



**DUMFRIES & GALLOWAY HOUSING PARTNERSHIP  
BOARD MEETING  
Wednesday 8<sup>th</sup> July 2020 at 10.30am BY VIDEO CONFERENCE**

**A G E N D A**

1. Apologies for Absence
2. Declarations of interest
3. Minute of Meeting held on 27 May 2020 and matters arising
4. Business update
5. Mobilisation of services
6. Strategy refresh
7. Fire Safety update
8. Health and Safety update
9. a) Finance report  
b) Business Plan Financial Projections Reforecast
10. Rechargeable repairs
11. AOCB



## Report

**To:** DGHP Board

**By:** Matt Foreman, Managing Director

**Approved by:** Olga Clayton, Group Director of Housing and Care

**Subject:** Business Update

**Date of Meeting:** 8 July 2020

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### 1. Purpose

- 1.1. This report provides the Board with an update on current activity and a summary of key performance indicators.

### 2. Authorising context

- 2.1. The Group CEO has responsibility for business operations across the Group. The COVID-19 situation has had a significant effect on these operations and has impacted on the delivery of the Group strategy.

### 3. Risk appetite and assessment

- 3.1. The unprecedented nature of the current situation raises risks in a number of key areas. These include:
- i. *Customers* - risks that our customers may suffer hardship and distress, not just through the risk of catching or through having the virus itself, but through the current Government measures causing other effects such as hunger, isolation and mental and physical health problems;
  - ii. *Staff* - risks that staff are exposed to the virus, especially those engaged in customer-facing activity; that we have a reduced workforce due to illness and/or self-isolating, and that those working from home may not be able to function effectively; and
  - iii. *Financial viability* - risks to our financial position, such as increasing rent arrears and reduced cash flow.

### 4. Background

- 4.1 As part of understanding the impact of COVID-19 the Scottish Housing Regulator ("SHR") recognised that Registered Social Landlords would be focusing on key indicators. As previously reported, the SHR introduced a monthly Return under which we have to report these key indicators, on a single consolidated Group basis.

## 5. Discussion

- 5.1. A copy of our May return to the SHR is attached at Appendix 1. An update on performance relative to the key measures and other relevant measures is set out below:

### *Arrears*

- 5.2. Our Gross rent arrears were £1.38m or 3.15% of the debit due as at 21 June following receipt of our Universal Credit Payment from DWP. This compares to 3.15% at the same point in the payment cycle in May and 2.95% at the end of April. Our collection rate over the past 4-week period has been 99.4% compared to 96.9% collected in May and 96.8% in April. Following two months of increases in arrears our arrears figure has stayed almost static over the past month as a result of the focused efforts of our income collection teams.
- 5.3. We have 2,687 customers on Universal Credit (27.37% of our total customer base) which is an increase of 244 since March 2020. However, over the past month we have returned to a more normal rate of customers moving onto Universal Credit (UC), with 46 customers transitioning onto UC in the past month. The significant increase in the number of our tenants transitioning to UC since March was identified as an expected driver of an increase in rent arrears. This has proven to be the case, with £117k increase in UC arrears since the end of March 2020. We have also increased the proportion of customers where we have applied for an Alternative Payment Arrangement (APA). As at 23 June we had 58% of our UC customers now on APAs.
- 5.4. Across the wider sector the impact of COVID-19 on rent arrears is still difficult to predict. Standard & Poor's, for example, have estimated that rent arrears may reach between 8% and 12% for rated organisations across the UK. The first SHR monthly return has indicated arrears levels as high as 14.04% and an average of 5.76% across the wider Scottish sector.
- 5.5. In addition, HouseMark, who provided benchmarking information across a range of organisations in the sector, have indicated that the level of gross rent arrears (as a percentage of rent due) rose by 10% across March to April. Figures for May are not yet available, but we would expect HouseMark will report a further increase in May.
- 5.6. We are continuing to focus on supporting customers including assistance with UC claims, our Tenancy Support Service and our Talk to Us communication campaign. We are also beginning a focused engagement campaign targeting customers who are on furlough or at increased risk of redundancy to offer support and raise awareness of our wraparound services such as Welfare Benefits advice. As part of our mobilisation plans for the coming weeks we will be targeting 164 customers who have failed to engage with us to date and have increasing rent arrears. These customers will be prioritised for visits by our Housing Officer team.
- 5.7. Digital tools such as visual analytics through Power BI, Facetime and conference calls are being used to support our customers and collect income. As well as promoting the use of digital payment options such as web self-service, Direct Debit and touchtone, we have developed our ability to send reminders and alerts by text in bulk.

- 5.8. We also continue to lobby for changes to UC which would reduce the negative impact on our most vulnerable customers in our own right, through the Scottish Federation of Housing Associations and the Social Housing Resilience Group and to work with DWP locally to address any issues which arise, using our unique partnership arrangements.
- 5.9. Our Factoring Service charge customers annually in advance. Therefore, our arrears' rate reduces throughout the year as we collect the income due. We are currently at 66% arrears (£95,700) and would have anticipated being at 65% (£94,085) at this point in the financial year. Whilst we have some customers that have been furloughed, we do not have any who are claiming UC. Our team continue to proactively engage with customers to support them to maintain our factoring collection rate.

### *Staffing*

- 5.10. Our absence levels are now very low at just 1.52%. This has reduced from 2.78% in April and is below the overall group average of 2.2%. A significant amount of effort has gone into reducing our sickness rate over the last few months with some long-term sickness cases being resolved and Managers across the business focussed on staying connected and supporting members of their team.
- 5.11. We had 73 staff furloughed as at 14 June. The UK Government Scheme for entering new employees into the furlough scheme closed on 10 June.
- 5.12. We have initiated a survey with all staff (including those on furlough) to find out how staff feel they have been supported so far; what more we can do; and, looking to the future, what lessons we've learned as individuals, teams, subsidiaries and, collectively, as part of Wheatley.
- 5.13. The survey is the first part of a three-part process which will be followed by telephone interviews and thereafter Zoom focus groups which will identify, discuss and analyse issues and opportunities picked up by the telephone interviews and survey.
- 5.14. As indicated in the separate paper on remobilisation, we are closely monitoring the furloughing of staff and how this will require to be flexed to reflect the recommencement of services. We now have the option to return staff on a part time basis under the job retention scheme.
- 5.15. Income from the job retention scheme will allow us to retain staff in employment where they cannot carry out their normal duties, as well as continuing our support to our most vulnerable customers.
- 5.16. We have also received £198k of additional funding to support customers struggling through the pandemic. We are delighted to have received £100k from the Scottish Government Wellbeing Fund following an application for funding submitted in May.
- 5.17. This is in addition to the £37k received from Dumfries and Galloway Council to support customers having difficulties with energy costs and £10k received to support vulnerable customers to get online. We have repurposed digital devices owned by DGHP and used them to provide 80 vulnerable customers access to digital services.

- 5.18. The Group have also secured a further £300k from OFGEM to provide fuel top ups for our customers who are on pre-payment meters. £51k of this fund is available for our customers over the coming months. This funding has made a significant contribution to support our customers over recent months and we are delighted to have secured additional funds that will enable us to continue this support in the near future.

#### *Letting/Voids*

- 5.19. Our ability to let vacant homes has been severely curtailed by COVID-19 restrictions. A key focus has been supporting Local Authorities and offering our void properties for homelessness.
- 5.20. Since the start of May we provided a further 25 homes to Dumfries and Galloway Council, taking the total number of homes provided to the Council for use to support homelessness households to 65.
- 5.21. In line with the recommencement of services we are working closely with the Council to match available homes to customers who are homeless and in priority need for rehousing. This partnership working has started, and our multi agency team has already provisionally matched 80 customers to available homes as at 23 June. Once we have completed repairs to make the properties ready to let, we envisage a reduction in the total number of empty homes over the next two months. This will help mitigate void loss costs as well as support the Council to reduce homelessness pressures at this time.

#### *Repairs*

- 5.22. We continue to deliver a life and limb service and as at 1 June we have delivered a total 1,482 repairs. Emergency repairs have been delivered on average in just 1.52 hours which is a fantastic response for customers in need of an emergency repair.
- 5.23. We are continuing to engage with our customers to undertake gas safety checks. Despite some of the challenges faced we have completed 1,715 gas services since the start of the COVID-19 restrictions. However, we now have 174 gas certificates that are now overdue as a result of non-access due to customers shielding or self-isolating. We have revised our gas processes to continue our sustained focus to reduce the number of outstanding gas services due. As part of the new gas process we will contact all customers that have refused access to date and where necessary we will commence a process to force access to complete the gas service for all customer that are not medically shielding in line with the Government definition.

We are also continuing to engage on the sector wide approach to responding to gas safety as part of the Scottish Government Resilience Group.

#### *Customer Service Centre*

- 5.24. Our performance in the Customer Service Centre, now operating virtually, has continued to be very strong. In May we responded to 90.8% of calls within 30 seconds against a target of 80%, with an average waiting time of just 23 seconds. As well as responding to calls quickly we are completing 96.1% of calls as a 'one and done' where we complete the service request at the first point of contact.

- 5.25. The call volumes have reduced by c30% however the average call length has also increased by c30% as a result of more complex cases with customers. The CSC continues to support our Talk to Us campaign, engaging in outbound welfare and rent calls to vulnerable customers.

*Outbound customer contact*

- 5.26. A key focus has been ensuring we are continuing to engage our customers beyond just service-related issues. Since lockdown, we have undertaken in excess of 35,000 outbound welfare contacts via a combination of Housing Officers, Supported Housing Officers and the Customer Service Centre.

*EatWell*

- 5.27. We are continuing to focus on supporting vulnerable customers via our EatWell service. The group have received £350k from the Scottish Government in recognition of the critical role we are in our communities and as at Friday 12 June we had delivered over 2,200 food parcels to customers in Dumfries and Galloway.

*Anti-Social Behaviour*

- 5.28. Similar to the other Group subsidiaries, we are experiencing an increase in reports of ASB. In general, tenants have been tolerant and patient during the pandemic but as we begin to relax certain aspects of the lockdown restrictions, customer expectations are increasing that issues experienced will be addressed immediately. We are also experiencing an increase in more complex cases due to an increase in mental health related concerns.
- 5.29. In May, the team has dealt with 184 incidents resulting in 19 written warnings and 10 final written warnings regarding behaviours. Additionally, two Interim ASBOs were granted during lockdown – these continue to be a useful means of controlling unacceptable behaviour. The monthly key agency meetings have now also resumed which bring additional support to the team from key partner agencies.

*New build*

- 5.30. We are continuing to engage with our contractors on an ongoing basis. The First Minister has announced the ability of the construction sector to move through the Phases as part of the Scottish Government's daily COVID-19 briefings. From 22 June, the construction industry is in Phase 3 as announced by the First Minister on the 18 June and will be able to move through the remaining phases subject to ongoing consultation with Government.
- 5.31. Our projects with Ashleigh (Scotland) Ltd at Sanquhar and Lincluden have followed this phasing and works are now progressing on site with social distancing measures in place.
- 5.32. A recommencement meeting has been held with City Build for the Monreith project and although a start date is to be agreed; it is anticipated that this will be achieved by late Summer 2020.

- 5.33. The progression of the Heathhall Landbank Strategy as agreed by Board on the 27 May has also received Group Development Committee for approval. Subject to approval being received, the recommendations set out in the report will be progressed.
- 5.34. The approval of the Nursery Avenue Project is also being considered by the Group Development Committee. Planning approval for this project is awaited, however it is expected that a determination will be made in the coming weeks. Subject to Group Development Committee approval, it is expected that a site start will be achieved in August/September 2020.

#### *Investment*

- 5.35. We have suspended all investment works in homes due to the COVID-19 restrictions. Our Investment team have reprofiled the investment programme for the remainder of the financial year based on external works commencing in July and internal works commencing from January 2021. Board Members will be aware that we had a specific focus to comply with the Scottish Housing Quality Standard ("SHQS") by September 2020 and EESSH compliance by December 2020. Due to the suspension to the current programme these targets will not be achieved. SHQS, EESSH and compliance works have been prioritised within the reprofiled programmes and Board will be updated with progress once works commence.

### **6. Key issues and conclusions**

- 6.1. Our performance against key areas continues to hold under the challenging circumstances. We are utilising the lessons learned to date to inform our range of remobilisation plans.

### **7. Value for money implications**

- 7.1 The approach set out in this paper is designed to ensure we continue to deliver as much value as possible for customers, while keeping them and our team safe.

### **8. Impact on financial projections**

- 8.1. There are no financial implications associated with this report.

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

- 9.1. The returns to the Scottish Housing Regulator continue to be provided in line with the requested deadlines.

### **10. Implementation and deployment**

- 10.1. The Executive Team will direct the deployment of the proposals set out in this paper.

## **11. Partnership implications**

- 11.1. There are no partnership implications associated with this report. We continue to work closely with Dumfries and Galloway Council and other statutory agencies and third sector partners to co-ordinate our response across the region.

## **12. Equalities impact**

- 12.1. We will continue to take special account of those who have underlying health conditions or are shielding. The latter category of staff will not be required to leave their homes and it is recognised their ability to work may be restricted by the shielding provisions in force.

## **13. Recommendations**

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

Appendix1 – SHR Group Monthly return





## Report

**To:** DGHP Board

**By:** Matthew Foreman, Managing Director

**Approved by:** Steven Henderson, Group Director of Finance

**Subject:** Mobilisation of services

**Date of Meeting:** 8 July 2020

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### 1. Purpose

- 1.1 To provide an update on our planned staged approach to the remobilisation of business operations over the coming months, including the methodology for transitioning between stages and the fit with phases of the Scottish Government's publication, '*Scotland's route map through and out of crisis*'.

### 2. Authorising context

- 2.1. The Group CEO has responsibility for business operations across the Group. The COVID-19 situation has had a significant effect on these operations and has impacted on the delivery of the Group strategy. The Group Board approved the principles of our approach for how we might continue to develop our services over the coming months, subject to the rate at which Scotland moves through the phases of Scottish Government's route map. This report informs the Board how this framework applies to us.

### 3. Risk appetite and assessment

- 3.1. The Group's risk appetite relating to laws and regulations is "averse"; defined as avoidance of risk and uncertainty is a key organisational objective. The Group strategic risk register identifies the particular risk associated with non-compliance with health and safety requirements.
- 3.2. Our priority in the coming months will continue to be protecting the health and safety of our customers, our staff and the other people they come into contact with. The proposals in this paper build on those agreed by the Group Board at its meeting on 12 May 2020 and discussed at the Board on 27 May 2020.

### 4. Background

- 4.1. The Group Board agreed the framework for start-up and renewal of activity at its meeting on 12 May 2020 and a report to the Board on 27 May outlined how the framework is being applied to operational delivery. This framework highlighted that since lockdown in mid-March, we had been running a significantly altered operating model, with many staff working from home or furloughed. The framework also set out a scenario, which has now become reality, where the rate of COVID-19 infection (the R rate) decreased sufficiently to allow some easing of restriction of movement.

- 4.2. Under this scenario plans were set out, and agreed, for how key services might be reintroduced. Many of these plans have been, or are in the process of being, implemented.
- 4.3. Since the previous update to the Board, the Scottish Government has provided greater clarity on the criteria that will determine when lockdown is eased, the phases this will follow and what it will mean for business and service operations. This information is contained in '*Scotland's route map through and out of crisis*' which was published on 21 May 2020 in advance of taking the first initial step to ease lockdown on 28 May 2020. This route map is built around four phases with phase 1 being enacted on 28 May 2020. Aspects of the Scottish Government framework with the greatest impact on our business and service mobilisation are provided at Appendix 1. The aspects covered are:
- **Criteria/condition** - which shows that R rate is the primary driver for movement between phases and needs to be below one and getting lower in order for restriction to be eased;
  - **Protection** - which shows that physical distancing, handwashing, hygiene measures, cough etiquette, and wearing of face masks in public spaces will all be required through all phases including into phase 4 where the virus is under control;
  - **Business** - which shows that remote and flexible working where possible will continue throughout and that some non-essential indoor workplaces can reopen (with suitable physical and hygiene measures from phase 2) – with more including call centres permitted in phase 3. Construction sites will be able to take steps to prepare to reopen in phase 1 and restart in phase 2;
  - **Getting around** - which indicates that until phase 4, travel demand should be managed through staggered start times as there will be reduced capacity;
  - **Schools and childcare** - which indicates that schools will reopen, with a blended model of in school and at home learning from 11 August subject to conditions for progress to phase 3 being reached by then;
  - **Public and community services** - which will resume gradually through the phases with re-establishment of justice system processes at phase 3 but normal operations not back until phase 4.

## 5. Discussion

- 5.1. Our planning assumptions for how lockdown would ease have been consistent so far with the Scottish Government's position and route map. The May report to the Board set out an anticipated service model for the June to September time period, while progress through the Scottish Government route map is determined by the extent to which COVID-19 is contained. We therefore anticipate that our own service model stages may straddle multiple phases of the Scottish Government route map phases; i.e. we do not anticipate having four different service models over the remainder of 2020.
- 5.2. The Scottish Government has confirmed on 18 June that sufficient progress has been made to enable it to move to its phase 2, with a potential date of 15 July for Phase 3.

- 5.3. Reflecting this, and the results of planning and service development since the Board's last update, our approach to service mobilisation has been refined further. We have developed specific mobilisation plans for core service areas. Each mobilisation plan contains details of:
- Each stage of the remobilisation e.g. June-Sept, Oct-Dec and January onwards;
  - The activities within each stage;
  - The evaluation date for each stage;
  - How we will communicate the details of each stage and transitions with customers; and
  - Personal Protective Equipment requirements
- 5.4. These plans will continue to be refined and will be adapted depending on the actual rate at which progress is made through the phases of the Scottish Government route map. Highlights from our planned remobilisation, mapped approximately to the first three phases in the Scottish Government route map, are shown below:

	<b>SG Phase1 (current)</b>	<b>SG Phase 2 (estimated Jun-Aug)</b>	<b>SG Phase 3 (estimated Sept/Oct – Dec)</b>
<b>Letting</b>	Via Local Authorities for homelessness	Temp accommodation/Housing First	Matched highest need customer
<b>Income maximisation</b>	Home working	Visiting Teams	Face to face teams and rent campaign
<b>Fire safety</b>	Vulnerable customers and ongoing incident management	Fire Risk Assessments	Household visits
<b>ASB</b>	Central team – advice, guidance and phone and limited face to face	Central team – investigate –phone and increased face to face	Central team - visits
<b>Environmental</b>	Focus on larger blocks of flats and grass cutting by contractor Idverde	Continued inspection and maintenance of open plan areas.	Increased inspection and environmental activity.
<b>Eatwell</b>	Customers in difficulty	Tapering-off	Most vulnerable customers
<b>Repairs</b>	Life and Limb plus void repairs for DGC Homeless	Safety First and backlog void repairs	
<b>Investment</b>	Suspended	Test projects for some external works focussed to meet EEESH/SHQS	Increased external works.
<b>Commercial</b>	Letting and services suspended	Letting – high demand Internal repairs	Further service mobilisation in line with group approach
<b>New Build</b>	Site-prep	Restart	
<b>Care and Support</b>	Core service - telephone support and home working	Limited face to face and office redesign	Increased face to face and phased office working return
<b>Others</b>	Back office working from home Governance- online	Back office- no change Governance- no change	

- 5.5. In order to transition through the stages in our remobilisation plans in a structured way we have developed an **evaluation methodology**. This will be applied at the end of each stage before transitioning to the next stage. A copy of the evaluation methodology is attached at Appendix 2. No service will move between stages without all elements of the evaluation being agreed by the relevant parties.
- 5.6. In this report we adopt the following terminology:
- **Service Stage 1** – the period between the service model moving from a lockdown-based model into its next stage at approximately the end of September. The transition dates to Stage 2 for each service will be subject to detailed review and this timeline is therefore indicative at this stage. This broadly corresponds to Scottish Government phases 2 and 3, as well as potentially some of the early part of phase 4.
  - **Service Stage 2** – anticipated to be the period from September/October until at least December, covering the remainder of phase 4.
- 5.7. We will update this at the next Board meeting in August, taking account of progress nationally and the impacts on our services, including our anticipated proposals to return to full-service models in each area.

## **Housing and Environmental**

### *Letting and void management*

- 5.8. The vast majority of normal direct letting is currently suspended in line with the current restrictions. Our focus has been on offering all our void properties to Dumfries and Galloway Council to support the accommodation of homelessness (which is detailed more in a separate agenda item). The assumed key stages of the mobilisation plan are:

#### *Service Stage 1:*

- Reintroduction of direct letting, working towards virtual online viewings to assist customers, and a new protocol for accompanied physical viewings involving social distancing, PPE (gloves/masks) and post-viewing cleaning routines;
- Supporting the Group to deliver its commitment to provide 300 homes for use as temporary accommodation;
- Work with Dumfries and Galloway Council to match highest need customers, including management transfers and homeless to properties;
- Continue to work on voids where resources and availability of parts allow;
- Continue to work with partners to progress homeless cases where possible (e.g. temporary tenancies being converted to permanent);
- Identify personnel to create virtual multi-agency allocation and void management teams; and
- Performance Management information to monitor progress

#### *Service Stage 2:*

- Continue a matched letting service for highest need customers;
- Void works completed on longer-term voids and backlog cleared; and
- Commence limited adverts for specialist property types e.g. supported accommodation and adapted properties.

## Income

- 5.9. Maximising and protecting our income will remain a key focus as we progress through the Scottish Government route map out of crisis. In the next phases of this we will continue our successful remote working rent and income collection approaches. This will include:

### *Service Stage 1:*

- Patch Housing Officer/income team continue to work remotely via phone, e-mail and text;
- Set up Housing Officer face to face teams – for issuing letters and carrying out visits targeting customers that are not engaging with us by other methods;
- Cease issuing current form rent demand letters - create a new suite of letters more aligned with our successful “talk to us” campaign which has been running in recent weeks and will continue to do so;
- Review all arrangements/Expected Payment Plans - shifting customers to Direct Debit or Alternative Payment Arrangements if required;
- Introduce escalated telephone/video appointments with specialist welfare benefits teams as required;
- Review all non-engagement cases preparing to re-start escalation; and
- Focus on contacting customers who are furloughed and at risk of unemployment

### *Service Stage 2:*

- Deployment of face to face teams;
- Review and reset all escalation currently within the system;
- Introduce new rent demand letters;
- Preparing cases for Court resuming;
- Updated/refreshed rent campaign which may encompass the Christmas period; and
- Introduce secure messaging via customer self-service accounts – including arrears letters

## Fire safety

- 5.10. During the initial lockdown period our focus has been on our most vulnerable customers and incident management. This has included responding to extremely high-risk customers (visits with appropriate PPE and distancing) and visiting significant fires to provide fire safety recommendations and lessons learned.
- 5.11. As lockdown begins to ease, we anticipate moving through the following stages:

### *Service Stage 1:*

- Writing to all tenants and owners of properties within blocks to remind them of our zero tolerance policy of items found in the common areas that could cause a fire hazard.
- Inspections of all 3,4,& 5 storey blocks will continue on a regular basis;
- Housing Officers to identify customers who fit SFRS ‘Very High Risk’ criteria and use the support of the Group’s Fire safety team to contact them;
- FSOs will conduct telephone consultations with Very High-Risk customers including new homeless households and deliver bespoke fire safety/prevent products.

*Service Stage 2:*

- FSOs will carry out vulnerable household visits to most vulnerable customers (PPE/Social distancing if required)

Anti-social behaviour (“ASB”)

- 5.12. As part of our response to lockdown we implemented a centralised approach through which the ASB Team reviewed, recorded and responded to customers reporting any incidents of anti-social behaviour including those that would in normal operations be dealt with locally by Housing Officers. This approach has worked well and involves the team calling customers, providing advice and guidance and recording details.
- 5.13. We recognise that responding to ASB is a priority for customers and are seeking to respond to this in the remobilisation plan. The key stages for resumption are:

*Service Stage 1:*

- Prioritise high risk/impact priority case investigations with ASB team;
- Routine ASB investigations led by Housing Officers to allow specialist ASB team to prioritise most serious cases;
- Patch and field Housing Officers will investigate all routine ASB to a resolution (telephone investigations – visits by exception); and
- Support received from Group Community Impact Protection (CIP) Police Intelligence Team to assist with ASB investigations

*Service Stage 2:*

- Teams are able to visit witnesses and perpetrators in person whilst adhering to social distancing guidelines; and
- Incremental return of CIP Police Team – subject to Police Scotland permitting this, to provide more support to us to investigate ASB complaints.

Environmental maintenance services

- 5.14. Phase 1 of the Scottish Government route map allows non-essential outdoor workplaces with physical distancing to resume once relevant guidance is agreed. Our contact with the Scottish Government confirmed that this includes aspects of our environmental work such as grass cutting. Reflecting this and our approach to remobilisation more generally, our proposed approach to our environmental service will involve:

*Service Stage 1 and 2:*

- Continue to work with our contractor, IDVerde, to carry out grass cutting as well as arborist work;
- Void Team would be in place; and
- Bulk uplifts to continue for any refuse left in neighbourhoods across Dumfries and Galloway in cases that meet the criteria for Safety First (these have been ongoing during lockdown stage)

We continue to work with Dumfries and Galloway Council to investigate what works can be completed in customers gardens. As the council deliver a gardening service directly to 234 customers. Each of these tenants have been contacted and only minimal numbers require assistance. This is currently being arranged through our Grounds Contractor, IDVerde.

### EatWell

- 5.15. Unlike the other services discussed here, our focus for EatWell will be on striking an appropriate balance between making sure we support our customers when they are most vulnerable and transitioning the EatWell service to its primary focus on our most vulnerable customers.

#### *Service Stage 1:*

- Continue to receive referrals and deliver food parcels for those in need across Dumfries and Galloway, and we would:
- Introduce a supermarket voucher for new referrals (approx. £30 for single person)

#### *Service Stage 2:*

- Revise/update criteria for ensuring we continue to target those in greatest need;
- Review the impact of the changes above including the impact on staff resources for food voucher option;
- Reduce staff levels (following re-instatement and increase in activity including void work) and as staff move back to normal duties, for us the Eatwell Project has largely been supported by the Repairs and Maintenance service;
- Continue to support referrals (at a significantly reduced level); and
- Formalise discussions with Fareshare on future 'community partner' status across Group

## **Repairs, investment and compliance**

### Repairs

- 5.16. In line with the slight easing of lockdown in phase 1 of the Scottish Government route map we have reassessed our repairs service which was operating on a 'life and limb' service. The restrictions intended as part of phases 2 and 3 of the route map for easing lockdown mean that a full service still cannot be resumed.
- 5.17. However, there is scope to extend the service beyond its current level to what we have termed "Safety First Repairs". This will include all emergency works and works that while not necessarily deemed essential are considered necessary to avoid significant inconvenience to the customer.

### Service Stage 1

We will introduce the Safety First Repairs service from the end of June. A comparison between it and the existing Life and Limb service is set out below:

Life and Limb	Safety First repairs
Definition of Service	Additional Level of Service
<ul style="list-style-type: none"><li>▪ Serious damage to property</li><li>▪ Property is left Insecure</li><li>▪ All Fire Safety identified repairs will continue to be raised and attended</li><li>▪ Lifts - Essential Maintenance and person trapped</li></ul>	<ul style="list-style-type: none"><li>▪ Customer vulnerability</li><li>▪ Significant inconvenience</li><li>▪ Potential damage to property</li><li>▪ Persistent leaks</li><li>▪ All Fire Safety identified repairs will continue</li></ul>
Examples of Life and Limb Service	Examples of Safety First service
<ul style="list-style-type: none"><li>▪ Burst water supply pipes causing flooding</li><li>▪ Customer is asked to contain minor leaks/drips</li><li>▪ Choked W.C bowls</li><li>▪ Choked drains</li><li>▪ Secure front doors/windows</li><li>▪ Gain access where no keys available</li><li>▪ Dangerous electrics</li><li>▪ No Power</li><li>▪ No cooking facilities</li><li>▪ No heating</li><li>▪ Dangerous ceiling</li><li>▪ Rain/water penetration</li><li>▪ Leaks at W.C bowl or soil pipe</li></ul>	<ul style="list-style-type: none"><li>▪ Renew items e.g. shower (subject to availability) for vulnerable customers</li><li>▪ Persistent leaks - identify source and prevent leak</li><li>▪ Renew WC Bowls</li><li>▪ CCTV Survey of drains</li><li>▪ Renew front doors/windows (subject to availability)</li><li>▪ Renew Controlled entry handset</li><li>▪ Customer has alternative cooking facilities but not ideal longer term</li><li>▪ Temporary heating been in place greater than 7 Days</li></ul>

### Service Stage 2:

- We will continue to deliver our Safety First approach to repairs but closely monitor the Government progress in line with the lifting of restrictions; and
- A key element of the remobilisation plan is planning to mitigate the risk of a significant spike in demand from the resumption of a full service. This will be addressed in part by completing as many as possible of the more urgent backlog repairs during the Stage 2 period.

### Investment and compliance work in existing homes

#### Service Stage 1:

- 5.18. Essential compliance activities such as gas servicing and lift maintenance have continued during lockdown. Our focus during the next phases of the Scottish Government's route map will be on clearing the back-log of expired CP12 gas safety certificates through high intensity contact, refreshed customer communications, and where the customer is not engaging, reinstating our forced entry procedure. Going forward we will look to embed the high intensity outbound calling as part of our business as usual gas process, given its success to date in reducing no-accesses.



## *Service Stage 2:*

- 5.19. We intend restarting some external investment works and cyclical maintenance from the end of July. This will be targeted to complete SHQS and EEESH works initially. This approach will also help us to build experience in ensuring necessary safe-working practices and to provide customers with confidence on our approach and continued commitment in this area. At this stage, non-essential internal capital investment works (e.g. new kitchens where these are being replaced on a life-cycle programme basis) are not anticipated to take place until the new calendar year.
- 5.20. We plan to survey customers who are due to have any internal works done prior to the end of the financial year, to assess their views on having tradespeople in their homes and identify any concerns arising. In doing so, we will explain the measures we will take to mitigate health and safety risks, such as how we will operate social distancing principles and the PPE that will be used. We anticipate repeating this survey exercise around December/January in respect of customers scheduled to have internal investment/compliance work done in 2021/22.

