

Dumfries & Galloway Housing Partnership
Meeting of Board of Management on Wednesday 29 January 2020 at
10.30am at Grierson House, Dumfries

Agenda (including confidential items)		
Item	Subject	Who
	Formal Business	
1	Statement of Conflict of Interest	Chair
2	Apologies for absence	Chair
3	Minutes of Board of Management meeting of 12 December 2019	Chair
4	Board Action Tracker & matters arising	Chair
	Items requiring a Board decision (or significant items for noting)	
5	Chief Executive Update	AMcG
6	Development Update including Monreith scheme approval	JP
7	DGHP Transformation Programme	SD/AMcG
8	DGHP 2020/21 Financial Projections	SH/HC
9	Governance Integration	EM/AA
10	In house repairs mobilisation plan	AA
11	Refinance Update and Allia loan agreement- Item not published as commercially sensitive Section 33(1)(b) of the Freedom of Information (Scotland) Act 2002	SB/SH
12	Finance Report	HC
13	Performance Report – to end of December 2019	AMcG
14	Tenancy Debt Write Off Report	SJM
15	Digital Strategy Update	HC
16	Land Disposals	CW
	Items for discussion time permitting	
	Reports for information only	
	Date of next meeting – 26 February 2020	

Members must not divulge confidential information outside of the Boardroom or to anyone who does not have a right and need to know that information. Members must never use any information they receive in their capacity as a Board member in such a way as to discredit DGHP.

MINUTES OF BOARD OF MANAGEMENT MEETING HELD ON THURSDAY 12 DECEMBER 2019 IN GRIERSON HOUSE, DUMFRIES

Members present: Bill Robertson (Chairman), Irene Clark, Maureen Dowden, John Henderson, Heather Macnaughton, John McCraw, George Thorley and Michael Greaves Mackintosh.

In attendance: Alex McGuire (Interim Chief Executive Officer), Martin Armstrong (Chief Executive Officer, Wheatley Group), Matt Foreman (DGHP Managing Director), Hugh Carr (Director of Finance), Jayne Moore (Director of housing Services), Eilidh Mowat (Company Secretary), Christopher Watt, (Head of Corporate Business), Steven Henderson (Group Director of Finance), Samantha Bett (Director of Treasury), Iain McAulay (Pinsent Masons), Kirsty McLean (Pinsent Masons).

1. Statement of conflict of Interest

None

2. Apologies for absence

None

3. Minutes of Board of Management meeting of 27 November 2019

The Board **APPROVED** the Minutes of the Board of Management meeting of 27 November 2019.

4. Board Action Tracker & matters arising

The Board **AGREED** the actions marked complete to be removed from the tracker.

5. Chief Executive Update

The interim Chief Executive welcomed Matt Foreman, DGHP's new Managing Director to the meeting who had also been in attendance at the EGM that morning. The Board noted that the main updates on the progression of the partnership with Wheatley Group will be covered elsewhere on this Agenda. The Board **NOTED** the Interim Chief Executive's update.

6. Wheatley Group Partnership (including Intra-Group agreement)

The interim Chief Executive gave a report. The EGM had now successfully concluded, and the Board noted that a 5 year strategy would now be created, encompassing our commitments to tenants. The Board discussed the

intra – group agreement, noting that signing will take place on 18th December, along with a photograph opportunity to mark the occasion. The Board asked for an update on the progress of the recruitment of the Head of Repairs, noting that there have been 6 applications. The Board discussed generally the benefits of economies of scale that the partnership will bring, such as internal audit and insurance.

The Board NOTED progress with the conclusion of the Partnership with Wheatley Housing Group, including the legal conclusion of the partnership arrangements agreed by DGHP members at the EGM arranged for 12 December; and APPROVED the signing, by the Chair, of the Intra-Group Agreement between DGHP and Wheatley Group.

7. Rent Increase Consultation 2019/2020

The Director of Housing Services gave a report. The Board AGREED to consult with tenants on the proposal to increase the rents by 2% in 2020/21 as has been set out in the partnership consultation and ballot information provided to tenants; and AGREED to receive feedback from the consultation at its meeting in February 2020.

8. Company Membership

The Company Secretary gave a report. The Board discussed the categories of membership and AGREED that a review of the membership policy should be picked up as part of the governance refresh that will be done. The Board APPROVED the applications for Company Membership at Appendix 1.

9. Door Entry Replacement Programme

The Board AGREED to enter into a one-year framework agreement with Martec Limited via the Scottish Procurement Alliance within the budget allowance of £500,000 with an option to extend the contract for a further two years

SIGNED:

DATE:

DGHP
BOARD ACTION TRACKER

Item 4

Ongoing Actions

Date of Meeting	Agenda Item	Board Decision	Actions arising	Target Date for Completion
22.10.19	11	NOTED the scrutiny panel report on complaints and compensation	Programme of work for scrutiny panel to be drawn up and reported to Board	February 2019
27.11.19	10	<p>NOTED the deficit for the year to date of £808k;</p> <p>NOTED the commentary on the financial performance and projections;</p> <p>NOTED the loans balance at the end of March 2019 was £165m, and that net debt was £115.228m at 31 October; and</p> <p>NOTED the projected compliance with all existing lenders' covenants for 2019/20.</p>	<p>Paper with update on digital strategy to be brought to Board</p> <p>Paper on rent arrears analysis to be brought to January Board to reconcile information in finance report with that of the performance report</p>	<p>Board meeting January 2020</p> <p>A full presentation & report will be provided to February Board that examines arrears management holistically in the group context</p>
27.11.19	13	<p>APPROVED the Strategic Risk Assessment & Heat Map;</p> <p>NOTED the Deep Dive template and the programme of reporting dates;</p> <p>APPROVED the new process and update from the operational risk assessments; and</p> <p>APPROVED the Business Continuity document and note that a full review will be required after the partnership is agreed and repair service move.</p>	RISK REGISTER: add an action to reflect that management training should take place in respect of the culture change required to mitigate risk of cultural change not happening	Risk register to be updated by Feb audit committee

DGHP
BOARD ACTION TRACKER

Item 4


Actions/Decisions from 12 December Board meeting

Date of Meeting	Agenda Item	Board Decision	Actions arising	Target Date for Completion
12.12.19	5	NOTED the Chief Executive update		
12.12.19	6	NOTED progress with the conclusion of the Partnership with Wheatley Housing Group, including the legal conclusion of the partnership arrangements agreed by DGHP members at the EGM arranged for 12 December APPROVED the signing, by the Chair, of the Intra-Group Agreement between DGHP and Wheatley Group.		
12 12 19	8	AGREED to consult with tenants on the proposal to increase the rents by 2% in 2020/21 as has been set out in the partnership consultation and ballot information provided to tenants; and AGREED to receive feedback from the consultation at its meeting in February 2020.		

DGHP
BOARD ACTION TRACKER

Item 4

	9	APPROVED the applications for Company Membership at Appendix 1.	Board had a discussion about the Independent membership of the company. Agreed that a review of the membership would be included as part of the governance refresh to be done.	to tie in with governance refresh timeline
12 12 19	10	AGREED to enter into a one-year framework agreement with Martec Limited via the Scottish Procurement Alliance within the budget allowance of £500,000 with an option to extend the contract for a further two years		

	<p>REPORT TO BOARD OF MANAGEMENT</p> <p>29 JANUARY 2020</p>	<p>ITEM NO 5</p>
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TITLE	CHIEF EXECUTIVE UPDATE		
DATE	20 JANUARY 2020		
AUTHOR	INTERIM CEO		
FOR	NOTING ✓	DISCUSSION	DECISION ✓
PURPOSE OF THE REPORT			
<p>The purpose of the report is to update the Board on key activities and events since the last Board meeting. The report includes cross references to other agenda items as appropriate.</p>			
RECOMMENDATIONS			
<p>19.1 NOTE the Interim Chief Executive's update; and</p> <p>19.2 AGREE to proceed with the recruitment of DGHP Development Manager</p>			
IMPLICATIONS			
FINANCIAL AND STAFFING	<p>Where relevant, financial and staffing implications are picked up in related reports included elsewhere in the agenda and in particular under Item 8 – Draft Business Plan</p>		
LEGAL/ REGULATORY	<p>Assists Board understanding of key business issues in accordance with SHR Regulatory Framework. Specifically, Board members attention is drawn to the Engagement Plan from the Scottish Housing Regulator.</p>		
RISK ASSESSMENT/ KEY RISKS	<p>Highlights key risks as appropriate</p>		

CONSULTATION REQUIRED OR PLANNED	None
IMPLICATIONS FOR SERVICE USERS	Nothing specific as this is a general update
PRIMARY STRATEGIC OBJECTIVE	All
EQUALITY & DIVERSITY	DGHP always seeks to comply with the terms of the Equality and Diversity Act 2010

Background

- 1 The update is structured thematically to give the Board oversight of key issues since the last Update Report.

Governance, Regulation & Legal

- 2 Regular meetings, telephone discussions and email exchanges have taken place with SHR specifically regarding recent regulatory matters, Governance Review recommendations and the process to identify a potential constitutional group partner following the Review of DGHP's Strategic Purpose and Direction.
- 3 SHR was informed of the EGM outcome on 12 December 2019, that resulted in DGHP formally joining the Wheatley Group. As such, our regulatory interaction and engagement will now come through the Group and accordingly, SHR has now deleted the previous DGHP Engagement Plan from its website and this has been replaced with the wider Wheatley Housing Group Engagement Plan.
- 4 There has been no further Notifiable Events, relating to DGHP, submitted to SHR since the last Board meeting on 12 December 2019.
- 5 The progress with implementing the Partnership with Wheatley Housing Group and the associated re-finance and funding arrangements are reported separately under items 6, 7, 8 and 9 respectively on the agenda.

Freedom of Information

- 6 As Board members will be aware, Freedom of Information legislation became applicable to Registered Social Landlords in Scotland from 11 November 2019. (FOISA)

- 7 Since the implementation date of 11 November, DGHP (at the time of writing this report) has had a further 2 requests. One request came from a national body enquiring about electrical safety tests carried out in our tenants homes and the other is from a tenant enquiring about our safeguarding policies. We issued a full response in respect of the former and are considering our response to the latter, as we are still within the statutory time period to respond.

Strategic Environment

- 8 The Interim CEO continues to meet with Jamie Little, Head of Housing Strategy at Dumfries and Galloway Council, on a monthly basis to maintain a strategic dialogue and communications as we pursue our future Strategic Vision agreed by the Board. Jamie and senior colleagues from the Council are visiting Wheatley Group colleagues in Glasgow on 24 January to see first-hand some of the projects and approaches to community regeneration that could be adapted and applied to our regeneration across communities in Dumfries and Galloway.
- 9 The interim CEO continues to engage with elected members, including MSPs and Councillors to ensure communication is maintained through this important period for DGHP as we implement our Strategic Partnership arrangements. Arrangement are being made to meet with the CEO of the Council in order to introduce the Wheatley Group CEO and bring him up to speed with the partnership progress and pave the way for dialogue with the incoming DGHP Managing Director and the senior management team at the Council.

People incl. H&S

- 10 Item 11 on the agenda covers some of the Group Governance issues to be addressed going forward, including recruitment of new members to DGHP Board. We currently have vacancies for two independent members, and, at the December EGM and Board meeting, the Board agreed to proceed to recruit suitable candidates for these roles, in accordance with the skills matrix previously agreed by the Board at the Governance Review in 2019. George Thorley has also intimated his decision to resign from the Board, from end of March 2020, therefore it is intended that we now seek to recruit three independent Board members using the skills matrix to identify the skills and experience required to complement the current Board skill set along with the gaps created by George's departure.
- 11 As reported at the last Board meeting, Matt Foreman will formally commence his new role as Managing Director at DGHP on Monday 24 February 2020 and will attend the Board meeting on 26 February 2020. Following a handover week, the current Interim CEO will depart on Friday 28 February 2020.

As agreed by the Board on 27 November, as part of the Repairs Service Business Case Approval, the process to identify and recruit a new Head of Repairs has concluded

- 13 Similarly, recruitment for the business-critical role of a manager within the Repairs set-up for Health, Safety, Environment and Quality (HSEQ) has concluded

- 14 As advised separately to the Board at the beginning of January 2020, Jim Preston, Interim Director of Investment and Development, will leave DGHP at the end of January to take up a new role as Interim CEO at WESLO Housing Management in Bathgate. Board Members, whilst pleased for Jim, raised concerns that we move quickly to fill any gaps in leadership, experience or service delivery that his departure will create.

- 15 A key role that we need to fill is a local senior leader for our New Build Development programme. This is a role that we would always have needed to create and is included in the new operating model and associated structure, albeit that Jim's departure has brought this to a head a bit sooner than we anticipated. This was discussed at the recent Development Committee on Monday 20 January 2020 and committee were very supportive of moving quickly to fill this role. It is anticipated that we will need to recruit externally to this post and the job description and job evaluation have been completed, working with Group colleagues, to ensure consistency across the other Group members, and the job advert is now in place. **Board agreement** is formally requested to proceed to fill this key leadership role that will report through the DGHP Managing Director to the DGHP Board and Development Committee as well as have a direct reporting line into the Group-wide Development and Regeneration Director.


- 16 Another key role triggered by Jim's departure is the senior leader for the DGHP capital investment programme into our existing homes. Pending agreement and implementation of the new DGHP Operating Model an interim position for the next 3 months has been created as Head of Investment reporting directly to DGHP's MD. Following internal recruitment, the interim post has been offered to and accepted by Lorna McCubbin our current Compliance Manager at DGHP. This post will be formalised and made permanent as we proceed to implement the new Operating Model following Board agreement, staff consultation etc.
- 17 The new operating model for DGHP, linked to the Partnership principles of an empowering 'Think Yes' approach as well as the 1:200 housing patch size, will be presented to the Board at the meeting on 29 January for information and consultation.
- 18 Finally, as Interim CEO, I would like to record my thanks to Jim for his leadership and expertise over the last 12 months that has delivered transformational improvement in our landlord compliance position, our understanding of our assets and the delivery of the capital investment and new build programmes. I am sure the Board would wish Jim all the best in his new role.

Recommendations

- 19 The Board is invited to:

19.1 NOTE the Interim Chief Executive's update; and
19.2 AGREE to proceed with the recruitment of DGHP Development Manager

Author:	Alex McGuire, Interim CEO
Responsible Director:	Interim CEO
Date:	20 January 2020

	REPORT TO THE BOARD OF MANAGEMENT 29 JANUARY 2020	ITEM NO 6
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TITLE	PROPOSAL TO ACCEPT THE TENDER FOR A NEW DEVELOPMENT SCHEME AT ST. MEDANS, MONREITH INVOLVING FIVE DWELLINGS																	
DATE	20 JANUARY 2020																	
AUTHOR	INTERIM DIRECTOR OF INVESTMENT & REGENERATION																	
PURPOSE OF THE REPORT																		
To seek Board approval to accept the tender for the construction of 5 new properties at St Medans, Monreith.																		
RECOMMENDATION																		
32.1 APPROVE the tender from McTaggart Construction for the completion of our development at St Medans, Monreith																		
IMPLICATIONS																		
FINANCIAL AND STAFFING	<div>The costs for the development are:</div> <table><tr><td>Land Acquisition =</td><td>£</td><td>57,334</td></tr><tr><td>Tender Sum =</td><td>£</td><td>1,178,320*</td></tr><tr><td>Other Costs =</td><td>£</td><td>168,880</td></tr><tr><td>Total Cost (5 units)</td><td>£</td><td>1,404,534</td></tr><tr><td>Cost per Unit =</td><td>£</td><td>280,907</td></tr></table> <div>*Negotiations are ongoing with McTaggarts to identify cost efficiencies through Value Engineering.</div> <div>The development is included within the Business Plan Staffing resource within current establishment.</div>			Land Acquisition =	£	57,334	Tender Sum =	£	1,178,320*	Other Costs =	£	168,880	Total Cost (5 units)	£	1,404,534	Cost per Unit =	£	280,907
Land Acquisition =	£	57,334																
Tender Sum =	£	1,178,320*																
Other Costs =	£	168,880																
Total Cost (5 units)	£	1,404,534																
Cost per Unit =	£	280,907																
LEGAL/REGULATORY	Building Warrant was approved on the 13 December 2019.																	

	Planning Permission was approved for on 22 October 2019.
RISK ASSESSMENT/KEY RISKS	<ul style="list-style-type: none"> • Loss of Support from the Local Authority and Scottish Government for future schemes if we do not meet timetable for SOS. • Risk of low demand for the properties. <p>See Appendix 4</p>
CONSULTATION REQUIRED OR PLANNED	Development Committee considered this at its first meeting on 20 January 2020.
IMPLICATIONS FOR SERVICE USERS	Minor disruption, noise etc will affect adjoining owners during the works.
PRIMARY STRATEGIC OBJECTIVE	SO3: To build new affordable housing to strengthen our communities throughout Dumfries and Galloway.
EQUALITY & DIVERSITY	We shall not discriminate on grounds of race, colour, ethnicity, sexual orientation, marital state, age or disability when investigating complaints.
IF A DECISION IS NECESSARY IS AN OPTION APPRAISAL CONTAINED IN THE BODY OF THE REPORT	Yes

BACKGROUND

1. DGHP purchased the site in **2017**. The site was purchased for £57,334, including costs. Scottish Government grant of £54,240 was claimed for the acquisition.
2. The development is currently on the DGC SHIP programme and discussions have taken place with the Local Authority Strategic Housing department who have fully supported the scheme since 2015. The development is registered for Government Grant funding with £292k allocated for the 2019/20 financial year and the remainder in 2020/21.
3. DGHP previously built 10 units (2 MMR and 8 general needs) at St. Medan's completed in 2015 on the adjacent site.
4. This land was purchased from DGHP by the Small Communities Housing Trust who were to market three plots for self-build. However, the Trust were unable to progress the sales and DGHP re-purchased the plots.
5. We initially submitted Planning Permission for six units but following discussion with DGC Planning the number of units has been reduced to

five.

6. Since August 2019 we have been in discussion with McTaggart Construction with a view to appointing them as the main contractor for the development. DGHP were able to access the Wheatley contractor framework which has helped reduce the tender period within the programme.

SCHEME PROPOSAL

TYPE	2B4P	3B5P	TOTAL
Bungalow	1	0	1
House	2	2	4
Total	3	2	5

TYPE	Floor Area m2	Nationally Prescribed Space Standards
2B4P House	88m2	79m2
2B4P Bungalow	70m2	70m2
3B5P House	102m2	102m2

7. Although the proposed bungalow could be deemed as 'amenity' housing, having level access showers, widened doorways and level access, it is not full wheelchair accessible housing under the housing for varying needs standards part 2.
8. All properties are social rent for general needs. We have discounted NSSE and MMR after discussion with the Local Strategic Housing team.
9. The current floor areas meet the minimum space standards to comply with the Scottish Government Homes for Varying Needs and Building Regulations. The specification of the houses is different from phase one and has been upgraded to a silver level of sustainability to make the homes EESSH2 compliant.
10. The Form of Contract is be a single stage traditional type with a SBCC Standard Building Contract with quantities. Future schemes will move to a Design and Build contract which will be more appropriate in the majority of cases.
11. The financial assessment is based on assumptions approved by Board in May 2015 that *"development schemes show a positive NPV by year 40, and preferably close to year 30. This is tested using standard assumptions for rent, rent increases, void losses, management and maintenance costs and long-term major repair costs, and using a cautious discount rate of 6%."*

Demand

12. Housing Services have confirmed their support for this scheme.

13. Need Based Lettings waiting list – see Appendix 3.

Financial

Project Costs			Funding		
Acquisition	Acquisition	£57,334	Grant	Scottish Government	£54,240
		£57,334			£54,240
Construction	Build	£648,308	Grant	Scottish Government	£358,680
	External Works/Services/Drainage	£189,698			
	Prelims	£340,314			
		£1,178,320			£358,680
Other	Design Team Fees	£161,380	Private Finance	Private Finance requirement	£991,614
	Other: Planning, Warrant, RCC, Commuted Sum Building SI/Topo,	£7,500			
		£168,880			£991,614
	Total Development Cost	£1,404,534		Total Funding	£1,404,534

14. Rent Levels

Property Type	DGHP (2020/21)	Rent	LHA Variance
2 Bed	£93.71		- £4.10
3 Bed	£99.00		-£9.26

15. NPV

	@ 6% discount rate*	@ 5% discount rate	@ 3.5% discount rate
40 Year NPV	-£634,023	£-572,464	-£445,177
Payback period	More than 40 Years	More than 40 Years	More than 40 Years

* The current discount rate agreed for option appraisal purposes by DGHP Board is 6%.

The current average cost of borrowing across all DGHP loans before refinancing is approximately 5%.

The average cost of borrowing after refinancing in the Partnership Business Plan is 3.5%.

