite is <u>OPEN</u> (Orange) |  | Group Director of Communities | Supporting economic resilience in our communities | N/A |

| Code | Title | | Risk Appetite | | Owner | Strategic Outcome | Ref to App 2 |
|---|---|---|---|---|---|---|---|
| RISK 016 | Laws and Regulations | [redacted] | Risk Appetite is CAUTIOUS (Yellow) |  | Group Director of Governance and Business Solutions | Progressing from Excellent to Outstanding | N/A |
| RISK 019.1 F | Staff behaviour enables a cyber-attack | [redacted] | Risk Appetite is CAUTIOUS (Yellow) |  | Group Director of Governance and Business Solutions | Maintaining a strong credit rating and managing financial risk | N/A |
| RISK 008 | Compliance with funders' requirements |  | Risk Appetite is OPEN (Orange) |  | Group Director of Finance | Raising the funding to support our ambitions | N/A |
| RISK 018 | Repairs supply chain disruption |  | Risk Appetite is OPEN (Orange) |  | Group Director of Governance and Business Solutions | Investing in existing homes and environments | N/A |
| RISK 089 | Fire Event |  | Risk Appetite is MINIMAL (Light Green) |  | Group Director of Repairs and Assets | Developing peaceful and connected neighbourhoods | P15<br>A – outwith risk appetite |
| RISK 011 | Securing new funding and adverse market changes |  | Risk Appetite is OPEN (Orange) |  | Group Director of Finance | Raising the funding to support our ambitions | N/A |
| RISK 014 | Political and Policy changes impact on strategic key partnerships |  | Risk Appetite is OPEN (Orange) |  | Group Director of Governance and Business Solutions; Group CEO | Influencing locally and nationally to benefit our communities | P16<br>C– Amended risk |

| Code | Title | Original Score | Risk Appetite | Current Risk Score | Owner | Strategic Outcome | Ref to App 2 |
|---|---|---|---|---|---|---|---|
| RISK 005 | Care and support services | [redacted] | Risk Appetite is MINIMAL (Light Green) |  | Group Director of Communities | Shaping Care Services for the future | N/A |
| RISK 012 | Business Continuity | [redacted] | Risk Appetite is OPEN (Orange) |  | Group Director of Repairs and Assets | Progressing from Excellent to Outstanding | N/A |
| RISK 031 | Senior staff recruitment | [redacted] | Risk Appetite is HUNGRY (Blue) |  | Group Director of Finance | W.E. Work – strengthening the skills and agility of our staff | N/A |
| RISK 032 | Staff development and succession planning | [redacted] | Risk Appetite is HUNGRY (Blue) |  | Group Director of Finance | W.E. Work – strengthening the skills and agility of our staff | N/A |
| RISK 053 | Damp and Mould | [redacted] | Risk appetite is MINIMAL (Light Green) |  | Group Director of Repairs and Assets | Investing in existing homes and environments | N/A |
| RISK 183 | WHS Property Services | [redacted] | Risk appetite is OPEN (Orange) |  | Group Managing Director of RSLs | Developing a Customer Led Repairs Service | N/A |
| RISK 003 | Fire Safety |  | Risk Appetite is MINIMAL (Light Green) |  | Group Director of Repairs and Assets | Investing in existing homes and environments | N/A |

| Code | Title | Original Score | Risk Appetite | Current Risk Score | Owner | Strategic Outcome | Ref to App 2 |
|---|---|---|---|---|---|---|---|
| RISK 010 | Group Credit Rating |  | Risk Appetite is **MINIMAL** (Light Green) |  | Group Director of Finance | Maintaining a strong credit rating and managing financial risks | N/A |
| RISK 006 | Customer Satisfaction (tenants) |  | Risk Appetite is **OPEN** (Orange) |  | Group Managing Director of RSLs | Enabling customers to lead | N/A |
| RISK 007 | Rent Arrears management |  | Risk Appetite is **OPEN** (Orange) |  | Group Managing Director of RSLs | Enabling Customers to Lead | N/A |
| RISK 009 | Governance Structure |  | Risk Appetite is **CAUTIOUS** (Yellow) |  | Group Director of Governance and Business Solutions; Group CEO | W.E. Work– strengthening the skills and agility of our staff | N/A |
| RISK 137 | Non-achievement of sustainability targets |  | Risk Appetite is **OPEN** (Orange) |  | Group Director of Repairs and Assets | Setting the benchmark for sustainability and reducing carbon footprint | N/A |
| RISK 172 | Insufficient Group Development Programme pipeline |  | Risk Appetite is **MINIMAL** (Light Green) |  | Group Director of Repairs and Assets | Increasing the supply of new homes | N/A |
| RISK 249 | Impact of housing emergency on RSLs |  | Risk Appetite is **OPEN** (Orange) |  | Group Managing Director of RSLs | Increasing the supply of new homes | P17 C– Proposed for removal from Board risk register |