## **Commercial letting and factoring**

### ***Letting***

- 5.21. [redacted]
- 5.22. [redacted]
- 5.23. [redacted]

## **New build development**

- 5.24. Re-opening of construction sites is mentioned specifically in the Scottish Government route map. This includes preparations in advance of mobilisation during the current SG phase 1 and implementation of the remaining stages of the industry's staged return plan during phase 2.
- 5.25. We have resumed activity on our sites although as advised previously, tasks may take longer to complete, meaning the timescale for us to receive completed homes may be longer than usual. We are actively engaging with our contractors on an ongoing basis to understand the implications of this for our development programme.

## **Care and Support**

- 5.26. Our Care and Support services continue to be provided by telephone check in with customers but responding in person for any urgent issues. We continue to have an on-site presence for our two temporary accommodation projects, and young persons' project. We have now restarted regular visual inspections of all communal areas in supported housing schemes. Communal facilities remain closed to customers at this time.

- 5.27. Our planning for the remobilisation of services is based on undertaking an assessment on a service by service basis. Whilst each remobilisation will take into account the assessment of individual services the overarching priorities will be:

*Service stage 1*

- Staff continuing to work from home where possible and face to face contact kept to a minimum;
- Reviewing and revising all associated operational policies and procedures including health and safety arrangements such as increasing PPE supply, and use of public transport;
- Use of two temporary accommodation offices and the young persons' accommodation office but ensuring we review the office space to manage handover periods and maintain social distancing; and
- Regular review of PPE supply and regular contact with the Care Inspectorate.

*Service stage 2*

- Staff will start returning to offices in stages;
- Increased face to face contact with people we work for; and
- Reintroduction of the use of some common spaces within our care services and temporary accommodation

- 5.28. Our Care and Support services have continued to provide an essential service to the people we work for during the pandemic and will continue to do so using appropriate physical distancing and hygiene measures as lockdown eases in line with the Government route map. This will include greater resumption of face to face activity, particularly for vulnerable people we work for, when deemed safe to do so.

**Back-office support services and governance**

- 5.29. Our back-office support services will continue to be delivered through home working as present. Similarly, our governance approach will remain unchanged through Service Stage 1 to the end of September with virtual board meetings, reduced agendas and reduced board member numbers dialling in to allow easier management of conference calls/video calls. We will consider the approach to Board meetings in Service Stage 2, subject to this being permitted by Scottish Government guidance.

**Personal Protective Equipment (“PPE”)**

- 5.30. The service transitions above will require an increasing use of PPE. At present, we have sufficient supplies across the Group for the next 12-week period based on the anticipated Stage 1 service models of all remobilisation plans and we have robust supply lines. The confirmed availability is a key element of the evaluation criteria for any service remobilisation progressing to Stage 2.
- 5.31. We have also made progress recently through the Scottish Government and we can now access additional supplies through an arrangement it has put in place with Lyreco. The Group have tested this arrangement and it worked well with next day delivery. In addition, as a contingency, we have placed orders so that we will have a further 25% stock beyond what we expect to need. The stock will be held as ‘emergency supplies’ in Dumfries, Edinburgh and Glasgow.

## **6. Key issues and conclusions**

- 6.1. The plans set out in this report will be kept under review and flexed as necessary depending on progress through the phases in the Scottish Government route-map. They will also be informed by the experience we gain from operating our interim service models. Prior to progressing to the next stage, a detailed assessment and evaluation will take place in accordance with appendix 2, and the Board will be updated on progress at its next meeting in August.

## **7. Value for money implications**

- 7.1. The approach set out in this paper is designed to ensure we continue to deliver priority services for customers within government restrictions, focusing on keeping them and our staff safe. Customer feedback will form an important part of our assessments before moving to the next Stage service models.

## **8. Impact on financial projections**

- 8.1. Our revised business plan is being presented to the Board for consideration at this meeting.

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

- 9.1. The approach set out in this paper is based on the latest Scottish Government Framework and in particular '*Scotland's route map through and out of crisis*'. We will continue to refine our proposals as the detail of government advice develops including progress through the identified phases. We continue to notify the Scottish Housing Regulator, as necessary, of changes to our operating model and services through their "notifiable events" web portal.

## **10. Implementation and deployment**

- 10.1. The Executive Team will direct the deployment of the proposals set out in this paper.

## **11. Partnership implications**

- 11.1. Dumfries and Galloway Housing Partnership is fully integrated into the Group-wide Coronavirus response plan, and the proposals in this paper apply to all parts of the Group.

## **12. Equalities impact**

- 12.1. We will continue to take special account of those who have underlying health conditions or are shielding. The latter category of staff will not be required to leave their homes and it is recognised their ability to work may be restricted by the shielding provisions in force.
- 12.2. Given the increased risk to BAME staff we will also undertake tailored risk assessments to ensure these staff are appropriately protected as part of the remobilisation.

## **13. Recommendations**

13.1. The Board is asked to:

- Note the approach set out in this report; and
- Note that a further update on our service models will be provided to the next meeting in August

### **List of appendices:**

- 1 Scottish Government Route Map through COVID-19
- 2 Evaluation methodology for progressing Wheatley service models to their next stage

Criteria/ conditions	<b>Phase 1</b> R is below 1 for at least 3 weeks and the number of infectious cases is starting to decline  Evidence of transmission being controlled also includes a sustained fall in supplementary measures including new infections, hospital admissions, ICU admissions, deaths of at least 3 weeks	<b>Phase 2</b> R is consistently below 1 and the number of infectious cases is showing a sustained decline  WHO six criteria for easing restrictions must be met  Any signs of resurgence are closely monitored as part of enhanced community surveillance	<b>Phase 3</b> R is consistently low and there is a further sustained decline in infectious cases  WHO six criteria for easing restrictions must continue to be met  Any signs of resurgence are closely monitored as part of enhanced community surveillance	<b>Phase 4</b> Virus is no longer considered a significant threat to public health
Protection	Physical distancing requirements in place  Frequent handwashing and hygiene measures for all Cough etiquette is maintained  Face coverings in enclosed public spaces, including public transport	Physical distancing requirements in place  Frequent handwashing and hygiene measures for all Cough etiquette is maintained  Face coverings in enclosed public spaces, including public transport	Physical distancing requirements in place  Frequent handwashing and hygiene measures for all Cough etiquette is maintained  Face coverings in enclosed public spaces, including public transport	Physical distancing requirements to be updated on scientific advice  Frequent handwashing and hygiene measures for all Cough etiquette is maintained  Face coverings may be advised in enclosed public spaces, including public transport
Business	Remote working remains the default position for those who can  For those workplaces that are reopening, employers should encourage staggered start times and flexible working  Non-essential outdoor workplaces with physical distancing resume once relevant guidance agreed  Construction – Phases 0-2 of industry restart plan can be implemented. Industry to consult government before progressing to phase 2 Preparing for the safe reopening of the housing market Workplaces resuming in later phases can undertake preparatory work on physical distancing and hygiene measures	Remote working remains the default position for those who can  Non-essential indoor non-office-based workplaces resume once relevant guidance agreed – including factories and warehouses, lab and research facilities – to re-open with physical distancing  Construction sector to implement remaining stages of phased return  Relaxation of restrictions on housing moves	Remote working remains the default position for those who can  Non-essential indoor office workplaces can open, once relevant guidance agreed, including contact centres with physical distancing	Remote and flexible working remains encouraged  All workplaces open with improved hygiene and in line with public health advice
Getting around	Consistent with the reopening of workplaces set out in this phase, where home working is not possible businesses and organisations are encouraged to manage travel demand through staggered start times and flexible working patterns	Consistent with the reopening of workplaces set out in this phase, where home working is not possible businesses and organisations are encouraged to manage travel demand through staggered start times and flexible working patterns	Public transport operating full service, but capacity still significantly limited to allow for physical distancing. Travel at peak times discouraged as far as possible	Public transport operating full service
Schools and childcare	Re-opening of child-minding services and fully outdoor nursery provision		Children return to school under a blended model of part-time in-school teaching and part-time in-home learning. Subject to progress 11 August	

Schools and childcare, cont.	Phase 1	Phase 2	Phase 3 All childcare providers reopen subject to public health measures, with available capacity prioritised to support key worker childcare, early learning and childcare (ELC) entitlement and children in need.	Phase 4
Public, Community services	Gradual resumption of key support services at the community level with physical distancing and hygiene measures	Further scaling up of public services from Phase 1 where it is safe to do so	Further resumption of justice system processes and services	Public services operating fully, in line with public health advice, with modifications and changes to service design, including increasing use of digital services where appropriate
	Re-opening of court and tribunal buildings, with limited business and public access			

Prior to any service moving from our Service Stage 1 to Stage 2 (and then Stage 3), the following assessment matrix must be completed. It is anticipated that Service Stage 1 will correspond to broadly the Scottish Government's phases 2 and 3 (covering the summer and the period when schools are expected to resume in August to potentially around the end of September). These evaluations may therefore be anticipated to take place in advance of a further shift in service model around September or October.

An evaluation sheet will require to be provided to the Executive Team as part of the proposals for moving to a new stage of service model.

Service: [xxxxx]	Description	Confirmation
Evaluation of current Stage service model, including customer feedback	<p>The proposal to the Group Executive Team includes an evaluation of how the service model has performed in its current Stage which sets out, as a minimum:</p> <ol style="list-style-type: none"> <li>1. Customer feedback – the proposal should explain how customer feedback has been gathered; this may include surveys/analysis of CSC contact data/complaints/Housing Officer records, etc.</li> <li>2. Staff feedback – how staff feel the service model has operated and strengths/weaknesses</li> <li>3. How effectively supporting infrastructure has operated - for example IT, fleet and relevant Wheatley Solutions services</li> <li>4. How risks have been managed and mitigated</li> <li>5. Lessons learned to take into the next Stage service model</li> </ol>	E-Signature – Director/Managing Director
Results of health and safety review of proposals, including PPE consumption	<p>Health and Safety team reviewed the proposals to move to the next Stage and identified the following issues:</p> <p>[list issues identified]</p> <p>The anticipated impact in terms of PPE consumptions arising from the proposed change in service model Stage has been appropriately forecast and the Group Health and Safety and Procurement teams have confirmed that we will be able to provide the necessary PPE.</p> <p>These have all been addressed in the revised proposals being presented to ET</p>	<p>E-Signature – Group Health &amp; Safety Lead</p> <p>E-Signature – Group Procurement Manager</p>
Impact of proposals on furlough list	<p>The proposal will involve the following staff returning from the furlough list:</p> <p>[list staff, FTE impact]</p> <p>This will reduce furlough income by £[xxx] per month / £[xx]x in total</p> <p>This has been included in the final approved ET proposals following prior agreement with the Director of Employee Relations</p>	E-Signature – Director of Employee Relations
Trade Union consultation	<p>Consultation has been held with relevant trade unions, being [xxx] and [xxxx]. The following issues arose from this process:</p> <p>[list any issues arising]</p> <p>These have been addressed in the following ways in the final proposals being presented to ET:</p> <p>[explain how issues addressed]</p> <p>All relevant trade unions are comfortable with the proposals to move to the next Stage service model</p>	E-Signature – Director of Employee Relations
Scottish Government guidelines	<p>The proposal being presented complies with all relevant government and regulatory guidelines based on the national phase of activity it is expected to cover.</p> <p>[provide brief summary of how this is achieved]</p>	E-Signature – Director / Managing Director
Impact on other service areas	<p>The proposal will require additional supporting resource relative to the previous Stage from the following services:</p> <p>[list any impacts on other services impacted, e.g. Wheatley Solutions or 360]</p> <p>These impacts have been agreed with the relevant Directors/Managing Directors, and there are no additional implications (e.g. on the furlough list) beyond those set out in the proposal to ET.</p>	E-Signature – Director/Managing Director
Communications	<p>The proposal has been reviewed by the Group Communications team who have advised on an appropriate strategy for customer, staff and wider stakeholder messaging. This has been included in the proposal being presented to the ET</p>	E-signature – Director of Communications and Marketing
Executive Team approval	<p>The proposal has been approved by ET and all required amendments have been incorporated</p>	E-signature – Group CEO

**Landlord:** 
[Definitions](#)
**Month:** 
**Please submit this return within one week of the end of the calendar month**

Please tell us your staff absence level on the last day of the month:

Total number of staff (FTE)	<input type="text" value="2723"/>	Comments:	<input type="text" value="Includes all Wheatley Group staff, RSL, care and commercial"/>
Total number absent (FTE)	<input type="text" value="47"/>	Comments:	<input type="text" value="As above"/>

Percentage of staff absent	<input type="text" value="1.7%"/>
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Number of staff placed on furlough (FTE)	<input type="text" value="555"/>	Comments:	<input type="text" value="All staff including care as above"/>
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Gross rent arrears	<input type="text" value="£13,653,330.09"/>	Comments:	<input type="text"/>
Total rent due	<input type="text" value="£268,718,191.68"/>	Comments:	<input type="text"/>

Gross rent arrears (%)	<input type="text" value="5.08%"/>
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Empty homes	<input type="text" value="204"/>	Comments:	<input type="text" value="ARC definition."/>
Empty homes (last day of month)	<input type="text" value="523"/>	Comments:	<input type="text" value="ARC definition."/>

Total lets	<input type="text" value="90"/>	Comments:	<input type="text" value="ARC definition."/>
Lets to homeless (SST)	<input type="text" value="2"/>	Comments:	<input type="text" value="Not included in Total Lets figure above."/>
Lets to homeless (short SST)	<input type="text" value="0"/>	Comments:	<input type="text" value="Not included in Total Lets figure above."/>
Leased to relevant local authority	<input type="text" value="112"/>	Comments:	<input type="text" value="Not included in Total Lets figure above."/>

Cash balances as at last day of the month	<input type="text" value="£139.2m"/>	Comments:	<input type="text" value="The ledger position reported covers the Wheatley RSLs and their funding vehicle (Wheatley F"/>
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## Discussion Paper

**To:** DGHP Board

**By:** Matt Foreman, Managing Director

**Approved by:** Martin Armstrong, Group Chief Executive

**Subject:** Strategy development

**Date of Meeting:** 8 July 2020

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### 1. Purpose

1.1. This discussion paper:

- Explains the current position in respect of developing a five-year Group strategy; and
- Proposes an approach for the development of our five-year strategy within this Group context

### 2. Authorising context

2.1. The Group Board has responsibility for setting the overall Group strategy. This is informed by the views of each partner organisation on their key strategic drivers, and each Board is responsible for agreeing its own strategy within the Group context. The Board has responsibility to set our strategy, ensuring that it contributes to the group strategy and also delivers any local priorities and customer promises within that context.

### 3. Risk appetite and assessment

3.1. We do not have a single risk appetite in respect of Group strategy. The 2020-25 Wheatley Group strategy, *Inspiring Ambition, Unleashing Potential*, was approved by the Group Board in October 2019. In developing this, the Group Board considered there were areas where we were risk averse, such as customer and staff health and safety, and others where we were prepared to take higher risks, such as the pace of technology in service innovation.

3.2. The risk context facing us and the wider Group has changed in light of Covid-19, with an economic shock and expected resultant increases in unemployment and financial difficulties, particularly among lower income households. This leads to financial risks, such as increased rent arrears, but also threatens some of the objectives we set out in the group 2025 strategy. The ability of some of our customers and communities to realise their potential and ambitions may be undermined by the stresses of increased financial hardship.

3.3. In some respects, however, housing associations are counter-cyclical organisations. In times of economic contraction, social housing, care and support becomes even more vital.

- 3.4. In past recessions, sectors such as construction have seen prices fall due to lower demand in the economy and increases in government subsidies to help affordable housing providers fill the gap left by reduced private sector activity. The unique nature of this economic crisis and impact/inefficiency of “social distancing” as a way of working in the medium term means increases in the costs of production could counteract any price benefit to purchasers.
- 3.5. The Fraser of Allander Institute have reviewed *Inspiring Ambition, Unleashing Potential*, and we have developed a partnership model under which they will support us to validate our social impact measures. Professor Graeme Roy and Emma Congreve from the Fraser of Allander Institute will attend the Board meeting by Zoom to provide their views and analysis on the economic and political context, risks, and how they view the implications for the development of our new strategy in the current context.

## 4. Background

- 4.1. The Group Board approved *Inspiring Ambition, Unleashing Potential*, our strategy for 2020-25 in October 2019. It was a far reaching vision for how all partner organisations in the Group would further transfer control to customers and work with them to create better homes and better lives. It set out plans to transform how our staff and service models work based on taking advantage of technology to allow greater personalisation, while ensuring no-one was left behind. A copy is provided by way of background in **Appendix 1**.
- 4.2. The Covid pandemic and the changes that we might see in the months and years to come have potential impacts across all areas of the strategy. For that reason, the Group Strategic Development Committee (“SDC”) agreed a number of principles for how the Group strategy might need to be revised at its meeting on 24<sup>th</sup> June.
- 4.3. Our strategy development process was paused as a result of the pandemic, but we propose to progress this over the coming months, tying in to the process by which the Group strategy is being revised.

## 5. Discussion

### Group Strategy process – update

#### ***(i) Title, period, vision and name of the strategy***

- 5.1. The SDC agreed to defer the launch of the Group strategy until 2021 and to re-set the period to 2021-26, which will match Scottish Parliamentary terms. This will allow clearer alignment with the Scottish Government in some areas such as targets for new housebuilding; for example, the Scottish Government’s 50,000 new homes target was 2016-21 while the previous Group target was 2015-20.
- 5.2. Given the economic context, we also propose to change the name of the group strategy to reflect our critical role in supporting communities to recover from the effects of the pandemic, and ensuring their voices and not marginalised in relation to national policy on economic recovery.

5.3. A number of potential options were discussed, including:

- *Stronger Communities, Stronger Voices*
- *Building Stronger Communities Together*
- *Building Better Futures*
- *Investing for Stronger Communities*
- *Connecting Communities, Building Futures*

5.4. The Executive Team were asked to make a proposal to the Group Board that reflects feedback from across the Group and the tone of the overall updated strategy.

5.5. The Group vision statement is set out below, with proposed amends in blue:

*Customers have increased control over their services, their communities and their lives, with new opportunities for building skills and resilience.*

*We will work ethically and sustainably, ensuring our homes are affordable for our customers, **digitally enabled and low or net-zero carbon**. We will share our expertise and with others to improve the fabric of our customers' lives while creating great communities.*

5.6. The SDC agreed that the aims of this vision statement remain appropriate. Our ambitions for our customers and communities have not altered in terms of increasing the degree of control they feel. The concepts of building skills and resilience will be more important than ever as we emerge from the Covid pandemic. However, as we consider an even greater emphasis on digital connectivity and low carbon (which were already important themes in the strategy), we have proposed the addition of the statements in blue to the previous text. This is also a vital theme in the Dumfries & Galloway context.

**(ii) Reflecting on the strategic themes and outcomes**

5.7. The Group strategy document was structured as five strategic themes, and 18 key outcomes.

<i><b>Delivering Exceptional Customer Experience</b></i>	<i><b>Making the Most of Our Homes and Assets</b></i>	<i><b>Changing Lives and Communities</b></i>	<i><b>Developing Our Shared Capacity</b></i>	<i><b>Enabling Our Ambitions</b></i>
Progressing from Excellent to Outstanding	Increasing the supply of new homes	Shaping Care services for the future	WE Think – creating our Think Yes culture together	Raising the funding to support our ambitions
Enabling Customers to lead	Investing in existing homes and environments	Developing peaceful and connected neighbourhood	WE Create – driving innovation	Maintaining a strong credit rating and managing financial risks
Developing a customer led repairs service	Setting the benchmark for sustainability and reducing carbon footprint	Supporting economic resilience in our communities	WE Work – strengthening the skills and agility of our staff	Evolving digital platforms to support our activities
Differentiating Lowther from its competitors	Building community voice, engagement and resilience			Influencing locally and nationally to benefit our communities

- 5.8. The five themes remain valid headings under which to cluster our specific objectives and outcomes – and should translate to each RSL partner organisation. In reflecting on the impact of pandemic, the majority of the strategy remains highly relevant. It already set out a series of ambitious plans to expand the number of ways we use to engage with and seek views of customers, transferring more control over decisions to those we work for. We had set out – for the first time – a series of social impact measures, recognising our wider role and impact on society, such as our contribution to the GDP of Scotland, job and apprenticeship creation targets and a planned reduction in our carbon footprint. We sought to include a measure, again for the first time, of our impact on poverty and deprivation, through reducing the cost of running a home.
- 5.9. The strategy talked about our growing national influence as a group, and using our size and scale to advocate for our communities and staff, whether at UK government level (for example in respect of Universal Credit) or Scottish / local government level (for example in arguing for better pay for social care work and an end to competitive tendering for care services).
- 5.10. The SDC considered the areas of the strategy that might need to be amended. While it considered that the majority of the document remains highly relevant, it was agreed that stronger emphasis is now be needed in certain areas. These included:
- a) Our role in delivering a fair and socially just **economic recovery post-Covid**, through:
    - o a ***Wheatley Green Investment Plan***, involving:
      - Doing more on “reducing carbon footprint”. With an additional £50m investment on energy efficiency measures, supported by the Scottish Government, we could increase our previous 5,000 tonnes Co2 reduction target to 21,000 tonnes (a 17% reduction in the current carbon footprint of our homes); bringing a quarter of the Group’s housing stock to net-zero with these homes achieving the Energy Efficiency Standard in Social Housing No. 2 by 2026 – well ahead of the 2032 deadline. This could support 1000 jobs in the Scottish supply chain and save the equivalent of 10% of disposable income for a family of four in receipt of Universal Credit through reduced energy bills in these homes;
      - Reducing our corporate (ie offices and staff activities) Co2 footprint to “net-zero” by 2026; moving well beyond the original 50% carbon reduction proposed. This will be enabled by a proposed acceleration in the changes to the operating model we set out in the strategy;
      - Maintaining the original objective of 5500 new affordable low-carbon (typically EPC A-rated), rented homes through development and acquisition, supporting thousands of jobs in the construction sector but now introducing a “Wheatley Pledge Plus” – where contractors will be expected to ensure that at least 10% of the construction labour comes from Wheatley households;

- A **Wheatley Community Connection Plan**, setting out how we will look to support all customers to have affordable home broadband connections by 2026, supporting them to access services through WiFi rather than paying expensive mobile data charges;
  - b) An enhanced role in **combatting the effects of deprivation** on our most financially vulnerable households, bringing together previous RSL initiatives such as Helping Hands and Better Lives Funds with the Foundation's resources. Due to the strong performance of Lowther Homes we may be able to increase its gift aid funding to the Foundation by 25% to £15m over the five-year period to help reinforce this commitment. We would involve tenants in setting the priorities for how we can best support different customer segments such as families and older people, through programmes to address fuel and food poverty. This could support up to 10,000 of our most vulnerable tenants across the group every year.
  - c) Bringing forward our plan to **limit rent increases to a maximum of 2.9%**, originally planned to be achieved by 2025, to a firm pledge across the life of the strategy. In the early years of the strategy any increases are likely to be significantly below this. For us we must also ensure we deliver the rent promise that rent increases will be no more than 2% in the first three years of the partnership.
  - d) Bringing out our contribution to **addressing homelessness** more strongly; including setting a target, for the first time, for the numbers of homeless households to be housed over a five year period.
  - e) A **reprofiling of some operational performance targets** in the strategy; for example 4% gross rent arrears will remain as an end target for 2026, but a pathway will be set to achieve that, recognising the spike in arrears resulting from the pandemic, the current ban on evictions for arrears and higher numbers of Universal Credit cases being experienced.
  - f) Articulating our **proposed approach to engagement** (with customers, staff and wider stakeholders); reflecting the work currently underway to develop a new-group wide engagement framework and embedding this is a core part of the revised strategy at the outset.
- 5.11. A number of these areas – particularly those involving major capital expenditure (new build and existing stock investment) will require partnership support from Scottish Government, to augment our own resources. This is not a new situation for us; but we consider it important to broaden our positioning as a delivery partner with government to more than just funding for new build. Delivering change on the scale required to address fuel poverty and inequity of digital access for many in our communities means government funding support for energy efficiency and digital infrastructure in existing homes is critical.
- 5.12. In our context our new strategy must also ensure we take into account the promises made to customers to invest £125m into new homes and delivery of improvements in homes and neighbourhoods. Delivering on our investment promises and ensuring we strive to meet the target of 1000 new homes through new build and regeneration will provide an important part of our strategy.

- 5.13. The Scottish Government's *Housing to 2040* consultation process recognised this, with some indications, most recently when the Cabinet Secretary for Communities and Local Government addressed our Group Governance event in March, that housing policy from 2021-26 might reflect a greater balance of investment between new build and existing homes. Since 2016, the vast majority of Scottish Government funding for housing (c£3.4 billion allocated in total) was for new build under the 50,000 target.
- 5.14. In recent weeks, Shelter, the Scottish Federation of Housing Associations and the Chartered Institute of Housing in Scotland have launched a research document arguing for 53,000 affordable new build homes to be funded by the Scottish Government from 2021-26. All of these discussions are set in the context of uncertainty around the UK government spending review and budget planned for the autumn. A stimulus programme for capital spending to aid recovery at UK level will mean additional resources for the Scottish Government through the Barnett formula; on the other hand, an austerity-type approach will mean more difficult trade-offs for the Scottish Government, including in respect of housing budgets.
- 5.15. In setting our direction, we discussed the Committee's views on the concept of a broader strategic agreement with the Scottish Government, potentially covering a series of outcomes over the five-year period – addressing new build, energy efficiency/carbon reduction, digital connectivity, and homelessness. This is not a new approach for government, for example it reflects precedent in local government and how funding was originally provided to GHA to deliver a broad set of objectives relating to homes and communities. Such an agreement could then be replicated with our key Local Authority partners. The Committee recognised this would be challenging and agreed to develop this idea further over the coming months and fully involved all partner organisation Boards.

**(iii) Our operating model to 2026**

- 5.16. The group strategy already set out ambitious plans to transform the operating across the Group model, especially in our housing partner organisations, to one where digital approaches are the norm and the office buildings assume much less prominence. The excerpts below highlight this:

*Our ambition to transform service delivery over the next five years will allow us to **rethink our corporate estate**. Highly agile working patterns and methods will be more suited to touch-down points rather than assigned desk space, enabling us to replace our current workplace estate and relocate to creative community hubs and workspaces that look and feel very different from traditional offices and provide added value for our customers. The resulting capital gains and efficiency savings will help fund our investment ambitions.*

*We anticipate the workforce of 2025 will be significantly different from the workforce of today, with a fully digitally active workforce, increasingly looking for more flexible career models, work arrangements, reward programmes, wellbeing initiatives and career development opportunities...*

*We predict that up to 75% of our workforce will no longer work a traditional Monday to Friday pattern by 2025. Our aim is to deliver a gradual and smooth transition of our workforce model towards a new model that is more agile in responding efficiently to changes in customer requirements.*

- 5.17. By necessity, and under emergency conditions, we have enacted large elements of this approach in the last three months, with a major transition to flexible home working for most staff. We have set up a virtual call centre, increased customer contact through phone and online channels, and maintained strong operational performance, albeit with a reduced service model at present.
- 5.18. We have surveyed staff across the Group to understand how they feel about the current working model and what we should do in future. The vast majority of staff like many elements of the flexibility home working offers – no commute, savings in travel cost and the potential of more flexibility to work around family commitments. A consistent theme is that staff miss face-to-face contact with colleagues, but that does not mean they want to return to the old working set-up exactly as it was.
- 5.19. The Group strategy envisaged we would move to a new model by 2025, but given the degree of change that has already taken place, we propose to consolidate this more quickly. The SDC considered some of these principles and agreed to consider further detail of this approach in the months ahead. It was agreed to work towards development of a revised Group strategy by late 2020, with partner organisation strategies to be developed in parallel and helping to inform this.

#### **Developing a DGHP strategy**

- 5.18 It is proposed that the framework of the Group strategy be used to provide an outline structure for our own strategy. That would involve it covering the same period of 2021-26 and sharing the same five strategic themes shown in the table in paragraph 5.6. Many of the outcome descriptions are likely to be applicable as well, eg “increasing the supply of new homes”.
- 5.19 However it will be vital to recognise the DGHP-specific aspects, for example:
- The tenant ballot promises on rents and investment into home improvements and new build opportunities
  - The rural nature of the region and specific issues this brings such as broadband access and mobile coverage
  - The importance of job creation (which was one of the tenant promises) and a tailored Dumfries & Galloway approach to this
  - The regeneration challenges and need for demolition of some unsustainable properties as part of this
- 5.20 We propose a one day strategy session be held with the streamlined Board during late August/Early September via Zoom to discuss the Board’s views on the priorities for us and the potential setting of strategic targets. In advance of this, further background information will be provided, including the Indigo House supply and demand study for affordable housing in the region. Board members who do not form part of the temporary reduced Board will have the opportunity to input in advance of the session. A template will capture their feedback and be circulated to the Board before its meeting.

A potential agenda for the day could include;

- introduction and objectives for the session (Chair)
- recap on existing strategic commitments (MD)
- overview of strategic priorities by the 5 themes in the group strategy to flesh out the themes and incorporate the customer promises. This will be presented by the Heads of Service in DGHP.
- An opportunity to discuss and feedback on the priorities, commitments and any DGHP specific considerations to feed into the new strategy.

The Board's views are sought on this proposed agenda.

- 5.21 Following this strategy session, we would work on a draft outline executive summary and key outcome measures for the Board's consideration and review at the next meeting in October. A full draft strategy document would then follow by the end of the calendar year. Launch of the strategies – both the Group document nationally, and partner organisation versions locally – would follow in early 2021.

## **6. Key issues and conclusions**

- 6.1. Our strategy will allow the Board to agree a clear vision for the future direction of the organisation, within the context of the Group and the overall Group strategy. This will include the tenant ballot promises, but go beyond this into how we can further improve the homes and lives of our customers and communities across the region.

## **7. Value for money implications**

- 7.1. These will be addressed as part of the strategy discussions.

## **8. Impact on financial projections**

- 8.1. An interim update to our business plan is on the agenda for the Board meeting. Further updates will be required to reflect the implications of a revised 2021-26 strategy and associated operating model, and this will be progressed in line with the revised strategy document.

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

- 9.1. We will continue to keep the Scottish Housing Regulator informed as we develop our strategy.

## **10. Implementation and deployment**

- 10.1. This is an initial discussion paper on strategic direction. Once the Board has agreed a strategy document, then detailed delivery plans will be developed to support implementation.