We are submitting in this format for Board consideration of the true costs of developing our legacy schemes all of which will be expensive to build out.

16. Comparison to previous completed DGHP schemes as follows:

PROJECT	HOMES	TOTAL COST	GRANT (HAG & LA)	COST/ UNIT	COST/ M2	40yr NPV @ 6%	NPV per Unit at Year 40	YEAR APPROVED
St Medans, Monreith	5	£1,404,534	£412,920	£280,907	£3,121	-£634,023	£126,805	2020
Friars Vennel, Dumfries	6	£1,780,246	£851,993	£296,708	£4,181	-£417,426	-£69,571	2016
Mill Rd, Lochmaben	25	£4,297,758	£2,358,000	£171,910	£1,854	-£126,305	-£5,052	2016
Lochfield Road, Dumfries	16	£2,282,352	£1,425,540	£135,721	£2,094	£440,601	£27,538	2016
Queen Street, Dumfries	3	£849,541	£467,566	£283,180	£1,177	-£177,322	-£59,107	2016

17. Timetable

Development Committee	20 January 2020
Board Approval	29 January 2020
Tender Analysis	December 2019
SOS	February 2020
Completion	November 2020

Implications of delay

18. EMT are recommending we proceed with this scheme in order to re-build our reputation locally and demonstrate to both the Local Authority and the Scottish Government that we can deliver new affordable homes for the region.
19. However, this is an extremely expensive site to develop and one of the examples we have discussed with Board of sites purchased in previous years without an adequate initial options appraisal. We will continue to work with the contractor to make savings and have asked our consultant why the initial cost plan is so far out against the original tender price.
20. To abandon the scheme at this stage will involve paying grant back to Scottish Government of **£54,240** plus interest and writing off committed abortive fees **£168,000**. However if this scheme, and the three others listed below, does not start on site within the current financial year it will detrimentally affect the relationship DGHP is working hard to re-build with its key partners and funders to the point that it would jeopardise DGHP obtaining support for future schemes and delivering on the promise made to our customers as part of the Strategic Partnership.
21. In effect we are having to subsidise legacy schemes to regain our credibility and support for future development from the Local Authority and Scottish Government. We are also supporting the Local Authority and the Small Communities Housing Trust by completing a scheme that the SCHAT has failed to progress, despite commitments it made to DGC and the Scottish Government, although at great cost to DGHP
22. At its meeting on 20 January 2020, the Development Committee discussed a tentative proposal to tender for Monreith and discussed the value in bundling all four sites into one, to allow one contractor to take all four sites.
23. The Committee noted the reduction in costs identified in this paper by £100,000 during ongoing negotiations with McTaggart and the walk away costs of £222,240.
24. The Development Committee recommended to Board on 29 January the approval of the tender from McTaggart construction for the completion of the development at St Medans, Monreith, subject to officers trying to re-negotiate a price with the contractor and with City Building.
25. The Committee noted that approvals are required for this scheme from the Wheatley Group Board.

Additional key priority schemes for 2019/2020

26. In addition to this scheme DGHP has committed to starting on site at the following schemes before the end of March 2020. Reports on each of the schemes will be brought to the DGHP Development Committee and Board in February and where Wheatly require, to Group Development Committee and Group Board.
27. Based on current Cost Plans, the NPVs for these three schemes are likely to be as challenging and expensive to build out, as follows:

Year 40 NPV	@ 6% discount rate	@ 5% discount rate	@ 3.5% discount rate
Queensberry Square, Sanquhar 12 homes	-£154,234	£5,104	£338,450
The Former Stables, Lincluden 32 homes phase 1	-£1,975,136	-£1,528,669	-£606,158
Nursery Avenue, Stranraer 19 homes	-£805,704	-£559,966	-£52,056
Combined NPV for the 3 Schemes	-£2,935,074	-£2,083,561	-£319,764

28. However, we are advising caution as the NPVs quoted are based on the cost plan figures which were substantially lower at Monreith than the actual tender price.
29. At current Board approved discount rate of 6%, these 4 schemes are likely to require a subsidy of £3.6m for 68 new homes, but will restore our credibility that we can deliver new homes as a Developing organisation
30. Discount rate is the notional interest rate used to test the viability of a project. It is used to discount the value of future cashflows (acquisition cost, build cost, income, running costs but excluding interest cost) from an investment or project back to the current (or 'present'). The cumulative figure over a period (either the length of an investment or project, or a funding period of (usually) 30-40 years is the Net Present Value. A positive NPV means a scheme will generate a positive return if the funding rate is equal to or less than the discount rate.
31. To set a discount rate, best practice is to start with the borrowing rate and then add at least 1%, to allow for the impact of cost increases, delays in income, change in borrowing rates etc – hence our traditional 6% discount rate when borrowing has been around 5%, however with our borrowing now at 3.5%, we should perhaps review the rate with Board for NPV appraisals. A rate of 3.5% plus 1% risk element would be more appropriate whilst still prudent

Attachments:

Site Layout (Appendix 1)

Floor Plans/Elevations houses types (Appendix 2)

Demand Statistics (Appendix 3)

Risk Register (Appendix 4)

Recommendation

32. The Board are requested to:

32.1 APPROVE the tender from McTaggart Construction for the completion of our development at St Medans, Monreith

Consulted with	Comments
Jayne Moore, Director of Housing Services 30 December 2019	<p>Monreith is a small village settlement located within the Machars area of Wigtownshire. It has a population of approximately 65 persons. The village lies 18 miles South of the main settlement of Newton Stewart. DGHP owns and manages 13no properties in the village with an average turnover of 1 property per annum.</p> <p>The level of housing demand in the wider Machars area is patchy due to a general de-population of these rural communities. However, the level of demand for this small settlement is healthy and there would be no risk of failing to allocate to persons with a recognised housing need – new build is obviously very attractive. There would be a small risk of creating vacancies within DGHP's existing stock as a result of allocating the new build, but the majority of applicants would be from the general housing list as opposed to the transfer list.</p> <p>Monreith would not be a priority location for a development of this nature as there is greater demand in many other areas across Dumfries and Galloway. However, under the circumstances, assurances can be given that the properties will be let.</p> <p>Once the scheme is given the go-ahead, the company would pre-allocate the wheelchair adapted property to ensure the specific needs of the applicant is met through the design stage.</p>
Finance -Hugh Carr December 2019	<p>Although the scheme as currently costed does not meet DGHP's stated criteria for development, the scheme is recommended for approval because:</p> <ul style="list-style-type: none"> • The scheme represents completion of one of the legacy issues, and demonstrates DGHP's willingness to step forward where the DGSCHT has failed to meet its promises to DGHP and DGC to complete the planned self-build units • To not progress would jeopardise DGC and Scottish Government support for

other schemes, both current and future. This would include the larger legacy sites at Dumfries and Thornhill. If support for these schemes is withdrawn, DGHP could conceivably face demands from the Scottish Government for repayment of up to £5m in HAG which funded the purchase of these sites

- The scheme does not meet development criteria because of the high costs; we will not be pursuing similar small schemes in remote areas in the foreseeable future
- The scheme is affordable in the Partnership Business Plan, and the required private finance is in place and drawn down

Maintenance – Gary McGeogh December 2019

As Monreith is a very small village with very few houses I can advise from a Repairs dept perspective that I am happy to support this small additional development to be considered for construction within one of our existing estates, especially so after due diligence having been carried out and demonstrating that there is demand for additional housing in this area.



Report

To:- DGHP Board

By:- Stephen Devine, Programme Director DGHP Transformation, Wheatley Group

Approved by:- Elaine Melrose, Group Director Resources
Alex McGuire, DGHP Interim Chief Executive

Subject:- DGHP Transformation Programme

Date:- 29 January 2020

1 Purpose

- 1.1 To present, for Board approval, a transformation programme for DGHP that delivers on the promises, commitments and outcomes enshrined in the Partnership Proposal endorsed by tenants in the recent ballot and the associated Business Case approved by DGHP Board.
- 1.2 This programme builds on the work that has been on-going to make DGHP the landlord of choice in Dumfries and Galloway and to create the capabilities needed for a strong and successful future as part of Wheatley Group. The programme will:
- reinforce excellence in customer service delivery and performance;
 - position DGHP for growth opportunities that come as being part of Wheatley Group;
 - structure on-going change and energise it through making use of group capabilities alongside those in DGHP; and
 - realise DGHP's vision - as part of Wheatley Group.

2 Authorising context

- 2.1 Under the Group Authorise/Manage/Monitor Matrix, the DGHP Board has responsibility for authorising new operating/service delivery models in its areas, such as those that the transformation programme will deliver. The Wheatley Board has responsibility for ensuring progress

with key strategic projects such as DGHP's migration to operating successfully as part of Wheatley.

3 Risk appetite and assessment

3.1 The transformation programme is covered by the Operating model (modernising services etc) category in the Group's risk appetite framework. Risk appetite in this area is "**Hungry**". This level of risk tolerance is defined as "eager to be innovative and choose options offering potentially higher business rewards (despite greater inherent business risk)".

3.2 A full risk analysis will support the transformation programme. For now, key risks are highlighted.

Risk	The transformation programme is seen as more change when staff are already uneasy about the level of change in DGHP and how it has been managed
Impact	Lack of engagement with staff makes achieving required outcomes more challenging and, in extreme, could make delivering the desired outcomes unachievable
Mitigation	<ul style="list-style-type: none"> • Early and on-going engagement with staff. • Being clear on the value of the required outcomes including how they will benefit staff and customers. • Develop and successfully execute a communications and staff engagement plan.
Risk	Other priorities means that required resources are not made available to deliver the transformation programme
Impact	Required outcomes are delayed, reduced in scale and/or not delivered
Mitigation	<ul style="list-style-type: none"> • Board level commitment to programme in DGHP and Wheatley. • Reprioritisation to ensure resources are available. • Robust and detailed programme planning and management.
Risk	DGHP does not have the skills needed to achieve the required transformation
Impact	Transformation fails to deliver required outcomes
Mitigation	<ul style="list-style-type: none"> • Supplement capabilities in DGHP with group and external expertise as required. • Ensure most experienced and capable staff lead the programme. • Learn from other parts of Wheatley that have

	achieved similar change and reuse existing processes, systems and methods wherever possible and applicable.
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4 Background

4.1 DGHP's key drivers in seeking a constitutional partnership that ultimately saw it joining Wheatley Group on 12 December 2019 were:

- Landlord compliance.
- Strong and resilient corporate governance.
- Effective strategic leadership (internally and externally).
- Growing and diversifying our housing and services offer.
- Investing sustainably.
- Improving access to, and choice of, services.
- Gaining and maintaining support from our key stakeholders.

4.2 Now that DGHP is part of Wheatley it, like all other subsidiaries in the Group, will be play a major part in contributing to the strategic outcomes set out in the Group strategy for 2020-25, Inspiring Ambition, Unleashing Potential. These outcomes and the Strategy themes that they sit in are:

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

- 4.3 These themes and outcomes fit well with DGHP’s stated key drivers for partnership and provide an ambition that should, and will, underpin DGHP as it transforms as part of Wheatley Group.
- 4.4 Considerable progress has been made already in DGHP’s transformation through partnership with Wheatley including but not limited to:
- Establishing the formal constitutional partnership within 6 months of DGHP deciding on joining Wheatley.
 - Refinancing DGHP so as to create financial capacity for investment in its homes and to provide far greater business flexibility.
 - Continuing progress in bringing DGHP’s repairs service in house which will provide a platform for service improvement and better customer experience.
 - Engaging staff positively on the principles that will underpin DGHPs future operating model, namely:

- Think Yes – at the heart of interactions with our customers, both internally and externally.
 - 1:200 patch sizes – enabling front line staff to build even stronger relationships with our customers to deliver personalised customer service.
 - Customer First – delivering the right outcomes for customers will be what informs our future processes.
 - Staff supported and empowered to achieve best outcome for customer.
 - Customers will receive end to end service – reducing hand offs between staff/teams which will increase ownership for staff and improve customer experience.
 - Structure based around service delivery – operating principles will inform structure.
 - Flatter structure - shorter authorising environment so that decisions are taken as close to the customer as possible
 - Working collaboratively and staff involved in designing service delivery.
 - Grow the opportunities for employment in the area.
 - Use the specialisms in the group whilst sharing our expertise.
- 4.5 To build on this progress and ensure delivery of partnership benefits for customers, staff and stakeholders, a transformation programme is proposed. Details of this are provided at Appendix 1.
- 4.6 Planned changes in DGHP provide an unique opportunity to shape the way DGHP operates around this future agenda and to align organisational resources to effectively deliver on key outcomes. The focus will be to establish customer focused, high performing teams, with the necessary value base, skill set and leadership capacity, to secure success and contribute positively to wider group strategy and leadership. This process has begun with the appointment of DGHP's new Managing Director, and is further prioritised through the stated intention having a new DGHP staffing structure in place by May 2020 in the attached plan.

5 Context for proposed transformation

- 5.1 The proposed DGHP transformation plan has been developed to deliver the expected benefits from partnership that were set-out in Wheatley's proposal to DGHP. These benefits are grouped in terms of their impact on **DGHP** as an organisation, its **stakeholders, tenants and staff**, and are summarised below:
- Benefits for DGHP:
 - An end to high engagement with the SHR.
 - Strengthened landlord compliance.
 - An even stronger Board with access to CPD and talent.
 - In-house repairs and investment delivery.
 - Service Excellence.

- Enhanced financial capacity through refinancing existing loans.
- Strategic landlord of choice across Dumfries and Galloway.
- An even stronger local presence, identity, voice and partner.
- Benefits for Stakeholders:
 - Strong, committed local partner.
 - No need for high engagement.
 - Committed, long term funders.
- Benefits for Tenants:
 - Accelerate investment in homes.
 - Increased new build.
 - Wider range of services including digital, accessible local housing officers, extensive wrap around support and specialist to meet particular need.
 - Stronger 'voice' to influence decisions.
 - Lower rent increases than the current business plan assumption (2% max for 3 years).
 - My Savings.
- Benefits for Staff:
 - Enhanced careers pathways.
 - Access to bespoke locally based and online learning.
 - No compulsory redundancies.
 - Corporate service staff locally based.
 - Part of organisation with reputation for excellence.
 - WE Benefits.

5.2 To deliver these benefits and transform DGHP, so it has the capacity and capabilities to realise its future ambition as part of Wheatley, a focused and coordinated programme of work is needed. This programme is presented in high-level at Appendix 1, along with mapping showing how the various activities come together to ensure the benefits above are achieved. The programme is discussed further in Section 6 (Transformation Programme).

5.3 The programme will require changes to DGHP's strategic context, structure and operating environment. These changes, which will support DGHP as part of Wheatley Group, also provide opportunities, which - if capitalised on - will drive and embed the business change that DGHP has previously identified as essential. Examples of key changes and the opportunity they provide are outlined below:

Changes	Potential opportunity	Expected benefit
DGHP's strategic context will now include that of the Group and its stakeholders	To refresh DGHP's strategy to set a clear vision, take advantage of group capabilities and focus on serving customers	Increased strategic ambition (see section 2.2) that takes full advantage of capabilities available to DGHP as part of Wheatley
DGHP's Board forms part of wider group governance environment	To build on the extensive expertise in DGHP's Board and to have it focus on strategic governance rather than stabilisation	Even stronger and more effective governance that directs DGHP as it becomes the <i>landlord of choice</i>
A new operating model that reflects ThinkYes and 1:200 frontline housing	Empowered staff that know their customers and are equipped to respond to needs	Improved customer service and a culture in DGHP that provides the foundation needed to become an outstanding organisation
<p>Introducing key group frameworks/ ways of working to DGHP.</p> <p>Particular frameworks will include:</p> <ul style="list-style-type: none"> • Assurance • Financial reporting • Performance reporting • Treasury management • SHR and other regulatory reporting • Board meeting preparation and planning • Executive level decision making • CSE/IIP/EFQM 	Using these group frameworks to provide established methods to deliver improvement for the benefit of customers and staff	<p>Access to fully developed frameworks, and skilled practitioners, with a proven track record in supporting improved performance and customer excellence</p> <p>DGHP contributes fully to group wide external accreditation plans and is recognised for excellence with resulting positive impact on stakeholder perception</p>
<p>Involving DGHP as part of key group processes including:</p> <ul style="list-style-type: none"> • Strategic planning • Business planning • Rent setting • Workforce planning 	Using these processes to build shared understanding with colleagues in group and to make use of established approaches.	Increased capacity among DGHP, and group, staff through joint working, and sharing ideas, knowledge and approaches

Changes	Potential opportunity	Expected benefit
Staff in DGHP will work with, and across, the larger staff pool in Wheatley	To use Wheatley staff expertise to provide support to DGHP staff as they embark on cultural and other change	Access to resources and expertise to support DGHP drive improvement
Moving to Wheatley's group service model	Access to skills, expertise and resources to support DGHP transformation and business operations.	Allows DGHP's leadership to focus on customer service delivery and provides its corporate staff with career pathways and the opportunity to work, in D&G as part of larger distributed staff teams in Wheatley

6 Transformation programme

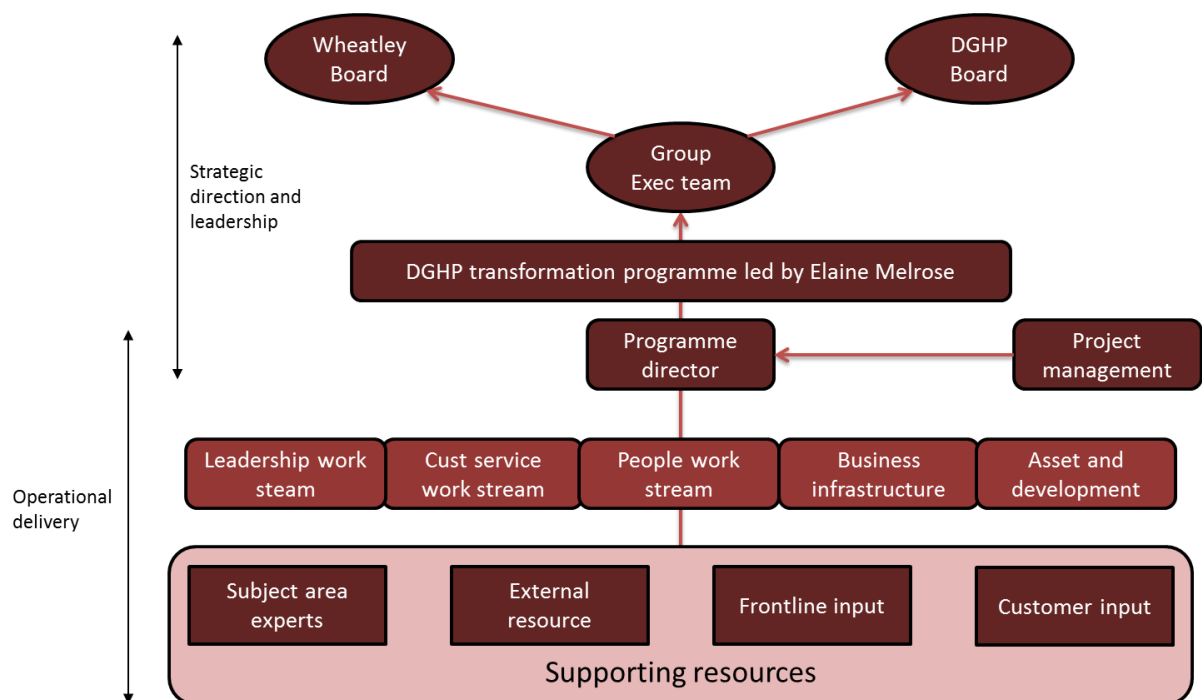
- 6.1 The programme is built around the following themes and required outcomes. Quick wins in each theme are also identified.

Theme	Outcome	
Leadership	<ul style="list-style-type: none"> DGHP and its strategy are aligned with wider group direction and priorities A culture of, and approach to, measuring and driving performance is embedded in DGHP DGHP's governance, as part of Wheatley Group is recognised as an exemplar DGHP's reputation with stakeholders is further enhanced including through being a partner in Wheatley Group 	
	Quick win	Group policies and frameworks
Customer Service	<ul style="list-style-type: none"> DGHP customers enjoy an enhanced customer experience with DGHP delivering services that reflect customer needs similar to others in Group 	
	Quick win	Day 1 customer offer and in house repairs
People	<ul style="list-style-type: none"> DGHP staff are supported to deliver high performance and are aligned with, and contributing to, the transformation 	
	Quick win	Characteristics of operating model defined

Theme	Outcome	
Business infrastructure	<ul style="list-style-type: none"> DGHP has the operating and systems environment it needs to support its business 	
	Quick win	Access to group finance, treasury, assurance, governance, HR, ICT etc expertise
Asset and Development	<ul style="list-style-type: none"> DGHP has the operating and systems environment it needs to support its business 	
	Quick win	Achievable development programme

6.2 Delivering the programme will draw on expertise from across DGHP and elsewhere in Wheatley Group. This expertise will be supplemented by specialist external expertise where needed. The programme at Appendix 1 looks to complete DGHP's transition to group working in around 15 months. This timeline is challenging for a programme of the scale and complexity planned, but achievable based on experience of other new partners transitioning to working effectively as part of Wheatley group.