[redacted]

[redacted]

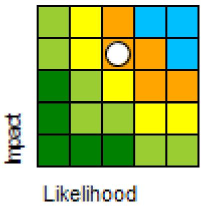
| [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] |
|---|---|---|---|---|---|
| [redacted] | | | [redacted] | | |
| [redacted] | | | [redacted] | | |

| [redacted] | [redacted] | [redacted] | [redacted] |
|---|---|---|---|
| [redacted] Impact Likelihood | [redacted] Impact Likelihood | [redacted] | [redacted] |

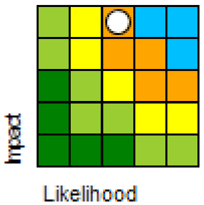
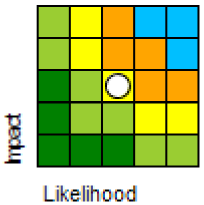
[redacted]

| | | | | | |
|---|---|---|---|---|---|
| [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] |
| [redacted] | | | [redacted] | | |
| [redacted] | | | [redacted] | | |
| [redacted] | [redacted] | [redacted] | [redacted] | | |
| [redacted] Likelihood | [redacted] Likelihood | [redacted] | [redacted] | | |

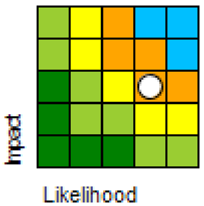
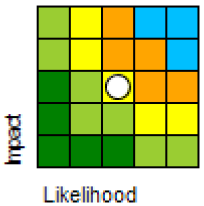
**RISK 004 Ability to meet Scottish Government legislative requirements for energy efficiency (Above risk appetite)**

<table>
<tr><td>Strategic Outcome</td><td colspan="2">Investing in existing homes and environments</td><td>Risk type</td><td>Financial/VFM</td><td>Risk owner</td><td>Group Director of Repairs and Assets</td></tr>
<tr><td colspan="3">Description</td><td colspan="4">Controls</td></tr>
<tr><td colspan="3">There is a risk that the combined impact of several years of high inflation and increasing regulatory / statutory compliance requirements results in assets which require significant investment in order to meet required standards and expectations.</td><td colspan="4">5-year business plan is reviewed annually 6 months in advance. Plan is developed through consultation with LHDs and after consideration of external regulations and environment.<br>Group Asset strategy has been developed and subsidiary strategic asset investment plans are being developed to clearly articulate investment need and priorities. Having this will help ensure that our available investment is focused where it has greatest impact.<br>The Group has developed a flexible approach to the rent consultation informed through our Stronger Voices group so that customers can provide their views in a way that is easiest for them.<br>The Finance team has reviewed financial plans against a variety of assumptions and will continue to review business plans as additional information becomes available.  Group Board approves the Business Plan, including key assumptions.</td></tr>
<tr><td>Inherent risk</td><td>Residual risk</td><td>Risk Appetite level:</td><td colspan="4">Previous / Next detailed Board update on operation of controls listed above:</td></tr>
<tr><td>[redacted]<br>Likelihood</td><td></td><td>Risk Appetite is <u>CAUTIOUS</u> (Yellow)</td><td colspan="4">Group Board asset strategy approved (June 2024).<br>RSL Boards strategic asset investment plans in Autumn 2024.<br>5 year investment plans refreshed each year and considered by Boards in February.<br>All Boards receive an update on financial performance at each meeting.</td></tr>
</table>