## **11. Partnership implications**

- 11.1 Our strategy will be integrated into the overall Group family of strategies. For example, the strategies for Wheatley Solutions, Wheatley Foundation and City Building will need to align with our strategic objectives.

## **12. Equalities impact**

- 12.1. The Group strategy recognised the importance of equality, with specific targets in areas such as gender balance in different parts of our workforce. We will review the issue of equalities in the strategy refresh, to ensure all aspects, including our approach to Black and Minority Ethnic staff and customers, continue to reflect the approach of a leading employer.

## **13. Recommendations**

- 13.1 The Board is asked to agree the approach to strategy development set out in this paper

### **List of Appendices:**

Appendix 1 – Draft Wheatley Group Strategy 2020-25, *Inspiring Ambition, Unleashing Potential*

Making homes and lives better  
wheatley-group.com



# Our Vision



# 2020-2025



## Inspiring Ambition, Unleashing Potential



## Section 1: Executive Summary

### Wheatley in 2020 – our track record of Excellence

Investing In Our Futures, Wheatley Group's first five year strategy, delivered outstanding customer satisfaction and raised the bar in Scotland and beyond for performance results and business efficiency in housing, care and property management. We have succeeded in our challenging goal of keeping rents affordable whilst delivering unparalleled growth and investment, maintaining investor confidence and bringing access to affordable borrowing for asset growth and service improvements.

We are rightly proud of our journey to excellence and the huge impact this has had on our customers' lives right across the Group. Our phenomenal success is externally recognised through the many national and international awards and accreditations Wheatley and its partner organisations continue to win each year, from bodies ranging from the European Foundation for Quality Management to Investors in People and the UK Government Cabinet Office, which oversees Customer Service Excellence.

Significant investment in technology and digital innovation over the last five years has created cutting-edge platforms for customers to transact and engage with us, providing a great foundation on which we will build our vision for Wheatley in 2025.

### Wheatley in 2025 – our vision

Our vision is to enable our customers to reach their potential for a brighter future for themselves and their families. Our strategy for making this real will deliver an unprecedented shift in the balance of power and control towards our customers, empowering them to make their own choices about the services they want, ensuring they are properly equipped to do things for themselves and involving them in the design of products and services from start to finish.

We will deliver this vision through five strategic themes, under which we have defined 18 key outcomes. These are summarised below.

<b>Our purpose: Making Homes and Lives Better</b>
<b>Our vision:</b> Customers have increased control over their services, their communities and their lives, with new opportunities for building skills and resilience.  We will work ethically and sustainably, ensuring our homes and services are affordable for our customers, sharing our expertise and collaborating with others to improve the fabric of our customers' lives while creating great communities.

Strategic themes:				
Delivering Exceptional Customer Experience	Making the Most of our Homes and Assets	Changing Lives and Communities	Developing our Shared Capacity	Enabling our Ambitions
Strategic outcomes:				
Progressing from Excellent to Outstanding	Increasing the supply of new homes	Shaping Care services for the future	W.E. Think – creating our “Thinking Yes Together” culture	Raising the funding to support our ambitions
Enabling customers to lead	Investing in existing homes and environments	Developing peaceful and connected neighbourhoods	W.E. Create – driving innovation	Maintaining a strong credit rating and managing financial risks
Developing a customer led repairs service	Setting the benchmark for sustainability and reducing carbon footprint	Supporting economic resilience in our communities	W.E. Work – strengthening the skills and agility of our staff	Evolving digital platforms to support our activities
Differentiating Lowther from its competitors	Building community voice, engagement and resilience			Influencing locally and nationally to benefit our communities

A number of key concepts underpin this strategy and our vision for 2025. These are:

### **Transforming services through digital platforms and technology**

We led the way when we introduced our current operating model and our Think Yes culture, and they have underpinned our journey to excellence. However, we want to deliver a second transformative step change to deliver our vision for Wheatley in 2025. To do this we need to seize the opportunity to create a re-configured digitally led business that fully harnesses the benefits of technology for both our customers and our business.

Digital service delivery will be the norm, but we will ensure no-one is left behind. We will blend digital and personal tailored services for our customers which meet their diverse needs and expectations.

Our commercial lettings services will be entirely digital by 2025, establishing Lowther as a fully paperless business.

Self-directed services must be low effort for customers – they need to provide exceptional convenience to become the channel of choice. We will maximise opportunities to automate all transactional services. However, success will hinge on *making digital feel personal*, so that we retain the strong relationship we have with our customers, and they continue to feel we care about them. To achieve this blending of digital and personal, our staff will be experts in digital interactions, highly skilled in developing relationships of trust online, deriving relevant insight about customers from rich data and helping build customer capacity to do more for themselves.

Artificial Intelligence will play a role in ensuring data drives targeted interactions that are valued by our customers. This includes predictive analytics flagging when we need to make proactive contact with a particular customer, driving timely prompts for customers to take appropriate actions and highlighting complex or high-risk situations where face-to-face involvement is required. In addition, customers themselves will have online access to all the information about their home and community they need to make informed choices and self-direct their service.

Digital service provision will never be for everyone or right for every complex situation, so complementing our digitally focussed roles, we will have specialist roles for face-to-face interactions. These will be designed to meet specific vulnerabilities and needs, delivering services where people need them – in homes, care or community settings. As customer advocates, staff will be adept at influencing partner organisations for the benefit of our customers and communities and helping customers get their voices heard. Responsible for the off-line aspects of neighbourhood connections, they will galvanise volunteers, support local engagement and encourage customers to work together to design local solutions to improve their own communities.

We will work pro-actively with schools, colleges and universities to foster talent and source the pipeline of people with the skills and capabilities for both current and future needs. Learning programmes will be designed and targeted to equip staff with the specific skill sets they need to successfully deliver our redesigned services. Wheatley staff in 2025 will have the knowledge and skills they need to help customers across the breadth of our products and contexts, minimising hand-offs and maximising value for customers. This holistic approach will bring job enrichment and secure Wheatley's position as a sought-after employer in people's career journeys.

Our digitally focussed staff will be equipped to work from any location and our face-to-face staff will be mobile, allowing us to respond with increasing agility to changing customer demands. This shift in how we work will open up exciting opportunities to re-shape our corporate estate, to make it more engaging for our customers and communities. Over the next five years we will establish creative *community hubs* that

feel very different from traditional offices. These new community hubs will be both virtual and physical spaces, bringing great places to work, community learning, social connections, access to partner services and engagement opportunities right into the heart of our communities. Rationalising our current office estate will deliver significant efficiency savings and help fund our investment ambitions, whilst improving convenience for both customers and staff.

The research we commissioned to capture and develop fresh thinking from around the world on how best to engage the diverse range of people we work for will help us to co-create the new engagement models that will underpin this transformation. Our engagement models will encompass both digital and off-line engagement approaches, including real-time digital mood monitoring and feedback on specific services to ensure customers still feel a strong sense of connection with us, even though they are increasingly interacting digitally.

### **Making the most of our assets**

Our commitment to increasing the supply of new homes to meet housing need remains unwavering. Over the next five years we have set ourselves a challenging target of 5,500 new homes across a range of tenures, to meet the diverse housing needs and economic circumstances of our customers. Maximising our return on investment will be an important factor in decisions about what and where we build, ensuring we make the best value decisions to support our current and future tenants. This will include exploring opportunities to refocus our new build programme to encompass new locations, tenures and homes for particular customer groups.

We will make the most of our existing assets by investing and divesting appropriately to fund our ambitions. Maximising our rate of return will be a business principle here, as it is with new build decisions. This may include divesting high value assets, such as Wheatley House and high equity Lowther properties, as well as poorly performing stock. This approach will allow us to make investment decisions which best support our customer and business needs.

We will continue to use our financial strength to invest a further *£1.3 billion* over the next five years. Half of this will be on our existing homes; with *£360 million* for improving, modernising and maintaining homes across the Group, in addition to *£300 million* on repairs. There will be a significant programme of investment in our most recent partnership, Dumfries & Galloway Housing Partnership, as we modernise and revitalise homes throughout communities in that region.

Our new engagement approaches will ensure investment is increasingly focused on what creates most value for our customers. Harnessing innovative property technology will provide predictive analytics to inform a more intelligence-led repairs and maintenance service, which will both enhance customer convenience and improve efficiency in asset management.

The rent our customers pay delivers more than a home – it also gives them the keys to a wealth of opportunities and wrap around support. Many of our customers experience pressure on their household budgets, so over the next five years, we will ensure our homes are affordable, not just by keeping rents affordable, but also by reducing the household costs of running our homes and linking customers into opportunities for learning and employment. By harnessing our size and buying power, we will give customers digital access to a growing range of opportunities to save money on household expenditure such as energy, food bills, broadband and insurance. At the same time, we will continue to improve energy efficiency in our more difficult to heat homes and explore opportunities to reduce household fuel bills through micro-renewable energy generation.

A great repairs service that delivers on customer priorities and demonstrates value for money is of paramount importance to our customers. Our ambition is for an increasingly tailored service that meets the particular needs and expectations of different customer groups, such as older people or families in work with school age children. In 2021 we will carry out a full option appraisal of our JV to thoroughly understand and evaluate the progress and benefits that have been achieved in its first five years, both for our customers and our business. This will inform our decisions about the future arrangements for repairs delivery in the West, to be enacted in 2022.

With regards to our communities, our aim is to deliver safe, calm and peaceful neighbourhoods where people want to live. We have set a challenging target that by 2025 over two thirds of our customers live in neighbourhoods they classify as peaceful. Our Community Improvement Partnership approach to building a cycle of confidence will support communities to become more resilient and new engagement approaches will encourage social and digital connections, as well as building capacity for customers to co-create local solutions to local priorities.

### **Wheatley as a leading brand and influence**

By 2025 Wheatley will have cemented its position as a leading influencer. Whilst our partner organisation brands will continue to be the customer-facing brands, external partners and stakeholders will engage with the Wheatley brand. In this way we will maximise the strength of the Group to exert greater strategic influence and drive change. Strategy and decision makers, including politicians, regulators and funders will be fully aware of Wheatley's unique offering and capacity, and keen to work with us for mutual benefit and to bring about transformational change.

As a consequence of our new build ambitions, Wheatley will continue to be of key national significance to the Scottish Government vision for increased housing supply. Taking a lead role in influencing other organisations and agencies in the interests of our customers will ensure success in harnessing partner resources to achieve a greater collective impact on improving the wellbeing of our communities.



We will continue to be externally validated as global leaders in outstanding customer service and benchmarked performance results. We will increasingly take a proactive and high-profile role in showcasing our successes and solutions to drive up standards across the country. As an international role model people will come to learn from us.

### **Strong and sustainable financial platform**

Harnessing technology to transform our services will deliver significant reductions in operating costs and opportunities for different financial modelling. By 2025 we will borrow only to invest in new homes whilst maintaining affordable rent increases. Continuing to achieve efficiency savings that secure our position as one of the most efficient housing, care and property management organisations in the UK and beyond allows more money to be channelled into front line services and investment in customers' homes.

Every decision will be based on the value to customers and the value to the business; balancing social purpose with the needs of a commercial business. As a result, our performance management framework will evolve to include both business and customer value measures. All decisions on external care contracts will be based on commercial principles, with a requirement for appropriate return and risk mitigation. We will explore the potential to drive additional efficiencies through establishing alternative models for delivery of our central functions.

Our performance will move from excellent to outstanding, as defined by our customers. They will set the priorities in terms of core measures that matter to them and work with us to develop challenging but realistic targets for 2025.

### **Wheatley customer's personal experience in 2025**

Our customers are at the heart of this strategy.

The following section summarises the impact the strategy will have on our customers. This paints the picture of how a Wheatley Customer will personally experience our services in 2025 – how it looks and feels to them.

#### ***I feel in control and have choices***

- I take charge of my life, I self-direct my services.
- I have access to training, life skills, employability, support.
- I see a brighter future for myself and my family.

#### ***I shape the services I receive***

- I influence the things that matter to me.
- I can give instant feedback.



- I understand performance from both a customer and business perspective.
- I can get involved through crowdsourcing ideas, designing, voting, on/offline discussions.

***Interactions are low effort for me***

- 80% of my transactions are digital, but face to face support is there if I need it.
- Pro-active repairs/smart home makes life easy.
- I get timely contact and service offers as a result of Artificial Intelligence/ analytics.
- My customer journeys are seamless and feel personal.

***I have access to the information I need***

- Online access provides me with all info about my home and community at my fingertips – account, costs, maintenance history, investment plans etc.

***I feel safe and secure***

- I am proud of my home.
- I live in a calm, peaceful neighbourhood.

***I feel part of my community***

- My neighbourhood is vibrant – physically, economically and digitally connected.
- People look out for each other.
- I am proud to be part of my community.

***I feel you care about me***

- I get help when I need it/my needs change. I only have to tell my story once.
- Care technology helps me stay independent.
- You listen to me and I feel you know what matters to me.

***I am proud to feel part of an ethical organisation that shares my values***

- Social purpose, Value for money.
- Sustainable, low carbon footprint.
- Equalities, best employer.
- Affordable products for people of all incomes.

## Our values

We have reviewed and re-affirmed our values with staff, re-framing these to better reflect our ambitions for the next five years.

<b>Excellence:</b>	<i>we raise the bar... in everything we do</i>
<b>Community:</b>	<i>people direct what we do... and together we build strong communities</i>
<b>Ambition:</b>	<i>we push the boundaries in new ways... so everyone can fulfil their potential</i>
<b>Trust:</b>	<i>we inspire customers and staff... to shape the future</i>

## Group members

During the first five years of Wheatley we have clearly demonstrated that together we are creating a stronger, more secure future. We do more for our customers by bringing together diverse income streams, investing wisely in local communities and bringing great ideas to life. Our most recent partner organisation, Dumfries and Galloway Housing Partnership, has further grown the size and scale of the Group. The Group now:

- operates in 18 local authorities;
- has strategic agreements in place or being developed in six key areas of operation (Glasgow, Edinburgh, Dumfries and Galloway, West Lothian, East Lothian, and West Dunbartonshire);
- has stock of over 60,000; and
- has 10% of the approximately 600,000 social rented homes in Scotland (and 22% of RSL stock).

Wheatley partner organisations are proud to retain their own identity, but united by a common commitment to excellence in all they do. They have a joint mission in 'Making Homes and Lives Better' for the people they work for and the communities in which they live. This shared culture across our maturing Group ensures Board Members and staff are increasingly comfortable applying principles and platforms appropriately, with respect to their different customer groups and contexts, to deliver exceptional customer experience.

The involvement of our partner organisations in shaping Group Strategy ensures it underpins and supports their ambitions, as detailed in their individual Strategic Plans.

- GHA – Scotland’s largest social landlord, with 40,000 affordable homes in Glasgow;
- Dumfries and Galloway Housing Partnership – 10,300 affordable homes from Dumfries to Stranraer;
- Dunedin Canmore – with over 5,000 homes in Edinburgh, the Lothians and Fife;
- Cube Housing Association – with more than 3,500 homes across West of Scotland;
- Loretto Housing – with more than 1,300 affordable homes in the central belt;
- West Lothian Housing Partnership – with over 400 affordable homes;
- Barony Housing Association – which has 360 affordable homes and provides care and support to over 700 people in Central Scotland;
- Loretto Care – which provides care and support to 2800 people every week across Scotland;
- Lowther Homes – which manages a growing portfolio of over 1,800 mid and full-market apartments and provides property management services to almost 30,000 customers;
- Wheatley Solutions – where 500 staff work to provide internal support services to the Group’s partner organisations;
- Wheatley Foundation – which invests over £3 million annually on improving the life opportunities of disadvantaged people in Wheatley’s communities; and
- City Building (Glasgow) – with over 2,000 employees, jointly owned by Wheatley and Glasgow City Council and provides repairs and maintenance services.

## Strategic themes

### Overarching strategic themes and key measures

#### ***Delivering exceptional customer experience***

- Overall customer satisfaction above 90%
- Over 90% of Care customers satisfied with the overall service
- Net promoter score for Lowther increased to 60
- Implement “Rate it” score from book it, track it, rate it repairs approach and aim to improve performance by 10%
- RSL tenant satisfaction with value for money increased to 85%
- Implement new approach to recording satisfaction with how complaints are handled and improve performance by 10% points
- Overall satisfaction amongst households with children improved to 90%
- 90% of customers feel they can participate in the landlord’s decision making
- 95% of customers actively engaged in shaping services feel they participate in decision making
- Satisfaction with the process of getting my new home is improved by 10%
- Meet the agreed contributions to accommodation for homeless households in each local authority we operate in

#### ***Making the most of our homes and assets***

- Develop 5,500 new homes across all tenures
- Invest £500m of new public and private finance in new build housing
- Achieve 95% customers satisfaction with their new build home
- Invest £360 million in improving, modernising and maintaining homes
- Achieve a 60:40 ratio of planned to reactive repairs
- Reduce the volume of emergency repairs by 10%
- Maintain existing tenant satisfaction with the quality of their home at over 90%
- Reduce the output of CO2 emissions from our homes by at least 1,000 tonnes per year
- Reduce our corporate carbon footprint by 50% from our 2012 baseline

#### ***Changing lives and communities***

- 90% of care services graded 5 or above
- Over 70% of our customers live in neighbourhoods categorised as peaceful
- Achieve 85% satisfaction with Wheatley Environmental Services
- Reduce the number of accidental dwelling fires by 10%
- 100% of applicable properties have a fire risk assessment
- 4,000 jobs, training and apprenticeships delivered
- 250 customers supported by Wheatley bursaries to attend higher education and university

- 10,000 vulnerable children benefit from targeted Foundation programmes
- 60% of tenants with online accounts are using the My Savings rewards gateway.

### ***Developing our shared capacity***

- Over 90% of staff say they feel appreciated for the work they do
- Staff absence is maintained at 5% for Care services and 3% for all other parts of the business
- Staff turnover remains at less than 7%
- Over 80% of customers self-report positive distance travelled towards 'self-reliance'
- 250 young people provided with structured opportunities to build their skills within the business
- 50 graduates provided with opportunities to work and gain experience in our sectors
- Improve gender (male/ female) equality across Wheatley business:
  - RSL: 60%/40%
  - Care: 50%/50%
  - Wheatley 360: 50%/50%
- 40% of promoted posts filled with internal candidates
- Achieve our targets across the 7 domains of our digital maturity assessment

### ***Enabling our ambitions***

- Limit rent increases to Consumer Price Index +1% (estimated to be 2.9% overall) by 2025
- Maintain a strong investment credit rating of A+ stable
- Maintain gross rent arrears below 4%
- 100% of Care services break even
- £12 million generated in Gift Aid to Wheatley Foundation and reinvested in communities
- Average days to let a home maintained at less than 14 days
- Over 50% of customers actively using their online account to transact with Wheatley
- 100% of Lowther rental customers have an online account

## Section 2: Key strategic themes

### 1. Delivering exceptional customer experience

#### Our track record – key achievements of Investing In Our Futures

- Providing excellent services to over 80,000 households, and high-quality homes to over 60,000 households as the largest provider of social rented homes in Scotland.
- All our Subsidiaries delivering excellent customer services – our RSL subsidiaries provide performance which exceeds or is moving towards top quartile benchmarks on 80% of key ARC indicators, and over 75% of Care services are graded 5 or above. Overall customer satisfaction above 90% for all RSLs.
- Overall customer satisfaction above 90% for RSLs.
- Our online booking and repairs appointments systems allow customers to choose what they need and when they want it with satisfaction over 93%.
- Creation of a joint venture with City Building Glasgow to create a strong repairs service to meet customers' needs.
- Integration of Lowther and YourPlace to form Scotland's largest and best commercial letting and property management company.

These achievements set the groundwork to ensure we will continue to strengthen the value of our services to our customers over the next five years, harnessing innovation through digital technology in order to provide our customers with new service choices, new ways to engage with us and new ways of maintaining independence in their own homes.

#### Our vision for 2025

By 2025 our customers will be empowered to make their own choices about the services they want, be properly equipped to do things for themselves and involved in the design of products and services from start to finish.

We will be delivering our vision against a backdrop of significant external challenges. Many of our communities' experience high levels of poverty. Over 30,000 customer households qualify for Housing Benefit or Universal Credit, meaning they have to

manage on low incomes and many experience health issues or face multiple barriers to inclusion including a widening educational attainment gap.

Our customers and communities will feel more in control of their personal and collective wellbeing, inspired to raise their aspiration and able to realise their potential. Self-directed services, innovative approaches such as Outcome Star, Livingwell for older people and Housing First help build the trust, confidence and ability of individuals to make the changes that are important to them, giving people more power and control over their lives and their futures.

The strength of our relationships with our customers and communities is one of the significant features that distinguishes Wheatley organisations from others in our sector and has undoubtedly been a key factor in our success. Creating and maintaining strong connections will therefore be central to our ambitions to fully harness the benefits of technology for both our customers and our business. Our aim in re-designing and re-configuring our services is to establish a different relationship with our customers and communities, one that is based on building their capacity to be more self-reliant and feel like leaders in their own lives. Increasingly, our focus will be on building customer trust, resilience and ability to do things for themselves and their communities, creating a lasting impact through more efficient and effective deployment of our resources. The transition to a new operating model over the five years of this strategy will be carefully managed to ensure that whilst digital self-directed services are the norm, no one is left behind, and we are successful in delivering additional customer value.

In 2025 our tenant population will be the most digitally enabled in Scotland, able to take advantage of online offers and opportunities to maximise their income or reduce expenditure and ensure they are able to maximise their opportunities in the employment market.

Excellence is embedded in the Wheatley DNA, so moving forward there is no doubt that we will continue to improve and build on the innovative approaches that have made us so successful to date. However, we will continue to push towards outstanding service, challenging our performance and outcomes in each area. As part of our new relationship with customers, we will measure this in different and more stretching ways, looking to further improve the aspects of service which matter most to customers. Our new methodology will include tracking the willingness of customers to recommend our products and services to family or friends. Increasingly the design of services will focus on achieving value for money in the eyes of our customers.

We will be **redesigning the way we engage with customers**, enabling customers to have more choices and more control to make changes that are important to them. Co-designing the transformation of our services with the diversity of our customers through this new empowering relationship will ensure no one is left behind.

Re-energised and participative digital and off-line engagement approaches will ensure our services are increasingly co-created with customers in order to meet the needs of specific groups such as families, older people and those who have experience of homelessness.

### **Strategic outcomes**

- Progressing from Excellent to Outstanding
- Enabling customers to lead
- Developing a customer led repairs service
- Differentiating Lowther from its competitors

These priorities are underpinned by our commitment to responding to what our customers tell us is important to them and to maintaining excellent services at the core of everything we do.

### **KEY PERFORMANCE INDICATORS**

- Overall customer satisfaction above 90%
- Over 90% of Care customers satisfied with the overall service
- Net promoter score for Lowther increased to 60
- Implement “Rate it” score from book it, track it, rate it repairs approach and aim to improve performance by 10%
- RSL tenant satisfaction with value for money increased to 85%
- Implement new approach to recording satisfaction with how complaints are handled and improve performance by 10% points
- Overall satisfaction amongst households with children improved to 90%
- 90% of customers feel they can participate in the landlord’s decision making
- 95% of customers actively engaged in shaping services feel they participate in decision making
- Satisfaction with the process of getting my new home is improved by 10%
- Meet the agreed contributions to accommodation for homeless households in each local authority we operate in.



## Progressing from Excellent to outstanding

Following our success in achieving top quartile benchmark, we will **work with our customers to define ‘outstanding’**. Shifting the balance of **power and control to the customer**, ensuring a personalised service focussed on what is important to them. They will set the priorities in terms of the core measures that matter to them and work with us to develop challenging but realistic targets for 2025. These measures and targets will be focussed on high quality performance balanced with value for money for the services provided. They will be designed to give us a better sense of what creates value for our customers, enabling us to track and understand the impact of any changes we make to our services. Our co-created performance framework will also include appropriate **new impact measures** that reflect our strategic ambitions and digital-led service, such as the quality of interactions, engagement outcomes, influencing and value generated for customers.

Our ambition is to continue to be externally validated as global leaders in outstanding customer service and benchmarked performance results. To support this aim we will continue to challenge and excel in a **core basket of key business measures** for example around collecting rent and efficiencies. These measures are also important in allowing us to stand out from our competitors to achieve stronger funding streams. This funding in turn allows us to deliver better services and the new homes that many of our customers will need, whilst keeping rents affordable.

As we develop our services, we will make extensive use of **customer journey mapping** and the **Voice of the Customer** to listen face to face and digitally to our customer views of the processes they use. We will carve out time and space to encourage a diverse range of customers to talk about their experiences, the issues that matter to them and how they feel about these and use this insight to improve our services.

We will expand the number of **Tenant Led Inspectors** across the Group to over 100, providing customers with transparent access to examine our services in detail and be fully empowered to make recommendations that will improve the customer experience. They will also be invited to get involved in co-creating solutions relating to the recommendations they make.

A **Customer Insight Panel for Repairs** will be established to ensure improvements to the repairs service are driven by what is important our customers. This panel will feed directly into the JV and our in-house service, and the insight it provides will play a significant role in shaping the future of our repairs contractors.

Universal Credit will bring heightened expectations to people who previously had their rent paid directly through housing benefit as they see a direct relationship between their payment and the service they receive. Transparently demonstrating how our services and products provide value for money will be more important than ever. We will support our customers to understand the value of our rents by

providing **clear information on what rent covers and why** within the MyHousing Allocation system so that it can inform their housing decisions. We will also explore options to **simplify our rent structure** for new build homes and for existing homes as they become vacant.

New systems, such as GoMobile and MyHousing, will significantly strengthen our capacity to use **predictive analytics** to inform our decision-making and ensure that we are excellent in our use of resources. These, together with our other core systems will provide detailed insight from rich datasets, including demand patterns for homes and services and socio-economic circumstances. Data will be available at neighbourhood and tenancy level, providing actionable insight rather than raw numbers. Trends and real-time information will further support analysis. These will inform decisions in all areas of the business including how we deploy resources, how we invest and where we deliver new homes.

Improving customer involvement in our complaints processes will provide transparency in our approach and introduce peer challenge to our responses. This will ensure that we learn from the occasions on which we get it wrong in a way which will improve our focus on our customers. It will allow customers to understand our processes and provide direct input to improvements. We will do this by creating a **Wheatley Peer Ombudsman Panel** which will be made up of a number of customers who will be able to review anonymised cases and propose outcomes.

We will work with families to understand how we can strengthen our service offer to them, so they feel we provide more than just a home. Our analysis shows that households with children tend to have lower satisfaction with our services as they struggle to deal with the competing demands on their time and money. This customer group are likely to be highly receptive to the exceptional convenience of a digitally re-designed service so we will work with them to co-create a new **Wheatley Whole Family Approach**, focused on improving outcomes for them. It will encompass putting children at the heart of decision making in the design of our neighbourhoods, including developing safe play zones, shared streets, child height signage and buttons. In our homes we will look to develop child friendly repair options, better storage for bikes, prams and other family equipment. We will design our new build to suit modern family living and consider the benefits of soundproofing in both new build and retro-fit programmes. As children grow, we will support families with employment and training opportunities through the Wheatley Foundation. Tenants and their young adult children will be pro-actively offered a **housing options** consultation as they begin to consider setting up their own home. This will help families plan for the options that will best suit them.

We will lead in the national agenda around **rapid rehousing** for those who have been homeless, supporting the Scottish Government and local authorities in their 5 year plan. We already have a strong track record in this area with high levels of sustainment and a focus on priority groups such as care leavers. We will better articulate our offer around homelessness to ensure our reputation and influence matches the significant contribution we already make to this agenda. Increasingly we

will look to allocate our homes to proactively avoid homelessness. Our work with people who have lived experience of homelessness to map their customer journeys will be used to further understand the requirements of this customer group. The insight this provides will help us lead the way in **strengthening the pathways for homeless people** to ensure that they can access the different types of support they may need easily and at the time they need it.

We will draw on our care expertise to **mainstream effective tenancy support approaches** into the skillset of all relevant customer-facing staff, to help our tenants sustain their homes and lead in their own lives. This will include experiential learning around the impacts and specific needs related to:

- Substance abuse;
- Adverse childhood experiences (ACES);
- Mental health including dementia; and
- Homelessness and rough sleeping.

Our position as leaders in excellent customer service and in creating innovative solutions to the issues in our business means we are in a strong position to **influence** the housing, care and property management sector in Scotland and the UK. We will increasingly take a more proactive role to showcasing our successes and solutions to **drive up standards**.

### Enabling Customers to lead

Rather than simply adjusting our operating model to respond to and accommodate new digital developments, we will seize the opportunity to completely reconfigure our operating model. This will **create a digitally led business that fully harnesses the benefits of technology for both our customers and our business**. We recognise that there will always be situations that require face to face interactions.

Involving customers in co-designing with us will ensure **no one is left behind** and our services are appropriately tailored to meet the specific needs of particular customer groups, whether they are delivered digitally or face to face. By 2025 mature data intelligence will support us to deliver personalised, bespoke and seamless services in the right places, to the right people at the right time.

Our digital platforms will provide exceptional convenience to our customers, making self-directed services their channel of choice. **Designing our digital services to ensure they feel personal** will be crucial for ensuring our customers continue to feel we care about them and they have a strong connection with us, even though engagement is through digital channels. To achieve this blending of digital and personal, our staff will be experts in interacting digitally with customers through web chat, video chat and email. Their new skillset will include developing relationships of

trust online, deriving relevant insight about customers from rich data and helping build customer capacity to do more for themselves. They will be confident deploying digital customer engagement and feedback approaches, including social media and digital neighbourhood forums.

We will trial **transformative digital projects** to deliver innovative solutions to issues facing our customers and our business, evaluating the impacts on both our customers, communities, and our business, whilst readying our customers for even greater digital self-service.

We will do this by developing pilot 'virtual patches' where a Housing Officer function will provide a bespoke service which aligns staff with the appropriate specialist skill-set required to support the particular customer group in their 'virtual patch' most effectively.

This focus on **diversity** will make sure our services are appropriate and adaptable to meet the needs of changing ethnic and household profiles. This commitment will be at the heart of the re-design of our services. Increasingly our homes and services will ensure equality of opportunity for those who have disabilities so that they can lead lives exactly as they want, not inhibited by structures or processes which do not accommodate their needs.