6.3 The structure below will be used to deliver the programme and provide the senior level focus that such a transformation requires. The structure also includes customer and frontline staff input to ensure that customer needs drive the required change.



6.4 DGHP's Board will provide the strategic context and direction needed for the transformation, and will have overall responsibility for its success. DGHP's Managing Director (MD) will be accountable to the

Board for reporting and ensuring overall progress including that the benefits of partnership are realised. Progress towards the overall outcomes will be reported to the DGHP Board quarterly. The Wheatley Board will also take a keen interest in progress given the strategic importance of the transformation and the associated interdependencies from a regulatory, governance, performance and reputational perspective.

- 6.5 The Group Executive Team will provide executive level oversight including through periodic progress reporting from the Group Executive Director Resources and the Programme Director. Day-to-day leadership will be provided by the Programme Director. The Programme Director is an experienced Director in Wheatley with extensive experience in leading previous migrations to group, and understanding of change management, a collaborative approach and a track record of delivering improvement. More generally staff from across DGHP including its Managing Director will be heavily involved in the programme leading themes and actions. Specific roles and responsibilities are included in Appendix 1.
- 6.6 Considerable effort will also be required from staff across DGHP supplemented by group capabilities as necessary, to ensure that - as an absolute minimum - existing customer service and performance is not affected adversely by the DGHP-wide focus on transformation.
- 6.7 Systems development and migration to group systems will be the most effective way of embedding key aspects of the planned transformation. Planning in this area will be taken forward as part of the programme, with a dedicated project manager for this key area.
- 6.8 Strong leadership, good governance, adequate resources and culture change will be critical to the successful transformation, and in establishing an environment where staff at all levels are empowered to deliver for their customers within a clearly defined strategy. Such an environment will typically be characterised by:
 - Sustained and positive energy levels.
 - Cross-functional and collaborative working for the benefit of customers.
 - A culture of openness, trust, transparency and a willingness to communicate at all levels, where leaders inspire, coach and support development.
 - A preparedness to embrace change and to see it as the norm.
 - Confidence and a willingness to challenge with clear organisational objectives that are owned by conscientious and motivated leaders and their teams.
- 6.9 Particular attention will be taken in establishing the team that drives the transformation to ensure that these characteristics are exhibited.

7 Key issues and conclusions

- 7.1 Transformation is required in DGHP to ensure that benefits of its partnership with Wheatley are realised, it can operate effectively as part of Wheatley and the strategic importance of DGHP in Dumfries and Galloway is maximised.

8 Value for money implications

- 8.1 The transformation programme fits with all three of the value for money drivers that customers across Wheatley have identified – repairs, investment in homes and 24/7 customer services. Implementing the programme will help ensure that value is delivered for DGHP customers.

9 Impact on financial projections

- 9.1 The transformation programme will be delivered within existing DGHP and Wheatley business plans.

10 Legal, regulatory and charitable implications

- 10.1 There are no legal or charitable implications associated with the transformation programme. Ensuring DGHP exits high engagement with the SHR is a specific intended benefit of partnership that will be supported through delivering the programme. It is also to be expected that the SHR will seek updates on progress as part of its routine engagement with Wheatley.

11 Partnership implications

- 11.1 Strengthening DGHP and its ability to deliver local priorities including new build and employability opportunities through the transformation programme will enhance its relationship with key stakeholders.

12 Implementation and deployment

- 12.1 Indicative implementation timescales are included at Appendix 1. A specific identity will be developed for the transformation programme to support engagement and bring those involved together, with a single purpose.

13 Equalities impact

- 13.1 Equalities implication will be considered as part of detailed scoping and delivery of applicable activities in the transformation programme.

14 Recommendations

- 14.1 The DGHP Board is asked to agree the proposed transformation programme.

DGHP transformation programme

Key activities and people

January 2020

Transformation delivery team

Transformation delivery team role	Who	Key individuals	Task owners
Group Executive lead	Elaine Melrose (EM) - Group Exec Director Resources	Martin Armstrong (MA) – Group Chief Executive Olga Clayton (OC) – Group Exec Director Housing Tom Barclay (TB) – Group Exec Director Property Steven Henderson (SH) – Group Exec Director Finance Graham Isdale (GI) – Group Exec Director Corporate Affairs	
Programme Director	Stephen Devine (SD) - Director of Business Growth	Elaine Melrose/Matt Foreman	
Leadership (including performance, governance and reputation)	Matt Foreman (MF) - DGHP MD	Angela Howarth (AH) – Business Excellence Frameworks Manager Paddy McLaughlin (PM) – Learning and Growth Lead Heather Voisey (HV) – Partnerships Manager Ranald Brown (RB) – Director of Assurance Yvonne Flynn (YF) – Director of Communications and Marketing Anthony Allison (AA) – Director of Governance Eilidh Mowat (EMo) – DGHP Company Secretary David Ford (DF) – DGHP Performance and Insights Manager Lee Herron (LH) – DGHP Communications and Communities Manager	See more detailed planned – single lead (DGHP or Wheatley) with identified supporting/link individual (s)
Customer Service Excellence	Hazel Young (HY) - MD Dunedin	Jayne Moore (JM) – DGHP Director of Housing Services (day 1 services lead) Alex Adrain (AAd) – Wheatley 360 MD	See more detailed plan

Transformation delivery team role	Who	Key individuals	Task owners
	Canmore	Pauline Thomson (PT) – Furnished Services Manager Liam Spence (LS) – Organisational Development Lead Lorraine McLaren (LMc) – Director of Wheatley Foundation Evie Copland (EC) – DGHP Stakeholder Relationship Manager Michael Shrimpton (MS) – DGHP HR Operations Manager Jacky Power (JP) – DGHP Business Intelligence Manager Margaret McKeand (MM) – DGHP Customer Engagement	
People	Lesley Wilkinson (Director of Employee Relations)	Michael Shrimpton (MS) – DGHP HR Operations Manager Liam Spence (LS) – Organisational Development Lead Join the Dots (Dorothy Bulmer) Stephen McQuillan – IIP only	See more detailed plan
Business Infrastructure	Anthony Allison (Director of Governance)	Lewis Macgregor (LM) – Director of IT Keith Penman (KP) – DGHP IT Manager Anthony Allison (AA) – Wheatley Solutions offer (excl areas specifically identified) Sam Bett (SB) – Director of Treasury Pauline Turnock (PT) – Director of Financial Reporting Ranald Brown (RB) – Director of Assurance Hugh Carr (HC) - DGHP Director of Finance (to end of March 2020 then someone TBD) Lillian Baikie (LB) - Operations Manager, Customer Experience	See more detailed plan

<i>Transformation delivery team role</i>	<i>Who</i>	<i>Key individuals</i>	<i>Task owners</i>
<i>Asset and Development</i>	Jackie McIntosh (JMc) - Director of property development and initiatives	Brian Stewart (BS) – Director of Investment, Repairs and Compliance New head of repairs DGHP David Fletcher (DF) – Director of Development Programme Laurie Carberry (LC) – Group Procurement Manager Kevin Stewart (KS) – Wheatley/DGHP New Build Lorna McCubbin (LMcC) – DGHP Compliance Manager	See more detailed plan
<i>Project Support</i>		Richard Dale (RD) - Project manager (systems) Evie Copeland (EC) - Project manager (non-IT) Project admin TBD	

DGHP Transformation Programme

Leadership work stream: Matt Foreman

Outcome	Key Actions	Measures	Assigned Lead	Support	When	Task id
DGHP and its <u>strategy</u> are aligned with wider group direction and priorities	Develop DGHP's vision and ethos for the future – what it wants to be	Staff and leadership aligned on future vision	HY	MS	Dec 19	L1
	Evolve and align DGHP's strategy to reflect its ambition as part of Wheatley Group	Agreed refresh strategy available	MF	AH	Mar 20	L2
	Review and revise (as necessary) DGHP's operating model in Group context <ul style="list-style-type: none"> Housing (including environmental and wrap around) Corporate Repairs 	New operating model agreed	MF JM EM OC	HY	Mar 20	L3
	Develop, consult on and implement staffing structures	Staff in roles in new operating model/structure	LW	MS	May 20	L4
	Explore respective roles of DGHP3, Novantia Lowther and Wheatley Solutions to ensure maximum strategic and operational synergies	Clear roles and accountabilities including value adding intra-group service relationships where appropriate	SD	TBD	Sept 20	L5
	Support DGHP staff in making and maintaining strategic and operational connections with colleagues across Wheatley	DGHP and its staff see themselves, and are seen as, an integral part of Wheatley group	EM	EC	On-going	L6
	Build and reinforce DGHP transformation brand so it reinforces the nature and value of positive change for DGHP	Brand developed for DGHP transformation programme	YF	LH	Dec 20	L7
	Programme of cross-group Board engagement and development	Strong links between members of governance structures	AA	EMo	On-going	L8
	Work with SHR so they understand DGHP progress and delivery against desired improvement	End to high-engagement status	MF	AA	Apr 20	L9
	Plan future (beyond the life of this transformation programme) change in	Plan agreed	MF	SD	Dec 20	L10

Outcome	Key Actions	Measures	Assigned Lead	Support	When	Task id
	DGHP					
	Recognise and articulate the impact that DGHP has on Wheatley including how it has changed as a result	Staff and stakeholders across Wheatley understand how the group has changed through partnership	EM	MF	Sept 20	L11
A culture of, and approach to, measuring and driving performance is embedded in DGHP	Review existing approach to performance management	Confidence in how performance in DGHP is measured	RB	TBD	Feb 20	Prf1
	Identify suitable benchmarks for use in comparing key elements of performance	Suitable benchmarks identified	RB	TBD	Feb 20	Prf2
	Align expectations and behaviours with the supportive/empowered/ accountable environment need for high performance	Values and required behaviours understood by all staff	MF	HY	Jun 20	Prf3
	Introduce performance framework that aligns with approach in wider group – strategic target setting, flowing all the way through to expectation of individual performance	Framework being applied	MF	TBD	Mar 20	Prf4
	Articulate importance of ARC measures (and high performance more generally) across all staff	Performance measures in place	MF	RB	Jun 20	Prf5
	Explore opportunities to sharpen focus on performance at individual and team levels, and roll out new approaches	Gap analysis between what is needed and existing approach	MF	HY	Jun 20	Prf6
	Share expertise from group on supporting good performance	Performance reporting available through covalent	RB	TBD	On-going	Prf7
	Roll out Covalent to support availability of timely, information on performance – local	Covalent in place with useful measures	RB	TBD	Jun 20	Prf8

Outcome	Key Actions	Measures	Assigned Lead	Support	When	Task id
	manual input					
	Make any required DGHP systems changes to support effective and accurate information in Covalent	Automated provision of data to Covalent	KP	RB	Sept 20	Prf9
	Performance reporting through group systems	Aligned to group reporting mechanisms	KB	LMc	Mar 21	Prf10
	Monitor use and support staff during familiarisation stage	Staff are comfortable with new approach	JM	RB	On-going	Prf11
	Use performance information to drive improvement	Continuous improvement adopted as way of working	MF	HY	On-going	Prf12
DGHP's <u>governance</u>, as part of Wheatley Group is recognised as an exemplar	Update DGHP policy environment to include and reflect group policies <ul style="list-style-type: none"> key/identified as risk in DD all other 	DGHP aligned with applicable Group Policies	AA	EMo	Mar 20 Sept 20	G1
	Implement group governance framework (standing orders GAF, GAMM etc) and performance reporting changes required for effective group working	Group frameworks deployed in DGHP	AA	EMo	Mar 20	G2
	Programme of cross-group Board engagement and development	Strong links between members of governance structures	AA	EMo	On-going	G3
	Introduce Board member appraisal, development plans and succession model in line with group wide approach	Agreed group wide Board Development plans in place at DGHP	AA	EMo	Mar 20 onwards	G4
	Create environment through which Board can focus on strategic leadership	Board can step back from more operational considerations	MF	AA	On-going	G5
	Review approaches taken to supporting, including through papers provided, Wheatley and DGHP Boards and adopt	Quality of Board reports improved through adopting best practice	AA	EMo	Jun 20	G6

Outcome	Key Actions	Measures	Assigned Lead	Support	When	Task id
	best practice					
	Board member (cross group) familiarisation with expectations and opportunities that come with DGHP as a partner in Wheatley	Strong and effective relationship established between board members from across the group	AA	EMo	Mar 20 and as required	G7
	Produce a Board development plan	Board development plans are in place	DGHP Board	AA	Jun 20	G8
	Explore and implement options for building a pipeline of future Board members	Increased tenant involvement in governance	AA	EMo	Jun 20	G9
DGHP's <u>reputation</u> with stakeholders is further enhanced including through being a partner in Wheatley Group	Develop themes to support communications of, and buy in to the transformation programme	Widely recognises DGHP transformation programme	LH	YF	Dec 19	R1
	Develop and promote DGHP Brand in line with its vision	Key stakeholders recognise the value DGHP brings	YF	LH	On-going	R2
	Conduct assurance review on DGHP	Key risk areas assessed and actions agreed	RB	TBD	Mar 20	
	Review risk management approach and link to group wide approach	Refreshed risk management approach in place	RB	TBD	Mar 20	R3
	Develop business continuity plans in line with agreed group policy	Group business continuity policy implemented at DGHP	JMc	TBD	Mar 20	R4
	Develop strong relationships with Dumfries and Galloway Council including through strategic agreement	Strategic Agreement in place	MF	MA	Jun 20	R5
	Transition to group assurance arrangement	Assurance programme delivered	Group Assurance	TBD	Mar 20	R6
	Group external audit appointed	Consistent approach	Group Finance	TBD	Sept 20	R7
	Map key stakeholder environment in DGHP	Understand, influence and leverage stakeholder landscape	MF	AH	Sept 20	R8

Customer Service work stream; Hazel Young

Outcome	Key Actions	Measures	Assigned Lead	Support	When	Task id
DGHP customers enjoy an enhanced customer experience with DGHP delivering services that reflect customer needs similar to others in Group	Review and update as necessary customer data	Key data available for all customers	JP	HY	Mar 20	CS1
	Develop Customer Segmentation for DGHP customer base	Segmentation available for DGHP	JP	HY	Sept 20	CS2
	Finalise day 1 services (see below) and implement	Finalise Implement	JM	SD	Nov 19 Mar 20	CS3
	Role and behaviour/ethos training and development for frontline housing and repairs staff and managers	Staff are focused on customers, Think Yes ethos	MS	HY	Jun 20	CS4
	Roll out mobile technology Repairs Housing	Staff agree they have technology needed to do job	MB	HY	Mar 20 Sept 20	CS5
	Provide support to adopt new ways of working – patch based, VMB, performance managed	Staff become established in new roles	MB	HY	June 20	CS6
	Systems training for frontline housing staff on group systems	Staff can use key group systems	LS	MB	Depends on migration timescale	CS7
	Scope and phasing on (future beyond day 1) customer facing services is agreed	Partnership value for tenants realised	JM	TBD	Feb 20	CS8
	Refresh and expand customer engagement approaches and activities as necessary	New expanded customer engagement in place	EC	HY	June 20	CS9
	Develop understanding of customer defined localities across Dumfries and Galloway and introduce locality planning	Customer feel the needs in their localities are understood and reflected	MB	HY	Sept 20	CS10
	Support effective participation by DGHP staff in existing group structures that are focuses on customer service improvement	DGHP staff participate fully in group communities of excellence	Community of excellence leads	EC	On-going	CS11
	'Day 2' service development complete, with future service innovation part of BAU	Partnership commitments met	JM	SD	Dec 20 (long-stop	CS12

					date)	
	Use CSE/IIP/EFQM frameworks to review progress and shape priorities for on-going development	DGHP included as part of group CSE reviews	LS	MS and external (Stephen McQuillan)	Sept 20	CS13

Day 1 services offer

Day 1 (assume 31 March 2020)	Potential Day 1 (subject to scoping)
My Savings	24/7 – full service -
Handyperson service – resourced in DGHP	Welfare benefits advisors - ensuring customers are aware of their full entitlement
Free books for U5s – Dolly Parton Imagination Library	Fuel advisors - helping to improve customers' energy efficiency and lower their fuel bills,
Bursary programme – up to £1,500 for people in DGHP Homes going to FE/HE	Home Comforts - providing free recycled quality furniture to people in need;
Response fund – hardship assistance for tenants	Eat Well - providing emergency food supplies to vulnerable customers,
Employability – Wheatley pledge wage incentive for employers (non-supplier) offer jobs and apprenticeships for people in DGHP homes	Access to discounted homes content insurance
Police product – details to be confirmed	
Group protection services	

People work stream: Lesley Wilkinson

Outcome	Key Actions	Measures	Assigned Lead	Support	When	Task id
DGHP staff are supported to deliver high performance and are aligned with, and contributing to, the transformation	Develop customer centred, high performance culture, with empowered staff	Staff engagement and satisfaction	MF	LS	On-going	P1
	Assess leadership development requirements to build required capabilities and capacity	Leadership development requirements agreed	MS	LS	Mar 20	P2
	Define respective roles and accountabilities of DGHP executives and Board members in group context to ensure clarity and improve decision making	Respective roles and accountabilities of execs and boards understood	EM	MF	Mar 20	P3
	Programme of cross-group staff engagement and development	Respective roles understood and strong links established between staff in new roles	EM	EC	On-going	P4
	DGHP workforce planning linked to group	Overall group wide view of resource requirements	LW	MS	Jun 20	P5
	Digital Skills Audit	Audit complete	MS	LS	Mar 20	P5
	Annual learning plan developed for DGHP based on skills profiling	Learning plan for DGHP agreed	MS	LS	Mar 20 (annual thereafter)	P6
	Roll out WE benefits (rewards gateway) to DGHP staff	Staff can access online and high st savings	LC	MS	Mar 20	P7
	Review of recruitment and induction to support DGHP going forward	Key recruitment needs agreed and on gong induction	LW	MS	Mar 20	P8
	Refreshed approach to personnel development planning rolled out for staff providing clear expectations on role, performance, behaviours	Updated approach	MS	LS	Jun 20	P9
	Career development pathways and accredited learning in place for key groups including: Leadership	Pathways agreed	MS	LS	Jun 20	P10

Outcome	Key Actions	Measures	Assigned Lead	Support	When	Task id
	Middle managers Frontline					
	Local Academy to support people development established – operational aspects	Dedicated space for learning and development	MS	LS	Sept 20	P11
	Communities of Excellence embedded for key services	DGHP staff participating fully	MB	Comm excl leads	Jun 20	P12
	Approaches in place for DGHP to recognise success in individuals and teams.	Agreed approach rolled out and working well	RY	YF	Sept 20	P13
	Talent pipeline established – graduates, apprentice, leaders of the future	DGHP has staff to meet future needs	LW	MS	Sept 20	P14
	DGHP success recognition approach agreed	Key achievements being celebrated	RY	YF	Sept 20	P15

Business infrastructure work stream: Anthony Allison

Outcome	Key Actions	Measures	Assigned Lead	Support	When	Task id
DGHP's has the operating and systems environment it needs to support its business	Review existing priorities and approach to Finance, and migrate to group working arrangements	DGHP corporate services part of group approach	PT	HC	Jun 20	BI 1
	Review existing priorities and approach to Communications, and migrate to group working arrangements	DGHP corporate services part of group approach	SB	KC	Jun 20	BI 2
	Review existing priorities and approach to Treasury, and migrate to group working arrangements	DGHP corporate services part of group approach	YF	LH	Mar 20	BI 3
	Review existing priorities and approach to Learning and Development, and migrate to group working arrangements	DGHP corporate services part of group approach	LS	MS	Jun 20	BI 4
	Establish DGHP Academy – physical building aspects	Learning base in DGHP	JMc	HC	Sept 20	BI 5
	Review existing priorities and approach to Treasury, and migrate to group working arrangements	Common understanding of DGHP approach	SB	HC	Jun 20	BI 6
	Review existing priorities and approach to business as usual (Support, purchasing etc) ICT, and migrate to group working arrangements	DGHP corporate services part of group approach	LM	KP	Jun 20	BI 7
	Review existing priorities and approach to other corporate services, and migrate to group working arrangements	DGHP corporate services part of group approach	Various	TBD	Jun 20	BI 8
	Assess future group wide systems approach to determine preferred approach to migrating DGHP	Systems migration approach agreed	LM	KP	Mar 20	BI 9
	Review and design DGHP's future systems environment based on group capabilities and DGHP's emerging requirements	Common understanding of capabilities and priorities	LM	KP	Jun 20	BI 10
	Plan system migration to group systems	Agreed approach, plan and timescales	LM	KP	Sept 20	BI 11
	Implement transition to group systems	Common systems as part of group	LM	KP	Mar 21	BI 12