**RISK 089 Fire Event (Above risk appetite)**

| Strategic Outcome | Developing peaceful and connected neighbourhoods | Risk type | Compliance: Legal/Regulatory | Risk owner | Group Director of Repairs and Assets |
|---|---|---|---|---|---|
| ***Description*** | | | ***Controls*** | | |
| Actions and behaviours of customers or third parties which are outwith the Group's control lead to a fire within our buildings, resulting in the injury or fatality of individuals, damage to Group property, and reputational damage. | | | Fire Prevention and Mitigation Framework, including our approach to high rise block inspections and Livingwell. Fire Risk Assessments are completed on a rolling cycle and include assessment of Wilful Fire Raising. Person Centred Risk Assessments (Home Fire Safety Visits) undertaken by Fire Safety Officers where vulnerable customers identified. Daily, weekly and monthly inspections of high-rise domestic premises maintained by Environmental Teams in between Fire Risk Assessments being completed. Statutory maintenance of Domestic Properties undertaken to include Gas Safety Installations, Electrical Installations and the provision of Heat and Smoke Detection. New Build properties are built with Water Suppression Systems as per new Building Standards requirements. Flats are designed to prevent the spread of fire. Extensive compliance and investment regime to achieve compliance with building safety regulations (as required) and best practice guidance. Fire Working Group attended by Senior Management teams every 2 months that feeds into a Group Executive Fire Liaison Meeting chaired by Executive Lead and attended by Leadership Directors to review performance, emerging issues and escalate matters as required. Compliance Steering Group established to monitor and review compliance events that could contribute to risk of fire e.g. Gas Safety, Electrical Safety etc. | | |
| **Inherent risk** | **Residual risk** | **Risk Appetite level:** | **Previous / Next detailed Board update on operation of controls listed above:** | | |
|   |   | Risk Appetite is MINIMAL (Light Green) | Standing item at Group Audit Committee meetings. (Ongoing).<br>Annual report to RSL Boards on Fire Prevention and Mitigation Framework. (May 2024)<br>Group, RSL and Lowther Boards - Fire safety performance related KPIs (ADFs and FRAs) as part of standing performance updates. (Ongoing)<br>Board updates (6 Monthly in April/Oct)<br>Weekly report of PCRA Outstanding Actions issued to Managing Directors, Locality Housing Directors and Heads of Housing for Action. | | |

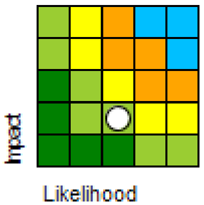
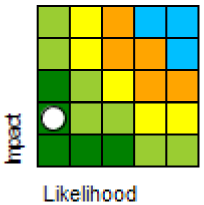
**RISK 014 Political and Policy changes impact on strategic key partnerships (Proposed amendments)**

<table>
<tr><td>Strategic Outcome</td><td colspan="2">Influencing locally and nationally to benefit our communities</td><td>Risk type</td><td>Reputation and Credibility</td><td>Risk owner</td><td>Group Director of Governance and Business Solutions; Group CEO</td></tr>
<tr><td colspan="3">Description</td><td colspan="4">Controls</td></tr>
<tr><td colspan="3">The risk that political and policy changes (within Scotland and the UK) lead to less effective working relationships with key strategic partners and affect the ability of the ~~Wheatley Housing~~ Group to deliver its strategic objectives, resulting in significant adverse reputational impact.</td><td colspan="4">The Group has an established approach to stakeholder management led by the Communications Team.<br>We have ongoing engagement with senior officials and policy leads within the Scottish Government and key local Authority partners. We are also part of national policy working groups.<br>Strategic Agreements in place with GCC and DGC.<br>Partnership agreements in place with WLC (in respect of a shared understanding amongst WLC and other RSLs in relation to new build housing development) and work closely with CEC.<br>We hold Board workshops on key policy areas, including annual strategy workshops and standalone Board/CPD events where required.<br>The Group's policy of not building homes for sale also mitigates potential property market risk.</td></tr>
<tr><td>Inherent risk</td><td>Residual risk</td><td>Risk Appetite level:</td><td colspan="4">Previous / Next detailed Board update on operation of controls listed above:</td></tr>
<tr><td></td><td></td><td>Risk Appetite is <u>OPEN</u> (Orange)</td><td colspan="4">Group CEO update to group Board as standing item includes update on political engagements. (Ongoing)<br>Senior political presence at all WH-G Board meetings through GCC drawn appointments. (Ongoing)</td></tr>
</table>

**RISK 249 Impact of housing emergency on RSLs (Proposed for removal from Board Risk Register)**

| Strategic Outcome | Increasing the supply of new homes | Risk type | Operational Delivery | Risk owner | Group Managing Director of RSLs |
|---|---|---|---|---|---|

| *Description* | *Controls* |
|---|---|
| The impact of the housing emergency (significantly increased allocation of lets to homeless) leaves the Group unable to effectively manage its housing and transfer lists as it has limited options to rehome customers living in unsuitable accommodation. This could result in operational pressures, customer dissatisfaction and reputational damage, as well as increased costs of paying for emergency accommodation for existing tenants. | We control the percentage of lets to homeless and can reduce this if necessary.<br>Active engagement with Local Authorities, with senior representation at Housing Emergency meetings and workshops.<br>Monthly performance monitoring of housing demand, voids and letting activity.<br>New Build Programme in place to increase stock numbers.<br><br>Planned Controls:<br>Exploring options to incentivise downsizing (WH-Glasgow only) |

| Inherent risk | Residual risk | Risk Appetite level: | Previous / Next detailed Board update on operation of controls listed above: |
|---|---|---|---|
|  |  | Risk Appetite is **OPEN** (Orange) | |