**Artificial Intelligence and predictive analytics** will be an essential tool in our digitally led service, automatically identifying changed behaviour patterns that suggest the need to make proactive contact with a particular customer. This would include a changed payment pattern or repeat repairs being raised. It will allow us to generate timely prompts to remind our customers to take appropriate actions, such as to make a payment, provide access for a repair operative or care staff. Importantly, it will also highlight situations where in-person involvement is required to prevent escalation into a crisis.

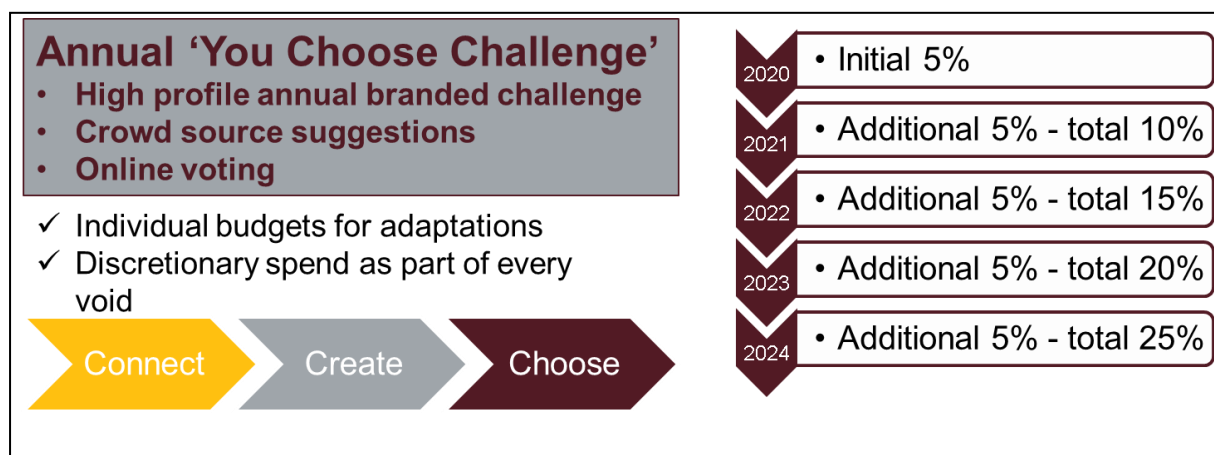
Our Go Mobile and MyHousing systems provide the platforms on which we will create this blend of digital and personalised services. **MyHousing** will provide customers with more transparent data about the homes available so that they can make the best decisions for their households. It will also provide us with strong data analytics about customer's preferences in terms of location, types and size. This in turn will inform our investment in customer's homes as well as the building of new homes over the lifetime of the strategy. We will also introduce these platforms in our latest partnership in Dumfries & Galloway.

Our re-defined relationship with our customers will be focused on enabling them to take the lead and develop their personal capacity to better manage their money and home, be a connected member of their community, look after their health and wellbeing, and feel they make positive use of their time (either through work or in other positive ways). This will be true of customers across all of our services, whether they rent a home, are a factored owner, or receive care.

Extending our **Outcomes Star** approach from Care into housing and Wheatley 360 will be a key part of creating this shift in the culture of staff and customers. This approach enables customers to set the outcomes they wish to achieve based on their priorities. It provides a basis which allows everyone to be clear about what the outcomes are for each customer and the focus on self-reliance. It shifts the balance of power and control to the customer and ensures the service they experience is personalised based on what is most important to them.

The close link between our housing and care services will allow us to support our customers in achieving the outcomes they set whether through the **Housing First** approach to homelessness, our Livingwell model which promotes independence amongst our older people, or a variety of other services. This joined-up approach will deliver higher levels of tenancy sustainment, promote customer satisfaction and contribute to developing peaceful and connected neighbourhoods.

**More customer control of expenditure** will ensure resources are targeted at the things which matter to our customers. We will do this through a **Tenant Advisory Panel** to support the Wheatley Foundation in delivering projects which meet the challenges faced by our customers. We will also use digital technology to undertake an annual **You Choose Challenge** where we will crowd source suggestions and use online voting to take decisions. By 2025 25% of all tenant-facing expenditure will be controlled by tenants as shown in the diagram below.



Our customer-facing staff will engage, both online and offline, in ways that unleash the talent of our customers, helping them to tap into their hidden skills and strengths to do more than they ever thought possible. To support this, we will forge strong partnerships with universities to enable us to offer MCR Pathways type mentoring support to our customers. Our Talent Mining approach to employability will focused on coaching talent, starting with asking customers what they would like to do with their life rather than trying to fit people into opportunities we have created.

Our online digital platform will make it easy for our customers to participate in the **shared economy**, delivering a “**Wheatley Benefit**” approach for customers as well as staff. Our platform will support people to use their homes in the way those who own their home already can, empowering households who rent from us to make their own decisions about their home which are usually only available for homeowners, such as options to repair items themselves, choosing how and when work is done or letting out a spare room. Empowering people to use spare rooms can also foster inter-generational support, such as where an older person requires support, or a younger family member is not yet ready to set up an independent home.

### Developing a customer led repairs service

Our joint venture with City Building Glasgow and our in-house repairs services at Dunedin Canmore have ensured that we deliver repairs efficiently and effectively, achieving a high level of customer satisfaction.

The repairs service is a core driver of customer value. We will carry out the right repair, fixed first time whenever possible, with an appointment time convenient to our customers.

In 2021 we will carry out a full option appraisal of our JV to fully understand and evaluate the progress and benefits that have been achieved in its first five years, both for our customers and our business. This will inform our decisions about the future arrangements for repairs delivery in the West, to be enacted in 2022.

In the South of Scotland, we will develop an in-house repairs service for Dumfries & Galloway Housing Partnership. This will be a significant change project which will see DGHP leading the way for the Group in terms of a new, state-of-the-art repairs system, enabling trades operatives to optimise their efficiency – particularly important given the large rural geography. The same systems solutions will be used to upgrade our Dunedin Canmore and City Building operations, enabling a consistent repairs platform across Group.

Our ambition is to continue to improve the repairs service and the new systems infrastructure will support our aim to introduce more dynamic ways for repairs to be delivered; designing out failure. Our new **MyRepairs** approach will be customer led to ensure that it fits with modern lifestyles and needs. **Your Home Choice** will provide a budget for each new let which customers can spend on a choice of items. **Digital consultation** will be used to allow customers to co-create the priorities for planned repairs such as replacement kitchens and bathrooms.

By 2025 our approach to delivering reactive repairs will be tailored by and for our different customer segments. Increasingly our customers will book their repairs and appointments digitally, choosing times that suit them best. We will provide times and styles of service to support the different households in our communities. Wheatley

investment will be designed to help **reduce running costs** in the home wherever possible, supporting households to have more income for the things that matter.

Repairs 2025 – Tailored Experience	
Family in work with school age children	Older person or couple
<b>School- run service:</b> designed with and for families	<b>First through the door:</b> all trades people are trained to do ‘slip and trip’ assessments.
<b>Familiar and transparent ‘shopping basket’ experience:</b>  Online repairs mirrors the ‘shopping basket’ experience provided by online retailers, with menu, costs, timescales, tracking and rating facilities.	<b>Preventative predictive analysis:</b> Artificial Intelligence and rich data used to spot trends and trigger preventative response including aids and adaptations, such as floods triggering change to plug type and sensors, cooking fires triggering fire risk assessment.
<b>Convenience and control:</b> Customer centred Repairs App, mainstream video reporting/photo reporting of repairs, text updates and alerts on progress of repair, customers can track their repair to point of completion, video guides to help customers fix things themselves.	<b>Choice and control:</b> Customer can choose their Handyperson or Trades person
<b>Right first time:</b> trades operatives can flex the time they have for a job to complete it at first visit. Whoever is in the Customer’s home takes ownership to resolution.	<b>Right first time:</b> trades operatives can flex the time they have for a job to complete it at first visit. Whoever is in the Customer’s home takes ownership to resolution.
<b>Customer value:</b> I feel I have choice and control over repairs getting done in my home. I feel the service is built around me and what matters to me.	<b>Customer value:</b> I know and trust the faces of the trades people I let into my home. When I speak to people about repairs it feels personal – they know and care about me and my house. I feel the repair service is built around me and what matters to me.

We will be open and transparent about how we are spending customers' money at both an individual and a community level, providing relevant performance information for customers to hold us accountable, and enabling customers to engage more meaningfully in decision making around repairs. When a customer orders their repair online we will include the cost of the repair in the customer's 'basket'.

We will introduce 'How to...' **video guides** on our websites to help customers to do appropriate jobs themselves, encouraging customers to feel more in control of their home and to become more self-reliant. Through their web self-service Wheatley account, we will give customers access to the data they need to help them manage their home, including the appropriate instruction manuals.

**Artificial Intelligence** will mine our rich data to support repairs diagnostics, spot trends and to deliver personalised customer service.

We will develop a **resolution option** for our repair contractors. All repair contractors will be given a single opportunity to resolve an outstanding complaint or repair. If it is not resolved it will immediately be re-allocated to another contractor in the Group to resolve, hence ensuring the customer is not at the centre of a lengthy resolution process.

## Differentiating Lowther from its competitors

Lowther Homes is now firmly established one of Scotland's leading commercial letting and property management company, with over 32,000 customers. It provides the full range of commercial property services, encompassing factoring, property management, private sector lettings and management.

Our ambition over the next five years is to shift the perception of our service so that by 2025 over 60% of our customers would **recommend the service to a family member or friend**.

Our plans for re-designing our services to create additional value for our customers reflect the significant changes to our customer profile over recent years and our projections for these trends to continue. By 2025, as Right to Buy homes are re-sold to first time buyers, we anticipate that our property management customer-base will have flipped from 60% in the older customer segments, which tend to be financially stretched, to 60% in the younger segments with higher household incomes. At the same time, we project that over 90% of our private sector lettings customers will be in work and under 50 years of age. Customers who are private landlords themselves are a significant segment and we will seize the opportunity to create new products that meet the specific needs of this growing group.

Lowther Homes is proud to be an **ethical business** and will firmly establish its reputation as such by 2025, so that customers and prospective customers are fully aware of what differentiates Lowther from other commercial competitors, making us



the stand-out first and positive choice. A key element that differentiates us as an ethical business is that 100% of our profit margin is reinvested in community benefits through the Wheatley Foundation and our customers have a voice in shaping the priorities for this investment.

By 2025 we expect our **transformation to a digital-led rental business to be complete**; re-designed to meet the growing expectations of our increasingly working-age customer-base and making Lowther a **paperless business**. All Lowther rental customers will have an online account, with enhanced features including the ability to track a repair and access a range of opportunities through our extended 'Wheatley Benefit for Customers'. Our new '**Lowther Local**' portal will be central to this transformation, shifting the balance of decision-making power and control to the customer and giving them transparent access to all the information they need. It will provide a secure platform for customers in each communal block to engage with both each other and with us. We will involve customers in identifying the functionality to ensure it fully meets their needs and expectations and is easy to use.

The 'engage and influence' feature of the Lowther Local portal will support our ambitions to be seen nationally as the go-to body for issues that are critical to our customers, making it easier for us to effectively exert influence in their interests. Strategic decisions we will seek to influence include maintaining mixed tenure blocks, retrospective fire safety obligations and the creation of new Rent Zones.

A gap in the market has been identified which will make small Private Landlords a target growth market for Lowther over the next five years. We will seize this opportunity to develop a new innovative **Landlord Portfolio Management Product**. Many landlords have more than one property, and a single consolidated view of their entire portfolio would deliver significant value to them.

Capitalising on Lowther's unique position as both a commercial property management and a lettings business, we will also offer a full managed service to third party landlords, provided they meet our quality criteria. This will be of particular interest to small portfolio landlords with properties in communal blocks. Forthcoming changes in legislation increase the requirements and risks for these small landlords. Becoming a **Lowther Landlord** and letting their property through us will give them access to specialists in both factoring and lettings as one package, as well as a guaranteeing a steady supply of tenants.

A new optional **internal repair service** will be designed to give customers more choice and control. Customer decisions to opt-in to this service will be based on price, quality, convenience and customer service. Many Lowther customers are in work, so the ability to select specific appointment slots is crucial, as is being kept up to date with progress. Our easy to use online menu will include transparent costs, warranties and billing arrangements. Quality and customer service will be evidenced by the published feedback from our trusted trades/rate the tradesperson apps, providing confidence in the tradesperson the customer is letting into their home.

We know that efficiency is important to customers – it is a key driver of satisfaction and perceptions of value for money. Through our re-designed digital-led service model we will improve customer experience to reduce customer debt, as well as reducing our costs to serve. At the same time, we will attract new customers through our new Landlord Portfolio Management, Lowther Landlord and Internal Repairs products, and our own property portfolio through asset growth. Taken together these changes to our cost-base will ensure we can continue to keep charges competitive whilst meeting our challenging gift-aid targets.

Enhancing our online service model will significantly expand opportunities to use data analytics to target Lowther's resources efficiently and tailor our marketing appropriately for maximum impact. Additionally, we will analyse online viewing patterns to help inform decisions about where best to locate our new homes.

Building on Wheatley's ***strategic partnerships*** with our key Local Authorities, Lowther will seek to expand the scope to include commercial opportunities. We will pro-actively offer solutions to Local Authorities and other RSLs who are challenged with managing mixed tenure neighbourhoods, to grow our business by creating additional value for these new customers.

## 2. Making the most of our Homes and Assets

### Our track record – key achievements of Investing in Our Futures

- Largest social housing new build programme in the UK.
- Over 3,000 new social and mid-market homes delivered and household lives changed.
- Completion of the GHA Reprovisioning programme.
- 25% increase in WLHP housing stock.
- Bond Programme completed and standard grant conditions to apply on all future projects.
- Equal access for all Glasgow based Wheatley RSLs to Glasgow City Council's affordable housing supply programme budget.
- New Build Performance Framework created and operational ensuring efficient programme management unrivalled elsewhere in the UK.
- External recognition for quality of our new homes now being regularly acknowledged by industry award bodies.
- Delivered over £500m in planned investment and repairs to modernise our existing homes between 2015 and 2020.
- Customer satisfaction with the standard of their home above 88% across all RSL Subsidiaries by March 2018.

Moving beyond 2020 we will build on these achievements and continue with many of our successful approaches. However, we will also evolve and innovate in response to changed strategic drivers and our ambition to deliver a further step-change by 2025.

### Our vision for 2025

Our primary purpose of changing lives through providing quality homes remains unchanged. Building on the unparalleled success of the last five years we have set ourselves another challenging target of **5,500 new homes** during this strategy period.

Our ***new engagement model will place the customer at the heart of how we plan and design*** our improvement programme and new build developments. We will maximise the use of technology to engage a diverse range of customers across our geographical footprint in both the investment planning process and the development of our new homes. This will include the use of 3D technology and virtual reality applications to help customers visualise and co-design elements of the improvements to their home or the development of their new home.

Where kitchen and bathroom replacements are planned, our online planning tool will help customers both design and visualise their new kitchen or bathroom. We will also look to create personalised live property dashboards for our customers to enable them to understand and co-manage their property. Dashboards will include information such as the energy performance of their home, lifecycle replacement, planned investment and compliance programme.

When pre-allocating our new homes, customers will benefit from being able to take a virtual reality tour of their new home and the wider development it sits within. Customers will then be able to choose their kitchen preferences from our RSBI kitchen range and decide on finishes to tiling and interior décor. Once a customer moves into a new Wheatley Home, their property dashboard will tell them everything they need to know about their new home, including defects periods and self-help videos to help with their heating controls and other important things they need to know when moving into a new home. Transitioning to co-managing our assets and homes with our customers is a key element of the shift towards strengthening our relationships with our customers as we continue to invest in our homes and neighbourhoods.

We will use the strength of the Group and the national significance of our new build programme to influence the Scottish Government to continue to sustain the current budget allocation for affordable housing supply. We will also seek to extend our influence with our grant funders, Glasgow and Edinburgh councils and the Scottish Government, to increase the share of Affordable Housing Supply Programme (AHSP) budget allocation to the Group. Through our board presence and membership of Homes for Scotland, we will influence house builders and developers with respect to seeing Wheatley as the natural choice to partner with to deliver their Section 75 affordable housing commitments, and to procure new 'developer led' new build opportunities.

Harnessing web-based technology to engage new and existing customers in the design of our ***new 'Wheatley 24' house range*** and surrounding communities in the design of all our new build developments will bring a sharper focus on delivering what matters to the customer. Our 'Wheatley 24' house types and bespoke house designs will reflect the needs and exceed the expectations of each of our customer segments, such as kitchens with enough space to accommodate a kitchen table, large, fully reversible windows that are easy to clean and with sizes and shapes in line with curtain/blind sizes commonly available on the high street, maximum integrated storage space plus additional space for free-standing storage units and

optimum number and location of sockets. Both the existing community and new customers will feel they have a say in shaping new homes and development layouts, ensuring environments that work for the people who live there and that they are proud to call home.

Continuing our significant investment in and around existing homes is equally important, both for the comfort, safety and security of our customers and to protect the long term value of our assets. We will harness emerging technology to enhance customer convenience, support independent living, safety and security, improve efficiency and raise the bar in asset management, both in terms of buildings and the environment they sit within.

Our ambition to transform service delivery over the next five years will allow us to **rethink our corporate estate**. Highly agile working patterns and methods will be more suited to touch-down points rather than assigned desk space, enabling us to replace our current workplace estate and relocate to creative community hubs and workspaces that look and feel very different from traditional offices and provide added value for our customers. The resulting capital gains and efficiency savings will help fund our investment ambitions. In addition, it will generate new opportunities for supporting entrepreneurship and resilience in our communities through provision of dedicated spaces for customers, social enterprises and local business incubation.

Over the next five years our ambition is to make a giant leap forward on our journey towards our long-term aims of **becoming carbon neutral and eliminating fuel poverty**. We will take the national lead in investing in distributed micro-renewables, with the benefits shared at a community level rather than individual property level, reducing the cost of running a home for our tenants. Redesigning and rationalising our corporate asset footprint will also deliver a significant contribution to this agenda.

Much has been done over the last five years to make our neighbourhoods places customers are proud to live. During the next five years we will ensure our community investment creates lasting impact and legacy by engaging customers in targeting the Wheatley Foundation resources towards building customer and community resilience to make things happen for themselves. Increasingly we will help our communities to have a voice, taking the lead in influencing, collaborating and brokering with stakeholders, to mobilise assets, platforms and partnerships for the wellbeing of our communities. Our expectations of suppliers, contractors, developers, house builders and collaboration partners regarding **community benefit requirements** will be more explicit and transparent. It will be proactively managed by the Wheatley Foundation to ensure the benefit to the local community is transparent wherever a new build development or investment is taking place.

By 2025 Wheatley will be renowned for building empowered, confident, proactive and connected communities and places as well as excellent, well designed homes.

## Strategic outcomes

- Increasing the supply of new homes
- Investing in existing homes and environments
- Setting the benchmark for sustainability and reducing carbon footprint
- Building community voice, engagement and resilience

These outcomes are underpinned by our commitment to staying rooted in local communities and maximising the impact of our assets to improve the lives of our customers in all the areas we operate.

## KEY PERFORMANCE INDICATORS

- Develop 5,500 new homes across all tenures
- Invest £500m of new public and private finance in new build housing
- Achieve 95% customers satisfaction with their new build home
- Invest £360 million in improving, modernising and maintaining homes
- Achieve a 60:40 ratio of planned to reactive repairs
- Reduce the volume of emergency repairs by 10%
- Maintain existing tenant satisfaction with the quality of their home at over 90%
- Reduce the output of CO2 emissions from our homes by at least 1,000 tonnes per year
- Reduce our corporate carbon footprint by 50% from our 2012 baseline

## Increasing the supply of new homes

Wheatley Group will deliver **5,500 new homes** over the next five years, ensuring we continue to make a ***nationally significant impact on housing supply*** well beyond the current Scottish Government's 'More Homes Scotland' target of 50,000 affordable homes by 2021. A new warm, safe and energy efficient home in the right location is a life changing experience for an individual tenant and their family that can transform health and well-being, educational attainment and life opportunities. The wider social and economic benefits from increased house building activity are well documented and the continuing scale of our programme will deliver significant benefits in employment, training and apprenticeship opportunities for our customers and communities.

Maximising our ***return on investment*** will be an important factor in decisions about what and where we build. Enhancing existing partnerships with both Local Authorities and commercial organisations that help us deliver our new supply

ambitions will continue to be a distinguishing feature of our strategy. However, we will use our successful track record to grow new partnerships beyond our current footprint. This will include exploring opportunities to refocus our new build programme to encompass new locations such as East Dunbartonshire and East Ayrshire, and new products for particular customer groups, such as retirement living.

The search for appropriate and advantageous sites for GHA will be extended to the greater Glasgow housing market area. During the strategy period we will explore the potential advantages that might result from rebranding our RSLs with geographical based names to facilitate development opportunities in other areas.

In our most recent new strategic partnership area, Dumfries & Galloway, we will work closely with the Council, the Scottish Government, local communities and other local stakeholders to develop joint plans for transformational regeneration of areas most in need of investment and regeneration. This will involve taking a holistic view of each regeneration area, adopting a placemaking approach to improve housing choice and create new mixed tenure, sustainable neighbourhoods where people want to live.

In some areas this may involve replacement of unpopular poorer quality homes with new, high quality, energy efficient homes which are cheaper to run and improve the quality of the neighbourhood. Through our investment in new homes we may also look to attract house building partners into some areas to provide more housing choice and help retain local people, who want to own their own home within the area. In doing so, we will also maximise training and employment opportunities through the development of both housing for rent and sale in a larger contract packages, therefore enhancing our regeneration outcomes to be about much more than bricks and mortar.

Through our role on the board of Homes for Scotland and via relationship building with other key players in the property market, we will leverage the influence afforded by the size and scale of the Group's new supply programme to develop new **innovative partnering arrangements** that ensure the flow of available land and future developments. The national significance of our programme in enabling the Scottish Government to meet its 'More Homes Scotland' target provides a strong platform from which we will seek to influence the Scottish Government to sustain current budgetary levels and grant conditions through to 2025.

A single new build project and programme approval route will be established to take a holistic view across the Group in order to facilitate the fast, agile decision making that will enable us to compete more effectively for the best sites.

Co-designed with our customers, our enhanced '**Wheatley 24' house range** will meet customers' needs and exceed their expectations. It will become a core product in our new homes delivery programme across the Group. It will sit alongside other bespoke residential products delivered for the Group by our contractor, developer and house builder partners and will be used to influence and raise standards in these alternative industry products, including tackling fuel poverty by design.

At its core the Wheatley 24 house range and our other bespoke residential products will deliver the best in the principles of **Modern Methods of Construction** (MMC) such as offsite/modular construction, as the Group looks to mitigate against industry skills shortages and in a concerted move towards achieving zero defect housing, faster onsite construction times and ever greater customer satisfaction results.

A key design feature for all the homes in the range will be that they are highly adaptable and can easily change and flex as the needs of the household evolve, establishing a truly **'lifetime home'** approach. In addition to the added value this brings to our customers, it will deliver significant business benefits, including reducing tenancy turnover; cost efficiency in aids and adaptations and future-proofing our homes against changing demographics.

The Wheatley 24 range will enable us to create exceptional customer service and choice for customers of new build homes that rivals the best aspects of a private sector **'home buyers service feel'**. Early identification of prospective tenants will allow us to work more closely with them in the design aspects of their new home and personalise the whole experience for customers moving into a new build Wheatley home. Customers will have choice over final fittings and optional extras, all supported as part of a **virtual reality**, new home shopping experience. This will be particularly beneficial for customers moving into Livingwell properties, where involving them in co-designing adaptation will ensure their home is tailored to their needs from day one.

We will develop the Wheatley 24 product range across multiple tenures, with and for a wide demographic of end users, including:

- social rent,
- mid-market rent,
- market rent, and
- new Livingwell care options.

## Investing in existing homes and environments

Improving our existing customers' homes and environments remains a key strategic priority. We will continue to use our financial strength to reinvest a further **£360 million** over the next 5 years in improving, modernising and maintaining homes across the Group, in addition to **£300 million** on repairs. The safety and security of our customers will continue to be of paramount importance. This will allow us to reduce the level of emergency and reactive repairs which create inconvenience to our customers as well as being poor value for money.

Our evolving Locality Planning, together with new online and offline engagement approaches, will ensure investment is increasingly focused on what creates most



value for our customers and they feel involved in identifying priorities and shaping the investment programme for their community.

Adopting a strategic approach to investing and divesting appropriately in our existing assets will create new opportunities to fund our ambitions. This may include divesting high value assets, such as Wheatley House and high equity Lowther properties, as well as poorly performing stock. We will seek to maximise our rate of return whilst ensuring decisions are informed both by financial appraisal and customer impact.

In support of our ambitions to create a digitally led business, we will exploit technological innovations to enhance the efficiency and convenience of our investment and maintenance services. We will deliver ***‘innovation at the point of investment’*** in our existing homes. Investment in ***Sensor technology*** will become a core element of our retro-fitting and component replacement programmes. This will allow us to use cutting-edge ***predictive analytics*** to inform a more intelligence-led repairs and maintenance service, simultaneously enhancing customer convenience and improving efficiency in asset management through pro-active, remote fault diagnosis/resolution and increased component life cycles.

Linked to our ***Geo-Information Systems***, we will build up a virtual picture of all our communities across Group and will use this visual data to enrich our engagement both within the business and with customers and other stakeholders.

We will expand our RSBI factory capability to include ***3D printing of obsolete or difficult to source components***. This will enable quicker and more efficient repairs, benefiting customers as well as the business. It will also provide tech-related employment opportunities for our customers

### **Setting the benchmark for sustainability and reducing carbon footprint**

Tackling fuel poverty and mitigating the long-term increases in energy costs for our customer base continues to be a strategic driver. Our approach includes both a focus on helping our customers to access affordable energy and reducing bills by improving energy efficiency. Through partnership with energy providers we will offer a discounted fuel tariff to all our customers, including commercial customers and factored owners. In addition, a new pioneering suite of approaches, under the ***‘Efficiency 25’*** banner, will be developed that will establish Wheatley as a role-model for sustainability nationally and beyond, benefiting both our customers and our business, as well as influencing the rest of the sector to raise its standards.

The Group will establish ***‘W.E. Generate (Housing)’***, adopting a whole energy system view of how energy is generated and consumed within our homes. The programme will see us take a national lead in investing in distributed micro

renewables, promoting the spread of benefits to a community level rather than just an individual property. This micro-renewables approach will be rolled out across both our new build and existing housing stock and will include Solar PV, battery storage technology and air source heat. Innovative **‘Wheatley Energy Blockchain’** technology will enable us to trade energy amongst our assets, so that all unused energy is sold to the benefit of neighbouring customers, creating a local community market for renewable energy. This technology will also enable us to play a role in helping people manage their energy smarter, with customers able to opt-in to automated energy management services which save them money and reduce our collective carbon footprint.

A key focus will be to harness the potential to significantly reduce energy costs for customers living in our high-rise homes, by exploring specific opportunities for energy generation that arise from their unique design, such as wind farms and solar farms.

Across our corporate assets we will establish **‘W.E. Generate (Corporate)’** comprising renewable and battery generation solutions for our corporate accommodation platform in a long-term aim towards creating a zero-carbon electricity corporate portfolio.

The **Wheatley work base of the future** and rationalised corporate asset footprint will complete the ‘Efficiency 25’ suite. Under this banner the Group will create 21st century, low carbon footprint, high technology enabled work environments and community hubs that support flexible working, innovation and engagement. In order to ensure our community hubs are close to our customer base we will make use of appropriate existing community spaces and work with partners to harness opportunities to **co-locate** access points in places our customers frequently visit, such as health centres and libraries. Our locations will be strategically placed to support our growing asset base and promote wider economic development across our community footprint, with dedicated spaces for customers and the wider community.

**Energy efficient design** will be a key characteristic of all the house types in our Wheatley 24 range and other bespoke house designs, minimising the total cost of running a home for customers, eliminating fuel poverty in our new build homes and supporting our sustainability goals.

Our stock viability models will take account of the total cost of living in our existing homes, including the cost of heating, to help inform investment and disposal decisions. We will prioritise solutions for electrically heated homes that enhance control and cost savings for customers, and work with research partners to solve long standing challenges for improving energy efficiency in non-standard construction types. Where we are retrofitting homes to Zero Carbon we will adopt modern whole-system approaches using externally applied solutions wherever possible, to minimise disruption to the household.

## Building community voice, engagement and resilience

Our new engagement models will include an innovative **community led development approach**, involving our customers and wider communities in decision making at all the key stages of our work with framework contractors. They will help shape initial designs and have opportunities to stay connected from pre-site start through to completion of the defects period. Our approach will place the customer at the heart of how we plan and design our new-build developments. We will adopt the same approach and principles for major improvement programmes.

Both the local community and potential new customers from our waiting list will be invited to engage in our project design. We will harness technology such as 4D applications to help bring our Wheatley 24 range to life, using '**virtual community imaging and experience**' to enable customers to visualise new developments during both online and off-line engagement. This approach will encourage customer to get involved by making it relevant, fresh and fun. Customers wearing a virtual reality headset will be able to see virtual 3D, 360-degree images of what the new properties or development would look like. As well as ensuring our products create maximum value for customers, our aim is to establish a greater sense of customer and community ownership, through planning and designing new homes and communities together. As we move through key project milestones we will provide regular opportunities for communities and customers to re-engage, stimulating deeper and richer connection with the communities that we are investing in.

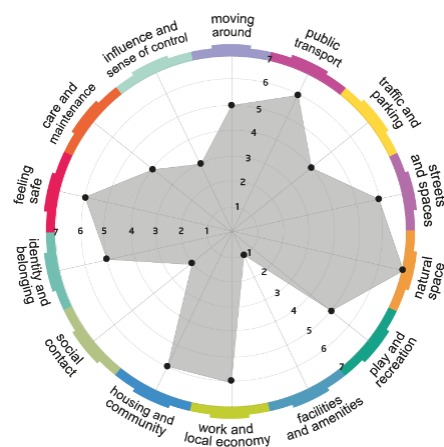
Customers across all tenures will be invited to digitally rate and evaluate our new-build contractors, developers and house builders, through our '**Wheatley Trusted Builder-Mark**' process. We will use this approach to incentivise a greater sense of 'shared-customer culture' across our new-build framework contractors and wider supply chain.