Outcome	Key Actions	Measures	Assigned Lead	Support	When	Task id
	Determine approach to customer contact taking account of DGHP	Joined up customer contact handling approach	LB	LS	Sep 20	BI 13
	Implement agreed approach	New approach implemented	LB	LS	Jun 21	BI 14

Asset and Development work stream: Jackie McIntosh

Outcome	Key Actions	Measures	Assigned Lead	Support	When	Task id
DGHP's has the operating and systems environment it needs to support its business	Review existing priorities and approach to development	Common understanding of DGHP develop programme	DF	JP	Dec 19	DA1
	Migrate DGHP development activities to Group working	Robust approach in place	DF	JP	Mar 20	DA2
	Develop development programme reporting in line with group standard	Robust info on DGHP development activities for Board	DF	JP	Jun 20	DA3
	Review existing compliance arrangements across key risk areas – gas, asbestos management, fire, legionella, transport, CDM etc	Common understanding of DGHP compliance position	BS	LMcC	Feb 20	DA4
	Migrate DGHP compliance activities to Group working	Robust approach in place	BS	LMcC	Mar 20	DA5
	As necessary design new approach to key health and safety risk areas	Agreed approach to addressing any identified issues	BS	New post	Mar 20	DA6
	Implement new compliance approach and reviewed effectiveness	Compliant operations	BS	LMcC	Jun 20	DA7
	Review existing approach to asset management and investment planning and delivery	Common understanding of DGHP asset management capabilities and investment priorities	BS	TBD	Mar 20	DA8
	Migrate DGHP asset management and investment planning activities to Group working	Agreed approach	BS	TBD	Jun 20	DA9
	Year 1 investment delivery mobilisation complete		BS	TBD	Jun 20	DA10
	Finalise DGHP investment priorities for year 1 and programme for yrs 2 to 5	DGHP investment plan – to meet tenant promises	JMc BS	TBD	Mar 20	DA 11
	Migrate to PIMMS/group systems	Consistent approach to assets with rest of group	BS	TBD	Sept 20	DA 11
	Review DGHP corp estate and develop future strategy	Clear corp asset strategy	JMc	JP	Jun 20	DA 12
	Migrate approach to corp estate to group and implement strategy	Corp asset strategy being implemented	JMc	JP	Mar 21	DA 13

Outcome	Key Actions	Measures	Assigned Lead	Support	When	Task id
	Review implementation of planned in-house repairs delivery including benefits realisation	Common understanding of success and priorities	JMc	New post	Sept 20	DA 14
	Develop plan to further develop and optimise repairs	Agreed approach to further enhancement	JMc	New post	Dec 20	DA 15
	Implement changes and monitor effectiveness	Further enhancements	JMc	New post	Mar 21	DA 16

DGHP Transformation Journey: expected progress by work stream

End of....	March 20	June20	Sept 20	Dec 20	Mar 21
Leadership	DGHP strategy as part of Wheatley Assurance review complete Key group polices applied to DGHP Group risk frameworks introduced	New staff structure implemented Performance culture adopted Reporting through covalent – using manually inputted info DGHP Board meetings and papers meet group standard Strategic agreement with D&G Council	Future of DGHP3 and Novantie decided Reporting automated with DGHP system produced data Pipeline for future Board members established Group external audit adopted	Fully aligned to group working	Reporting automated using group systems produced data Performance culture embedded
Customer service	In-house repairs rolled out Day 1 customer offer rolled out	In house gas service ThinkYes/Customer focus embedded Tools and approaches to support new ways of working (VMBs, performance info	Tools for mobile working deployed	Full Customer offer deployed – Day 2	Full suite of info available to support customer service

		etc) – manual work arounds			
People	Define desired of operating model Skills/resource gaps in DGHP known Understand expectations in group	Learning and career pathways for DGHP staff New structure	DGHP Academy in place DGHP takes part on W.E. Excel		
Business infrastructure	Group approach to finance, HR, Treasury and assurance defined	Group approach to other corp services in place	Migration to group systems fully planned		Migration to group systems complete
Asset and development	Group support to DGHP development, compliance, and investment established		Aligned asset management approach with rest of group established	Next phase of in- house repairs development complete	

How plan delivers on the promises to DGHP in the partnership proposal

DGHP

Benefit	Tasks (reference to proposed transformation programme above)	When
An end to high engagement	L7, L9, CS12, P1, P2, Prf 3, prf 4, Prf 10, G1-G9, R3, R6, DA4	April 2020 * subject to agreement with SHR
Strengthened landlord compliance	DA 4-7	Sept 2020
An even stronger Board with access to CPD and talent	G1-G9	Sept 2020
In-house repairs and investment delivery	Current deliverable through on-going partnership development work	April 20/Jun 2020
Service Excellence	L1, L3, CS1 to CS13	Mar 21
Enhanced financial capacity through refinancing existing loans	Current deliverable through on-going partnership development work	Dec 20
Strategic landlord of choice across Dumfries and Galloway	L7, R1 – R7	Mar 21
An even stronger local presence, identity, voice and partner	L7, R1 – R7	Mar 21

Stakeholders

Benefit	Tasks	When
Strong, committed local partner	L7, CS10, R1 –R8	
No need for high engagement	L7, L9, CS12, P1, P2, Prf 3, prf 4, Prf 10, G1-G9, R3, R6, DA2	Apr 20
Committed, long term funders	Current deliverable through on-going partnership development work	Dec 19

Tenants

Benefit	Tasks	When
Accelerate investment in homes	Current deliverable through on-going partnership development work, L3, L4, DA8 –DA11,	From Apr 2020
Increased new build	Current deliverable through on-going partnership development work, L3, L4, DA1–DA3	From April 2020
Wider range of services including digital, accessible local housing officers, extensive wrap around support and specialist to meet particular need	CS3, 5, 8, 21, BI 10-14	Mar 20 and Dec 20
Stronger 'voice' to influence decisions	CS 9 and CS10	Mar 21
Lower rent increases than the current business plan assumption (CPI (2%) only for 3 years)	Current deliverable through on-going partnership development work	Mar 20
My Savings	CS3	Mar 20

Staff

Benefit	Tasks	When
Enhanced careers pathways	P4, P8, P9, P10, 14	Sept 20
Access to bespoke locally based and online learning	P11	Sept 20
No compulsory redundancies	Current deliverable through on-going partnership development work	Mar 20
Corporate service staff locally based	L3, BI 1 to BI 9	Mar 20
Part of organisation with reputation for excellence	R1 to R8	Mar 21
WeBenefits	P7	Mar 20

	REPORT TO THE BOARD OF MANAGEMENT 29 JANUARY 2020	ITEM NO 8
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TITLE	DGHP 2020/21 FINANCIAL PROJECTIONS		
DATE	20 JANUARY 2020		
AUTHOR	STEVEN HENDERSON, GROUP DIRECTOR OF FINANCE		
FOR	NOTING	DISCUSSION √	DECISION √
PURPOSE OF THE REPORT			
The purpose of this report is to seek approval of the DGHP 2020/21 Financial Projections and related key financial ratios.			
RECOMMENDATION			
20.1 APPROVE the updated financial projections for investment in assets and services 20.2 AGREE that the projected 2020/21 figures form the basis of next year's annual budget which will be presented to the Board for final approval in March			
IMPLICATIONS			
FINANCIAL AND STAFFING	The financial projections set out the resources required to deliver the commitments made to tenants in terms of service delivery and investment and how this will be funded.		
LEGAL/REGULATORY	There are no specific legal implications arising from the revised financial projections. Implementation of specific actions identified in these projections may have legal implications and specific legal input will be sought as part of any business case approval process for these actions.		

	We will provide a copy of these business plan financial projections to the Scottish Housing Regulator in accordance with our agreed engagement plan.
RISK ASSESSMENT/KEY RISKS	Appendix 1 attached details key risks and potential impact on the financial projections and covenants
CONSULTATION REQUIRED OR PLANNED	Consultation with our tenants on the key commitments from our partnership with the Wheatley Group was carried out in late 2019 and these are reflected in the financial projections in this report.
IMPLICATIONS FOR SERVICE USERS	Resources have been included in the financial projections to deliver the substantial improvements in services, customer experience, development, investment and repairs we committed to as a result of the partnership with Wheatley Group.
PRIMARY STRATEGIC OBJECTIVE	All
EQUALITY & DIVERSITY	No new implications.
IF A DECISION IS NECESSARY IS AN OPTION APPRAISAL CONTAINED IN THE BODY OF THE REPORT	Not applicable.

BACKGROUND

1. Financial projections were presented to the Board in November 2019 and the impact of the financial covenants in our new loan agreements with M&G and RBS were presented to the Board in December.
2. This report outlines the updates we have made to these financial projections since then.

Delivery of commitments to tenant

3. As part of our partnership proposal, a number of key commitments were made to tenants in relation to improved services and homes. Our updated financial projections include the resources required to meet these commitments including the following (all figures include inflation):
 - Lower rents than planned – our financial projections reflect the commitment to increase rents by no more than 2% a year for the next three years.

- Additional investment capacity – investment in existing properties of over £75m has been provided for in the period from 2020/21 to 2024/25. This meets investment requirements identified in the stock condition survey, including amounts required to meet the Energy Efficiency Standard in Social Housing (“EESH”), and allows for the delivery of £5m of additional works identified by tenants as a priority.
- 1,000 new build houses in the region – in the five years to 2025 spend of £167m has been provided to fund the development of around 1,000 new homes. This is assumed to be funded in part by £84m of grant income from the Scottish Government.
- Improved frontline and customer services – a provision of £0.7m per year has been included from 2020/21 to fund additional staffing required as part of strengthening our frontline staffing model – in particular moving to 1:200 housing officer patch sizes. This will increase the number of staff working closely with tenants in local communities.
- An enhanced repairs and maintenance service with jobs brought in house – existing provisions for repairs and maintenance have been maintained within our forecasts despite the anticipation that bringing the service in house will result in efficiency savings. A conservative estimate of VAT saving in respect of staffing element of current contracts of £0.5m per year has been recognised from 2021/22.
- Improved services to older and disabled people – £0.2m been included each year from 2020/21 in respect of a new handyperson service and provision has been made within the investment programme for an increase in medical adaptations.

Funding arrangements

4. These new lines of investment in assets and services have been made possible by virtue of our new funding arrangements.
5. It has been further assumed that an additional £20m loan facility from Allia will be drawn in March 2020.

Key Financials

Financial Projections

6. The five year financial projections are set out in the tables below. These show the Statement of Comprehensive Income and Statement of

Financial Position respectively for DGHP, Novantie and DGHP 3 combined.

7. Note that these projections reflect the proposed alignment of accounting policies with the other RSLs in the Wheatley Group. The key change is the move to carry our housing properties at valuation, rather than cost, on our balance sheet (known as the Statement of Financial Position). This presents a more realistic reflection of the true value of the organisation's net assets – showing an increase from the £18m at March 2019 on the old basis to a projected £238m in March 2021. Releasing this previously “hidden” value has been key to the new capacity we have generated for investing in our communities and tenants' homes.

STATEMENT OF COMPREHENSIVE INCOME	Forecast				
	Year 1 2020/21	Year 2 2021/22	Year 3 2022/23	Year 4 2023/24	Year 5 2024/25
	£'000	£'000	£'000	£'000	£'000
Total Income	46,954	50,146	61,419	83,823	87,338
Operating Expenditure	(37,301)	(36,167)	(38,867)	(41,354)	(44,658)
Gain on Investment Properties	74	75	76	76	77
Operating Surplus	9,727	14,055	22,627	42,546	42,757
Operating Margin	21%	28%	37%	51%	49%
Net Finance Costs	(6,211)	(6,259)	(6,260)	(7,390)	(9,147)
Movement in Value of Social Housing	1,467	(30,211)	(39,454)	(45,244)	(34,351)
Total comprehensive income	4,984	(22,414)	(23,087)	(10,089)	(740)

STATEMENT OF FINANCIAL POSITION	Forecast				
	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000
Fixed Assets	413,534	407,311	420,633	439,991	444,628
Current Assets	37,596	23,941	7,753	7,807	7,861
Current Liabilities	(17,097)	(18,546)	(33,983)	(33,857)	(11,229)
Net Current (Liabilities)/Assets	20,499	5,395	(26,230)	(26,050)	(3,368)
Long term liabilities	(192,101)	(193,189)	(197,973)	(227,599)	(255,658)
Provisions (LGPS Pension)	(3,743)	(3,743)	(3,743)	(3,743)	(3,743)
Net Assets/Reserves	238,189	215,775	192,688	182,599	181,859

8. One of the consequences of the alignment of accounting policies with the rest of the Wheatley Group, and the move to showing the value of our assets on the balance sheet, is that grant income on new build homes is shown in turnover at the point the properties are completed. That is why turnover and surplus grows significantly, especially in 2024

and 2025 when volumes of new build completions are forecast to be highest.

9. We have, however, also made very conservative assumptions in relation to the value of the completed new build properties, such that these are immediately written down from their construction cost of well over £100k to a valuation figure which is a discounted cash flow of the net rental stream over 30 years, typically around £45k. That is why the “movement in the value of social housing” is shown as a negative figure in the Statement of Comprehensive Income. Throughout the period of the projections our new assets figure remains strong and healthy.
10. The detailed financial projections are set out in Appendix 1.

Key financial ratios and covenants

11. Notwithstanding the accounting volatility that new build can bring as noted above, when considering our position we also look to the amount of cash that the business generates from its operations, strip out non-cash accounting adjustments such as depreciation and deduct the costs invested through our repairs and ongoing 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.
12. The measure reports the earnings from the business available to pay interest costs. This is now the principal measure used in the UK social housing sector to assess ongoing financial sustainability. It has for some time been included in our management accounts as an important financial indicator. The table below presents the EBITDA-MRI profile for DGHP mapped against our interest costs.

Cash Flow Strength	Forecast				
	Year 1 2020/21	Year 2 2021/22	Year 3 2022/23	Year 4 2023/24	Year 5 2024/25
	£'000	£'000	£'000	£'000	£'000
EBITDA	17,289	20,209	19,042	20,685	22,547
Less Capital Investment (Existing Properties)	(22,014)	(15,709)	(15,771)	(14,556)	(13,869)
EBITDA MRI	(4,726)	4,499	3,271	6,129	8,678
Net Finance Costs	(6,192)	(6,240)	(6,241)	(7,371)	(9,128)
Cover	(10,917)	(1,740)	(2,970)	(1,242)	(450)

13. We anticipate reaching break-even on an underlying EBITDA-MRI measured against interest costs by 2026/27. The transitional period to reaching this underlying break-even largely reflects the catch up programme of investment in our homes and the increase in borrowing costs as we implement our new build programme. As we reach a more

stable level of annual stock investment and income is generated from new build properties, we return to a surplus generating position on an underlying cash basis.

14. As part of the new funding arrangements there are a number of financial covenants which DGHP need to meet. The updated financial projections have been used to forecast the covenant ratios on the new facilities. These are shown below.

		2020/21	2021/22	2022/23	2023/24	2024/25
Interest Cover (M&G)	DGHP	279.2%	323.9%	305.1%	280.6%	247.0%
	Covenant (> than)	110.0%	110.0%	110.0%	110.0%	110.0%
	Headroom	£10.5m	£13.3m	£12.2m	£12.6m	£12.5m
Interest Cover (RBS)	DGHP	225.9%	198.0%	178.8%	181.9%	171.0%
	Covenant (> than)	110.0%	110.0%	110.0%	110.0%	110.0%
	Headroom	£7.2m	£5.5m	£4.3m	£5.3m	£5.6m
Net Debt / Historic Cost (RBS)	DGHP	49.2%	49.3%	50.6%	50.2%	48.3%
	Covenant (< than)	60.0%	60.0%	60.0%	60.0%	60.0%
	Headroom	£34.1m	£37.1m	£35.6m	£42.9m	£60.6m

15. This table shows that based on DGHP's financial projections the funding covenants will be met with the minimum headroom on the RBS interest cover covenants, in adjusted operating surplus terms, £4.3m in 2022/23.
16. The covenants on the THFC facility, interest cover and loan to value, are measured against the THFC security pool only. Per our latest forecast these can be comfortably met.
17. Appendix 1 attached includes sensitivity analysis which examines the impact of a number of adverse scenarios, such as interest rate and inflation changes, as well as operating performance issues such as voids and bad debts rising. It shows that our business plan projections are robust and can withstand all of the stresses put forward, other than a very severe downside scenario where long term rent increases are reduced.

Next Steps

18. These financial projections, once approved, will be submitted to the Wheatley Group Board for approval on 19th February 2020. The figures in the first year of the projections, 2020/21, will then form the basis of the annual budget which will be presented to the DGHP Board for approval in March.
19. Performance against the budget will be monitored through the management accounts provided to the Board throughout the year.

Recommendation

20. The Board are requested to:

- 20.1 APPROVE the updated financial projections for investment in assets and services; and
- 20.2 AGREE that the projected 2020/21 figures form the basis of next year's annual budget which will be presented to the Board for final approval in March.

Attachments:

DGHP Financial Projections 2020/21 (Appendix 1)

	REPORT TO BOARD OF MANAGEMENT 29 JANUARY 2020	ITEM NO 9
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TITLE	GOVERNANCE INTEGRATION		
DATE	JANUARY 2020		
AUTHOR	EILIDH MOWAT/ ANTHONY ALLISON		
FOR (PLEASE TICK ACTION REQUIRED)	NOTING	DISCUSSION	DECISION
		✓	✓

PURPOSE OF THE REPORT

To update the Board progress with the implementation of our Governance Improvement Plan and integration with the Wheatley Housing Group governance framework, seeking approval as required.

RECOMMENDATIONS

- 39.1 AGREE the DGHP Audit Committee is disbanded after its next meeting;
- 39.2 AGREE the current DGHP Audit Committee Chair is nominated to join the Group Audit Committee
- 39.3 AGREE the Chair of the DGHP Development Committee is nominated to join the Group Development Committee;
- 39.4 AGREE the DGHP Development Committee is retained and subject to review at the end of the calendar year;
- 39.5 AGREE that we initiate recruitment for 3 Non-Executive Directors with the following skills and experience: finance/accountancy; development (housebuilding/construction); and strategic housing;
- 39.6 AGREE the selection panel for the recruitment of the Non-Executive Directors as the Chair, Vice-Chair and Chair of the Audit Committee;
- 39.7 Confirm the adoption of the Group Board and Committee reporting template with immediate effect;
- 39.8 Agree to the revised Board meeting cycle for the remainder of 2020;

39.9 Note the expression of interest process for the Wheatley Foundation and Wheatley Solutions Board

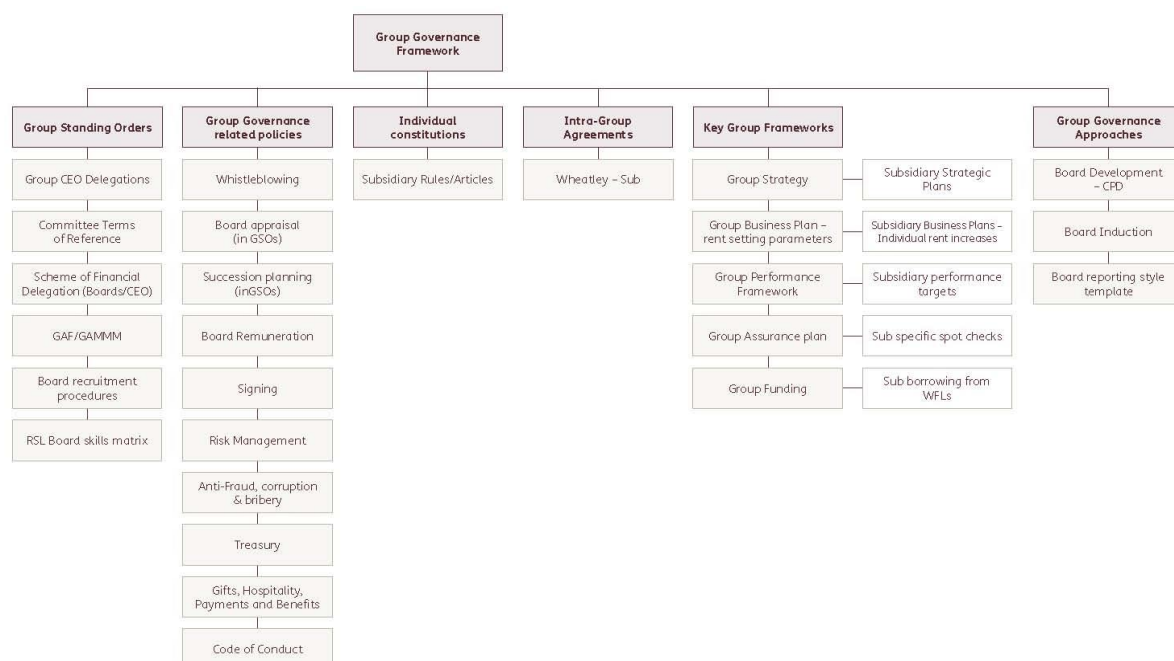
IMPLICATIONS	
FINANCIAL AND STAFFING	There are no direct financial implications arising from this report.
LEGAL/REGULATORY	<p>The Scottish Housing Regulator's Regulatory Framework ("the Framework") and associated Statutory Guidance ("SHR guidance") set out requirements for the relationships within Group Structures.</p> <p>The SHR guidance covers specific areas where the Group has existing governance arrangements in place, namely in relation to remuneration and clearly defined decision making roles and responsibilities.</p>
RISK ASSESSMENT/KEY RISKS	<p>There is a significant risk that if we do not integrate with the Group's governance arrangements we will not benefit from their associated Annual Assurance Statement compliant status.</p> <p>Additionally, we (and the Group) now require to comply with the SHR guidance in relation to Group Structures. The proposals within this report seek to mitigate these risks.</p>
CONSULTATION REQUIRED OR PLANNED	There are no consultation requirements arising from this report.
IMPLICATIONS FOR SERVICE USERS	No direct implications
PRIMARY STRATEGIC OBJECTIVE	SO5:
EQUALITY & DIVERSITY	DGHP always complies with the terms of the Equality and Diversity Act 2010. There is no requirement for an Equalities Impact Assessment.
IF A DECISION IS NECESSARY IS AN OPTION APPRAISAL CONTAINED IN THE BODY OF THE REPORT	Not Applicable

Introduction

1. In March 2019, the Board considered the governance review report by external consultants, Savills. The report contained several recommendations for our governance, including that the Board would consider a policy on payment of key Board members. The Savills' report recommended, *'Board remuneration for key roles should be considered to address skills gaps and to set new expectations for Board member performance.'*
2. Since the Savills' report, we have joined the Wheatley Housing Group Limited ("the Group") and the implementation of the Savills' recommendations requires to be set within this context. We have already made progress with a number of the recommendations, such as the change to our constitution and the changes to the Committee structure. The report includes proposals to advance the recommendations relating to Board skills, remuneration and compliance with Regulatory Standards.

Discussion

3. A key focus of the integration with the Group governance structure is to provide the Board with comfort that overarching frameworks and policies are in place. This enables the Board to focus on delivering tenant's priorities, in particular through the delivery of the partnership transformation programme.
4. A schema of the key elements of the Group Governance Framework is set out below:



5. Proposals for future integration with each element are set out in more detail below:

Group Standing Orders

6. The Group Standing Orders ("GSOs") set out a wide range of governance related arrangements. Principally, they clarify the respective roles, responsibilities and delegations across the Group. This includes the Group Board, partner Boards and the Group Chief Executive.
7. All members of the Group are bound by the GSOs; no member of the Group operates standalone Standing Orders.
8. We are in the process of establishing how our own existing approaches are integrated into the GSOs. This includes changes which will be required, such as where matters are delegated to the Group CEO. It is intended this will be undertaken in two phases, with some initial proposals set out below and a follow up report to be presented to the next meeting covering the remainder.

Committee structures

9. A key underpinning principle of the GSOs and the wider Group governance arrangements is that there are only Group wide Committees. No partner Board has standing Committees, except the GHA Area Committees which are a longstanding part of GHA's governance and community governance approach.
10. We currently have an Audit Committee and a Development Committee. At Group level, there are Group wide Committees for both. As part of the partnership, a place is being created for us on the Group wide Audit Committee.
11. Our Internal Audit Service is transitioning to the Group's in house team from April and we will be beginning to adopt established Group wide internal controls. The Group Audit Committee has oversight of all internal audit activity across the Group and this will now also include us.
12. It is therefore proposed that upon taking up our place on the Group Audit Committee we stop operating a standalone Audit Committee. It is further proposed our member on the Group Committee would be the Chair of our Audit Committee.
13. Our member on the Group Audit Committee would be informed of all DGHP Internal Audit activity through the Group Audit Committee. In addition to this, this Board would also:
 - Receive full reports to the Board on any DGHP only Internal Audit activity;

- Receive a bi-annual assurance update from the Group Chief Internal Auditor;
- Receive an Internal Audit Annual Assurance Statement on our internal control environment, which we can rely on for our financial statements; and
- Receive feedback from our Group Audit Committee member and copies of the Group Audit Committee minutes (and papers on request)

In recognition of the additional commitment and responsibility, this may also attract commensurate remuneration via the Group under its existing policy.

14. It is proposed that the Chair of our Development Committee would join the Group Development Committee. The Group Development Committee was constituted following the Group partnership submission. Its Terms of Reference are set out in the GSOs. In recognition of the additional commitment and responsibility this would also attract remuneration via the Group at the level already in place for Group Development Committee members.
15. Given the strategic importance of establishing our own development programme and having a high level of scrutiny of our development activity, it is intended that we retain our existing Development Committee. It is proposed this would be subject to review at the end of the calendar year, taking into account progress establishing our own programme at that point.

Board recruitment

16. The GSOs set out the recruitment process for independent members. The process very clearly sets out the lead role the Board takes in the recruitment process. All appointments remain subject to final Group approval, via the Group Remuneration Appointments, Appraisal and Governance Committee. This is also a requirement under our Articles of Association.
17. We currently have two vacancies, with a third vacancy to arise upon the planned retirement of an independent member on 31 March. Based on our existing skills self-assessment, skills matrix and future assumed retirements it is proposed that we seek skills and recent experience in the following areas for the three vacancies:
 - 1) Development (housebuilding/construction)
 - 2) Finance – Accountant or corporate finance
 - 3) Strategic housing

18. Subject to Board agreement, we will initiate the recruitment with immediate effect. It is proposed that a panel consisting of the Chair, Vice-Chair and Chair of the Audit Committee shall form the interview panel. The intention would be to complete the process within 3 months and make recommendations for appointment to the Board in April.

Schemes of Delegation

19. The Group operates a very clear and consistent approach to delegations. These are based on three core elements:

- 1) Non-financial matters reserved to the Group Board/delegated to partner Boards
- 2) Non-financial matters delegated to the Group Chief Executive
- 3) Financial delegation limits for Boards and the Group Chief Executive

20. To assess the differentials between our existing approach in each of these areas and the Group, it is proposed integration arrangements will be brought back to the next meeting. This will also allow us to consider the practicalities associated with the differentials and prior discussion with the incoming Managing Director.

21. In relation to staff delegations, the starting principles at Group level are as follows:

- Delegations are to the Group CEO, who agrees an onward scheme of delegation for all remaining staff (financial and non-financial)
- The Group CEO has delegated authority for all staff related matters

Group Policy Framework

22. As part of the agreed Intra Group Agreement we agreed to adopt all Group policies. As part of this, an exercise is underway to map where existing policies would be superseded by Group Policies. We will ensure there are no DGHP specific nuances which are not covered by Group Policies.

23. This exercise will be completed prior to, and reported back to, the next Board meeting. As part of this, we will also undertake an initial review of our existing policy framework. A link to all Group policies will also be circulated to allow members time to read policies at their discretion.

24. A specific existing Group Policy relates to governing body remuneration policy. Taking into account the proposals for members

29 January 2020

joining the Group Audit and Development Committees, along with our Chair joining the Group Board (for which all partner Chairs are remunerated) no DGHP specific remuneration is proposed. This is on the basis that the roles Savills recommended we remunerate, the Chair, Vice-Chair and Chair of Audit Committee will be already remunerated by the Group.

25. Under the Group policy individual's may only be remunerated once and cannot receive remuneration at Group and individual partner level.

Intra Group Agreement/ Group Frameworks

26. A more detailed report on how we will give effect to the Intra Group Agreement and the Group Frameworks will be presented to the next meeting. A link to all Group Frameworks will be circulated in advance of this to allow members time to read them at their discretion.

Group governance approaches

27. In order to ensure consistency where it is important as part of our regulatory compliance we have a range of established Group governance approaches:

Board Continuous Professional Development ("CPD")/Induction

28. A key part of the partnership offering was the provision of high quality Continuous Professional Development for Board members. A copy of the Group Board CPD and competency framework for Non-Executive Directors, which includes the induction approach, is available for members.
29. The 2020 programme is currently being finalised and the programme for the year will be presented to the next Board. Any feedback from the Board on additional areas they would like to see included is also sought.
30. An immediate offering for the Board is the Institute of Directors delivered 'Role of the Non-Executive' CPD course. This is available either via attending a scheduled session in Edinburgh on 27th February and/or as a bespoke session for the Board. In the case of the latter, it is suggested this would be delivered once we have completed the recruitment of the new three new Non-Executives in May.

Board reporting

31. A standard Board template, attached at Appendix 1, is operated across the Group. The template has been reviewed externally to ensure that it covers the key areas the Board should be considering.
32. The template is currently being refined and the Board's feedback is

sought to support this refinement process. The revised template is due to be agreed by the Group Board in February and it will thereafter come into effect for our future Board meetings.

Meeting cycle/Administration

33. Across the Group there is an established meeting cycle, working on a calendar year basis. In the context of a Group structure this is essential to ensure decision making is as quick and crisp as possible. It is also necessary for sequencing where Group approvals are required, such as for business planning, regulatory returns and financial statements.
34. Under the meeting cycle, all Registered Social Landlord Boards, including the Group Board, meet 6 times per annum. In addition to this each Board has an annual strategy workshop, annual risk workshop, is invited to four Group events and holds an Annual General Meeting.
35. Moving into this cycle will require to take into account Board activity already underway and it is proposed that we phase this integration. The Board would meet in February, April, May, August and November this year and move to the Group cycle for the 2021 calendar year. This would be as follows:

Board meetings -Feb, Mar, May, Aug, Sep and Nov

Board strategy workshop – May

Board risk workshop –March

Group events – March, May, Sep and Dec

36. It is also intended that we will take advantage of the app used by the Group for delivering Board papers (AdminControl). The app will represent an enhancement of our current PDF delivery system. A demo and full training will be provided in advance of this transition. Key features of the system include:

- Ability to annotate Board papers
- Single storage facility for previous Board papers
- Enhanced security of Board papers
- Closed messaging system
- Repository function allowing instant access to relevant documents

If possible, we will tie this in with a Board meeting date

Intra-Group appointments

37. A specific offering of the partnership was the allocation of places on

the Wheatley Foundation and Wheatley Solutions Boards. The majority of both these Boards are drawn from partners reflecting their role in delivering services to or on behalf of the partner organisations.

38. Both Boards meet quarterly in February, May, August and November at Wheatley House. We are seeking expressions of interest in serving on either of these Boards via the Company Secretary in the first instance. Further information on each will be provided as part of this process.

Recommendations

39. The Board is invited to:

39.1 AGREE the DGHP Audit Committee is disbanded after its next meeting;

39.2 AGREE the current DGHP Audit Committee Chair is nominated to join the Group Audit Committee

39.3 AGREE the Chair of the DGHP Development Committee is nominated to join the Group Development Committee;

39.4 AGREE the DGHP Development Committee is retained and subject to review at the end of the calendar year;


39.5 AGREE that we initiate recruitment for 3 Non-Executive Directors with the following skills and experience: finance/accountancy; development (housebuilding/construction); and strategic housing;

39.6 AGREE the selection panel for the recruitment of the Non-Executive Directors as the Chair, Vice-Chair and Chair of the Audit Committee;

39.7 Confirm the adoption of the Group Board and Committee reporting template with immediate effect;

39.8 Agree to the revised Board meeting cycle for the remainder of 2020;

39.9 Note the expression of interest process for the Wheatley Foundation and Wheatley Solutions Boards.

	REPORT TO BOARD OF MANAGEMENT 29 JANUARY 2020		ITEM NO 10
TITLE	DGHP'S IN-HOUSE REPAIRS SERVICE MOBILISATION PROGRAMME		
DATE	29 JANUARY 2020		
AUTHOR	INTERIM CEO/INTERIM DIRECTOR OF REPAIRS		
FOR	NOTING ✓	DISCUSSION ✓	DECISION ✓
PURPOSE OF THE REPORT			
The purpose of the report is to advise the Board on the overall Mobilisation Programme approach for the Proposed In-house Repairs Service and to note elements of the service delivery arrangements for the Repairs Service moving forward.			
RECOMMENDATIONS			
24.1 NOTE and DISCUSS the overall Mobilisation approach; 24.2 NOTE the cost of implementation support is being met within the Wheatley partnership provision; 24.3 AGREE that we enter into a contract with Saint Gobain for the supply of material and equipment; and 24.4 NOTE the proposed approach to fleet and sub-contractor arrangements			
IMPLICATIONS			
FINANCIAL AND STAFFING	The identified budget for the in-house Repairs Team includes a provision of £250k for mobilisation (with part of that earmarked explicitly for additional support for the Finance and HR teams).		

	<p>Additional activities in support of implementation of the new in-house Repairs Service arrangements are being drawn down from Wheatley implementation commitments.</p> <p>Resources – primarily management and staff time – in support of mobilisation will be accessed from within the portfolios of each of the Mobilisation strand ‘leads’</p> <p>Forward operational spend on the services themselves – staff costs, material etc - will be met, as demonstrated in the approved DGHP Business Plan</p>
LEGAL/ REGULATORY	DGHP remains subject to scrutiny by the Scottish Housing Regulator. A number of specific areas of operational activity particularly relating to Health Safety Environment and Quality (HSEQ) and the employment/training and accreditation of staff will also be subject to scrutiny in line with essential certification requirements. These have been identified in the Mobilisation Programme and Risk Register
RISK ASSESSMENT/ KEY RISKS	The key risks identified – and steps to manage and mitigate them – are included as an Annex to this report in a formal Mobilisation Risk Register. It will be kept under review and updates to the board provided over the coming months.
CONSULTATION REQUIRED OR PLANNED	Ongoing engagement is taking place with DGHP staff impacted by the repairs service and those currently employed by DGHPs existing contracted service providers (at Operations and HR levels), local subcontractors; users of the repairs service (tenants, factored owners, etc) and other local stakeholders including DGC and local RSLs.
IMPLICATIONS FOR SERVICE USERS	Pursuing the recommended option supports substantial improvements for customers through a more responsive, integrated and mobile service. There will be no direct implications for service users as a result of mobilisation activities per se. We are aware of the potential impact on service from demobilisation by current providers. Contingency arrangements will be put in place to minimise this impact and clear any backlog/bottlenecks that emerge during the transition period.
PRIMARY STRATEGIC	All but most essentially keeping our tenants safe.

OBJECTIVE	
EQUALITY & DIVERSITY	The new arrangements will comply with the terms of the Equality and Diversity Act 2010.

Background

- 1 The Board considered the Full Business Case for the establishment of an in-house Repairs Service in November 2019. As part of this, the Board agreed to the commencement of the detailed mobilisation activities required to prepare fully for the new in-house Repairs Service ahead of its 'go live' on 1 April 2020.
- 2 This report sets out the proposed approach being adopted for the Mobilisation Programme. It also asks the Board to note the proposed arrangements around Material Supplies, Fleet and Sub-Contractors that will be put in place to support the new in-house Repairs Team.

Mobilisation Proposals

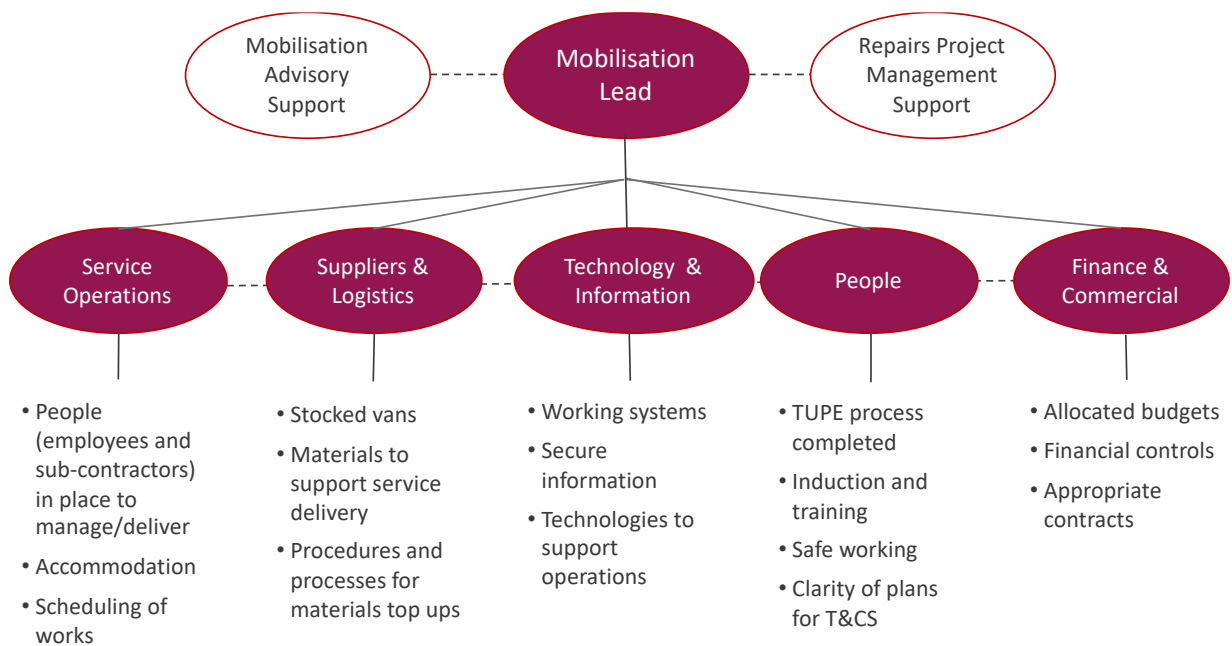
- 3 The mobilisation approach seeks to ensure that Day 1 delivery arrangements (on 1 April 2020) are fit for purpose and ensure continuity of service to DGHP customers/tenants. It also acts as the front end to the wider organisational transformation essential to the realisation of a breadth of longer-term benefits.
4. Pursuing the recommended approach in this paper will allow DGHP to deliver substantial improvements in our repairs service offering for customers as well as deliver on the commitments contained within the Wheatley Partnership proposal. Our customers will benefit from a more responsive, integrated and mobile service incorporating:
 - Flexible and mobile Trades Operatives with time and right materials to undertake works;
 - Right first-time service ethos with electronic and mobile procured van stocks and Dynamic resource scheduling;
 - Improved communication and information on job progress as well as text alerts - 'Your trades operative is on route';
 - Quicker more accurate response to repair enquiries from Customer Service Centre;
 - 24-hour customer service centre coverage in partnership with Wheatley; and
 - Moving towards best in class performance through Year 1
5. Our new in-house repairs service design is being developed to support the new DGHP Business model. The traditional technical Inspector role will change to support DGHP plans for modernising housing services as well as

delivering on investment and development promises. We will move to put in place 1:200 patch based locally accountable Housing Officers who will work closely with their new trades colleagues to deliver best in class repair services for our customers.

6. A series of consultation events as well as communications are planned to take place during February/March 2020 so as DGHP customers are kept fully informed of the forthcoming changes as well as how any changes will improve their customer experience of the service, summarised in para 4 of this paper.
7. The proposed mobilisation model has been developed around five key strands seen as being particularly crucial to the success of the new in-house Repairs Team:
 - Service operations;
 - Suppliers and logistics;
 - Technology and information;
 - People; and
 - Finance and commercial.
8. The strands and their associated day 1 outcomes are set out in figure 1 on the following page. The approach reflects that the Interim Director of Repairs will fulfil the Mobilisation Lead role; supported by Indigo House in dual Partnership/Business Case and Service Mobilisation capacities (as illustrated in the diagram).
9. While ultimately accountable for delivery, the Mobilisation Lead is being supported by an appropriate manager (from either DGHP or Wheatley) in each mobilisation strand¹. Together they form the Mobilisation Steering Group. Each strand lead is responsible for developing and implementing the required plan in their area, highlighting interdependencies and risks.