A home with Wheatley Group, regardless of tenure, is more than just the bricks and mortar of a new or improved home, it is about getting keys to a whole new world of opportunity which will help break down barriers of disadvantage for customers and their families. Our new **community entrepreneurship and resilience programme** will demonstrate our faith in people and our willingness to create chances and opportunities. We will do this by establishing a virtual network and leveraging our physical assets and spaces within communities, such as commercial units and corporate office footprint, empowering communities to come together in creative ways.

We will foster local entrepreneurs and talent by giving local people the opportunity to start small scale businesses, creating the conditions that make it easier for people to have a go, try out their talents and dreams, and do things for themselves. We will work with the business community and further education partners to create an accreditation of '**Wheatley Community Advocates**', linking customers into wider

business and educational opportunities, with the ultimate aim of increasing individual life chances and the wider economic resilience of Wheatley Group communities.

We will work with communities to co-create a **‘Wheatley Place Measure’** that reflects the criteria our customers identify as the hallmarks of a successful and resilient community. We will use **real-time digital feedback** to track the impact and progress of all our new developments, when we carry out major investment work, and for Wheatley Foundation activities.



Our new engagement approaches, including the annual **‘You Choose Challenge’** outlined in the Creating Customer Value chapter, will give Tenants a far greater say over Wheatley Foundation investment. The Wheatley Foundation community investment decisions will also increasingly be shaped by **analysis and understanding of rich data sets**, including demand patterns for homes and services and customers’ socio-economic circumstances to identify where the biggest impact on wellbeing can be made. Moving forward, the Foundation will play a key role in **trying and testing new innovative ideas and approaches** which would then be mainstreamed, where appropriate, once impact has been evaluated and evidenced. The overarching purpose of the Foundation will be to raise customer aspirations and build lasting customer and community resilience rather than meet short-term need.

Our refined **‘Wheatley Community Benefit Model’**, will involve engaging our customers and communities in identifying and prioritising the type of community benefits they most want to see derived from our investment in existing homes and new build housing projects.

We will continue to use our Group-wide procurement frameworks to drive wider community benefits with our suppliers in order to expand the **‘Wheatley Benefit for Customers’** offerings linked to individual online accounts. Using this approach, we will harness our size and buying power to get the best deals possible for our customers, providing them with a growing range of opportunities to save money and reduce the cost of running their home, including access to:

- lower energy tariffs;
- discounted broadband/telecom/mobile costs;
- reduced insurance premiums; and
- deals on household living expenses, such as food, furnishings, travel.

The planned investment over the five years of this strategy of £630m on new housing supply and £360m on capital investment programmes will have a significant positive economic impact. In total, spend associated with this strategy is estimated to support or create over 10,000 jobs. This includes:

- Over 6,500 direct, indirect or induced construction jobs in the supply chain and wider economy as a result of our new build spend; and
- Over 3,500 direct, indirect and induced jobs as a result of our capital investment programme.

### 3. Changing Lives and Communities

#### Our track record – key achievements of Investing In Our Futures

- £12.7m external funding secured to support delivery of social/financial inclusion programmes to c11,000 disadvantaged people across Scotland annually
- 1940 training and employment opportunities created and taken up:
  - 542 jobs, 517 apprenticeships, 881 training places
  - Our ground-breaking *Wheatley Works* programme established 2018
- 150 Higher Education bursaries awarded to disadvantaged customers and 2800 free books delivered to over 500 customers' children
- Increased digital access, with 15,000 people using free network of 36 Click & Connect centres in Wheatley communities, with 3000 online qualifications achieved to date.
- 16,000 financial advice and wraparound support interventions delivered, including:
  - 6000 tenants supported by My Great Start advice
  - 12,000 food packages delivered to over 2000 households
  - 1700 households receiving 5700 white goods/ furniture items
  - 200 veterans assisted with accommodation, support and advice.
- High quality customer led Care Service delivered to over 7,500 customers across 11 local authorities
- Over 75% of Care services graded 5 or above
- Our new “Livingwell” model successfully deployed across 29 sites, building confidence for older people to live independent and fulfilled lives
- Group value proposition, combining accommodation, homelessness expertise and Foundation activities, that enabled us to shape Scotland's Housing First model in partnership with Social Bite
- Over 80% of neighbourhoods awarded 4\* or above in the Keep Scotland Beautiful environmental standard and resident inspection model.

Moving beyond 2020 we will build on these achievements, continuing to develop how we work with our customers and communities to help change lives and communities.

## Our vision for 2025

By 2025, we want ***our customers and our communities to be more resilient***.

Many of our communities face multiple challenges with many customers experiencing poverty and inequality. Poverty rates in Scotland are highest amongst families with children. Education attainment is the most significant driver of future poverty, and the attainment gap among children from the most and least deprived is considerable and increases as children get older. Higher levels of anxiety and depression, disability, and life-limiting illnesses impact on the ability of many people to live full lives.

Exploiting the diversity of Wheatley Group, we will explore the potential to expand into new products and new markets through cross-group developments involving both our RSL and commercial subsidiaries, including market rent and new Livingwell elderly care. We will create targeted learning opportunities to prevent homelessness and to support new approaches to housing those households who are homeless through ***Rapid Rehousing and Housing First***, supporting the Scottish Government and Local Authorities in delivering their 5-year plan.

We want to stimulate innovation and learning in our communities, enabling people to reach their potential for a brighter future for themselves and their families. Through the Wheatley Foundation, our Care services, and Wheatley 360, we provide a portfolio of wrap-around services and opportunities which help change lives and encourage individuals not just to harbour aspirations but also to realise them.

## Strategic outcomes

- Shaping Care Services for the Future
- Developing peaceful and connected neighbourhoods
- Supporting economic resilience in our communities

## KEY PERFORMANCE INDICATORS

- 90% of care services graded 5 or above
- Over 70% of our customers live in neighbourhoods categorised as peaceful
- Achieve 85% satisfaction with Wheatley Environmental Services
- Reduce the number of accidental dwelling fires by 10%
- 100% of applicable properties have a fire risk assessment
- 4,000 jobs, training and apprenticeships delivered
- 250 customers supported by Wheatley bursaries to attend higher education and university
- 10,000 vulnerable children benefit from targeted Foundation programmes
- 50% of tenants with online accounts are using the MySavings rewards gateway.

## Shaping care services for the future

Going forward we will **enhance our reputation as a trusted provider and role model** for quality and innovation, promoting our strengths to raise our profile, influence and impact. We are building on strong foundations, having **established our new Care vehicle** and our unique **W.E. Care model which focuses on wellbeing not illness**, delivering flexible products aligned to the changing needs of the population across an extensive care footprint. We are proud of the expertise we have developed in personalised services and co-designing individual service outcomes, and of our track record in innovating and inspiring our staff.

The size, stability and security of Wheatley's **new Care vehicle** ensures we are in a great position to demonstrate the art of the possible in order to influence and shape strategic and commissioning decisions in the evolving national health and care landscape.

Health and Social Care Partnerships (HSPCs) are now established, brought together through the Public Bodies (Joint Working) (Scotland) Act 2014, with a shared duty on health and care sector providers across Scotland to work for the benefit of individuals purchasing such services, contributing to 'a fairer, wealthier and healthier Scotland'. However, in reality HSCPs are still working through the implications and how they can do things differently to make more of an impact as a result of this integration. The next five years, therefore, present a golden opportunity for us to **influence and inspire transformed care and support experiences** not just for our customers but across Scotland.

Wheatley has an **integrated Group value proposition** – giving our customers access to expertise and resources across care, support, housing, advice, training, volunteering and employment. Exploiting this unique selling point will be a key priority, supporting our aim to further diversify and develop new revenue streams which are not dependent on the commissioning environment.

All decisions on external care contracts will be based on commercial principles, with a requirement for appropriate return and risk mitigation.

Throughout this strategy period we will continue to seek new opportunities to harness technology in ways that enable customers to take control and use their own resources in the most efficient way. Our **Technology Enabled Living** range of practical offerings will expand, accessed by customers and people supporting individuals in a caring role via our **virtual shop front**. By taking a pro-active and strategic approach to technology as a key enabler in how people can better manage and control their own living and care arrangements. This will ensure a more joined up approach that maximises benefits for all stakeholders.




Care services will provide a unique combination of digital access with personalised service where it is needed. Our **care digital platform** will be deployed to help us align our people resources more effectively and ensure customers can have meaningful conversations whoever they speak with.

We will support people who have become homeless by continuing to shape and refine Scotland's effective **Housing First** approach. This ensures that they have a home and that the services and support they require are centred around that home. We will use our unique position of strength in having both housing and care services to pioneer new approaches to helping people stay in their home that can be extended to other organisations across the country.

We will support our older tenants and Care customers to be as active and independent as possible. Building on our **Livingwell model** we will work as enablers in the community to allow people to use their skills to support others, strengthening communities and combatting loneliness. Our existing services will be maximised to deliver support to older people and also tailored for other households who need this type of support. For example, the concierge services in multi-storey flats will continue to provide a regular point of contact but also take a lead role in connecting people in their neighbourhood. New build Livingwell developments will expand to be tailored to other households who would benefit from the same services. This approach will recognise the increasingly diverse needs of households across our communities.

Building on the success of our **415 Hub and Cluster Innovation model**, we will establish four such Hubs in Glasgow. Our unique Hub and Cluster model brings together health, social care and housing services to enable people to live longer in their own homes as independently as possible. Each Hub will be connected to our high-rise estate, to provide an appropriate social space for community engagement as well as demonstrator flats. Customers, their families and carers can visit the demonstrator flats to experience the available technology for themselves, including dementia friendly environments. This is complemented by our virtual shop front app, which enables the available technology to be discussed with customers in their homes. The diagram below illustrates the five key strands of our Hub and Cluster Innovation model.

Hub and Cluster Demonstrator Apartments	Community Engagement	First Through the Door	Technology and Digital Inclusion	Capital Investment & Refurbishment
Two demonstrator flats used for training that have design and technology innovations	Supporting older people in the community and promoting active aging 	Early identification process using a mobile app tool for front-line staff to link services	Access to Wifi, iPads, computers and providing people with relevant information	Investment and planned refurbishment to provide a local service hub, mini gym and wellbeing suite

Our approach to putting “**community in the care**” will further strengthen over the five-year strategy period. Continuing to use and expand the use of community spaces in Livingwell and care accommodation will support our focus on building resilience. As we move forward, we will ensure that these spaces are fully integrated into the community, extending the benefits to the whole community not just the residents and also promoting wellbeing. The spaces will increasingly be used for summer clubs, childcare and other cross generational uses. When people move into a home that includes a community space, we will strongly encourage them to be involved in the community as active citizens, using peer support from neighbours to help individuals to achieve this.

Wheatley is recognised as a **valued employer with IIP Platinum accreditation** for its care services. We know that our care staff undertake a challenging role which is vital to helping our customers achieve what they want from life. In order to support our staff, we will ensure they get **reflection and learning** time, and that this is seen as an important aspect of their WE benefit. Exploring different ways of working will be a valued part of the learning and support they receive from our Care Centre of Innovation and Excellence. This virtual and physical resource will focus on innovation and co-creation, incorporating lived experience training from customers.

Increasingly we will look to deliver our services through teams which have a diverse range of skills. We already support a range of individuals from older people through those experiencing homelessness to those with some specialist health and care needs. Our diverse skill base will help us to continue to expand this ensuring that we become the **care provider of choice** for many of the Group’s housing and factoring customers.

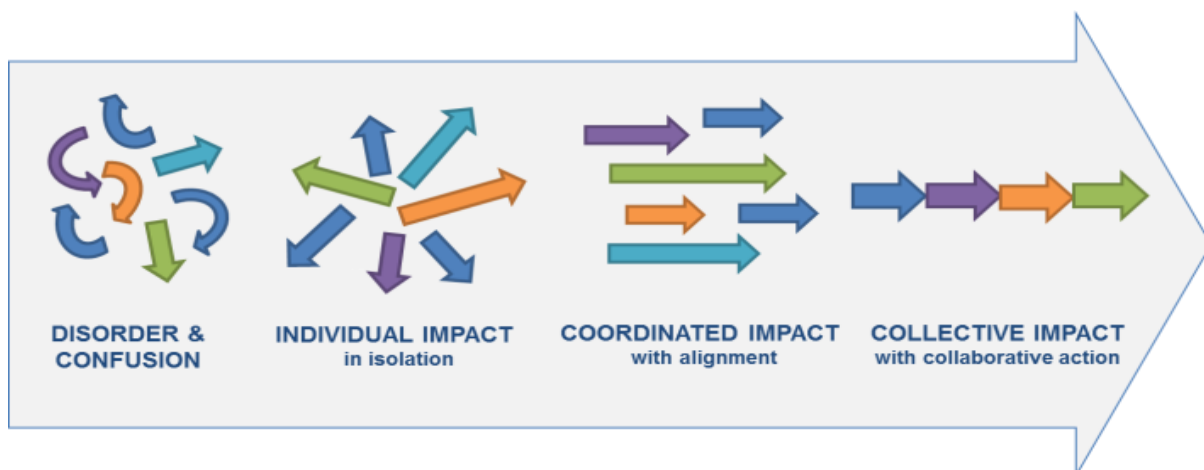
Working in ways that help people and communities become more self-reliant both maximises our impact and ensures we make best use of our resources, allowing

them to be redeployed with another customer. Volunteering is proving an effective approach to building additional customer value, resilience and capacity, as well as helping keep services affordable. Over the next five years we will therefore continue to grow and expand our offer around volunteering. Support for carers will be a particular focus. We will use our volunteering offer to strengthen the skills of staff across the Group as well as to help the people we work for enhance their employability options. This will lead towards a ***bespoke volunteering programme*** linked to an end point of accreditation.

## Developing peaceful and connected neighbourhoods

Over the last five years we worked with our customers and communities to ensure our neighbourhoods are places customers are proud to live. We will future-proof the legacy and impact of this work during the next five years through our increased focus on building resilience, skills and confidence so people can make things happen for themselves. Using both online and offline platforms and approaches we will support local engagement and encourage customers to work together to design local solutions in response to local priorities.

Building on our Locality Planning approach, we will take a lead role in ***influencing*** other organisations and agencies in the interests of our customers. We will help our customers and communities to have their voice heard and will seek to harness collaborative action to achieve a greater collective impact on improving the wellbeing of our communities. This will involve establishing common objectives, agreed and co-ordinated approaches, shared data and common indicators of success.



Loneliness is a real issue for many people in our communities. Our aim will be to put the ‘Neighbour’ back into our neighbourhoods, creating a modern version of ***‘Neighbourliness’*** as a hallmark of our communities by 2025, making them sought after and sustainable places where people feel a sense of connection and belonging. We will map and galvanise all the assets in our communities to turn them into opportunities for all, regardless of their vulnerability. Our communities will lead plans to maximise the use of the facilities we own in our areas. We will seek to **co-create**

opportunities with a focus on supporting families, young people and overcoming isolation across the generations.

**Digital neighbourhoods** will provide a virtual forum where our customers can connect to further support each other and co-create local solutions to improve their local community. The digital neighbourhood platform will enable customers to organise car sharing, recycling, match untended gardens with keen gardeners and to link people with shared interests. It will provide an easy location for people to advertise community events and help increase the use of key community spaces.

Our **Community Improvement Partnership** approach will take communities from being merely safe to ones which are improving, peaceful and with high levels of satisfaction. This will be based on building a **confidence cycle** with communities. The cycle will support communities to become more resilient through increased confidence to report crimes and other issues. In turn, this information will help Wheatley and our community partners to support those living there to make their communities stronger and more peaceful.

Ensuring the best **Fire Safety** precautions throughout our housing will continue to be a priority. In order to do this, we will:

- Continue to refine the effective information sharing that underpins how we target resources to keep people safe. We will refine our 'vulnerability' definitions and data, so that customers who develop risky behaviours are identified and appropriately supported to keep them and their neighbours safe.
- Identify new innovative products to expand the integrated package of fire prevention products that staff and customers can draw down on, with particular focus on specific packages and products for vulnerable customers
- Review our fire prevention and mitigation strategy in light of any findings from the Scottish Government Ministerial Working Group, convened to examine and oversee the review of building and fire safety regulatory frameworks with an initial focus on high rise domestic buildings, following the tragic Grenfell Tower fire in London.

A fifth of the Group's housing portfolio comprises multi-storey buildings and through the deployment of our **High Rise Living Framework**, we will enable a sustained future for many of these homes into the future while we will continue to assess the longer term options for less sustainable high rise assets. Hallmarks of success will include

- People feeling connected with each other;
- Daily contact harnessed to build relationships, trust and confidence;
- Improved life chances as a result of bringing more services and opportunities onto the sites; and
- Dynamic engagement using technology.

## Supporting economic resilience in our communities

The Wheatley Foundation has become the focal point in our Group for our work to combat poverty and financial exclusion. Named the UK Foundation of the Year for 2018, it has helped over 11,000 people in our communities in the period 2015-20.

The Foundation will build on the platforms it has established, to grow its reach and impact during the 2020-25 period.

Supporting our customers to find high quality employment has been a key pillar of the Foundation's work to date. Its **Wheatley Works** programme will continue to grow, with an aim to help **4000 customers into jobs, training or apprenticeships** (an increase from 2500 in 2015-20). Our **Wheatley bursaries** programme will support 250 customers to attend higher education. In Dumfries & Galloway, we will support 500 new jobs, training or apprenticeship places, delivering on the pledge set out in our partnership offer to tenants.

Over **20,000 Wheatley customers will be helped to alleviate poverty**, including support with mitigating the impact on Universal Credit/Welfare reform.

Our work will particularly support children in our communities. Over **10,000 vulnerable children will benefit** from targeted Foundation programmes, including free books to under 5's via the Imagination Library, securing funding from Cash for Kids to help provide Christmas gifts and work with Children's University Scotland to support learning out-with the classroom.

## 4. Developing our Shared Capability

### Our track record – key achievements of Investing In Our Futures

- Over 90% employee satisfaction across the Group.
- Group Leadership and Talent framework developed and implemented.
- My Contribution redesigned and implemented across the Group.
- Learning plans developed and deployed for all businesses.
- My Academy on-line learning portal launched, providing a blended approach to digital and practical learning.
- Group Wellbeing Framework in place.
- Increase in the number of apprentices, trainees and graduates.
- Grown the Digital capability of customers & staff through Wheatley Self-service, Go Mobile, MyHousing and Digiknow.
- Energised engagement with staff through WE Connect and our conference programme for Young People, Housing Officers and Care.
- Outstanding levels of external recognition. Highlights include: Investors in People Platinum for Loretto Housing, Loretto Care, Cube and GHA, and Gold for Dunedin Canmore and Barony; GHA awarded Global Excellence Award 2018; Wheatley Group CSE Accreditation with 20 compliance plus.

Moving beyond 2020 we will build on these achievements and continue with many of our successful approaches. However, we will also evolve and innovate in response to changed strategic drivers and our ambition to deliver a further step-change by 2025, as set out in the context and vision chapter.

## Our vision for 2025

As our service offerings change, the skill sets required to deliver them will also change. Investing in our people to ensure they have the exceptional skills, attitude, engagement and influence to deliver our strategic ambition will therefore be fundamental to our success. At the same time, building the capacity of our customers and communities over the next five years will be equally important in bringing about the new empowering relationship we are seeking to establish with them.

The success of our transition towards self-directed services will require significant skill and capacity building for both staff and customers. Whether interacting on-line or face to face, our staff will be role models in developing relationships of trust and ensuring our customers feel we care about them. They will be fully equipped to empower and inspire customers to lead. We will develop their expertise in deriving insight from rich data, engaging effectively with customers in new ways and co-creating innovative solutions.

Our unique Think Yes culture inspires staff to develop innovative solutions and build insightful, trusting relationships with customers and communities. By 2025 our culture will have evolved still further so that our customers will increasingly be 'thinking yes' for themselves.

Creative and innovative thinking to 'imagine the possible' is fundamental to our success in driving transformational change and inspiring a better future. We are renowned for doing things differently and continually raising the bar. Increasingly we will lead on developing new thinking that benefits the wider sector, cementing our reputation as Thought Leaders, both within our sectors and beyond.

We will fully equip our staff to engage effectively with strategy and decision makers, to identify new opportunities to work together for mutual benefit and drive change for the benefit of our customers and communities.

Not only is the global world of work changing but deploying this strategy will bring significant internal changes for Wheatley; changes to our culture, how we operate and the roles and skills we need. Wheatley needs to be proactive in preparing for these changes in order to guarantee the continuing success of our business.

We anticipate the workforce of 2025 will be significantly different from the workforce of today, with a fully digitally active workforce, increasingly looking for more flexible career models, work arrangements, reward programmes, wellbeing initiatives and career development opportunities. Evolving our job roles to meet our strategic ambitions and our ways of working to reflect the wider changes will ensure our business continues to be in the best shape to deliver our ambitions.

To support this, we are undertaking a digital maturity assessment across the business. This will review our current state of readiness to deliver the digital change we aspire to across key domains including people (staff), customer, strategy and

delivery. We will use this to inform the priorities for our digital transformation throughout the life of our strategy and to assess our progress.

### **Strategic outcomes**

- W.E. Think – creating our “Thinking Yes Together” culture
- W.E. Create – driving innovation
- W.E. Work – strengthening the skills and agility of our staff

### **KEY PERFORMANCE MEASURES**

- Over 90% of staff say they feel appreciated for the work they do
- Staff absence is maintained at 5% for Care services and 3% for all other parts of the business
- Staff turnover remains at less than 7%
- Over 80% of customers self-report positive distance travelled towards ‘self-reliance’
- 250 young people provided with structured opportunities to build their skills within the business
- 50 graduates provided with opportunities to work and gain experience in our sectors
- Improve gender (male/ female) equality across Wheatley business:
  - RSL: 60%/40%
  - Care: 50%/50%
  - Wheatley 360: 50%/50%
- 40% of promoted posts filled with internal candidates
- Achieve our targets across the 7 domains of our digital maturity assessment

### **W.E. Think – creating our “Thinking Yes Together” culture**

The transformational redesign of our services and operating models to make the most of our significant investment in technology and digital platforms is already underway. Wheatley excels at creating value for customers through personal interactions and going forward our ambition is to continue to be defined by the people in the business and the strength of our relationships with our customers. Our aim over the next five years is therefore to transform our culture and our thinking in order to create value for customers in different ways as they increasingly self-serve and do more for themselves. This will be visible through increasing levels of customers actively using their online accounts to transact with us and the use of new digital forms of engagement.



The impact of Think Yes has been recognised and acknowledged on the global stage. Our challenge now is to build on this award-winning culture and evolve it to deliver our vision for 2025 most effectively. It will require us to inspire our staff to *think differently*, as well as to provide new tools, platforms and skills to support them to *act differently*.

By 2025, as a result of our **‘Thinking Yes Together’** culture, our customers will feel they are leaders in their own life and that their relationship with us is focused on helping them develop their aspirations. Our staff will continue to deliver highly personal services. Increasingly this will be through digital channels, with a focus on shifting the power and control to the customer so they can access the services they need themselves. Increasingly the role of our staff will be to transfer skills and build customer capacity using immersive and experiential techniques. This builds on the successful approach of using Go Mobile to build digital capacity.

Traditional		Think Yes		2025 – Thinking Yes Together
Leaders want to be the centre of things	➡	The team challenge the leader	➡	Our people enable our customers to lead
Leader is self-serving	➡	The power is with the person who touches the customer	➡	The power is with the customer – we build their capacity to do things for themselves
Leadership culture of ‘tell, solve and check’	➡	Leaders serve the team	➡	Leaders as influencers – both internally and externally
Value derives from power	➡	No universal solution, no universal behaviour	➡	Value derives from nurturing innovation, bringing great ideas to life
Formal processes minimise risk	➡	Leader lives within a culture of risk	➡	Change is our norm – our people are agile and resilient
A culture of escalation	➡	Outcomes, not processes, with solutions designed as we speak	➡	Customers co-create their own solutions and develop their potential
Apply set rules	➡	Do the right thing for the customer	➡	Equip customers to do the right thing for themselves and become self-reliant – creating a lasting legacy

Successfully delivering this evolution in our culture will involve:

- **Inspiring, powerful and consistent messaging** so that staff and customers are clear about why they are being asked to act and think differently.
- Requiring commitment from all our people to own their **personal development** in line with their personal ambitions and fully aligned with the changing needs of our customers. All staff will be skilled in active listening and co-creating with customers.
- Establishing **clear expectations**, coupled with a **supportive environment**, for our people to help develop the capability of our customers, building self-reliance and resilience for lasting impact.
- Adopting **new tools and techniques** that support our people to make the shift from task-based thinking to outcomes thinking, harnessing learning from Care around how they successfully made this transition, such as '**outcome star**' and the use of '**empowering language**'. For example, by 2025 we will no longer talk about 'drawing down support for our customers', we will talk about customers getting help to transform their lives.
- **Collaborating** across group, and with specialist providers, **to nurture innovation**, and bring great ideas to life.
- Creating opportunities, spaces and platforms for our customers to develop and **maximise their potential**.
- **Co-creating an environment of excellence**, so our people feel valued, are resilient and embrace change.
- Developing increasingly **agile ways of working** that provide specialised access for our customer at times and ways that suit them.
- **Re-casting our performance measures** to align what we measured with the behaviours and outcomes we wanted to drive. We will measure both staff and customers on '**distance travelled**', linked to our outcomes-based approach. This will clearly show the impact our staff make across the Group for their customers and ensure we can analyse and predict trends in order to direct learning and strategic interventions.

Developing the appropriate skills, behaviours and confidence required for staff at all levels to innovate and influence effectively will be a key feature of our learning and development programme over the next five years. This will be essential to support our 'Thinking Yes Together' culture. Our Leadership programme will evolve to fully equip our leaders to **engage with impact** and adopt a more assertive role in engaging with external partners, stakeholders and agencies to shape their strategic

decisions for the benefit of our customers and communities. The aim is to ensure external power-players, including politicians, regulators and funders, understand Wheatley's unique offering and capacity, and seek to work with us. We will firmly establish Wheatley's authority and credibility, both as a result of our track record of achievements and because of the strength of our new engagement model, which will enable us to amplify the views of our huge customer base to ensure its voice is heard.

## W.E. Create – driving innovation

Our ambition over the next five years is to stimulate innovation and learning in our communities as well as our workforce, enabling them to reach their potential for a brighter future for themselves and their families.

We will create a **Community Academy** that is not just for staff, taking the Academy on the road and into the heart of our communities. Our re-imagined Academy will be both a **virtual and physical space** for innovation and learning. New approaches, such as experiential learning will encourage curiosity and help re-define what learning means, including that it can be social, fun and community based. Customers will be able to use their online account to book access to space, access the web, store data, join learning experiences, participate in 'Community-Tech' and incubate their ideas. It will complement our community entrepreneurship and resilience programme, helping incentivise our communities to innovate for themselves by fostering the conditions and opportunities for them to come together in a variety of creative ways.

Making this real will involve forging **innovative partnerships with academic institutions** who are keen to work with Wheatley to achieve aligned goals; improving life-chances by bringing educational and learning opportunities to people who have been traditionally excluded. These qualifications provide a framework for individuals to identify goals for personal growth and skills, as well as a means of recognising, sharing and celebrating success. For example, we will work with our partners to introduce new **Community Achievement Awards**, to accredit work by individuals within their communities and support our new engagement model. As our 'Thinking Yes Together' culture evolves our staff will grow their skills and confidence in coaching and mentoring, enabling them to become an integrated part of the learning support offering of our Community Academies.

Creating environments and opportunities for our staff and customers to learn together will re-enforce our Thinking Yes Together culture. By 2025 **customer driven learning** will be an integral part of our new Academy operating model, so that no learning will be designed without customer involvement. Examples will include;

- involving customers in the Leadership Programme, raising awareness of what ideal leadership looks like from a customer perspective;

- customers involved in all complaints training, to help convey how their experience of the service made them feel and how it could be improved.

Our Community Academy will also focus on building individual capacity to help customers prepare for the world of work, talent spotting and linking customers to opportunities to improve their skills at the appropriate level for them. This will range from **taster sessions** for people interested in a career in care, to **learning fairs** with university and college partners coming to talk to them about accessing technical and engineering skills and qualifications. Customers and staff will be able to access online learning to build up **Wheatley Credits** for housing, care and property management that will be a recognised part of Wheatley's **Pathways Into Work** programme, preparing people for roles within our business and those of our supply chain and strategic partners. We will forge new partnerships with both academia and businesses to design and deliver these accredited learning experiences and pathways.

The Community Academy will bring access to **Wheatley Scholarships** and apprenticeships to our customers' doorstep. Through engagement with schools in our communities, it will encourage young people to access opportunities, helping our customers' children get work-ready. Building on the success of our existing work experience scheme for the children of our staff, we will create a **Wheatley Customer Work Experience programme**, providing opportunities for customers to come into our business and get work experience.

Establishing a rich array of opportunities that successfully draws a large cross-section of our customer-base into direct experience of our values, culture and behaviours will support our talent pipeline ambitions for more of our customers to become the Wheatley workers of the future.

**Wheatley Community-Tech** will transform how we engage with technology and innovation possibilities in a collaborative way. Using online accounts and customer discussion forums we will digitally **crowdsource ideas** and inspire both customers and staff to get involved in choosing and framing the problems that will be issued as open challenges for Community-Tech teams. Working in close partnership with experts from different industries and sectors will build our capacity for innovation by exposing our staff and customers to new ideas and ways of thinking. It will lift the lid on a world of possibilities for using technology in different ways and influence businesses and entrepreneurs to develop products that meet our specific needs.

It will be increasingly important to foster and maintain strong connections with each of our communities as customers choose to do more digitally. We will therefore extend our **Wheatley Volunteering commitment** so that by 2025 each member of staff will be expected to spend at least 1 day per year giving back to our communities by doing something that wouldn't have been done otherwise.

Wheatley will seek to **benchmark with world-class organisations**. We will pursue appropriate prestigious external recognition that serves to raise our profile as a role-model and exemplar for people practice and creating customer value.

## **W.E. Work – strengthening the skills and agility of our staff**

How we work will change over the next five years to reflect the ambition in this strategy. We will **reshape our roles and operating model as we make the transition to self-directed services**. For example, by 2025 our customer-facing roles will have evolved to include developing relationships of trust online, building the capacity of customers to do things for themselves, helping communities have a stronger voice, linking people with their neighbours/ into activities and engaging with influence. Our focus will be ensuring staff are equipped with the skills and confidence they need to successfully make this transition, whether interacting digitally or face to face, including engaging differently, using empowering language, active listening, co-creation, customer journey mapping, mentoring, collaborating and influencing.