¹ The Service Operations, People and Finance & Commercial leads have come from DGHP; the Suppliers & Logistics and Technology & Information leads have come from Wheatley Group. Each strand lead works with relevant colleagues from across DGHP and Wheatley in identifying and completing key tasks

Figure 1: Mobilisation strands and key day 1 outcomes



Taking a programme management approach

10. A Mobilisation Programme has emerged from initial work in December and January, setting out the critical path of key tasks required to ensure Day 1 success. The draft programme and risk register are attached as annex 1 and 2 respectively. The tasks and risks have been designed around the outcomes and key building blocks set out in annex 3.
11. The Mobilisation Lead will programme manage subsequent implementation, meeting weekly with the Steering Group to consider progress and identify any contingency actions to address slippage. They will also lead on the management/maintenance of a mobilisation risk register.
12. The detail of the actions under each strand would be developed by the strand managers and confirmed in discussion with other colleagues. Formal weekly reporting to the Steering Group will take place on an exception basis (determined by criticality and risk). Overall progress will be reported fortnightly to the Implementation Group, with issues escalated as required to DGHP EMT or to Wheatley senior management.

Accompanying considerations

13. In terms of communication, key messages to customers and staff will continue to be disseminated through the established external and internal

communications channels. 'One to one' sessions with TUPE-transferring staff from Morgan Sindall Property Services will take place over week commencing Monday 10 February 2020 across various locations.

14. Sub-contractors and suppliers have been notified of the proposed new in-house model and were invited along to a 'Meet the Buyer' afternoon on Monday 20 January 2020 where over 200 people registered to take part in the event. More formal engagement with sub-contractors and suppliers will follow thereafter using established Wheatley channels/arrangements.
15. In parallel with the programme managed approach to mobilisation, it will be important to keep a close relationship with Morgan Sindall and Saltire in terms of their **de-mobilisation** activities. The aim here is to ensure a seamless transfer to the new model, minimising any detrimental impact on customers, suppliers and other key stakeholders over the period. These arrangements are in place and are working effectively.
16. At its meeting in November, the Board agreed to commence the **recruitment** of the Head of Repairs and the Health & Safety Manager as set out in the proposed service delivery structure with support from the Wheatley Housing Group. We are pleased to be able to report that these two positions have now been filled and a verbal update will be given to the Board at the January meeting.
17. By definition, the majority of the activities associated with the mobilisation of the in-house team relate to the structures, processes, resources and supporting infrastructure within DGHP (or accessed via the wider Wheatley Group). There are three particular areas where external support will be crucial to successful delivery: **building materials, fleet requirements and sub-contracting**.
18. **Building Materials** – a managed service agreement has been co-developed with the Saint Gobain Group for the supply of all trade materials via a newly created distribution centre for the fulfilment of DGHP requirements. A managed service approach ensures DGHP will benefit from the scale and purchasing power of Saint Gobain whilst ensuring local SME businesses have the ability to trade with DGHP. This is made possible by fully integrating the Servitor system, making use of the technology available. This will in turn provide real time reporting and management information to DGHP staff.
19. A direct award via the Cirrus Purchasing materials framework has been selected as the preferred procurement route to ensure we are fully compliant with legal and governance requirements. This procurement provides robust terms and conditions and has allowed early collaboration with Saint Gobain in order to develop an innovative solution for the provision of trade materials which has been specifically designed for the

newly created DGHP repair and maintenance team. Suppliers appointed to the Cirrus framework have undergone rigorous commercial and quality selection criteria, ensuring value for money to DGHP.

20. It is recommended that DGHP enters into a contractual arrangement with Saint Gobain for a period of three years with an option to extend for a further two years. The materials supplied via this contract are at agreed Group rates and as this is a newly created service the contracted spend has been set at an agreed minimum threshold of £1million per annum. There is a profit share built into the proposed contract should the spend exceed the agreed threshold.
21. **Fleet Requirements** – There is agreement in principle to novate the existing fleet supplied by Northgate, which has been deemed fit for purpose from the Morgan Sindall contract to DGHP. This will ensure continuity and limit disruption to service. Northgate are the current contracted group fleet provider; agreement is now in place for group rates to be applied to the DGHP fleet ensuring value for money. These vehicles will have livery updated as an interim solution, be fully serviced and minor repairs undertaken prior to transfer of contract.
22. The novation of these vehicles will be an interim solution as the Group will be procuring a new fleet solution for all partners during the summer of 2020; at this period brand new fleet with the agreed rebranded livery will be issued to DGHP trade staff. When the repair and maintenance service is fully operational DGHP will manage a fleet of circa 80 vehicles.
23. **Sub-Contract Arrangements** – To secure service provision from the 1st April 2020, we have identified the required subcontractors used to date by Morgan Sindall in the delivery of our contractual requirements. These subcontractors will now contract directly with DGHP via the integrated Servitor system which will be managed and maintained by DGHP operational staff. The level of service requirement from subcontractors is currently unknown therefore a flexible approach to contracting will be pursued for a period of 12 months, enabling DGHP to shape service prior to entering into longer term committed contracts.

Recommendations

24. The Board is invited to:

- 24.1 NOTE and DISCUSS the overall Mobilisation approach;
- 24.2 NOTE the cost of implementation support is being met within the Wheatley partnership provision;
- 24.3 AGREE that we enter into a contract with Saint Gobain for the supply of material and equipment; and
- 24.4 NOTE the proposed approach to fleet and sub-contractor arrangements

Annex 1: Emerging Mobilisation Programme

6-OVERALL MOBILISATION PROG MGT

Work in progress	Target Duration	Complete	Out of Target
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				W/C	W/C	W/C	W/C	W/C	W/C	W/C	W/C	W/C	W/C	W/C	W/C	W/C	W/C
TASKS				06/01/2020	13/01/2020	20/01/2020	27/01/2020	03/02/2020	10/02/2020	17/02/2020	24/02/2020	02/03/2020	09/03/2020	16/03/2020	23/03/2020	30/03/2020	01/04/2020
	RESPONSIBILITY ANDY ASHCROFT	START DATE	END DATE														
1	Develop a Mobilisation Working Group and lead weekly meetings around mobilisation implementation	ANDY ASHCROFT	19/12/2019 19/12/2019														
2	Manage and maintain the mobilisation programme plan and associated risk register	ANDY ASHCROFT	19/12/2019 06/01/2020														
3	Ensure communication of key mobilisation issues – and overall progress with mobilisation - to key stakeholders	ANDY ASHCROFT	19/12/2019 19/12/2019														
4	Ensure appropriate resource are deployed in pursuit of mobilisation outcomes	ANDY ASHCROFT	06/01/2020 13/01/2020														
6	Update the CEO/MD and Board around mobilisation progress and risk	ANDY ASHCROFT	06/01/2020 31/03/2020														
7	Ensure that the new Head of Repairs and HSEQ Manager are recruited and inducted into DGHP	ANDY ASHCROFT	06/01/2020 01/04/2020														
8	Identify the headline information required to manage the Repairs Team as a business moving forward	ANDY ASHCROFT	06/01/2020 13/01/2020														
9	Identify data sources, data owners, data access needs and data flows	ANDY ASHCROFT	17/12/2019 29/02/2020														
10	Develop operational dashboards to allow Head of Repairs and Area Managers to judge ongoing performance	ANDY ASHCROFT	06/01/2020 31/03/2020														
11	Agree and embed data sharing protocols within DGHP and between DGHP and Wheatley	ANDY ASHCROFT	06/01/2020 31/03/2020														
12	Confirm links with statutory reporting arrangements (for compliance, accreditation and ARC returns)	ANDY ASHCROFT	06/01/2020 31/03/2020														
13	Confirm data and systems security arrangements to meet new Scottish Government cyber security expectations	ANDY ASHCROFT	06/01/2020 31/03/2020														
14	Confirm information audit arrangements around data integrity	ANDY ASHCROFT	06/01/2020 31/03/2020														
15	Review of all DGHP Policies to reflect creation of IHR. Policy changes may well need to reflect changes being made to service delivery and priority of works	ANDY ASHCROFT	06/01/2020 31/01/2020														
16	Communication/agreement with board regarding proposed priority repairs changes and specifically relating to 'Right to Repair'	ANDY ASHCROFT	06/01/2020 31/01/2020														

1-Service & Operation

Work in progress	Target Duration	Complete	Out of Target
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				W/C	W/C	W/C	W/C	W/C	W/C	W/C	W/C	W/C	W/C	W/C	W/C	W/C	W/C
				06/01/2020	13/01/2020	20/01/2020	27/01/2020	03/02/2020	10/02/2020	17/02/2020	24/02/2020	02/03/2020	09/03/2020	16/03/2020	23/03/2020	30/03/2020	01/04/2020
TASKS	RESPONSIBILITY	START DATE	END DATE														
	JAYNE MOORE	Dec-19	16/01/20	X													
1 Plan in place to manage outstanding work	JAYNE MOORE	Dec-19	31/01/20														
2 Venue booked for staff induction	JAYNE MOORE	06-Jan-20	07/02/20	X													
3 Sub-contractors and City Building support in place	JAYNE MOORE	06-Jan-20	10/01/20														
4 Agree what the service will be	JAYNE MOORE	06-Jan-20	31/01/20														
5 Policy list for what the service will be	JAYNE MOORE	06-Jan-20	01/03/20														
6 Clarity on what is expected on day 1	JAYNE MOORE	13-Jan-20	31/01/20														
7 Messages/comms plan/timetable in place with tenants and repairs workforce	JAYNE MOORE	13-Jan-20	17/01/20														
8 Waste disposal arrangements confirmed	JAYNE MOORE	13-Jan-20	07/02/20														
9 Agree depot/storage approach	JAYNE MOORE	20-Jan-20	24/01/20														
10 Sign up key subcontractors	JAYNE MOORE	20-Jan-20	Early February														
11 IT solution must be ready to test	LEWIS MCGREGOR	27-Jan-20	31/01/20														
12 DGHP structure outlined; this has a direct dependency on service demand.	JAYNE MOORE	27-Jan-20	31/01/20														
13 Structure outlined for IHR/voids team	JAYNE MOORE	27-Jan-20	31/01/20														
14 Gaps identified in structure/staff	JAYNE MOORE	27-Jan-20	31/01/20														
15 Saint Gobain proposal approved	LAURIE CARBERRY	27-Jan-20	31/01/20														
16 People list finalised and engagement arrangements confirmed with	JAYNE MOORE	27-Jan-20	07/02/20														
17 Customers are consulted	JAYNE MOORE	03-Feb-20	28/02/20														
19 Servitor testing complete and approved	JAYNE MOORE	03-Feb-20	07/02/20														
20 Uniforms and PPE ordered	JAYNE MOORE	03-Feb-20	07/02/20														
21 Tool queries resolved	JAYNE MOORE	10-Feb-20	14/02/20														
22 Cover in place for WB 30 March (Inc. OOH)	MICHAEL SHRIMP	17-Feb-20	21/02/20														
23 Disclosures in place for staff transferring	JAYNE MOORE	24-Feb-20	28/02/20														
24 Health and safety processes and policies in place	JAYNE MOORE	24-Feb-20	28/02/20														
25 Approach to H&S in place	JAYNE MOORE	24-Feb-20	28/02/20														
26 Saint Gobain (Material Supplies) testing complete and approved.	LAURIE CARBERRY	24-Feb-20	28/02/20														
27 Liability insurances in place	LAURIE CARBERRY	02-Mar-20	14/02/20														
28 Fleet (leases, recovery, tax, servicing etc) in place	JAYNE MOORE	02-Mar-20	06/03/20														
29 We need to develop and induction plan/programme that give responsive and voids staff mission and objective of IHR team	MICHAEL SHRIMP	09-Mar-20	13/03/20														
30 Tech in place (phones/tablets etc)	LEWIS MCGREGOR	16-Mar-20	20/03/20														
31 Servitor access - start to schedule April jobs	LAURIE CARBERRY	09-Jan-20	01/04/20														
33 Vans stocked, fuelled and available	LAURIE CARBERRY	09-Jan-20	01/04/20														
34 Branding - people, premises and fleet - agreed and 'deployed'	JAYNE MOORE	09-Jan-20	28/02/20														
36 Interaction between operatives, schedulers and the CSC agreed (including contingency arrangements in event of systems issues)	JAYNE MOORE	09-Jan-20	06/03/20														
37 Preferred liaison arrangements with Housing Officers agreed	JAYNE MOORE	09-Jan-20	07/02/20														
38 All operational accommodation is appropriately accessible (and fit for purpose)	JAYNE MOORE	09-Jan-20	01/04/20														
39 Preferred service performance management and reporting arrangements identified	JAYNE MOORE																

2-Supplies & Logistics Laurie Carberry

Work in progress	Target Duration	Complete	Out of Target
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TASKS	RESPONSIBILITY LAURIE CARBERRY	START DATE	END DATE	06/01/2020	13/01/2020	20/01/2020	27/01/2020	03/02/2020	10/02/2020	17/02/2020	24/02/2020	02/03/2020	09/03/2020	16/03/2020	23/03/2020	30/03/2020	01/04/2020
1 DGHP/Wheatley;- Retain MSPS & Saltire-Fleet any identified Not 'fit for purpose' vehicles to be replaced. DGHP-IHR to procure new fleet summer 2020 joining three-other Wheatley subsidiaries procuring fleet.	Fleet review -ops; Contract - Procurement	01/11/2019	Jan-20														
2 Communications and contractual agreements being made between Laurie Carberry-MSPS-Saltire-Northgate agreeing fleet transferring under the name of DGHP/Wheatley with a new form of contract.	Contract - Procurement; Comms - Ops	01/11/2019	Jan-20														
3 Any New Vehicles required currently 'not fit for purpose' need to be identified and replaced. Who is doing what to make this happen	Fleet review -ops; Contract - Procurement	01/11/2019	Mar-20														
4 Vehicle Keeper Registration-Insurances-Road Tax.	Fleet Management - Ops	01/11/2019	Apr-20														
5 Fleet-Servicing-Repairs-Accidents-Break-ins-Break-downs.	Contracts - Procurement; Fleet requirements - Ops	01/11/2019	Apr-20														
6 Rebranding the existing MSPS-Saltire fleet	Contracts - Procurement; Fleet requirements - Ops	01/11/2019	Mar-20														
7 Arrange DGHP/MSPS/Saltire workshops to establish a meaningful van stock, and core material stock profile. (Opportunity vis trades/supervisors to add to or reduce what raw data purchases indicate required)	Contract - Procurement; Material requirements - Ops	01/11/2019	Jan-20														
8 Agree sign off on van stock profile.	Material Requirement - Ops	01/11/2019	Jan-20														
9 Agree procedure for loading new van stocks to operative vehicles.	Material Requirement - Ops	01/11/2019	Feb-20														
10 Discuss & agree van stock process including contingency process should IT not be ready.	Material Requirement - Ops	01/11/2019	Feb-20														
11 Discuss & agree trading procedures with IHR ordering, collecting, etc, will form part of induction.	Contract and Commercial - Procurement ; Material Requirement - Ops	01/11/2019	Feb-20														
12 Confirm process and procedure for mobile purchase orders and training plan for trades/staff. (will form part of induction plan)	Material Requirement - Ops; Staff - LD	01/11/2019	Feb-20														
13 Decisions on use of Purchase cards and the processes and procedures to support/control the use of such cards. (will form part of induction plan)	Material Requirement - Ops; Staff - LD	01/11/2019	Feb-20														
14 Identify breadth of cyclical and responsive works contractors working into the current services	Operations Lead	01/11/2019	Jan-20														
14 Identify procurement issues/challenges associated with continued use of suppliers rom 1 April 2020 and confirm short term arrangements for continuity	Contracts and Commercial - Procurement; Requirements Quality Need - Ops lead	01/11/2019	Jan-20														
15 Identify any IR35/secondary TUPE considerations associated with continued use of each supplier	Operations Lead	01/11/2019	Jan-20														
16 Confirm DGHP procurement approach (drawing on current DGHP standing orders/scheme of delegation) moving forward	Governance	01/11/2019	Mar-20														
18 Revisit sub-contractor list to ensure fit with the new arrangements	Operations Lead with Procurement support	01/11/2019	Jan-20														
17 Ensure appropriate and relevant contracts are in place	Contracts and commercial - Procurement; Requirements - Ops lead	01/11/2019	Jan-20														
18 Consider exit (or improvement) strategies/tactics for those who fail to comply with the new arrangements (seeking to avoid unintended displacement)	Operations Lead	01/11/2019	Mar-20														
21 Confirm new compliant contractor list from 1 April 2020	Contracts and commercial - Procurement; Requirements - Ops lead	01/11/2019	01/04/2020														
19 Establish forward supplier development arrangements in tandem with Wheatley	Contracts and commercial - Procurement; Requirements - Ops lead	01/11/2019	Apr-20														
23 Examine longer term preferred direct delivery/supplier balance in each geographical area	Contracts and commercial - Procurement; Requirements - Ops Lead	01/11/2019	Apr-20														
20 Establish appropriate DGHP supplier interfaces associated with new IT arrangements	Contracts - Procurement; Integration - IT	01/11/2019	Jan-20														

3-Technical & Information

3-Technical & Information				Work in progress	Target Duration	Complete	Out of Target												
				W/C	W/C	W/C	W/C	W/C	W/C	W/C	W/C	W/C	W/C	W/C	W/C	W/C	W/C	W/C	
				06/01/2020	13/01/2020	20/01/2020	27/01/2020	03/02/2020	10/02/2020	17/02/2020	24/02/2020	02/03/2020	09/03/2020	16/03/2020	23/03/2020	30/03/2020	01/04/2020		
TASKS				RESPONSIBILITY LEWIS McGregor	START DATE	END DATE													
1	Support for integration and automation of procurement, materials, contracts processing (however these processes owned by other leads) (Saint Gobain Integration)	Lewis McGregor	01/02/2020	31/03/2020															
2	Orchard Housing management system improvements to support Housing/Repairs service integration	Lewis McGregor	20/12/2019	31/03/2020															
3	Trade operative mobile devices - approved	Lewis McGregor	13/1/2020	17/01/2020															
4	Provisioning of 100+ mobile devices for operatives	Lewis McGregor	01/12/2019	31/03/2020															
5	Staff, structure, equipment and software - requirements approved	Lewis McGregor	02/03/2020	02/03/2020															
6	Provisioning of technology for 3 sites for trade use (details TBC)	Lewis McGregor	01/12/2019	15/05/2020															
7	Provisioning of desktop technology and software for 15+ management staff	Lewis McGregor	07/02/2020	31/03/2020															
8	Provisioning of Office accounts for staff email/collaboration	Lewis McGregor	01/02/2020	31/03/2020															
9	Secure and compliant information storage and transfer (test and production environments)	Lewis McGregor	01/10/2019	31/03/2020															
10	Supplier management to provide Integration technologies to support operations	Lewis McGregor	01/10/2019	31/03/2020															
11	IT Technical support provisioning across on-site and 3rd party technical support	Lewis McGregor	01/03/2020	31/03/2020															
12	Castleton VPN Firewall review and final configuration	Lewis McGregor	16/12/2019	17/01/2019															
13	Technical and Integration testing	Lewis McGregor	20/01/2020	31/03/2020															
14	UAT: Servitor/DRS Configuration (Jobs raised in servitor only)	Lewis McGregor	30/01/2020	14/02/2020															
15	UAT: Orchard to Servitor/Open Accounts - (Jobs raised in Orchard, completions back to Orchard)	Lewis McGregor	17/02/2020	03/06/2020															
16	UAT: End to End scenario based testing	Lewis McGregor	03/02/2020	16/03/2020															
17	Integration Delivery: Appointing (Orchard<>DRS)	Lewis McGregor	20/01/2020	20/03/20															
18	Finance-specific support (reconciliation and apportionment)	Lewis McGregor	06/01/2020	31/03/2020															
19	Network design, configuration and verification across leased line connection	Lewis McGregor	03/01/2020	16/03/2020															
20	IT Support for platforms and services (docs, wiki, escalations, calls, Desk field support etc)	Lewis McGregor	01/02/2020	post project															
21	Business Outcome Workshop 1 - Go Live business technical delivery - design and approve	Lewis McGregor	27/01/2020	31/03/2020															
22	Business Outcome Workshop 2 - OOH process/Docs and Comms	Lewis McGregor	27/01/2020	31/03/2020															
23	Business Outcome Workshop 3- Business Continuity/E-Proc Day 1 Plan B	Lewis McGregor	03/02/2020	07/02/2020															
24	Orchard/OpenAccounts - Repairs Creditor integration review	Lewis McGregor	24/02/2020	13/03/2020															
25	Business test acceptance	Lewis McGregor	16/03/2020	17/032020															
26	Live platform review	Lewis McGregor	18/03/2020	20/03/2020															
27	Technical Go/No-go business decision	Lewis McGregor	20/03/2020	20/03/2020															