All staff across the business will be digitally active by 2025, with information at their fingertips that will drive proactive and preventative interactions. Our staff will be skilled in deriving insight from data to help them make decisions and co-create appropriate bespoke solutions with their customers, both online and face-to-face.

In addition, the profile of our workforce is likely to look significantly different by 2025, and this will be more pronounced in some segments of the business, such as care and environmental operatives. We anticipate that a significant percentage of our workforce will be over 50 years of age, so succession planning and talent pipelines that maximise employment and career opportunities across the diversity of our work roles for our customers, as well as meeting the needs of the business, continue to be a priority. In addition, we will work to improve gender equality across the Group.

We predict that up to 75% of our workforce will no longer work a traditional Monday to Friday pattern by 2025. Our aim is to deliver a gradual and smooth transition of our workforce model towards a new model that is more agile in responding efficiently to changes in customer requirements. We will explore opportunities for **co-designing modern employment terms and conditions and working practices** that appeal to our evolving workforce and ensure maximum flexibility to meet changing needs. Employment research shows the value staff place on a good work/life balance, and suggests a growing trend for younger workers in particular to want to work on a freelance 'gig economy' basis, attracted by the increased control over when they work and choice over the number of hours they commit to as they juggle other priorities in their lives. We will explore whether we can harness **'gig economy'** practices that have been tried and tested by other successful organisations to establish **'Trusted Wheatley Associates'** as a way of making this work for both the business and potential workers in some parts of our business.

Introducing **online Peer Support Networks** will complement the support staff get from within their own team, by providing a structured way to discuss challenges and share what works across the Group. **Team related recognition**, in the form of incentives for a team to celebrate outstanding performance and achievements, will be designed to extend the impact of our internal Wheatley Excel Awards. It will be awarded to teams linked to performance in delivering great customer value outcomes and innovation.

We will **re-design our work roles**, rationalising and professionalising the number to no more than **25** to reflect the creativity and agility of our staff to deliver our vision. At the same time, our new **career marketplace platform**, will put staff in control of managing their own career. Development and job opportunities will be advertised on the platform, including opportunities for internal and external secondments, joining a short life innovation project, taking part in research or becoming a Community of Excellence member. Staff will be able to upload their career profile with skills tags highlighting what they offer, as well as flag any particular experience they are keen to gain, with the facility to set up appropriate job swap and job shadowing matches themselves. It will provide an effective mechanism for the business to tap into its talent pool and for individuals to self-direct and personalise their career journey and development portfolio. Staff will be empowered to take control of applying for opportunities and leaders will be encouraged to share talent for the benefit of the business.

The combined approach of re-designing our work roles and introducing the career marketplace platform will result in unparalleled levels of flexibility for our staff to move across the business, securing our ongoing success through agile deployment of resources in response to changing customer demands and providing the opportunities and experience staff need to develop transferable skills to achieve their own career aspirations. Wheatley will be an increasingly sought-after employer in people's career journeys; our reputation for developing high quality people with agile and transferable skills will give **Wheatley Alumni** kudos as prized and respected prospective employees.

At the same time, we will **re-design our authorising environment** to reflect our growing expectations of staff as leaders and influencers, with staff at all levels expected to step-up in the leadership they display. The Executive Team will lead the way in influencing and positioning Wheatley with external partners and strategic decision makers, building relationships that offer strong potential to open up fresh opportunities for the benefit of the Group.

Staff who are highly skilled in **building and managing relationships** and have the capacity to lead creative outcomes will be a defining feature of our workforce in 2025. As a result of automation and AI, by 2025 we will no longer need staff to act at the interface between the customer and input service requests. By aligning workforce planning with our learning and development programmes we will successfully manage the transition for staff from process interface and transactional roles, re-equipping our workforce with the skills they need to deliver our changed

service offerings. Our focus will be on '**growing our own**'; spotting quality and potential of a person, rather than their qualifications and experiences, and supporting them to develop the skills for the future: digital skills, self-management, social/emotional intelligence and innovation.

**Our Future 250** programme will provide a sought-after route for young people to develop their talent, attracting an external talent pipeline for our evolving business requirements. A cohort of 50 people each year will be identified and provided with structured opportunities to move around the business to build their skills and experience portfolio, honing their talents and demonstrating their potential.

These changes in the world of work will also impact on our communities, with many of the administrative, clerical and production roles being lost to automation. Our approach to online learning & development for customers through the Community Academy, coupled with our community entrepreneurship and resilience programme, will help to mitigate this impact.

## Enabling our Ambitions

### Our track record – key achievements of Investing in Our Futures

Being part of Wheatley Group provides our partner organisations with access to a world-class enabling platform of support services. Whether it be innovative, bespoke IT solutions; access to unrivalled learning and development opportunities for staff through our Academies; or flexible long-term funding to develop new homes, each partner has benefitted from working together as part of Wheatley.

In the period 2015-20, we built a strong and diverse funding base for Wheatley Group. Our ability to stick to our business plan targets saw our financial health improve radically over that period, with our underlying financial health continuously improving over the period.

Key outcomes achieved include:

- Over £450 million private investment raised.
- A+ credit rating and stand-alone rating upgraded to A+.
- £275 million investment in major improvements to existing homes.
- Joint Venture with City Building established and profit share targets met.
- Kept RSL rents affordable through pegging rent increases to no greater than RPI plus 0.5%.
- Wheatley Foundation set up and significant diversification of grant income achieved.
- Improved Governance structure – integrating our commercial letting and property management activities in Lowther Homes, as well as establishing Wheatley Solutions as our Group support service provider.

### Our Vision for 2025

From 2020 to 2025 we will continue to support our partner organisations to raise the bar in their respective sectors. **Leading-edge technology and infrastructure solutions** will help make services ever more flexible, agile and responsive to changing customer demands, whilst delivering efficiencies to ensure they remain



affordable. More than this, however, being part of Wheatley will give our customers a voice and influence at a national level in shaping policy decisions to make homes and lives better.

Our objective is to borrow only to invest in new homes. In reaching this objective, we will maintain affordable rent increases and continue to deliver efficiency savings, with a target for real terms reductions of £5 million in management costs over the period 2020-25. This will see us continue to be one of the **most efficient housing, care and property management organisations in the UK and internationally**, with our lowest quartile management costs allowing more money to be channelled into front line services and investment in customers' homes.

We will continue to seek borrowing on the most advantageous terms possible, giving our partner organisations interest rates and funding flexibility that could not be achieved as stand-alone organisations. Our ability to raise funding at scale from the bond and bank markets means we can pool this at group level and pass the benefit on in the form of lower costs to our partners, enabling us to achieve our challenging new build ambitions whilst at the same time maintaining affordable rent increases for our customers.

In raising funding to support Lowther, our private letting and property management subsidiary, we will explore new sources of equity and other innovative forms of investment from the public and private sector. Lowther will continue to make a **strong contribution in the form of gift aid to our charitable Wheatley Foundation, with £12 million expected** to be distributed over the period 2020-25. The Wheatley Foundation will seek to match this on a 1:1 basis, continuing its successful partnerships with a range of grant funding bodies.

Our governance structure will continue to be simplified where appropriate. We will, however, continue to support our strong and distinct local partner organisations and their brands.

Wheatley Solutions – our dedicated support services provider – will invest £15 million in new technology platforms for our partner organisations, making services easier and more flexible to access.

Our overarching commitment to keeping rents and service charges affordable for our customers has been fundamental to shaping our strategy. As more of our services are accessed through smart devices, our opportunities to connect customers with ways to save money grow – using our size and buying power to get the best deals possible for customers. From 2020-25, our focus will broaden to the total cost of running a home, recognising that in exchange for the rent our customers pay, we can do more to help reduce a wide range of other bills. Our ambitious target is to reduce the cost of running a home for our customers over the next five years. The raft of approaches that will achieve this are detailed in the previous chapters, including:

- Wheatley Benefit for Customers, providing a growing range of opportunities to save money on household expenditure such as energy, broadband, insurance and food bills
- Prioritising innovative solutions for electrically heated homes and that will improve energy efficiency in homes on non-traditional construction, to reduce energy consumption
- Establishing 'W.E. Generate' distributed micro-renewables to benefit our communities
- Exploring the potential to eliminate fuel costs for high-rise residents by exploiting their unique design for local micro-renewable energy generation

### **Strategic outcomes**

- Raising the funding to support our ambitions;
- Maintaining a strong credit rating and managing financial risks;
- Evolving digital platforms to support our activities;
- Influencing locally and nationally to benefit our communities.

### **KEY PERFORMANCE INDICATORS**

- Limit rent increases to Consumer Price Index +1% (estimated to be 2.9% overall) by 2025
- Maintain a strong investment credit rating of A+ stable
- Maintain gross rent arrears below 4%
- 100% of Care services break even
- £12 million generated in Gift Aid to Wheatley Foundation and reinvested in communities
- Average days to let a home maintained at less than 14 days
- Over 50% of customers actively using their online account to transact with Wheatley
- 100% of Lowther rental customers have an online account

### **Raising the funding to support our ambitions**

The funding platforms we put in place have provided a strong basis in terms of available funding facilities to support our RSLs' development aspirations. However, new facilities will be required in the latter years of the strategy period and we will look to bond, bank and other potential sources to identify the most advantageous options. Access to Scottish Government grant, which was such a vital element of the new build programme we delivered from 2015-20, will continue to be key to our ambitions

and we will work closely with Scottish Government and local authorities with devolved funding powers.

A key challenge for growing our private rented sector offering will be identifying new sources of equity for Lowther Homes. We will work with our current funding partners, including national and local government bodies, to explore options in this regard. Between 2020 and 2025 we have a target for at least £15 million in new equity to be injected into Lowther, which will then be doubled by a further £15m of debt finance.

### **Maintaining a strong credit rating and managing financial risks**

Our continuing focus on traditional social and mid-market rental housing, supported by Scottish Government subsidy, will help in our objective to maintain a strong investment grade credit rating, with our stand-alone credit profile remaining close to the sovereign rating. We will not expose our Group to risks from build-for-sale housing, and our private housing rental and factoring subsidiary, Lowther Homes, will continue to be ring fenced in financial terms from our regulated charitable subsidiaries. Care will remain a modest part of Group turnover at less than 5%.

We will test our business plan against a set of financial golden rules and ensure we have mitigating actions ready to address a wide range of adverse scenarios and stresses. These golden rules are:

- Gearing (debt/balance sheet property valuation) not to exceed 70%
- Interest cover to always maintain 25% headroom versus covenant levels
- Debt per unit always to be at least £1000 below our covenanted level (i.e. at least £50 million headroom maintained)
- Liquidity available through cash and undrawn facilities to support at least 15 months' cash requirement plus 25% contingency.

Lowther's principal objective will be to generate income for our charitable activities, while ensuring it maintains a strong financial position in its own right.

### **Evolving digital platforms to support our activities**

Our current operating model underpins exceptional business performance; over the life of this strategy we will build on this strength to mature and reshape our business models – shifting the balance of our delivery approach to become digitally led, reflecting the acceleration in the changing expectations of customers, and helping create the conditions to deliver our challenging efficiency targets.

**Digital Wheatley** will become synonymous across the sector as the home of technology innovation that shapes the future of housing and property management. By 2025 our customers and staff will become the **most digitally enabled in Scotland**. Our customers will value their Wheatley online account as central to their relationship with us, providing the **rich portal** by which they draw down services, save money on fuel bills, interact with their community, communicate with us, shape services, access learning and employment opportunities and tap into a host of other benefits.

We will trial **transformative digital projects** to tailor services and deliver innovative solutions to issues facing our customers and to further develop our operating models, evaluating the impacts on both our customers, communities, and our business, whilst readying our customers for even greater digital self-service.

The Group will have clear and progressive approach to working with and **influencing key vendors and innovators** to evolve our suite of digital services at a pace consistent with customer needs and expectations and in support of our core business plan assumptions.

Whilst **technology and digital innovation will redefine how work is done**, it will also **augment the work that is done by people** in the organisation. Data and information will play an increasingly important role in enabling the delivery of all aspects of our services with data standards and interoperability key. We will become **expert in managing and exploiting our data** and information assets, alongside that of our strategic partners, to promote confidence and underpin our continued success. Good quality data is vital to support 'just in time' self-directed service delivery and is also key to supporting innovation and transformation.

We will channel our investment in new technologies on those business activities that can be re-shaped by technology to enhance value to our customers and drive business value that contributes directly to our five overarching themes.

In order to further enhance our efficient business support environment, we will invest in technologies to **optimise automation**, standardise core processing and drive efficiency in key areas including people management, e-procurement, contract management and income collection.

Embedding **quality data** at the core of how we work will be critical and creating a **single source of trusted, secure information** for all core front line and support services will ensure our decision-making is informed in real time and that our decisions strategically, tactically and operationally are **intelligence led**.

Through improved **analytics capabilities**, including new skills in data science and interpretation, we will create dynamic and real-time reporting environments across operations, investment, support and financial performance at every level.

Our commitment to collaborate with and engage users, both customers and staff, in the design of our digital services is fundamental to our ability to ensure that **digital feels personal**.

Importantly, the transition that our customers and staff make to self-managed services must be both successful and sustainable as well as being based on offerings that fundamentally **improve services beyond that which is possible in an off-line environment**. To achieve this, we will optimise digital channels for customers so that they drive positive engagement. The **organisational voice we create** through our digital service channels **will feel personal, be recognisable, easily understood and trusted**. Customers will have finger-tip access to the data they need to make informed decisions and **choose their services from an online marketplace** offered through their **personal portal**.

We recognise the successful transition for customers to digitally led services requires that we empower, enable and develop **our people to instinctively operate and lead** within a digital business environment and our approaches to developing capacity outline in the preceding chapter reflects this ambition.

To support our ambitions and ensure that our investments are properly focused on those areas that will realise both customer and business value we will continue to mature our model for assessing digital investment to consider strategic fit, complexity, risk, people and quality measures as well as financial considerations. We will explore opportunities to measure the progress in our **digital maturity** against others in our sector and beyond.

### **Influencing locally and nationally to benefit our communities**

Our success over the last five years has ensured Wheatley has been accepted and recognised as a force for good in Scotland. The Scottish Government acknowledges the national significance of our new build programme, and there is no doubt that our proven track record of excellent performance results and innovative approaches is helping to drive up standards across our sector.

Building on these strong foundations, we are well positioned to confidently and deliberately raise our profile further and take a leading role on the UK and international stage. Indeed, cementing our position as a leading influencer is a key theme for this strategy period. The detail about who we will seek to influence, and for what purpose, is set out within each chapter.

There is no doubt that over the next five years we will continue to raise the bar in Scotland, helping drive up standards and aspirations for the benefit of customers right across our sector. However, we will also adopt an **international dimension** to continue our search for best practice by benchmarking with other organisations who, like us, are globally renowned for excellence. Identifying and exploring different ways of working and solutions developed across a broader range of contexts will stimulate and inform our thinking as we re-configure our business to create increased value for our customers. In addition, it will **enhance our international profile and reputation** through showcasing our own role-model approaches across the world.

Continuing to raise our profile beyond our national borders and out-with our sector will support our ambitions to raise future finance. Keeping funders and potential funders aware of our excellence in product and service provision is significant in building their confidence to invest.

Our ***imaginative and creative PR programme*** will harness the power of Social Media, as well as traditional media, to highlight the work we are doing in ways that keep Wheatley at the forefront with funders, partners, politicians, regulators and other external power-players. Digital marketing for our customers will become increasingly significant. At the same time, the Executive team will continue to play a pro-active role as ***ambassadors for Wheatley***, building their outward facing profile and relationships. We will be clear in our engagement with partners about what our asks and expectations are of them, in order to achieve mutual objectives, placing a greater emphasis on the contribution they will make in support of Wheatley's contribution.

Over the next five years Wheatley will increasingly liaise with, inform and ***influence strategic decision makers*** in Scotland through membership of committees and advisory groups. In these situations, Wheatley will ensure the voice of our own customers, communities and business is heard, but will also represent the interests of the wider sector. Engagement with the UK Government will be focused on influencing retained powers that impact our customers and ensuring Wheatley Foundation is successful in accessing UK-wide funds.

Wheatley staff will be ***recognised as thought leaders and practice experts*** in their particular disciplines, with frequent invitations to speak at events, on radio or television, host visits or participate in national policy development. ***Media training*** will be incorporated into our new Leadership Development programme to ensure all our leaders have the skills and confidence to maximise impact from opportunities for increased exposure.

As part of our evolving business intelligence approach we will map and maintain ***strategic profiles*** across our existing and potential future footprint. This will ensure we systematically identify new opportunities for growth and partnership working and understand who the key players are. These strategic profiles will help inform our business decisions and will ensure we focus our influence and relationship-building resources to maximum effect.



## **Report**

**To:** DGHP Board

**By:** Matt Forman, Managing Director

**Approved by:** Tom Barclay, Group Director Property and Development

**Subject:** Fire Prevention and Mitigation Update

**Date of Meeting:** 8 July 2020

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### **1. Purpose**

1.1. The purpose of this report is to provide the Board with:

- An update on the national picture and the how the Scottish Fire & Rescue Service have redesigned their services to reflect and take account of the COVID-19 pandemic;
- Information that clearly demonstrates the measures we have introduced to ensure fire safety and customer well-being continues to be of paramount importance during the post Covid 19 lock down period; and
- An update on year end performance for fire safety remedial works

### **2. Authorising context**

2.1. The Group's Authorise/Monitor/Manage (AMM) matrix sets out what matters are reserved to Boards/Committees and what is delegated to the Group Chief Executive. This report relates to strategy implementation, as such the proposals within the report fall within the powers that are delegated to the Group Chief Executive which are exercised via the Group Executive.

### **3. Risk Appetite and assessment**

3.1. The Group risk appetite relating to issues of technical compliance is averse, defined as avoidance of risk and uncertainty is a key organisational objective.

### **4. Background**

4.1. Fire safety, and keeping our customers and communities as safe as they possibly can be, will always be of paramount importance to us and this is recognised within the Group's 2020-25 Strategy: Inspiring Ambition, Unleashing Potential, in which we clearly state that fire safety, will remain a top priority.

4.2. This commitment has even greater significance and relevance in these unprecedented times, and it is crucially important that we can demonstrate to customers, Boards and funders how we have redesigned our fire safety services and resources to take account of the constraints the COVID-19 pandemic places on us.

- 4.3 As a key framework for the Group, the Fire Prevention and Mitigation Framework (“FPMF”) was approved by the Group Board on 30th August 2017. It was recognised at this time that the FPMF was particularly relevant to GHA and Cube, both of whom have a significant percentage of Multi-Storey Flats (“MSFs”) within their stock profile (circa 20% GHA & circa 50% Cube). It is worth noting that we do not have any multi-storey high rise buildings, however we are forging links to the groups FPMF so we can draw down some of the support and expertise from the group to keep our tenants safe.
- 4.4 This report will therefore summarise our fire safety approach; how we have subsequently adapted our model to reflect the challenges that the current lock down environment brings and, importantly, how we are reintroducing our services in a phased manner that reflects resource availability and national guidance.
- 4.4 Like all other organisations the Scottish Fire and Rescue Service (“SFRS”) has had to make significant changes to what services they provide and how they provide them. This report will provide Board with an update on these changes and how we have engaged with SFRS to ensure the impact on our customers and communities has been mitigated as much as possible.

## **5. Discussion**

### ***Our Approach to Fire Prevention and Mitigation Post COVID-19 Lock Down***

- 5.1. Like most other organisations across the world, the COVID-19 pandemic has had a significant impact on our ability to carry out our normal day to day activities; unsurprisingly our approach to mitigating the risk from fire across our communities has not been immune to this impact. Detailed below are the main areas that have been impacted to date:
- Local Authorities suspending bulk uplifts and therefore increasing the risk of fire within internal common areas, back courts and open spaces;
  - SFRS suspending Home Fire Safety Visits
  - Fire Safety remedial works being suspended
- 5.2. Since the start of the COVID-19 crisis we have constantly reviewed our available resources and closely monitored all UK/Scottish Government Guidance in relation to key workers, social distancing and the easing of lockdown restrictions. The information below provides Board with detail on our immediate response to these issues and how we aim to implement a phased return to delivering business as usual fire prevention and mitigation services as quickly as possible.

### ***Local Authorities suspending bulk uplifts***

- 5.3. Dumfries and Galloway Council has re-opened its recycling centres and has now started to offer a bulk uplift service. Notwithstanding this, to minimise the risk from fire we have teams checking the communal areas of identified blocks of flats on a fortnightly basis. It is evident that during the lock down period there have been more items being left in the communal areas such as bikes and prams.



- 5.4. We have written to all tenants in blocks of flats with communal areas to remind them to remove all items and ensure the communal areas are left clear. In addition, our stair-cleaning contractors check stairwells for fire hazards on a regular basis and if any are identified they will be removed by our Repairs and Maintenance Service. Importantly, these teams are also ensuring we have a visible presence across all our areas and stock types and can flag up any other issues that they may be encountering.

#### ***Home Fire Safety Visits suspended***

- 5.4. The SFRS halted its Home Fire Safety Visit ("HFSV") programme on the 23 March 2020 to help prevent transmission of COVID-19; however, in response to a spike in fire incidents during the month of April they have now launched a national campaign called **#MAKETHECALL**. This campaign encourages professionals, carers, family and close friends to refer people they know, who they believe fit the following risk categories, for a HFSV:

- those people who are over 50 and smoke;
- and may be on oxygen, and
- people living alone or who have mobility issues

- 5.5. DGHP have supported the **#MAKETHECALL** campaign by working closely with the communication team to raise awareness of this important initiative, via our digital and media platforms.

#### ***Fire Safety Remedial works suspended and year end performance***

- 5.6. The outstanding works that were identified through Fire Risk Assessment were suspended as we went into lock down. Detailed below is an update on the end of year performance:

<b>Recommendation Priority</b>	<b>% complete</b>	<b>Comment</b>
Priority 1	86.7%	outstanding actions are for the replacement of store cupboard doors, electrical cabinets/doors and owner doors; <ul style="list-style-type: none"> <li>• 85 store/communal doors</li> <li>• 40 electrical cabinets/doors</li> <li>• 18 Individual owner/occupier doors – surveyed prior to lockdown, with manufacturer but delayed</li> </ul>
Priority 2	100%	
Priority 3	96.1%	outstanding action is for the replacement of a store cupboard door
<b>OVERALL</b>	<b>94%</b>	

- 5.7. Apart from the individual owner/occupier doors all the outstanding works are within the communal areas. In line with Scottish Government's phased approach to easing lockdown restrictions we are now recommencing these works. It is expected that communal works will be completed by August 2020.

## ***Developing our future approach to Fire Prevention and Mitigation***

- 5.8 The Group are proud to be nationally and internationally recognised for defining excellence and with an outstanding record in delivering sector leading levels of service and innovation in all fields in which we operate. Within the context of fire safety our commitment to delivering excellence has been endorsed by the Scottish Government's, Building Safer Communities, and Unintentional Harm Hub who highlighted our Community Improvement Partnership ("CIP") Fire Safety Operating Model as a Fire Prevention Exemplar.
- 5.9 In February CIP representatives met with the SFRS Senior Lead Officers (and their Prevent & Protect Teams) for Dumfries, Glasgow and North Lanarkshire to discuss improved local partnership working and how we could work together to deliver the 'commitments' outlined in our Group/SFRS Fire Prevention Charter.
- 5.10 As part of the DGHP transformation we have started to work with the Group CIP team to understand how we can draw down the capacity, intelligence and expertise provided by the group CIP team to help us further develop our approach to fire safety in the future. This will result in a more focussed approach to target further fire prevention measures, increased customer engagement and a reduction in fires across homes owned by us. This will also be further supported by the future implementation of the 1:200 patch teams to help provide more regular inspections of homes and communal areas which will further reduce our fire risks.

## **6. Key issues and conclusions**

- 6.1 Whilst recognising that COVID-19, and the associated lock down period, has impacted our, and our partners, ability to deliver 'business as normal' services priority areas have been identified and resources deployed appropriately to mitigate the risk of fire.

## **7. Value for money implications**

- 7.1 There are no value for money implications arising from the content of this report.

## **8. Impact on financial projections**

- 8.1 There is no impact on financial projections arising from the content of this report.

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

- 9.1 There are no legal, regulatory and charitable implications arising from the content of this report

## **10. Partnership implications**

- 10.1 Our unique partnership with SFRS has allowed us to better understand the scale, nature and location of fire risk across our communities and, in turn, to design and deliver our services to mitigate the risk of fire during the COVID-19 lock down.

## **11. Implementation and deployment**

- 11.1 We have undertaken a review of our staffing resources and deployed personnel to ensure priority service areas are appropriately manned at all times

## **12. Equalities impact**

- 12.1 There is no equalities impact arising from the recommendation in this report.

## **13. Recommendations**

- 13.1 It is recommended that Board notes:

- 1) The Information provided within the report that evidences the measures we have introduced to reflect national policy changes and ensure fire safety and customer well-being continues to be of paramount importance during the COVID-19 pandemic; and
- 2) The update on our end of year performance for fire safety remedial works.



## **Report**

**To:** DGHP Board

**By:** John Crooks, Group Health and Safety Manager

**Approved by:** Tom Barclay, Group Director of Property and Development

**Subject:** Coronavirus Health and Safety Update

**Date of Meeting:** 8 July 2020

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### **1. Purpose**

- 1.1 The purpose of this report is to provide the Board with an update on the continued Management of Health and Safety during the current Coronavirus Pandemic

### **2. Authorising Context**

- 2.1 Under the Group Authorising Framework and Intra-Group Agreement the Group Board is responsible for approving and implementing Group Policies. The Health and Safety Policy was approved and designated as a Group Policy in the overall Group Health and Safety Management System.
- 2.2 Under the Group Authorise/Manage/Monitor Matrix, the Board is responsible for the application of group frameworks and policies such as the Health & Safety Policy.

### **3. Risk Appetite and Assessment**

- 3.1 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".
- 3.2 Health and safety compliance risks are included in the group strategic risk register and in our risk register.

### **4. Background**

- 4.1 The Group Health and Safety Policy approved by the Group Board on August 2018 is starting to become embedded within the organisation as part of the transformation programme. As part of the Group's continued focus on health and safety, the Group policy signposts our intention to consolidate the various elements of our policy under the Group Health and Safety 'Management System'.

- 4.2 The Management System supports us by having a clear overarching means for managing health and safety in the review and implementation of Health and Safety Management Arrangements (“HSMAs”) and Operational Safety Manuals (“OSMs”) that will communicate and drive our positive health and safety culture, throughout the organisation.
- 4.3 On 16 March 2020, the UK Government began daily briefings on the Coronavirus outbreak in the UK. The Prime Minister urged employers and businesses to work from home where possible. In tandem with this, the Group H&S Team promptly established a Business Continuity Management Team, which included the Managing Director along with other senior leaders across the Group.
- 4.4 Daily meetings of the group took place to help navigate the group’s response to the rapidly emerging developments of the Pandemic and ensure our preparedness was fully considered, prior to a likely imminent ‘lockdown’.
- 4.5 As a result of this early action and collaborative approach across the group, we were able to mobilise homeworking and following a review of Business Continuity Plans and Business Impact Assessments, a framework of essential services to be maintained during ‘lockdown’ were agreed as follows:
- Customer Service Centre
  - Life and Limb Repairs & Compliance
  - Eat Well Food Deliveries
  - IT Support
  - Void Transfers (for Homeless)
  - Finance and Payroll
  - Customer Support and Income Protection
  - Communications
- 4.6 The success of maintaining services during ‘lockdown’ have ensured that staff were able to work from home providing essential services and support to some of our most vulnerable customers in the most trying of times whilst significantly contributing to the national effort to prevent the spread and impact of Coronavirus.
- 4.7 Since lockdown, Health and Safety work streams have been impacted by the restrictions put in place and we have had to adapt the application of the policy within a lockdown situation. We have also had to adapt to new health and safety challenges brought about by the pandemic. This paper aims to update the board on our approach to Health and Safety during the Coronavirus outbreak and our approach to Health and safety as we begin to remobilise.

## **5. Discussion**

- 5.1 Despite working from home since lockdown, the Group Health and Safety Team in collaboration with the DGHP Health & Safety Manager have continued, to provide advice, guidance and support to the Executive Team, the DGHP Managing Director, Senior Managers and other DGHP staff and supporting services during the pandemic. The team have been regularly monitoring the validity and accuracy of the Group Health and Safety Policy in cognisance of new and emerging guidelines regarding Coronavirus.

5.2 On 19 June 2020, Scotland moved into Phase 2 of the Scottish Government's route to recovery. This prompted a review of the essential services operating model and re-mobilisation of services, that will see the following services expand or resume for us:

- Letting, Allocations and Void Processes
- Anti-Social Behaviour Interventions
- Income Maximisation
- Landscaping and Horticulture
- Property Cleaning
- 'Safety First' Approach to Repairs

5.3 Following the Scottish Government announcement to move into Phase 2 of its route to recovery, the Group H&S Team have been working closely with Management teams in DGHP to establish safe working arrangements for all our staff and customers. Key strands of our approach to Health and Safety during the initial period of lockdown, and moving forward (as we enter into our initial stage of remobilisation) are outlined below:

#### ***A) Review of Operational Safety Manuals & Risk Assessments***

5.4 OSMs are mandatory across all subsidiaries to document safe systems of work, local procedures, guidance and best practice, specific to the nature of work activities. The introduction of widespread homeworking over a medium to long term period and social distancing requirements for those staff carrying out essential services, and our revised operating model outlined above, has resulted in an ongoing and dynamic review of OSMs. These updates have been communicated to Management Teams and Trade Union Safety Representatives and include activities such as:

- Property Visits,
- Customer Engagement,
- Eat Well Food Deliveries,
- Allocations and Voids Processes,
- Anti-Social Behaviour Interventions,
- Travelling to and from work sites.

5.5 We have recently developed and are currently rolling out a new in House Repairs, Trades OSM. This will ensure a consistency of approach with the Group and provide a system for the development, communication and implementation of risk assessments, safe systems of work, tool box talks and equipment checks.

5.6 It is anticipated that current safety procedures and risk assessments in other areas of the business will be reviewed and developed into a similar OSM format e.g. Housing Services.

5.7 Risk Assessments and Safe Working procedures that form the OSMs have been updated where necessary to reflect, the use and maintenance of PPE, social distancing measures and general hygiene precautions, in accordance with current UK and Scottish Government guidelines.

- 5.8 Operational Safety Manuals will continue to be reviewed as new and emerging guidelines are issued by government and other relevant bodies in relation to the prevention and spread of Coronavirus. An index of revised Operational Safety Manuals Procedures and Risk Assessments across the Group is appended to this report at Appendix 1.

### ***B) Homeworking***

- 5.9 The transition of large numbers of staff from office locations to homeworking is one that is unprecedented for us. As the Coronavirus outbreak developed at an alarming rate, we were required to move quickly and decisively to ensure the safety of our staff and customers. Staff working from home have been provided with iPads, Laptops, and workstations set-ups in their home, to facilitate homeworking and allow staff to access our networks remotely.
- 5.10 To maintain posture and work comfortably at home, we have implemented a system for the ordering and delivery of additional office equipment such as monitors, keyboards and office chairs etc throughout the duration of the crisis. The Group's Occupational Health Provider, People Asset Management (PAM), have also provided for all our staff, information and guidance on exercise and stretching routines that can be adopted whilst working from home. (See Appendix 2)
- 5.11 'E' Workshops to support our staff in dealing with the emotional challenges that they may face during the Coronavirus crisis, have also been provided by PAM. The workshops covered a wide range of subjects including resilience and isolation, a positive mindset, working well remotely and being active. (See Appendix 03)
- 5.12 Further support for all DGHP staff who are homeworking and on furlough, also include the following resources:
- Occupational Health Services from People Asset Management
  - Employee Support Counselling for our EAP – Confidential Care
  - Mindfulness Sessions through our Wellbeing Programme & My Academy
  - Wheatley Family Hub on WE Connect
  - Regular Welfare Calls

### ***C) Personal Protective Equipment (PPE) Tracking***

- 5.13 Throughout the Coronavirus outbreak it has been well documented in the media that there have been a number of challenges associated with the procurement of PPE. This has been no different for the us, as initial demand on supply chains increased and supplies diminished both nationally and globally.
- 5.14 In response to this, a PPE Tracker has been developed to ensure the supply of PPE is monitored and managed effectively at a group level for all our essential services. The tracker is updated weekly by nominated business leads to ensure there is a minimum of 12 weeks' resilience in future requirements for Staff.

- 5.15 The tracker which is shared with the Group Procurement Team to ensure the provision of PPE is maintained and allowing for optimisation of current and future supplies in critical areas. Highlights & exceptions are being reported to the Executive Team on a weekly basis.

#### ***D) Fire Safety***

- 5.16 During the lockdown there has been a pause on the undertaking of Fire Safety Risk Assessments. Fire Safety Risk Assessments are currently being reviewed with a view to revisit our immediate statutory obligations, where review dates may be approaching.
- 5.17 A programme of site visits and inspections shall re-commence when further guidelines are issued by UK and Scottish Government that permits such. Fire Incident Reporting continues to be implemented and the Group Health and Safety Team are reviewing and responding to fire incident reports as they arise.

#### ***E) Health and Safety Training***

- 5.18 Health and Safety E-Learning packages have been established and rolled out as mandatory completion for all staff since the outbreak of the Coronavirus to ensure that as an employer, we continue to meet our obligations for the provision of information, instruction and training.
- 5.19 E-Learning course for Coronavirus, Health and Safety Awareness and Fire Safety Awareness can be undertaken by all staff working remotely from home, to supplement their existing training they have received. Further e-learning courses are being investigated for development in respect to DGHP staff returning to work in an office setting, homeworking and mental health.
- 5.20 For staff who may not be PC facing, Managers Briefings and Guidelines have been produced for them to be communicated on an individual basis where possible and on H&S Noticeboards.

#### ***F) Health Surveillance***

- 5.21 The Group Occupational Health Provider, PAM have temporarily suspended all routine Health Surveillance of staff. Face to face consultations have been suspended however, telephone consultation are being maintained where possible to provide advice and support to staff.

#### ***G) Incident Reporting***

- 5.22 Incident reporting procedures continues to be implemented and the Group Health and Safety Team are reviewing and responding to incident reports as they arise throughout the business.
- 5.23 Incidents that are RIDDOR reportable or have the potential for serious injury, employers' liability claims or adverse publicity are being further investigated by the group remotely by way of e-mails and conference calls.



## ***H) Driver Safety***

- 5.24 Through our accredited third party verifier (Drivercheck) we continue to implement checks of all authorised drivers' licences'. Reports issued on a monthly basis include driver's details, licence categories and any restrictions that they may have on their driver's licence.

## ***I) Re-Opening of Offices***

- 5.25 Whilst there are no plans to re-open our Offices in Phase 2 of the Governments route to recovery, early planning for this is being undertaken to ensure we are prepared for re-opening when required to ensure the continued safety and wellbeing of our staff and customers. Guidelines have been established that would see the re-opening of office space undertaken by application 3 key principles:
- Preparing the Workforce
  - Preparing a Building
  - Inside a Building
- 5.26 Generic Risk Assessments have been developed for the re-opening of office space and re-mobilisation of services to coincide with the Governments Working Safely Guidelines and ensure Social Distancing and Hygiene precautions can be implemented for our Staff.
- 5.27 Testing Guidelines for Managers have been developed to ensure our staff returning to work can be directed to Testing Services should they or a household member develop symptoms.
- 5.28 Planning is also underway to introduce routine temperature testing of our staff for existing premises that have remained open and those should there be a re-opening of office accommodation in the near future. Protocols shall be established to provide our staff with further confidence and comfort that all measures to prevent the introduction and spread of Coronavirus are being taken. It is anticipated that routine temperatures checks will be undertaken by trained first aiders.

## ***J) Trade Union Liaison***

- 5.29 Throughout the pandemic, there has been frequent correspondence and communications with Trade Unions, namely Unison, Unite and GMB on behalf of their members. Arrangements associated with Homeworking, Social Distancing, PPE and Operational Safety Manuals have been the main points of issue raised by Trade Unions. These have been considered and responded to in a timeous manner, in close liaison with the Managing Director and Management teams.
- 5.30 There has been a positive relationship maintained with the Group H&S Team, DGHP Management and Trade Unions in working collaboratively to ensure the safety and wellbeing of our staff and its customers

## **6. Key issues and conclusions**

- 6.1 Whilst there are already solid foundations in place for the management of health and safety, the current Coronavirus crisis has resulted in a revised approach to Health & Safety as we live through lockdown and move towards phased remobilisation. This has meant that we have had to adapt to new means of implementing our health and safety framework including greater use of digital means for key parts of the framework including incident reporting, fire safety and health & safety training for staff.
- 6.2 The pandemic has also resulted in new health and safety challenges having to be addressed, such as securing and managing the long term supply of increased PPE across multiple services and staffing groups. Our new PPE tracker, which is now fully deployed, has ensured that we have a minimum 12 weeks' resilience built into our supply chain for all services.
- 6.3 Another challenge which we have successfully addressed has been the wholesale shift to homeworking for many staff. Staff have been provided with iPads, Laptops, and access to their own workstations set-up (including office chairs, desks and other kit) in their home, to facilitate safe homeworking. Other support systems have also been put in place to support the mental health of staff during the pandemic including 'e' workshops and mindfulness sessions along with regular welfare checks by senior staff and managers.
- 6.4 We are confident that we continue to uphold and implement so far as is reasonably practicable, our legal obligations for the management of health and safety. New and emerging guidelines for the prevention and spread of Coronavirus will continue to be monitored and acted on immediately as information is released from UK and Scottish Government and in addition to Health Protection Scotland and other recognised bodies. By ensuring the health, safety and welfare of all our staff, we will strive to maintain essential services and a re-mobilisation of services that support our customers in navigating these challenging and unprecedented times

## **7. Value for Money**

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

## **8. Financial Implications**

- 8.1 There are no direct financial implications arising from this report.

## **9. Legal, Regulatory and Charitable Implications**

- 9.1 The ongoing implementation of Management System and Health and Safety will support the overall approach to achieving legal compliance of health and safety legislation.

- 9.2 Health and safety is subject to a wide range of legal requirements and we take into account HSE guidance in the development of all health and safety related documents at this time. Cognisance will be taken of any relaxations or alternative means of compliance due to the impacts of homeworking and social distancing.

## **10. Partnership Implications**

- 10.1 We actively work in partnership with external stakeholders, in particular via the Community Improvement Partnerships in health and safety related areas and Local Authority Resilience Partnerships where relevant.

## **11. Implementation and Deployment**

- 11.1 The implementation of the revised arrangements will take immediate effect and we will update the Board of any further changes at their next meetings.

## **12. Recommendations**

- 12.1 The Board is invited to note the contents of the report.

### **List of Appendices:**

Appendix 1 – OSM Updates

Appendix 2 – Homeworking Helpful Hints and Tips

Appendix 3 – Wellbeing Workshops

## Appendix 01

### Index: OSM Updates COVID19 (Coronavirus)

No.	Document
001	Housing Void Properties
002	Eatwell Food Hygiene Arrangements
003	Eatwell Deliveries
004	Block Inspections
005	Cleaning Body Fluids
006	DSE
007	Housing Anti-Social Behaviour Interventions
008	Housing Customer Non Engagement
009	Letting Agents' Viewings and Allocations
010	Office equipment delivery
011	Property Visits
012	Sanitising Common Areas MSF
013	Sanitising Fleet Vehicles
014	Sanitising Workstation
015	Traveling to and from sites in vehicles
016	Outbreak Checklist (Care)
017	
018	Daily Actions Checklist (Care)
019	Immediate Infection Prevention and Control Checklist (Care)
020	PPE Comms (Care)
021	Temp PPE clothing (Care)
022	Risk Assessment Infection Control (Care)
023	Risk Assessment PPE (Care)
024	Risk Assessment Staff Shortages (Care)
025	Risk Assessment Supporting Infected PWWF (Care)
026	Situation Assessment (Care)
027	Housing Forced Entry & Abandonments
028	Landscaping and Horticulture
029	Letting Agents' Viewings and Allocations
030	Housing Rent Arrears



# Invitation to our Free Webinars!

In light of the recent challenging circumstances that we have all found ourselves in, PAM Group are continuing to support you and your colleagues.

Everyone has been affected by sudden changes to their working and personal lives.

Our new range of workshops have been designed to help your colleagues deal with the emotional challenges that may face, such as anxiety, fear, isolation, loneliness, boredom and depression.

We are pleased to invite you to experience these workshops for yourself, completely free of charge.

To sign up: click the webinar title to be taken to our Eventbrite sign up page. Just pop in your details and you'll receive a link to your webinar via email, 48hr before the webinar starts.

For more information contact  
[wellness@pamgroup.co.uk](mailto:wellness@pamgroup.co.uk) or visit  
[www.pamwellbeing.co.uk](http://www.pamwellbeing.co.uk)



### 27/04/2020 AT 4:30PM RESILIENCE & ISOLATION 30-MIN

Examine the four pillars of resilience and understand how to incorporate elements of each to stay safe and well whilst socially distancing or self-isolating.




### 28/04/2020 AT 4:30PM WORKING WELL REMOTELY 30-MIN

This workshop is designed for any colleagues working at home and outlines the benefits that remote working can bring, and top tips to work well including establishing boundaries, working around children and staying connected.


### 29/04/2020 AT 4:30PM KEEPING A POSITIVE MINDSET DURING DIFFICULT TIMES 30-MIN

Understand how to deal with change productively and cope well during the current climate.




### 30/04/2020 AT 1PM LOSS & GRIEF: REACTIONS AND RESPONSES 45-MIN

This session is helpful for anyone that wants to understand loss and the grieving process, the issues surrounding this very delicate individual journey with the added issue of COVID-19.



### 01/05/2020 AT 4:30PM WORKING FROM HOME & BEING ACTIVE 30-MIN

Being active plays a huge part in our day to day lives and this can be significantly disrupted when socially distancing or self-isolating, but we'll help you with practical and realistic ways to stay active.





## **Report**

**To:** DGHP Board

**By:** Deborah Pairman, DGHP Head of Finance

**Approved by:** Steven Henderson, Group Director of Finance

**Subject:** Finance Report

**Date of Meeting:** 8 July 2020

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### **1. Purpose**

1.1 The purpose of this report is to:

- provide the Board with an overview of the financial position for the first two months of the financial year, to 31 May 2020
- update the Board on the proposed approach to management of cash/idle funds
- seek the Board's approval for the submission of the annual Loan Portfolio Return to the Scottish Housing Regulator

### **2. Authorising context**

- 2.1 Under the terms of the Intra-Group Agreement between Dumfries and Galloway Housing Partnership ("DGHP") and the Wheatley Group, as well as the Group Authorising Monitor Matrix, the Board is responsible for the on-going monitoring of performance against agreed targets, including the on-going performance of its finances.
- 2.2 This report provides the Board with an update of financial performance to date to allow it to discharge its role in monitoring performance and agreeing any actions required.

### **3. Risk Appetite and assessment**

- 3.1 Our Group agreed risk appetite for Performance 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".

### **4. Background**

- 4.1 This report outlines performance against budget approved by the Board for 2020/21. No changes have been made to the current year reported results to align to Wheatley Housing Group accounting policies.

- 4.2 The 2019/20 full year results, 2020/21 budget and 2020/21 year to date results will be aligned with Group accounting policies in conjunction with the preparation of the statutory financial statements and will be presented to the Board at the August meeting.
- 4.3 The appendices provide more detail on the financial results.

## **5. Discussion**

### **(i) Finance Report for Period to 31 May 2020**

- 5.1 We have reported a statutory surplus of £1,587k for the period, which is £615k favourable to budget. The key driver is the lower level of expenditure in repairs and maintenance as a result of the operation of a “life and limb” service only. The net operating position reports a surplus of £2,523k, favourable to budget by £630k.

Key points to note:

- Net rental income is £24k unfavourable to budget, a result of a higher level of void losses in the month. Some income has been received from homeless lets from Dumfries and Galloway Council.
  - Other income is £46k favourable to budget and includes a higher level of income for the Young Persons’ Project which has been received in advance.
  - Employee costs are £81k favourable to budget due to the inclusion of claims totalling £88k, under the Government Job Retention Scheme, for frontline staff. Staff costs for the in-house repairs service are reported through repairs and maintenance costs.
  - The new in-house repairs service was launched on 1 April and has been operating a reduced “life and limb” service since the start of the year. As a result, lower levels of repairs expenditure is reported, £736k favourable when compared against budget. Repairs spend includes £616k of reactive works carried out by in-house repairs staff and third-party contractors for compliance and grounds maintenance works and £624k for the unallocated costs of the in-house service after taking account of the claim of £108k for repairs staff made under HMRC’s job retention scheme.
- 5.2 We have reported net capital expenditure of £4k for the period, which is £3,213k behind budget. Key points to note:
- The core investment programme continues to be postponed during the COVID-19 lockdown period and reports only a £4k spend for a small number of essential works. A revised investment programme is being developed and has been included in the updated financial projections provided as a separate report to the Board.
  - New build activity is also impacted by the suspension of all work following the Scottish Government instruction to close all construction sites on 23 March 2020. To date, £21k of fees only have been recorded.

## **(ii) Cash management/idle funds**

5.3 [redacted]

[table redacted]

5.4 [redacted]

5.5 Given the significant cash balance and delay in future cash consumption relative to our January projections, we have compared indicative short term deposit interest rates with a number of financial institutions who meet the investment counterparty criteria as defined in the Group Treasury Management Policy. Barclays and RBS/Natwest have offered the most competitive rates to date [redacted] and this exercise will be refreshed after the Board meeting prior to new deposits being placed.

5.6 The Group Treasury Management Policy limits investments with any one institution without Group-level Board approval – [redacted] with RBS as our lead operational bank, [redacted] with each of the Group's key relationship banks (ie those who lend money to Wheatley) and [redacted] with a counterparty other than relationship banks. Currently we have [redacted] with non-relationship banks and [redacted] with a relationship bank.

5.7 With the maturity of [redacted] on 9<sup>th</sup> July, we will have approximately [redacted] in cash on hand in instant access accounts. The re-forecast business plan separately on the agenda shows a net cash consumption of [redacted] in the year (net cash from operating, investing and funding activities), although it was noted that this could be rise to [redacted] depending on access levels for internal improvement works. This compares to the previous figure from January of [redacted] net cash consumption.

5.8 We consider that up to [redacted] of the current cash balance can be placed on deposit for the maximum time permitted under the Group treasury policy of 6 months. This would yield [redacted] in interest and leave [redacted] of immediately available cash on hand until the end of September, when a further [redacted] on deposit with Barclays matures. In addition, we have on-demand access to an undrawn £35m revolving credit facility with RBS. The position would be re-assessed as we approach the end of September.

5.9 In terms of administration, the deposit with Handelsbanken has matured and the Barclays deposit will mature in September 2020. Existing signatories on these accounts have left the business or are on long term leave, meaning that we currently cannot transact on these accounts. Both banks have been contacted and have provided solutions to rectify this matter.

5.10 Barclays require the completion of a "global authority mandate", which needs the approval of two members of the Executive team. The completion of the mandate will be coordinated by the Treasury team and appropriate sign-offs obtained.

5.11 Handelsbanken have prepared a bespoke mandate which requires a resolution being passed by the Board of Directors for DGHP (attached at appendix 3). The completion of this mandate is slightly more protracted than Barclays, as ID checks and verification evidence must be provided to Handelsbanken.



5.12 [redacted]

**(iii) SHR Loan Portfolio Submission**

5.13 We are required to submit its loan facilities and borrowing position, as at 31 March 2020, to the Scottish Housing Regulator via the Regulator's online portal. The submission report appended contains the details which will be transferred to the portal, showing both the information and the layout.

5.14 The submission report contains the information relating to the loans held by us as at the financial year end.

5.15 [redacted]

5.16 As part of the submission to the Scottish Housing Regulator, the Chair of the Board and Director/Chief Executive are required to confirm the following:

*"I hereby certify for and on behalf of the RSL that the information provided in this return is, to the best of my knowledge and belief, an accurate and fair representation of the affairs of the RSL."*

**6. Key issues and conclusions**

6.1 We continue to have a strong financial position. As anticipated, spend is below budget for the year to date, and with the delay in some of our investment activities, we will hold a higher volume of cash than previously forecast. We therefore propose a prudent approach to managing this cash balance within the parameters of the Group treasury policy.

**7. Value for Money implications**

7.1 Delivery of our approved budget is a key element of continuing to demonstrate value for money. We have reported a net operating surplus of £2,523k which is £630k favourable to budget.

**9. Impact on financial projections**

9.1 The emergence of COVID -19 and the lockdown imposed by the UK and Scottish Government in March 2020 has required us to make significant changes to the way we deliver services to our customers and the operation of the business. A paper updating the financial projections for these changes is presented separately.

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

10.1 No implications.

**11. Equalities impact**

11.1 Not applicable.

## **12. Recommendation**

12.1 The Board is requested to:

- 1) Note the Finance Report for the period to 31 May 2020;
- 2) note the content of the Handelsbanken banking mandate and accordingly pass the resolution allowing the signatory changes to be made; and
- 3) Approve the SHR Loan Portfolio Submission as at March 2020.

## **LIST OF APPENDICES**

Appendix 1: Period 2 – 31 May 2020, Finance Report

Appendix 2: redacted

Appendix 3: redacted



# **Period to 31 May 2020 Finance Report**

# 1) Period 2– Operating Statement



	Year to May 2020			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
<b>INCOME</b>				
Rental Income	7,567	7,545	22	44,799
Void Losses	(211)	(165)	(46)	(890)
<b>Net Rental Income</b>	<b>7,356</b>	<b>7,380</b>	<b>(24)</b>	<b>43,909</b>
Grant Income	-	341	(341)	1,367
Other Income	428	382	46	1,677
<b>TOTAL INCOME</b>	<b>7,784</b>	<b>8,103</b>	<b>(319)</b>	<b>46,953</b>
<b>EXPENDITURE</b>				
Employee Costs - Direct	1,042	1,123	81	6,696
Transformation budget	14	14	-	436
Direct Running Costs	595	705	110	4,900
Revenue Repairs and Maintenance	1,240	1,976	736	12,239
Bad debts	119	141	22	921
Depreciation	2,251	2,251	-	9,005
<b>TOTAL EXPENDITURE</b>	<b>5,261</b>	<b>6,210</b>	<b>949</b>	<b>34,197</b>
<b>NET OPERATING SURPLUS</b>	<b>2,523</b>	<b>1,893</b>	<b>630</b>	<b>12,756</b>
<i>Net operating margin</i>	32%	23%	9%	27%
Interest receivable	25	40	(15)	241
Net Interest payable & similar charges	(961)	(961)	-	(6,451)
<b>STATUTORY (DEFICIT)/SURPLUS</b>	<b>1,587</b>	<b>972</b>	<b>615</b>	<b>6,546</b>
<b>INVESTMENT</b>				
<b>TOTAL CAPITAL INVESTMENT INCOME</b>				<b>3,449</b>
Total Expenditure on Core Programme	4	3,218	3,214	22,012
New Build	21	806	785	13,056
Other Capital Expenditure				
Premises	-	-	-	515
IT	-	-	-	1,030
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>25</b>	<b>4,024</b>	<b>3,999</b>	<b>36,613</b>
<b>NET CAPITAL EXPENDITURE</b>	<b>25</b>	<b>4,024</b>	<b>3,999</b>	<b>33,164</b>

## Key highlights year to date:

- Net operating surplus of £2,523k is £630k favourable to budget, driven by lower costs of repairs whilst operating the reduced “life and limb” service. The statutory surplus of £1,587k is £615k favourable to budget.
- Total income £7,748k includes Young Persons Project (YPP) grant income - £96k received for the year as well as matched funding from the council for Q1 being £19k. A further £18k has been received for the ‘Supporting People’ project.
- Net rental income of £7,356k is £24k lower than budget with void loss being £46k higher – some income has been received from Dumfries and Galloway Council for homeless lets.
- Grant income budget reflects the amortisation of existing grants (HAG) in line with the accounting policy taking the income over the life of the properties. The budget and actuals will be aligned with Group accounting policy in conjunction with the presentation of statutory accounts to the August Board. No amortisation has taken place in the period for the aforementioned reason.
- Total expenditure is £948k favourable to budget. Within staff costs of £1,042k, £88k credit has been received from the Coronavirus Job Retention Scheme, resulting in overall favourable position to budget.
- Direct running costs savings are due to timing at this early stage of the year with less travel and expenses being incurred.
- Repairs spend is favourable by £736k. The In-House Repairs (IHR) service continues operating a “life and limb” service. Gas Safety visits are also being carried out where access is allowed. The full staff complement has not yet been reached and a claim of £108k has been made under the job retention scheme for furloughed repairs staff. Charges for grounds maintenance and gas contracts are included in this line and are provided under third party fixed contract arrangements.
- Spend on Investment has, to date, been postponed with only £4k spent on door entry systems, heating and low-rise fabric roofing.
- New Build spend is £21k, for fees only, following the Scottish Government instruction to close all construction sites on 23 March. Other capital expenditure makes provision for IT and office capital investment later in the financial year. New Build is resuming with new government guidelines allowing return to construction.

## 2) Period 2– In House Repairs Service



Dumfries & Galloway Housing Partnership	Year to 31 May 2020		
	Actual £ks	Budget £ks	Variance £ks
<b>INCOME</b>			
Internal Subsidiaries	616	2,109	(1,493)
External Customers	-	-	-
<b>TOTAL INCOME</b>	<b>616</b>	<b>2,109</b>	<b>(1,493)</b>
<b>COST OF SALES</b>			
Staff Costs	672	783	111
Furlough claim	(108)	-	108
Materials	20	323	303
Subcontractor & Other Costs	499	656	157
<b>TOTAL COST OF SALES</b>	<b>1,083</b>	<b>1,763</b>	<b>680</b>
<b>GROSS (LOSS)/PROFIT</b>	<b>(467)</b>	<b>346</b>	<b>(813)</b>
Margin %	(76%)	16%	54%
<b>Overheads</b>	<b>157</b>	<b>214</b>	<b>57</b>
<b>NET (LOSS)/PROFIT</b>	<b>(624)</b>	<b>132</b>	<b>(756)</b>

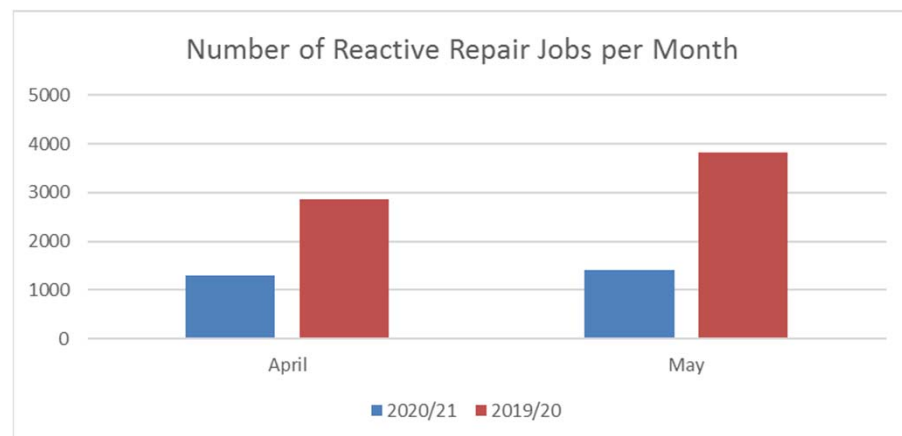
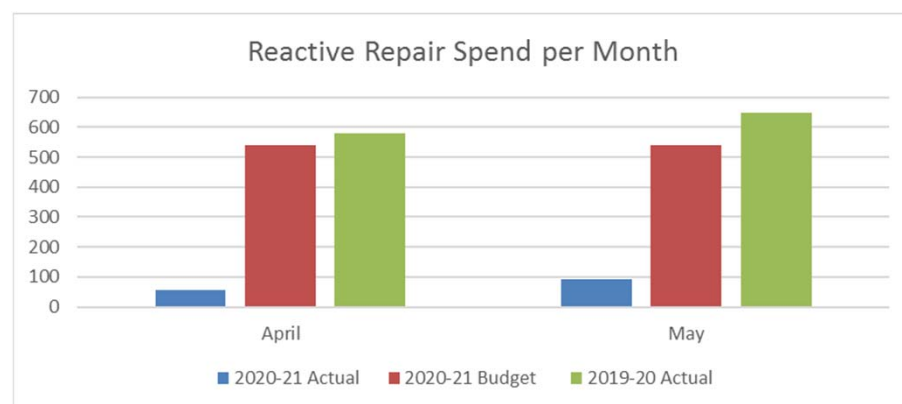
### Comments

- The service is operating on a “life & limb” basis. The full costs of the in-house repairs service is reported in repairs and maintenance in the operating statement along with any external third party repairs contracts.
- The service recovers costs using an actual job cost method attributing a rate card charge against repairs jobs completed. This is based on time taken and materials used. This allocation of cost against repairs is reported through the service profit and loss account as income to the service.
- The reduced level of repairs activity has resulted in lower levels of staff utilisation on repairs work and has driven a loss on the service as it has not been able to recover salaries or overheads at the budgeted rate.
- Staff costs are in total £219k lower than budget reflecting the decision not to fill all posts in the structure and also include a claim of £108k under the government scheme for furloughed employees, both items helping to reduce the unrecovered costs of the service.
- Grounds maintenance and gas servicing continue to be billed as contracted included in Subcontractor costs.
- Overheads show a favourable variance of £57k driven by vehicle costs and waste disposal expected with less repairs activity

### 3) Management information – Repairs



	Year to 31 May 2020			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
Reactive	149	1,081	931	6,486
Voids	56	516	460	3,093
Gas	208	333	125	1,998
Landscaping	203	179	(24)	1,075
Compliance	-	-	-	2,680
Loss/(profit) on IHR	624	(132)	(756)	-
<b>TOTAL</b>	<b>1,240</b>	<b>1,976</b>	<b>735</b>	<b>15,332</b>



#### Comments:

- Cost of service is £1,240k in the period to 31 May 2020, £735k favourable to budget. The main driver is low levels of activity during COVID19 resulting in lower material and subcontractors cost.
- There is also a saving in repairs salaries with furlough claim contributing £108k
- Recovery of the costs of the in-house repairs service is low resulting in a £624k loss for the service as detailed on page 3.

## 4) Management Information – Investment



Investment	Year to 31 May 2020		
	Actual £ks	Budget £ks	Variance £ks
Major Works	4	3,216	3,212
Other fixed asset investment (Premises and IT)			
Capitalised Staff			
<b>TOTAL</b>	<b>4</b>	<b>3,216</b>	<b>3,212</b>

Full Year
Budget £ks
22,014
1,545
<b>23,559</b>

### Comments:

- There has been no addition spend in the month on investment in tenants' homes. WE are behind budget by £3,2m due to the postponement of works until later in the year. A revised programme is currently being developed pending the timing of a relaxation of the lockdown measures.
- "Major" works capitalised are £1k heating, £1k low rise fabric roofing, and £2k door entry systems
- Void costs are reported in repairs but will be transferred to capital to align with Group policy following the finalisation of the 2019/20 statutory accounts.