4-PEOPLE

				W/C	W/C	W/C	W/C	W/C	W/C	W/C	W/C	W/C	W/C	W/C	W/C	W/C	W/C
				06/01/2020	13/01/2020	20/01/2020	27/01/2020	03/02/2020	10/02/2020	17/02/2020	24/02/2020	02/03/2020	09/03/2020	16/03/2020	23/03/2020	30/03/2020	01/04/2020
TASKS	RESPONSIBILITY MICHAEL SHRIMPTON	START DATE	END DATE														
TUPE																	
1	Open Up formal TUPE communications with contractor	Michael Shrimpton	06/01/2020	10/01/2020													
2	Receive Employers Liability information (ELI) from contractor	Michael Shrimpton	06/01/2020	10/01/2020													
Structure																	
3	Job Descriptions & Role Profiles drafted and agreed for all In-House Repairs posts	Michael Shrimpton	06/01/2020	31/01/2020													
4	Populate structure to support operations	Michael Shrimpton	06/01/2020	06/02/2020													
5	Recruit for key staff in structure as necessary	Michael Shrimpton	06/01/2020	28/02/2020													
6	Ensure that required skills expertise are in place to run the service	Michael Shrimpton	06/01/2020	28/02/2020													
7	Agree contingency arrangements for any identified short term gaps	Michael Shrimpton	06/01/2020	06/03/2020													
8	Determine Day 1 Out of Hours service requirements - notify DGHP Technical Inspect	Michael Shrimpton	06/01/2020	31/01/2020													
9	Create new structure in HR system and populate details for Payroll	Michael Shrimpton	06/01/2020	31/01/2020													
Consultation / Communication Process																	
10	Engage with MSPS staff representatives in Consultation Forums	Michael Shrimpton	06/01/2020	31/03/2020													
11	Hold 121 consultation meetings with transferring staff	Michael Shrimpton	06/01/2020	21/02/2020													
12	Identify any local arrangements and agree on if to retain	Michael Shrimpton	06/01/2020	21/02/2020													
13	Agree alternative pension scheme arrangements	Michael Shrimpton	06/01/2020	24/01/2020													
14	Confirm HK information for transferring staff: Personal Details / Right to Work Checks / Disclosure Checks / Driving Licences / Medical Checks / Disabilities or impairments including industrial diseases / education commitments	Michael Shrimpton	06/01/2020	21/02/2020													
Induction / Training Plans																	
15	Confirm existing training records, qualifications and operative certificates	Michael Shrimpton	06/01/2020	31/01/2020													
16	Identify training plans required for operatives (support from Wheatley)	Michael Shrimpton	06/01/2020	27/02/2020													
17	Schedule and agree content of induction programme for transferring staff	Michael Shrimpton	06/01/2020	28/02/2020													
18	Understanding of cultural / behavioural expectations for transferring staff	Michael Shrimpton	06/01/2020	28/02/2020													
Policies & Procedures confirmations																	
19	Void Policy	Michael Shrimpton	06/01/2020	07/02/2020													
20	Repairs Policy	Michael Shrimpton	06/01/2020	07/02/2020													
21	DRS Policy	Michael Shrimpton	06/01/2020	07/02/2020													
22	Vehicle & Tracking policy	Michael Shrimpton	06/01/2020	07/02/2020													
23	Out of Hours Policy	Michael Shrimpton	06/01/2020	07/02/2020													
24	Health & Safety Policies	Michael Shrimpton	06/01/2020	07/02/2020													

5-FINANCIAL & COMMERCIAL

5-FINANCIAL & COMMERCIAL				Work in progress	Target Duration	Complete	Out of Target														
				W/C	W/C	W/C	W/C	W/C	W/C	W/C	W/C	W/C	W/C	W/C	W/C	W/C	W/C				
TASKS				RESPONSIBILITY JACKIE WARD	START DATE	END DATE	06/01/2020	13/01/2020	20/01/2020	27/01/2020	03/02/2020	10/02/2020	17/02/2020	24/02/2020	02/03/2020	09/03/2020	16/03/2020	23/03/2020	30/03/2020	01/04/2020	
1	Payroll - new (2nd) payroll to be set up in Open People with current MSPS contractual elements: pay, pensions, overtime, bonuses.				Jackie Ward	06/01/2020	10/02/2020														
2	Data flow to be established for payroll: timesheets/sickness records/holidays & necessary approvals.				Jackie Ward	06/01/2020	31/03/2020														
3	Payroll links to HR system & eBIS (leave, sickness, staff expenses, purchase orders, sundry payments) established and tested. eBIS approval paths to be determined and set up.				Jackie Ward	06/01/2020	31/03/2020														
4	Parallel payroll runs for February & March to ensure accuracy of live April payments. P45s to be processed for all transferring employees.				Jackie Ward	10/02/2020	31/03/2020														
5	Servitor: training & UAT for processes and interfaces with other systems. Any gaps found from data loaders to be corrected/completed & tracked.				Jackie Ward	01/02/2020	28/02/2020														
6	Determine roles and access required to Servitor				Jackie Ward	06/01/2020	28/02/2020														
7	Manual processes not covered by interfaces to be established and assigned to individuals, e.g. stock control. Apportionment of "profit/loss" in trading account to establish actual cost of jobs. Purchase card purchases/payments.				Jackie Ward	06/01/2020	31/03/2020														
8	Overhead apportionment for cost-plus model - to be derived from detailed budget. Decision needed re what overheads will be included and how they will be calculated and updated. Frequency of updates to be determined.				Jackie Ward	06/01/2020	28/02/2020														
9	Creditors: interface from Servitor to Open Accounts to be tested. Existing procedures to be updated.				Jackie Ward	06/01/2020	28/02/2020														
10	Financial Controls: Based on IHR structure, roles and approval levels to be determined, budget holders to be established. Variation limits and approval mechanism to be determined. Purchase cards holders and limits to be set.				Jackie Ward	06/01/2020	31/03/2020														
11	Financial Reporting: Accounts structure to be established with links to the wider organisation. Budget to be set. Reporting requirements to be decided and reports built (P&L, Balance Sheet, Cashflow). Frequency and circulation to be set. Ensure all costs, e.g. other contractors, are included although out with Servitor.				Jackie Ward	06/01/2020	31/03/2020														
12	Operational management reports/KPIs. Within Finance?				Jackie Ward	06/01/2020	Tbc														
13	How will costs of e.g. fleet/insurance be captured if not controlled by DGHP?				Jackie Ward	06/01/2020	Tbc														
15	Much of the above is dependent on the yet to be defined structure of the IHR service and the relation to the wider DGHP structure and the roles and responsibilities within those.				Jackie Ward	06/01/2020	Tbc														
17	Rechargeable repairs - change needed to procedure? All Pay issue invoices.				Jackie Ward	06/01/2020	Tbc														

Annex 2: Emerging Mobilisation Risk Register (to be inserted after meeting on 16/1)
Insert

DGHP & Wheatley Group Partnership

Establishing DGHP In-House-Repairs-Service

Mobilisation Risk Register

Last updated: 14/01/20

Legend
Red
Amber
Green


Ref	Risk description	Date raised	Owner	Probability (1-5)	Impact (1-5)	Score	Mitigation/update	STATUS	Post-Mitigation RAG
IHR-R01	Service Operations								
1.1	Lack of clarity around operating model/roles and responsibilities	14/01/2020	JM	2	5	10	Agreed management and operating structure; finalised job descriptions; interim transition arrangements (e.g. fleet, materials, etc), populated structure	10	Green
1.2	Operational policies and procedures not in place/not communicated	14/01/2020	JM	2	5	10	Required policies and procedures identified; Wheatley policies as starting point, supplemented as required	10	Green
1.3	Managers and supervisors not in place	14/01/2020	JM	3	5	15	Organisation structure developed; structured approach to recruitment	15	Amber
1.4	Full suite of trades, and access to required capacity (core and top up) not in place	14/01/2020	JM	3	5	15	TUPE list received on 8 Jan; operative structure being developed; MS operative engagement plans in place; list of sub-contractors being agreed	15	Amber
1.5	Fleet and materials unavailable/not fit for purpose	14/01/2020	JM	2	5	10	Fleet requirements identified; arrangements with Northgate being finalised; minimal changes in requirements/provision at 'go line' date	10	Green
1.6	Lack of compliance with service commitments and/or HS&E expectations	14/01/2020	JM	3	5	15	Service commitments identified and operating proposals being developed (linked to structure); requirements embedded in Civica Servitor; HSEQ Manager being recruited	15	Amber
1.7	Jobs not allocated as intended	14/01/2020	JM	3	5	15	Civica Servitor testing; DGHP/MS being trained as 'train the trainers'; contingency proposals for Day 1 being developed	15	Amber
1.8	Lack of clarity in interaction between operatives, schedulers and the Customer Service Centre	14/01/2020	JM	2	4	8	Being developed on an ongoing basis; embedded as part of testing and training; finalised through 'go line' induction/training	8	Green
1.9	New scheduling and materials solutions not working	14/01/2020	JM	2	5	10	Pre-testing to reduce likelihood of failure; contingency proposals being developed; DGHP core team working with Wheatley to develop robust operating systems	10	Green
1.10	Lack of clarity re branding of people, premises, and fleet	14/01/2020	JM	1	3	3	Branding approach agreed and within mobilisation implementation timeline	3	Green
1.11	Ongoing operational performance slippage during demobilisation/initial go live period	14/01/2020	JM	3	4	12	Inherent risk in change project; back-up support arrangements in place during 'go live'; additional capacity accessed through supply chain/City Building; backlog clearance approach in first quarter of 2020/21	12	Amber
				0	0	0		0	Green
IHR-R-02	Suppliers and Logistics								Mitigation RAG
2.1	Supplier list (day 1) incomplete/suppliers not in place	14/01/2020	LC	3	4	12	Supplier list being developed through Jan/Feb; existing MS and DGHP suppliers identified; Meet the Buyer session 20/1/20; existing and other local suppliers invited to attend/participate	12	Amber
2.2	Sub-contractors not successfully migrated from Morgan Sindall	14/01/2020	LC	3	5	15	Supplier list being developed through Jan/Feb; existing MS and DGHP suppliers identified; Meet the Buyer session 20/1/20; existing and other local suppliers invited to attend/participate	15	Amber
2.3	Contractors not notified or contracts not in place	14/01/2020	LC	3	4	12	Wheatley supplier/sub-contract management arrangements being rolled out; Meet the Buyer approach as above	12	Amber
2.4	Fleet not in place or vans not stocked as intended	14/01/2020	LC	2	4	8	Fleet requirements identified; arrangements with Northgate being finalised; minimal changes in requirements/provision at 'go line' date	8	Green
2.5	Materials purchasing/distribution arrangements not fit for purpose	14/01/2020	LC	2	5	10	Pre-testing to reduce likelihood of failure; contingency proposals being developed; DGHP core team working with Wheatley to develop robust operating systems	10	Green
2.6	Staff and/or suppliers not fully inducted into new processes and procedures	14/01/2020	LC	1	5	5	TUPE in place; new processes and procedures being finalised and embedded in Civica Servitor; Induction sessions scheduled for first week in April; new approaches to be communicated to customers/tenants	5	Green
2.7	Van stock top-up arrangements not in place/not working	14/01/2020	LC	2	5	10	Approach being designed in tandem with Saint Gobain; Pre-testing to reduce likelihood of failure; contingency proposals being developed; DGHP core team working with Wheatley to develop robust operating systems	10	Green
2.8	Contingency logistics arrangements not in place	14/01/2020	LC	3	4	12	Pre-testing to reduce likelihood of failure; contingency proposals being developed; DGHP core team working with Wheatley to develop robust operating systems	12	Amber
2.9	Appropriate insurances and accreditations not in place	14/01/2020	LC	2	5	10	Build on existing DGHP arrangements; TUPE and Induction around qualifications and clearances; other requirements being finalised as part of mobilisation implementation	10	Green
2.10	Ineffective/inconsistent supplier selection/management	14/01/2020	LC	3	4	12	Wheatley supplier/sub-contract management arrangements being rolled out; Meet the Buyer approach as above	12	Amber
				0	0	0		0	Green
IHR-R-03	Technology and Information								Mitigation RAG
3.1	Ambiguity around technology roles and responsibilities	14/01/2020	LMcG	1	4	4	Combined Wheatley/DGHP approach; key roles and responsibilities and escalation arrangements agreed	4	Green
3.2	Repairs Service systems architecture not fit for purpose	14/01/2020	LMcG	1	5	5	System architecture finalised; staff and systems training and development in progress; testing scheduled in last quarter of 2019/2020 and first quarter of 2020/21	5	Green
3.3	Piecemeal/ineffective systems access for key staff	14/01/2020	LMcG	3	4	12	Being agreed/finalised as part of testing/training phase	12	Amber
3.4	Operative handhelds/devices not fit for purpose or working effectively	14/01/2020	LMcG	2	5	10	Phones/tablets specified and ordered; MSPS staff engaged around usability/effectiveness	10	Green
3.5	Servitor/DRS not tested or not operational	14/01/2020	LMcG	2	5	10	Staff and systems training and development in progress; testing scheduled in last quarter of 2019/2020 and first quarter of 2020/21	10	Green
3.6	Servitor/DRS not 'set' correctly for day 1 operations	14/01/2020	LMcG	3	4	12	Staff and systems training and development in progress; testing scheduled in last quarter of 2019/2020 and first quarter of 2020/22	12	Amber

3.7	Servitor/van stock management interfaces not working as intended	14/01/2020	LMcG	2	5	10	Staff and systems training and development in progress; testing scheduled in last quarter of 2019/2020 and first quarter of 2020/23	10
3.8	Scheduling or operative technology not working as intended	14/01/2020	LMcG	2	5	10	Staff and systems training and development in progress; testing scheduled in last quarter of 2019/2020 and first quarter of 2020/24	10
3.9	Security concerns around the secure management of information	14/01/2020	LMcG	2	5	10	Wheatley systems security and GDPR protocols being followed	10
				0	0	0		0
IHR-R-04	People							Mitigation RAG
4.1	Key managers and staff not recruited/in post	14/01/2020	MS	2	5	10	Staffing structure being created and presented to Board. Internal recruitment does not cause concern but external recruitment may be hindered by long notice periods etc.	10
4.2	Skills/expertise gaps around management/operation of services	14/01/2020	MS	2	5	10	Agreed management and operating structure; finalised job descriptions; interim transition arrangements, populated structure; external top-up as required	10
4.3	Lack of capability/capacity to support viable operations	14/01/2020	MS	2	5	10	Established MS expertise; draw down of Wheatley expertise; existing staff capability/capacity; top up	10
4.4	No short term contingency 'top up' staffing arrangements in place	14/01/2020	MS	2	5	10	Initial agreement with City Building; use of identified/established contractors	10
4.5	Operative clearances/certifications/insurances not in place	14/01/2020	MS	2	5	10	Build on existing DGHP arrangements; TUPE and Induction around qualifications and clearances; other requirements being finalised as part of mobilisation implementation	10
4.6	Internal communications arrangements not in place/not working effectively	14/01/2020	MS	1	5	5	Communications Plan being developed as part of Mobilisation implementation; MS staff engagement scheduled for February 2020	5
4.7	Induction and training not completed as intended	14/01/2020	MS	2	5	10	New processes and procedures being finalised and embedded in Civica Servitor; Induction sessions scheduled for first week in April; new approaches to be communicated to customers/tenants	10
4.8	Day 1 processes/tasks not adequately understood/deployed	14/01/2020	MS	3	5	15	New processes and procedures being finalised and embedded in Civica Servitor; Induction sessions scheduled for first week in April; new approaches to be communicated to customers/tenants	15
4.9	Cultural/behavioural expectations not clear/not evident in practice	14/01/2020	MS	3	5	15	Picked up a part of induction and shaped by new operating requirements/processes; 'think yes' approach being adopted; build on established positive Repairs Service delivery reputation	15
4.10	Appropriate HR policies and procedures not in place/not followed	14/01/2020	MS	1	5	5	Required policies and procedures identified; Wheatley policies as starting point, supplemented as required	5
				0	0	0		0
IHR-R-05	Financial and Commercial							Mitigation RAG
5.1	No clear Business Plan in place for the IHR-Business	14/01/2020	JW	2	4	8	Use of Business Case as starting point; formal Business Plan to be developed	8
5.2	Lack of clarity as to allocated budgets – including set up costs - and associated cost centres	14/01/2020	JW	3	4	12	Identified in Business Plan; budgets allocated through agreed DGHP budget-setting process	12
5.3	Financial management policies and procedures unclear/not adopted	14/01/2020	JW	2	5	10	Required building blocks identified; DGHP and Wheatley arrangements as starting point, supplemented as required	10
5.4	Financial systems interfaces unclear/not working	14/01/2020	JW	3	5	15	Systems testing scheduled and training to be completed	15
5.5	Financial targets/parameters unclear	14/01/2020	JW	3	4	12	Overall financial targets set in Business Case and 2020/21 Budget allocation; NHF SoRs applied	12
5.6	Financial reporting arrangements unclear/not followed	14/01/2020	JW	2	5	10	Reflective of new organisational structure roles and responsibilities	10
5.7	Roles, responsibilities and delegations for financial management and reporting unclear/not followed	14/01/2020	JW	2	4	8	Ongoing financial management, monitoring and reporting to meet DGHP and Wheatley requirements	8
5.8	Projected cost-base inaccurate/unstable	14/01/2020	JW	2	4	8	Overall financial targets set in Business Case and 2020/21 Budget allocation; NHF SoRs applied	8
5.9				0	0	0		0
IHR-R-06	Overall Mobilisation Programme Management							Mitigation RAG
6.1	Mobilisation Programme (and accompanying plans) not in place or ineffective	14/01/2020	AA	1	5	5	IHR Mobilisation programme and interim leads created and in place January 2020.	5
6.2	Mobilisation Programme implementation slippage	14/01/2020	AA	2	5	10	UAT and SIT training Civica System undertaken Jan-Feb-March to familiarise DGHP & MSPS TUPE staffs role, process and procedures to enable service delivery 01/04/2020.	10
6.3	Mobilisation activities not completed as intended	14/01/2020	AA	3	5	15	Strong robust planning and testing of system in place testing, training and familiarity in place and ongoing development undertaken.	15
6.4	Key activities/risks missed	14/01/2020	AA	2	5	10	Continuous robust planning and testing to cover start-middle-end of repairs service created and adopted. Customer focus is the prime activity and attention to the service delivery always will be main objective.	10
6.5	Business performance and financial management inadequate	14/01/2020	AA	2	5	10	Processes, procedures specifications designed to incrementally improve service delivery, efficiency of the IHR covering overall financial and operational performance.	10
6.6	Business intelligence not gathered from ongoing operations or used coherently for improvement	14/01/2020	AA	2	4	8	Host of business objects reports, providing real-time performance. Immediate notification of system, operations and financial outcomes thereby allow managerial direction changes where deemed necessary.	8
6.7	Immediate 'go live' activities inadequate	14/01/2020	AA	2	5	10	Following identification of prime issues the IHR will commence rectification via internal resources and or via Initial agreement with City Building and or use of identified/established contractors.	10
6.8	Shortage of resources/expertise to support work in individual strands	14/01/2020	AA	3	4	12	Support from Wheatley colleagues; external consultancy top up if required	12
6.9	Diversion of attention/resources due to demands arising from wider DGHP/Wheatley activities/initiatives	14/01/2020	AA	2	4	8	Prioritisation of activities; External consultancy top up	8

Annex 3: Mobilisation: a programme managed approach

Service Operations	Suppliers & Logistics	Technology & Info	People	Finance & Commercial
<ul style="list-style-type: none">• People (employees and sub-contractors) in place to manage and deliver• Accommodation• Scheduling of works	<ul style="list-style-type: none">• Stocked vans• Materials to support service delivery• Procedures and processes for materials top ups	<ul style="list-style-type: none">• Working systems• Secure information• Technologies to support operations	<ul style="list-style-type: none">• TUPE process complete• Induction and training• Safe working• Clarity of plans for T&CS	<ul style="list-style-type: none">• Allocated budgets• Financial controls• Appropriate contracts
<ul style="list-style-type: none">• Managers and supervisors in place• Agreed policies and procedures• Full suite of trades, and access to required capacity (core and top up)• Fit for purpose fleet and materials• Compliance with service commitments and HSE practices• Interaction between operatives, schedulers and the CSC• Coherent and efficient deployment using the new scheduling and materials solutions• Appropriate branding of people, premises, and fleet	<ul style="list-style-type: none">• Supplier list (day 1) complete• Suppliers migrated from Morgan Sindall• Contractors notified and docs in place• Fleet in place and vans stocked• Materials purchasing arrangements confirmed• Staff fully inducted into new processes and procedures• Materials suppliers in place• Van stock top-up arrangements in place• Contingency logistics arrangements in place• Review and improvement horizons confirmed	<ul style="list-style-type: none">• Headline systems architecture in place and interfaces tested• Relevant systems access for all key staff• Servitor/DRS tested and operational• Servitor/DRS 'set' for day 1 operations• Technology/info roles and responsibilities unambiguous• Secure management of information within GDPR protocols• Systematic capture and management of performance and financial data• Coherent use of business intelligence gathered from ongoing operations	<ul style="list-style-type: none">• Key staff recruited• Skills/expertise in place to manage/run services• Populated structure to support viable operations• Contingency 'top up' arrangements in the short term• Up to date operative certifications• Agreed communications arrangements• Induction and training delivered/scheduled• Understanding of day 1 processes/tasks• Understanding of cultural/behavioural expectations• Agreed HR policies and procedures	<ul style="list-style-type: none">• Business Plan in place for the Team• Allocated budgets – including set up costs - and logical cost centres• Clear financial mgt policies and procedures• Clear systems* interfaces• Clear financial targets/parameters• Clear reporting arrangements• Clarity of roles, responsibilities and delegations• Appropriate insurances and accreditations• Consistent supplier selection/management arrangements in place/applied• Clear escalation procedures for complaints