Major works	Year to 31 May 2020		
	Actual £ks	Budget £ks	Variance £ks
Heating	1	209	208
Kitchen	-	134	134
Bathroom	-	22	22
Doors/Windows	2	629	627
<b>Total Component replacement</b>	<b>3</b>	<b>994</b>	<b>991</b>
<b>New Legislative Requirements</b>	<b>-</b>	<b>-</b>	<b>0</b>
Low rise fabric	1	921	920
Customer Priorities	-	975	975
<b>Total Strategic Projects</b>	<b>1</b>	<b>1,896</b>	<b>1,895</b>
<b>Total Stock Improvement Programme</b>	<b>4</b>	<b>2,890</b>	<b>2,886</b>
Capitalised Repairs	-	203	203
Medical Adaptations & Other Costs	-	123	123
<b>Total Capital Investment</b>	<b>4</b>	<b>3,216</b>	<b>3,212</b>

Full Year
Budget £ks
3,219
2,575
386
3,863
<b>10,043</b>
<b>644</b>
4,177
5,193
<b>9,370</b>
<b>20,057</b>
1,217
740
<b>22,014</b>

## 5) Management Information – New Build Programme



Development Name	Year To Date (£k's)		
	Actual	Budget	Variance
Lincluden Dumfries	15	542	527
Nursery Avenue	-	-	-
Queensberry Sq. Sanquhar	3	167	164
Monreith 3	3	96	93
Springholm	-	-	-
<b>Total Cost</b>	<b>21</b>	<b>806</b>	<b>785</b>
<b>Grant Income</b>	-	-	-
<b>Net New Build Costs</b>		<b>806</b>	<b>785</b>

FY Budget
6,508
3,372
2,009
1,154
13
<b>13,056</b>
<b>3,449</b>
<b>9,607</b>

### Comments:

- No New Build activity in the period following the closure of all construction sites on 23 March 2020. The £21k spend reflects fees.
- Following the government announcement that construction can restart, plans are being made to commence as soon as possible



## 6) Balance Sheet



	31/05/2020 £'000
<b>Fixed Assets</b>	
Social Housing Properties	360,798
Other Fixed Assets	975
Investment Properties	7,616
	<u>369,389</u>
<b>Current Assets</b>	
Stock	455
Trade & Other Debtors	4,161
Cash & Cash Equivalents	60,134
	<u>64,750</u>
<b>Creditors: within 1 year</b>	
Trade Creditors	(318)
Accruals & Deferred Income	(2,089)
Prepayments of Rent and Service Charge	(480)
Other Creditors	(1,781)
Amounts due to Group Undertakings	(20)
	<u>(4,688)</u>
<b>Net Current Liability</b>	<u>60,062</u>
<b>Long Term Creditors</b>	
Loans	(188,704)
Amounts due to Group Undertakings	
Grants	(8,375)
Pension Liability	(2,751)
	<u></u>
<b>Net Assets</b>	<u>229,621</u>
<b>Capital and Reserves</b>	
Share Capital	
Revenue Reserve	79,783
Revaluation Reserve	149,838
	<u></u>
<b>Shareholders' funds</b>	<u>229,621</u>

### Comments:

- The balance sheet at 31 May 2020 reports net assets of £229.6m. The figures reported have been updated for the restatement of the brought forward reserves as part of the exercise to align DGHP financial statements with WHG accounting policies, most notably the carrying of housing properties at valuation.
- The audit of the 2019/20 results and the adjustments to align accounting policies is ongoing. A final set of audited statutory results will be presented to the Board in August.
- Fixed assets** have moved by budgeted depreciation, and £4k investment, £21k New Build spend. The balance at 31 May 2020 include the brought forward valuation adjustment processed as part of the alignment to WHG accounting policies
- Stock of £455k** is £200k repairs materials and tools , and £255k Work in progress brought forward from prior year.
- 
- Trade & other debtors** of £4.1m includes, £500k intercompany, £2.5m of net arrears (after provision for bad debts), prepaid expenses of £1m which include 20/21 insurance premiums, rent and IT support and maintenance paid in advance.
- Cash at Bank** – At 31 May 2020 , DGHP bank balance was £60.1m
- Short-Term Creditors** – reduced since March 20, as accrued investment invoices were received and paid. Significant payments have been made to suppliers and Investment and New Build spend has been on hold. Accruals increase with year end expenses reviewed and accrued and invoices delayed due to the current COVID-19 lockdown.
- [redacted]



## **Report**

**To:** DGHP Board

**By:** Alison Campbell, Group Financial Planning Manager

**Approved by:** Steven Henderson, Group Director of Finance

**Subject:** Business Plan Financial Projections Reforecast

**Date of Meeting:** 8 July 2020

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### **1. Purpose**

- 1.1 The purpose of this report is to provide an update on the expected impact of COVID-19 on our financial projections and key financial ratios.

### **2. Authorising context**

- 2.1 Under the terms of the Intra-Group Agreement between Dumfries and Galloway Housing Partnership ("DGHP") and the Wheatley Group, as well as the Group Authorising Monitor Matrix, the Board is responsible for the on-going monitoring of performance against agreed targets, including the on-going performance of its finances.
- 2.2 Whilst the Group Board is responsible for the overall approval of the plan and parameters, the Board has autonomy to agree its individual business plan within said parameters. The Board considered the revised financial projections for the Group including DGHP at the meeting on 24 June

### **3. Risk Appetite and assessment**

- 3.1 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".

### **4. Background**

- 4.1 In January 2020 the Board approved our 2020/21 Business Plan Financial Projections and related key financial ratios. These financial projections set out how we would deliver the ballot promises made to tenants while meeting the requirements of our funding arrangements. The first year of these financial projections formed the basis of the budget for 2020/21.
- 4.2 As a result of the emergence of COVID-19 and the resulting lockdown, there has been significant disruption to our business and this is expected to continue for some time. Lockdown restrictions have meant that from March all construction of new homes ceased and investment in existing properties was put on hold.

- 4.3 Our repairs service has been reduced to life and limb only and a number of other services have been either reduced or paused. We have focused on supporting our most vulnerable tenants, including through the provision of food parcels and emergency funding until restrictions are eased.
- 4.4 Some of our customers have also been impacted by Covid, including those who have experienced or are at risk of redundancy seeing reductions in their income. Pay cuts associated with customers on furlough and delays in waiting for Universal Credit all create risks to our rental income.
- 4.5 These changes to our business will have a significant impact on the financial projections and our funding requirements. We have therefore updated the financial projections to reflect our experience to date and expectations for the future.

## 5. Discussion

- 5.1 Our financial projections have been updated to reflect the following changes:

- **Cost Inflation** – A reduction in cost inflation from 3% to 1.5% has been assumed in 2020/21 in recognition of the reduction in inflation seen over the past couple of months and the further decreases expected over the next 12 months per the Bank of England's latest outlook scenarios. In the following three years cost inflation is assumed to return to 3% before reducing to a long term rate of 2.5%. This reflects an element of prudence relative to the market forecasts and the Bank of England's long term CPI target of 2%.
- **Rent Increases** – In line with the tenant ballot promise, rent increases for the next two years are assumed to be 2%. From April 23 on however increases have been reduced from 3.5% per annum to 2.9% to help keep our rents affordable.
- **Performance** – Increases in unemployment and a rise in tenants moving onto universal credit creates additional challenges in terms of rent collection. Our financial projections have therefore been updated to reflect the increase in arrears observed over the past three months and to make a very conservative provision for the 2020/21 arrears increase of £1.5m (3.2% of gross rents) given the uncertainty we face. An additional provision of £375k has also been assumed this year for an increase in rental not recoverable and voids.
- **Staff Costs** – Our projections have been updated to include claims made under HMRC's job retention scheme to date for our furloughed staff and a prudent assumption at this stage of a total claim of £200k. We will keep our furlough list under review, including potential use of the new part-time flexibilities, to ensure we receive support from the UK government where staff are not able to carry out their normal duties to COVID related restrictions.
- **Employee & Running Costs** – The approved business plan included additional employee costs in respect of the new staffing structure and while we anticipate there could be efficiency savings from the partnership with Wheatley Group, no savings in either staff costs or running costs were assumed. While we anticipate there may be some additional costs in relation to COVID-19, PPE for example, we believe there is sufficient provision within the financial projections. We are carrying out a detailed review of our office estate and operating models at present and a further update of the business plan to reflect these is anticipated later in the year.

- **Repairs & Investment** - In mid March, we moved to a “life and limb” only repairs service and all non-essential investment work was suspended. This has resulted in a significant reduction in both repairs and investment spend over the last few months. As restrictions begin to be lifted we anticipate being able to expand the works we can undertake. For repairs this will mean an initial move to expand the life and limb service to “life and limb plus” and increased spend on voids and compliance work with business as usual unlikely to return before the end of the calendar year. For investment we anticipate recommencing external investment works first with projects already in progress and compliance/safety works given priority.

- 5.2 Our projections therefore reflect a reduction of £1m in repairs in the current year and the deferment of £13.6m of investment works to the following two years as we seek to meet regulatory standards and commitments made to tenants. These priorities include meeting the Scottish Housing Quality Standard (“SHQS”) and Energy Efficiency Standard in Social Housing (“EESSH”).
- 5.3 The latest assumed profile compared with that presented to the Board in January is shown below. These figures exclude repairs costs such as voids which are capitalised under Wheatley accounting policies, but they include VAT, fees and inflation.

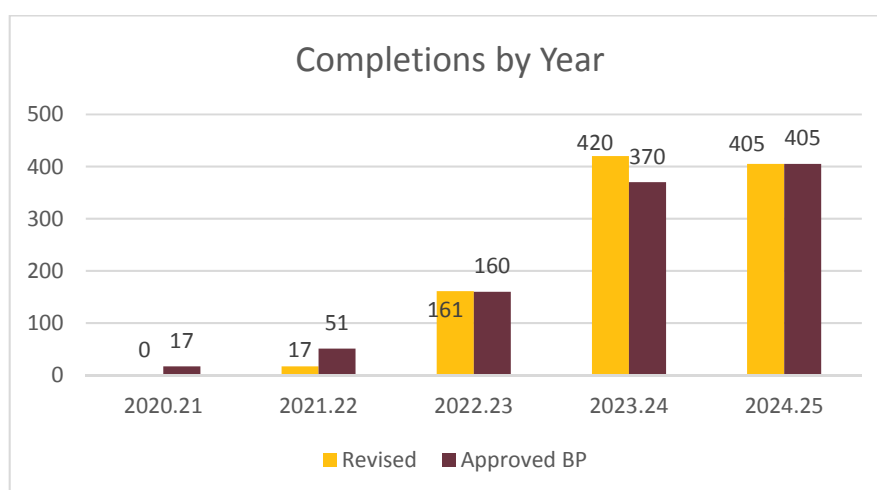
Investment £000s	2020/21	2021/22	2022/23	2023/24	2024/25
<b>Revised</b>	<b>7,014</b>	<b>22,175</b>	<b>20,509</b>	<b>13,033</b>	<b>12,317</b>
January Plan	20,797	14,455	14,479	13,225	12,499

- 5.4 For the remainder of the current year (2020/21), the base assumption of £7m is predicated on internal investment works recommencing in January 2021. We are exploring whether our contractors, including City Building, have capacity to accelerate delivery. On the assumption that this should be possible, we propose to engage with individual tenants during August/September to understand whether they would be willing to allow planned internal investment works such as heating and window replacements to re-start in the autumn.
- 5.5 These are part of achieving SHQS and EESSH compliance and might allow additional spend of up to £3m to take place this financial year. Specifically, if we are able to access customer homes for internal works to start in October we anticipate being able to deliver up to an additional;
- 220 heating replacements
  - 110 kitchens
  - 50 bathrooms and
  - 725 window replacements.
- 5.6 The table below summarises the impact on SHQS and EESSH compliance of the investment range between £7m and £10m. The actual position will depend on customers’ views on allowing us access to their homes when we engage with them over the coming months.

	External and Internal Works start in October	External Works October / Internal start January 21
<b>Proposed spend</b>	<b>£10m</b>	<b>£7m</b>
Ballot Promises incl. in spend	£2.3m	£1.4m
SHQS compliance achieved	97%	92%
EESHS compliance achieved	95%	88%
Ballot Promises SHQS & EESHS achieved by	July 2021	September 2021

- **Development programme** - As a result of lockdown restrictions, all construction sites including the three new build schemes that were on site at Monreith, Sanquhar and Lincluden were shut down on the 23 March. While restrictions on development works are beginning to be eased and (at the time of writing) we expect construction to resume soon, we have updated our financial projections to reflect the impact of these site closures and the potential impact on development periods of the new working methods to be put in place to enable social distancing once sites re-open. Spend, net of grant, on new build in the current year has been assumed to reduce by £6.8m and expected completions over the first two years have been reduced. We are still projecting that over 1,000 units can be completed within the next five years as shown in the graph below.

#### *Development Programme*



In the short term, it is likely that there will be further movements in the development programme once plans for restarting construction and the implications of new working methods are fully understood. This will be reflected in the next update of the business plan.

- **Funding** – Variable interest rates have been reduced from 3.5% to 1.5% in 2020/21 and from 4% to 2.5% in 2021/22 to recognise the current low rates and short/medium term forecasts. The interest rate receivable on our cash balances has been reduced to 0% in the first year and 0.25% in year two. This is a conservative assumption and we are currently reviewing deposit rates on offer from different banks to ensure we achieve the best return possible on cash balances while operating within the risk-averse parameters of the Group Treasury Management Policy.

5.7 The first five years of the revised forecast statement of comprehensive income are shown in the table below. This shows an improvement in surplus before valuation movements year on year as a result of new build grant income recognised in turnover on completion of the units and assumed rent increases. The recognition of new build grant on completion of units in turnover results in the large movements in this figure from year to year. Excluding grant income, underlying turnover shows a steady increase over the period.

<b>SOCI £000s</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
Turnover	45,308	49,937	56,576	88,585	86,226
Operating Costs	(33,401)	(33,477)	(35,669)	(38,368)	(41,716)
Other Gains	74	75	76	76	77
<b>Operating Surplus</b>	<b>11,981</b>	<b>16,535</b>	<b>20,982</b>	<b>50,294</b>	<b>44,587</b>
Funding Costs	(6,452)	(6,369)	(6,292)	(7,323)	(9,073)
<b>Surplus</b>	<b>5,529</b>	<b>10,167</b>	<b>14,690</b>	<b>42,971</b>	<b>35,514</b>
Valuation Movement	897	(17,674)	(35,759)	(57,558)	(47,855)
<b>Total Comprehensive Income</b>	<b>6,426</b>	<b>(7,507)</b>	<b>(21,069)</b>	<b>(14,587)</b>	<b>(12,341)</b>

5.8 The downward valuation movements shown relate primarily to new build completions as properties move from a cost basis (around £150k per unit) to an assumed value of approximately £45k. This also results in the reduction in net assets in the projected statements of financial performance as shown below.

<b>SOFP £000s</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
Housing & Investment Properties	391,132	412,316	442,976	449,908	443,297
Other Fixed Assets	1,903	2,577	2,744	1,935	1,343
<b>Total Fixed Assets</b>	<b>393,035</b>	<b>414,892</b>	<b>445,721</b>	<b>451,843</b>	<b>444,640</b>
Current Assets	4,086	4,181	3,885	3,785	3,816
Cash	55,018	31,101	5,000	5,000	5,000
Current Liabilities	(16,777)	(21,230)	(42,584)	(33,525)	(11,229)
<b>Net Current Assets</b>	<b>42,327</b>	<b>14,052</b>	<b>(33,699)</b>	<b>(24,740)</b>	<b>(2,413)</b>
Long Term Liabilities	(192,101)	(193,189)	(197,335)	(227,004)	(254,469)
Pension	(3,743)	(3,743)	(3,743)	(3,743)	(3,743)
<b>Net Assets</b>	<b>239,519</b>	<b>232,012</b>	<b>210,944</b>	<b>196,356</b>	<b>184,016</b>
<b>Capital &amp; Reserves</b>	<b>239,519</b>	<b>232,012</b>	<b>210,944</b>	<b>196,356</b>	<b>184,016</b>

5.9 In addition to the impact on the financial statements we must also consider our cash generation capacity. A revised cash flow forecast for the next three years is shown below, compared to the figures shown to the Board in January.

Cashflow £000s	Revised			January 2020		
	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
<b>Operating Activities</b>						
Income	45,308	45,900	46,569	45,586	46,179	46,782
Expenditure	(24,449)	(23,550)	(24,369)	(28,297)	(25,970)	(27,741)
<b>Cash from Operating Activities</b>	<b>20,859</b>	<b>22,350</b>	<b>22,200</b>	<b>17,289</b>	<b>20,209</b>	<b>19,041</b>
<b>Investing Activities</b>						
Construction of new properties	(4,579)	(19,714)	(48,611)	(12,434)	(15,243)	(43,841)
Investment in existing properties	(7,014)	(22,175)	(20,509)	(20,797)	(14,455)	(14,479)
Other investment costs	(4,284)	(5,926)	(7,507)	(2,625)	(2,820)	(4,305)
Investment in IT & Offices	(1,545)	(1,568)	(1,184)	(1,545)	(1,591)	(1,202)
Grant Income Received (Cash)	1,761	8,337	31,203	3,449	5,261	29,916
<b>Cash from Investing Activities</b>	<b>(15,662)</b>	<b>(41,046)</b>	<b>(46,608)</b>	<b>(33,952)</b>	<b>(28,848)</b>	<b>(33,911)</b>
<b>Funding Activities</b>						
Funding Costs	(4,618)	(5,280)	(5,172)	(4,377)	(5,170)	(5,140)
Working Capital Movements	(1,339)	60	453	99	102	104
Loan Drawdowns	0	0	3,026	0	0	3,663
<b>Cash from Funding Activities</b>	<b>(5,957)</b>	<b>(5,220)</b>	<b>(1,693)</b>	<b>(4,278)</b>	<b>(5,068)</b>	<b>(1,373)</b>
<b>Net Movement in Cash</b>	<b>(759)</b>	<b>(23,916)</b>	<b>(26,101)</b>	<b>(20,941)</b>	<b>(13,707)</b>	<b>(16,243)</b>
<b>Closing Cash</b>	<b>55,018</b>	<b>31,101</b>	<b>5,000</b>	<b>34,948</b>	<b>21,241</b>	<b>4,998</b>

5.10 Compared to the figures reported in January, this shows a reduction in operating income in the first two years as a result of increased rent loss from voids, a decrease in service charge income and delays in the delivery of new build properties. The figures show a reduction in operating expenditure in all years; around £1m of the figure in 2020/21 is due to a reduction in repairs costs, but note that £3m of costs for void improvement works have been transferred from operating expenditure to other investment costs in the new forecast to bring our accounting treatment in line with the Group.

5.11 Investment in existing and new build properties has also been reduced in 2020/21 with the majority of this deferred to the subsequent two years – subject to the point made above on the potential for the internal investment figure to increase to £10m this year. The working capital movement in 2020/21 relates primarily to increases assumed in rent debtors. An assumed reduction in the interest rate receivable results in reduced income earned on cash balances and a small increase in net funding costs. Overall therefore our cash requirement in the revised projections is £20.2m less in the current year; with a “catch up” effect on spend in the two years that follow.



5.12 Our credit rating agency, Standard & Poor's, and some of our lenders also look at another key measure relating to cash flow, specifically the amount of cash we generate from day-to-day operations, stripping out non-cash accounting adjustments such as depreciation, and deducting the costs invested through our repairs and on-going capital maintenance programme. This calculation measures earnings after taking account of the investment expenditure needed to maintain the revenue generating assets and is defined as EBITDA-MRI (Earnings Before Interest, Tax, Depreciation and Amortisation with Major Repairs Included). This figure reports the earnings from the business available to pay interest costs and is the principal measure used by lenders to the UK social housing sector to assess ongoing financial sustainability.

5.13 The table below shows our cash generation capacity in EBITDA MRI terms:

	2020-21	2021-22	2022-23	2023-24	2024-25
	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's
Turnover (excl Grant)	45,308	45,900	46,569	49,141	52,199
Operating Costs (excl Depreciation)	(24,449)	(23,550)	(24,369)	(25,271)	(26,591)
<b>EBITDA</b>	<b>20,859</b>	<b>22,350</b>	<b>22,200</b>	<b>23,871</b>	<b>25,608</b>
Capital Stock Improvements	(10,277)	(26,311)	(24,769)	(17,420)	(16,836)
<b>EBITDA MRI</b>	<b>10,582</b>	<b>(3,961)</b>	<b>(2,569)</b>	<b>6,451</b>	<b>8,772</b>
Interest (net)	(6,433)	(6,349)	(6,273)	(7,304)	(9,054)
<b>Cover</b>	<b>4,150</b>	<b>(10,310)</b>	<b>(8,843)</b>	<b>(853)</b>	<b>(282)</b>
%age	165%	(62%)	(41%)	88%	97%
<i>Per January Plan</i>	<i>(76%)</i>	<i>72%</i>	<i>52%</i>	<i>83%</i>	<i>95%</i>

5.14 This demonstrates that compared to the financial projections approved in January, interest cover is higher in 2020/21, increasing from -76% to 165%, before worsening in the following two years. This movement is primarily due to the postponement of £13.6m of investment works from 2020/21 to 2021/22 and 2022/23. In years 4 and 5 there is a small improvement in cover due to a reduction in funding costs and it is anticipated that sufficient income will be generated to cover both investment and funding costs by 2026/27.

5.15 [redacted]

5.16 The funding from Allia of [redacted] was provided to deliver a specified list of new build schemes, a copy of which is attached at Appendix 1. Progress has been made on a number of these sites however where schemes are not proceeding we will need to replace them with alternate developments and seek Allia/Scottish Government approval. The Board and Development Committee will be updated on this position as our new build pipeline continues to evolve.



5.17 [redacted]

5.18 [redacted]

5.19 [redacted]

5.20 [redacted]

## **6. Key Issues and Conclusions**

6.1 The revised projections show that we remain financially strong, and are able to comply with loan covenants while delivering on ballot commitments made to tenants. Given the unprecedented level of uncertainty, they will be subject to further review and will be reported back to the Board as part of the five-year financial projections regulatory return in August.

6.2 In addition to reflecting the short term volatility arising from COVID-19, the projections make a very significant change in respect of rent increases, with the reduction of the long term rate from 3.5% to 2.9%, in line with our draft strategy.

## **7. Value for Money implications**

7.1 While COVID-19 has required us to reduce service provision in areas such as repairs and investment works in the current year we have increased the level of support available to our most vulnerable tenants. We have also increased the level of investment spend over the subsequent two years to ensure we are able to meet commitments to tenants.

7.2 To ensure rents remain affordable the revised projections continue to assume an increase of 2% for the next two years with long term increase assumptions reduced from 3.5% to 2.9%

## **8. Impact on financial projections**

8.1 Outlined above.

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

9.1 The Scottish Housing Regulator has requested a copy of these financial projections following the Board's review. The deadline for submission of the five-year financial projections regulatory return has been extended from June to the end of September. The financial projections will be reviewed and updated to reflect any changes prior to the Board in August and the regulatory return provided for approval.

## **10. Equalities impact**

10.1 Not applicable.

## **11. Recommendation**

11.1 The Board is requested to:

- 1) Note the update to our financial projections, including the reduction in the long term rent increase to 2.9%;
- 2) [redacted]
- 3) Note that a further revision to the projections will be brought back to the Board in August

APPENDIX 1: [redacted]



## **Report**

**To:** DGHP Board

**By:** Matt Foreman, Managing Director

**Approved by:** Olga Clayton, Group Director of Housing and Care

**Subject:** Rechargeable Repairs

**Date of Meeting:** 8 July 2020

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### **1. Purpose**

- 1.1. This report provides the Board with the principles and framework that is proposed to manage rechargeable repairs. The Board are asked to approve the proposed approach to raising rechargeable repairs.

### **2. Authorising context**

- 2.1. The Board is being asked to review this report with reference to the Group's Authorise/Monitor/Manage Matrix (AAMM). The Board is asked to agree to a revised approach to raising rechargeable repairs.

### **3. Risk Appetite and assessment**

- 3.1. Our agreed risk appetite for re-chargeable repairs when relating to the operating model is hungry, albeit recognising a cautious approach to risk related to funding.
- 3.2. The current key risks relating to our approach to re-chargeable repairs is:
- developing an adversarial relationship with customers instead of the supporting our 'Think Yes Together' culture in which we are looking to develop a new supportive operating culture;
  - creating high level of non-recoverable debt;
  - creating an administrative burden on the organisation; and
  - not addressing the cause through looking at the reasons behind the damage, thus not changing the behaviours.

### **4. Background**

- 4.1. At its January meeting, the Board requested a report detailing how re-chargeable repairs are identified and managed. A further report was provided to the May Board which provided more detail regarding the rechargeable repairs process, the amount of debt created, and the debt recovered by DGHP.

- 4.2. As a result of the discussion in May the Board requested that we continue to pursue the £405k of current rechargeable repairs raised. The Board were more open to consider changing the way that we manage rechargeable repairs in the future, taking into account our new closer working relationships with customers.

## **5. Discussion**

- 5.1. Historically, our approach to rechargeable repairs has provided for a high level of re-charges. This position originated from the post transfer years where the then Board insisted that any damage inflicted on properties was identified and the costs pursued.
- 5.2. The high value of some repair recharges stems from the void process e.g. recharging for house clearances, damage to internal doors, kitchen units and plastering works to make good damaged walls. We also raise rechargeable repairs for day to day repairs that are the tenants' responsibility such as lock changes for loss of door keys, broken windows, and damaged internal doors. As a result of this punitive approach, where we raise rechargeable repairs as the default position, more than one in ten of our current customers have a rechargeable repair debt owed as at 1 May 2020.
- 5.3. This approach raised £24,765 of income collected for us last year, which reduced to £17,335 once we had paid fees to our debt recovery agency. The low collation rate for rechargeable repairs is typical across all Housing Associations as rechargeable repairs are not a priority debt in the same way as rent, council tax, utilities and living costs. For many of our customers there is very little disposable income remaining after these, day to day, priority debts are paid.
- 5.4. It is understood that colleagues within the Group via the '*Communities of Excellence*' initiative have recognised that the Group changed this approach to managing behaviours as it does not yield good results in terms of financial outcomes, administrative burden, tenancy sustainment and development of a 'Think Yes Together' culture and relationship with customers on a patch level basis.
- 5.5. The Group Income Arrears and Debtors Policy outlines the key principles that should be applied across the Group when collecting income due to the various subsidiaries within the Group. The key principles applied are:
- we provide services to our customers that are in line with the Social Housing Charter and our supporting strategies;
  - we will make sure our customers are treated, at all times, with respect and dignity;
  - we will work with our customers to understand their needs and take particular account of any vulnerability that they may have. For instance, this may include changes to the welfare system which affect them, disabilities or support requirements; and
  - our staff will provide advice, information and support and where it is in the best interests of the customer, refer people to other agencies that can provide additional support.

- 5.6. This provides the framework we will apply to raising any future rechargeable repairs. It is proposed that Housing Officers in their new 1:200 patch sizes will apply a 'triple lock' approach to ensure we take a supportive approach in our relationship with customers, taking into account their circumstances, intent and the impact of the damage caused.
- 5.7. As part of the triple lock approach we will only raise rechargeable repairs for customers having considered the following three questions:
1. was the damage caused as a result of willful and negligent behavior of the customer?
  2. was the damage significant, taking into account that one-off smaller costs items will require the administrative process to be completed at a cost to the business and is highly unlikely to result in repayment to DGHP?
  3. are there any circumstances that have contributed to the damage caused? For example, a customer that may have mental health, addictions or is a victim of domestic abuse would not be charged for damage caused. We would instead work with other agencies to do everything within our power to seek a 'Think Yes Together' approach that could help the customer to sustain their tenancy and be more effective to manage their behaviors more effectively.
- 5.8. We would only raise rechargeable repairs where the damage is caused by wilful and negligent acts that cause significant damage and have no underlying circumstances that have impacted on the behaviour. It is impossible to provide a detailed procedure that could consider every circumstance we may encounter for the approach proposed at 5.6. However, Appendix 1 provides examples to demonstrate how the approach would be applied in some circumstances.

## **6. Key issues and conclusions**

- 6.1. The Board are asked to approve the new approach to raising rechargeable repairs, moving from a punitive to a positive support approach that will help sustain tenancies, improve customer behaviours and develop our close working relationship with customers as part of our 'Think Yes Together' culture.
- 6.2. If approved by the Board we will amend the guidance to our teams and amend our administrative process to capture the consideration of the 'triple lock' guidance in the raising of rechargeable repairs. The process will still include documenting the evidence of any rechargeable repairs and also provision of photographic evidence should any customer wish to challenge the decision to raise a rechargeable repair.

## **7. Value for money implications**

- 7.1. With the new operating model, greater value for money should be gained by the vast reduction in rechargeable debt and through good housing management, other behaviours will be nurtured.

## **8. Impact on financial projections**

- 8.1. No income from rechargeable repairs is assumed in our financial projections. As with the previous approach, we do not consider these proposals will result in a material level of income being generated to impact on our financial projections.

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

- 9.1. None.

## **10. Partnership implications**

- 10.1. This decision is likely to be supported by external partners as it would reduce the burden of debt and help to build on our positive working relationship with other agencies.

## **11. Implementation and deployment**

- 11.1. If approved the new approach will form part of the new training provided for all front-line staff.

## **12. Equalities impact**

- 12.1. There are no equalities impacts arising from this report.

## **13. Recommendations**

- 13.1. Board are asked to agree the new approach to the raising of rechargeable repairs.

Examples of our proposed 'triple lock' approach to raising rechargeable repairs.

### **Example 1**

A tenant has lost their keys, requiring an emergency repair to replace the lock. The customer has addiction issues and lost the keys as a result of being under the influence of the addiction.

#### *Proposed approach*

In this circumstance we would not recharge the customer. As part of our 'Think Yes Together' approach we would ensure the customer has appropriate support in place to help them manage their addiction and the Housing Officer will be empowered to seek a sustainable solution that would help support the customer. For example, a 'key safe' placed on the door to hold the keys so the customer does not lose their keys could be used. This would prevent the need for a lock change in future and support the customer to sustain their tenancy.

### **Example 2**

Mrs X has reported a broken window and bathroom lock at her home. Our records show this is the second broken window over recent weeks. In discussion with Mrs X it becomes clearer that she suffers Domestic Abuse at home but does not want to move.

#### *Proposed approach*

We would not charge Mrs X for the repair to the window or door lock and we would offer a range of target hardening measures to help protect Mrs X. We would also ensure that support, advice and referrals to relevant agencies were put in place to ensure the risks to Mrs X were raised and considered with other statutory agencies. This could include a referral to a multi-agency risk assessment conference (MARAC). We would also ensure that Mrs X is aware that at any point in future she can contact us and other statutory agencies to seek further help.

### **Example 3**

Mr K is a single person with no addictions, mental health issues or behavioural issues. Mr K has not paid his rent or engaged with all the support that we have put in place to help him manage and sustain his tenancy. Mr K has terminated his tenancy and on inspection of his home following receipt of the keys it is clear that there is significant wilful damage to the property.

#### *Proposed approach*

We would contact Mr K to clarify the reason the property is significantly damaged. Given the circumstances if it is clear that this is wilful, significant damage with no underlying causes we would recharge for the repairs as Mr K has trashed the property before handing in his keys.