*Servitor, Orchard, Open Accounts

	REPORT TO THE BOARD OF MANAGEMENT 29 JANUARY 2020	ITEM NO 12
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TITLE	FINANCIAL REPORT, DECEMBER 2019		
DATE	21 JANUARY 2020		
AUTHOR	HUGH CARR		
FOR	NOTING	DISCUSSION	DECISION
		√	√
PURPOSE OF THE REPORT			
To report the financial position at December 2019.			
RECOMMENDATIONS			
31.1 NOTE the deficit for the year to date of £7,491k; 31.2 NOTE the commentary on the financial performance and projections; 31.3 NOTE the loans balance at the end of December 2019 was £169m, and that net debt was £123.968m at 31 December; and 31.4 NOTE the projected compliance with all lenders' covenants for 2019/20.			
IMPLICATIONS			
FINANCIAL AND STAFFING	Informs Board of any financial issues and increased risks that need to be addressed		
LEGAL/REGULATORY	SHR requires strong financial reporting to the Board		
RISK ASSESSMENT/KEY RISKS	Income collection, void levels, cost control, loan covenant compliance		
CONSULTATION REQUIRED	None		

OR PLANNED	
IMPLICATIONS FOR SERVICE USERS	None
PRIMARY STRATEGIC OBJECTIVE	SO5: To strive in all areas of management to be a cost effective and well-managed organisation, achieving high standards of governance and financial management
EQUALITY & DIVERSITY	DGHP always seeks to comply with the terms of the Equality and Diversity Act 2010.
IF A DECISION IS NECESSARY IS AN OPTION APPRAISAL CONTAINED IN THE BODY OF THE REPORT	n/a

Background

1. This report presents management accounting information to the end of December 2019, month 9 of 2019/20.
2. The Financial Dashboard sets out key financial information for this Quarter. The following schedules are attached to this report:

Schedule 1	Financial Dashboard
Schedule 2	Statement of Income
Schedule 3	Cashflow and Treasury Management

3. Key income and expenditure headings are also presented graphically;

Graph 1	Accounting Surplus/(Deficit)
Graph 2	EBITDA-MRI - Earnings before Interest, Tax, Depreciation and Amortisation, adjusted for Major Repairs
Graph 3	Gross Rent
Graph 4	Void Losses
Graph 5	Staff Costs
Graph 6	Repair Costs
Graph 7	Investment Programme
Graph 8	Interest Payable
Graph 9	Debt
Graph 10	Cash Balances

4. This report compares actual results to the budget for 2019/20 as approved by the Board in April 2019. As always, the accounts have been prepared on a prudent basis throughout.
5. Throughout the accounts, a favourable variance is shown as a positive figure, and an adverse one as a negative.
6. Schedule 2 presents an overview of the Statement of Income for the year to date, with a projection to the year end.
7. Schedule 3 summarises Cashflow and Treasury Management information, including covenant compliance.
8. The graphs present the budget for the year; the actual results to December; a forecast to March 2020; and, where relevant, a comparison to 2018/19.
9. From February 2020, the format of the management accounts will move to the Wheatley Group format.

Financial Dashboard

10. This schedule presents an overview of key data, with a 3-colour symbol coding of performance against the Business Plan or budget:

Code	Definition	Comments
✓	Within target or budget	Management should understand issue and risks
!	Narrowly within target or budget	Corrective action should be in place, or recovery in trend explained
✗	Overspend or underperformance	Corrective action must be in place

11. Attached to the schedule is a table showing how each indicator is measured against this scale.

12. Noteworthy green indicators, showing strong performance, at December 2019 are:
- Number of relets but not days to relet – as discussed with Board in September
 - Management costs remain close to budget, despite the extra costs relating to partnership (and allowing for recovery of agreed costs from Wheatley Group)
 - Interest costs, which are under budget
 - Cash balances are above budget,
 - Investment spend in YTD is shown as red, as it is below the Business Plan, but is already significantly ahead of the 2018/19 full year spend and is projected by the team to be over £20m with a green indicator for the full year.
 - NSSE sales, as these are now all complete.
13. Red Indicators at December 2019 are:
- Void losses in the unlettable stock, caused by the faster than expected emptying of the hard to let blocks. This is addressed in the 2020 Business Plan
 - Rent arrears, caused by a higher than predicted level of technical arrears and the impact of Universal Credit. This is discussed elsewhere on the agenda
 - New Build spend and completions, as no new schemes have yet gone on site in 2019/20
14. All other indicators are yellow or green.
15. We are reporting compliance at December 2019 and projecting compliance at March 2020 with the new M&G covenants, and the existing THFC covenants and Allia requirement re the value of unsecured stock. The refinancing report shows how the M&G covenants are being met in 2019/20.

Income and Expenditure Account – Schedule 2

16. The Income and Expenditure Account shows a full year projected deficit of £10,349k, compared to a budget deficit of £3,607k. EBITDA-MRI is projected at a deficit of £5,588k compared to budget deficit of £6,088k. Year to date, the deficit is £7,491k and EBITDA-MRI is a surplus of £27k.
17. Other variances to note are:
- Staff costs are projected to be over budget, largely due to the costs of temporary staff
 - Overheads are slightly ahead of budget, partly because of cost associated with the group partnership project
 - Repairs are currently under budget, but projected to be in line with budget by the year end as the increase in demand triggered by the partnership consultation comes through
 - Investment spend (before capitalisation, and including the SCS) is £2,288k behind budget, but forecast to be close to budget by the year end
 - Bad debt costs are below budget, in part because the Business Plan provision was set prudently to manage the risks associated with Universal Credit
18. The accounts make provision for costs associated with the In House repairs implementation of £416k to be recharged to the Wheatley Group, analysed as below:

	£k
IHR ICT costs	197
IHR implementation team	115
IHR Consultancy	104

Cashflow and Treasury – Schedule 3

19. Schedule 3 summarises the cashflow in the Quarter. At 31 December 2019, debt was £169m plus the amortising THFC loan premium of £1.23m, with loan principal outstanding to M&G of £114m, THFC £40m and Allia £15m.
20. This follows the refinancing of the Dexia loan in December. In summary, the repayment to Dexia was £117.267m, of which £114m was funded by the drawdown from M&G and £3.267m from DGHP cash reserves.

21. Cash balances at 31 December are £45.0m, held at RBS (£10m), Santander (£7.5m), Barclays (£7.5m), Nationwide (£7.5m), Svenska Handelsbanken (£2.5m) and Bank of Scotland (£7.5m), plus the THFC interest deposit of £2.08m. Deposits of £5m with Nationwide and £7.5m with Santander will be returned by mid February and mid March respectively. This is a precautionary move, agreed with colleagues at Wheatley, to provide accessible cash through the refinancing process.
22. Within the cashflow, the same trends as reported above are apparent.
23. We are reporting compliance with the new M&G and RBS Covenants, the THFC covenants and with the Allia unencumbered stock requirement at December 2019, and projecting compliance at March 2020.

Staff Costs

24. Staff costs are £200k over budget for the YTD and projected to be £315k over budget for the year, largely because of temporary posts.

Overheads

25. Overall, overheads are projected to be £24k below budget for the year.
26. There were no fixed asset additions in the quarter, other than Digital Strategy related items.

Repairs and maintenance

27. The total expenditure on repairs and maintenance is £260k below budget for the year at present. We can anticipate a spike in costs in early 2020 as work reported by customers during the door knocking is completed. The full year projection is for the budget to be fully spent.

Investment Programme

28. Expenditure on the investment programme (including the SCS costs) currently stands at an encouraging £12,229k for the year to date, before capitalisation. The projection for the year is for spend (including the Stock Condition Survey) to be £20,234k, which is very close to the plan figure of £20,856k.
29. As noted above, the split of spend between capitalised and non-capitalised items is out of step with the 2019 DGHP Business Plan, as we have now capitalised external wall insulation work in line with Wheatley Group policies. The 2020 Plan adopts group accounting policies so this issue will not recur in 2020/21.

Recommendations

30. The Board is invited to:

- 31.1 NOTE the deficit for the year to date of £7,491k, including £6,299k of Dexia breakage costs;
- 31.2 NOTE the commentary on the financial performance and projections;
- 31.3 NOTE the loans balance at the end of December 2019 was £169m, and that net debt was £123.968m at 31 December; and
- 31.4 NOTE the projected compliance with all lenders' covenants for 2019/20.

Authors	Hugh Carr, Director of Finance Jackie Ward, Head of Finance Julie Mein, Management Accountant Debbie Easton, Financial Services Officer
Date	21 January 2020

	REPORT TO BOARD OF MANAGEMENT 29 JANUARY 2020	ITEM NO 13
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TITLE	PERFORMANCE REPORT TO 29TH DECEMBER 2019		
DATE	17 JANUARY 2020		
AUTHOR	DAVID FORD		
FOR (DELETE AS REQUIRED)	NOTING ✓	DISCUSSION ✓	DECISION

PURPOSE OF THE REPORT

To provide members with an overview of the year to date performance during 2019/20

RECOMMENDATIONS

17.1. NOTE the content of the Performance Information Pack

IMPLICATIONS

FINANCIAL AND STAFFING	Poor performance may result in an increasing arrears balance; fines from non-compliance with Health and Safety matters and ultimately potential breaches of loan covenants.
LEGAL/REGULATORY	In order to demonstrate compliance with the regulatory standards the Board require to have sight of DGHP's performance data on a frequent basis in order to scrutinise its quality.
RISK ASSESSMENT/KEY RISKS	Without full scrutiny of the performance data the board will not be able to take appropriate decisions in relation to the strategic direction of the company.
CONSULTATION REQUIRED OR	No

PLANNED	
IMPLICATIONS FOR SERVICE USERS	The monitoring of performance is key to the provision of high quality services to our tenants.
PRIMARY STRATEGIC OBJECTIVE <i><u>DELETE AS APPLICABLE</u></i>	SO5:- To strive in all areas of management to be a cost effective and well-managed organisation, achieving high standards of governance and financial management
EQUALITY & DIVERSITY	DGHP always seeks to comply with the terms of the Equality Act 2010.
IF A DECISION IS NECESSARY IS AN OPTION APPRAISAL CONTAINED IN THE BODY OF THE REPORT	No

Background

1. The Performance Information Pack is attached at Appendix 1.
2. This Pack contains 72 measures. This provides Members with an overview of areas of the service where measures indicate performance is across the business is either going well or is not yet meeting target.
3. There are 7 Sections in the Appendix which cover measurements in key areas of service delivery as follows:
 1. Charter Measures
 2. Compliance Measures
 3. Customer Measures
 4. Financial Measures
 5. Property Measures
 6. People Measures
 7. Audit Recommendations Tracking
4. The report shows actual performance up to 29th December 2019.
5. Quartile performance benchmark information is also provided in Appendix 1.
6. This quartile position is for the Charter Measures and have been compared to a benchmarking group of 52 landlords with 2,500 or more stock.

7. Our current performance is measured against the most recent information available from this group of RSLs and it is indicated which measures would be in Top (Green), Middle (Amber) or Bottom (Red) Quartiles.
8. Currently, our performance is in the Top Quartile for 11 out of 32 measures (34.4%) and in 2nd Quartile for a further 10 measures. There are 6 measures in the 3rd Quartile and 5 in the Bottom Quartile. This is an improvement on the position for the previous month. Our ambition is to have 80% of the measures in the top quartile.
9. Actual Performance results are measured against current DGHP targets using the “traffic light” system below:

	On Target
	Within 3% of Target
	More than 3% below Target

10. The structure of the report details the description of the Measure, reporting period shown against each measure on the appendix as YTD (Financial Year to Date) or 12 Months (Rolling 12 Months to Actual Performance Date), Actual results to date, the DGHP Target where applicable, Benchmark where available and Comments.
11. The Benchmark figure is the Scottish Average (mean) for the previous financial year calculated from all Annual Returns on the Charter to the Scottish Housing Regulator. The Benchmark figures have now been updated following publication of 2018/19 ARC results by SHR. Currently 17 out of the 33 Charter Measures is better than the Scottish Average.
12. The Audit Recommendation Tracking section provides Members with a list of current outstanding recommendations from previous Internal Audit visits with Status updates where applicable.
13. The table below summarises the Red, Amber and Green (RAG) position currently and with the focus on selected measures below target, this table will show most in Red and Amber status:

Report Section	Red Indicators	Amber Indicators	Green Indicators
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1 ARC KPIs	12	11	10
2 Compliance	6	3	4
3 Customer	1	2	1
4 Financial	3	8	0
5 Property	0	0	5
6 People	2	1	1
Total for all Sections	24	25	21

14. Senior Managers have been assigned KPIs (Key Performance Indicators) for areas of the services for which they have responsibility, and this is linked to the applicable Executive Manager.
15. Commentary is provided where applicable to provide Members with further information on individual Measures.

Discussion

16. Members are invited to note the status of the measures subject to the Traffic Light System above and the explanatory comments provided by responsible senior managers. These results up to 29th December have been discussed in detail with senior managers to ensure that, where performance is below target, that action can be taken and improvement before year end can be demonstrated.
 - Further information on selected key highlights and areas of concern is provided below:
 - Members will note that 34.3% of all measures are more than 3% below target (Red). However, the Monthly Trend analysis shows that more than half (64.3%) of measures are better than last month and the majority of these are in the Compliance and Financial (Investment Programme) sections.
 - Performance has not improved with time taken to complete non-emergency repairs and repairs completed right first time. The volume of work in recent months has spiked with over 1,000 jobs per week being reported (our normal would be around 650 per week). In addition, the new repairs service to be implemented from April means that the

demobilisation of MSPS may be having an impact on the results within these measures.

- Rent Arrears results also continues to show deteriorating performance and a separate paper submitted to this Board examines the issue of Universal Credit as a significant impact on these figures.
- Members will note the continued improvement across the Compliance measures with 17 out of the 19 measures showing an improved position compared to last month.
- The Investment Work programmes also show month on month improvement however, delivery and spend against budget are slightly behind target. Window replacement costs are lower than current Business Plan budget forecasts resulting in an efficiency saving.

Recommendations

17. The Board is invited to:

17.1. NOTE the content of the Performance Information Pack

Author:	David Ford Performance and Insights Manager
Responsible Director:	Alex McGuire Interim Chief Executive
Date:	17/1/2020

DGHP Board Performance Information Pack 2019/20

Performance at 29th December 2019



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Traffic Light Key: Target

	On Target - 30%
	Within 3% of Target – 35.7%
	More than 3% below Target 34.3%

Financial Year to Date

Rolling 12 Months

Monthly Trend

Better than Previous Month – 64.3%
Same as Previous Month – 18.6%
Worse than Previous Month – 17.1%

Quartile

Top (Quartile 1) – 34.4%
Middle (Quartile 2 or 3) – 50%
Worse (Quartile 4) – 15.6%

DGHP Board Performance Pack

1. Charter Measures

KPI	YTD/12 Months	Actual 2019/20	Monthly	Target	Previous Year 2018/19	Benchmark (ARC 2018/19)	Quartile	Leadership Responsibility	Comments
Percentage of tenants satisfied with the overall service provided by their landlord	YTD	94.8%		95%	95.2% (2017)	90.1%	1 st	Lesley Skilling, CSC Manager	3-year survey completed by Research Resource in July/August 2019.
Percentage of tenants who feel their landlord is good at keeping them informed about their services and decisions	YTD	94.6%		95%	95.6% (2017)	91.7%	1 st	Lee Herron, Communications and Communities Manager	3-year survey completed by RR in July/August 2019 - further piece of work required to find out what works for our tenants and taking steps to improve how we keep tenants informed
Percentage of tenants satisfied with the opportunities given to them to participate in their landlord's decision-making processes	YTD	94.7%		95%	94.5% (2017)	85.9%	1 st		3-year survey completed by RR in July/August 2019 - work around the recent governance review and the partnership with Wheatley will form the new engagement structures
Percentage of 1 st stage complaints, including those related to equalities issues, responded to in full	YTD	98.9%		100%	98.7%	98.4%	3 rd	Lesley Skilling, CSC Manager	436 Stage 1 Complaints received or carried over 01/04/19 to 29/12/19. All complaints responded to in full in reporting period. Year to date performance continues to improve.
Percentage of 1 st stage complaints, including those related to equalities issues, upheld	YTD	52.2%		50%	53.1%	55.3 %	2 nd		225 Stage 1 Complaints upheld. Increase in the number upheld so not achieving target this month. The outcomes are passed to Managers to review and learn from.
Percentage of 1 st stage complaints responded to in full, within the Scottish Public Services Ombudsman (SPSO) Model Complaint Handling Procedure (CHP) timescales	YTD	98.8%		100%	77.3%	86.7%	1 st		No failures in reporting period and improvement in Year to Date performance. Average days to respond is 3.1
Percentage of 2 nd stage complaints, including those related to equalities issues, responded to in full	YTD	100%		100%	96.7%	94.2%	1 st	Christopher Watt, Head of Corporate Business	All complaints were responded to in full at the time of preparing this report.
Percentage of 2 nd stage complaints, including those related to equalities issues, upheld	YTD	52.8%		53%	52.3%	51.3%	3 rd		28 Stage 2 complaints have been upheld this month. The themes from these complaints are being monitored by the Senior Leadership Team in an attempt to ensure that DGHP is learning fully from the complaints. In addition, managers are receiving details of the individual complaints to look at together with a recommendation as to whether the complaint could have been prevented.

KPI	YTD/12 Months	Actual 2019/20	Monthly	Target	Previous Year 2018/19	Benchmark (ARC 2018/19)	Quartile	Leadership Responsibility	Comments
Percentage of 2 nd stage complaints responded to in full, within the Scottish Public Services Ombudsman (SPSO) Model Complaint Handling Procedure (CHP) timescales	YTD	100%		100%	71.6%	83.8%	1 st		All Stage 2 Complaints responded to within SPSO timescales. Average time to respond is 14.0 days
Complaints made to Scottish Public Services Ombudsman upheld	YTD	0		0	0	n/a	n/a		This figure is extremely important as it highlights to the organisation that it is investigating and responding to stage 2 complaints appropriately.
Percentage of existing tenants satisfied with the quality of their home	YTD	92.7%		95%	94.2% (2017)	88.1%	1 st	Jane Urquhart	These were measured July and August 2019 as part of our three-year satisfaction survey. We continue to review the figures with our contractors.
Percentage of tenants satisfied with the standard of their home when moving in (within 12 months)	YTD	79.3%		90%	86.1%	90.8%	4 th	Martin Brown, Tenancy Services Manager	Neighbourhood managers continuing to identify additional measures, including enhanced decoration, to ensure tenants are satisfied with the condition of the property. This continues to deliver positive results, with a further increase in satisfaction levels, rising to just over 87% in December Previous poor results however are reflected in the year to date figure. Aim is to maintain rising satisfaction levels for the remainder of the year.
Average length of time to complete emergency repairs	YTD	2.2 hours		2.5 hours	2.33 hours	3.65 hours	1 st	Gary McGeoch, Operations Manager	Good consistent performance once again within this category.
Average length of time to complete non-emergency repairs	YTD	8.3 working days		6.5 working days	7.83 working days	6.56 working days	4 th		Increase in number of repairs reported. Disappointing performance, operative overtime ongoing and works being diverted to other contractors where possible to try and alleviate the drop in performance.
Percentage of repairs completed right first time	YTD	84.7%		92%	93.01%	92.5%	4 th		Further disappointment within this category, continually discussing the importance of reaching an improvement with the contractor.
Percentage of repairs appointments kept	YTD	96.6%		97%	96.5%	95.6%	2 nd		Good performance although still requiring a final effort to achieve target/top quartile, hopefully outsourcing works will contribute to an improvement with this KPI.

KPI	YTD/12 Months	Actual 2019/20	Monthly	Target	Previous Year 2018/19	Benchmark (ARC 2018/19)	Quartile	Leadership Responsibility	Comments
Percentage of tenants who have had repairs or maintenance carried out in the last 12 months satisfied with the repairs and maintenance service	YTD	92.3%		95%	91.7%	91.7%	2 nd		Continuing to talk to contractor, no major issues coming through that a bit of attention to detail couldn't sort such as turning up on time to do the job & communicating with the tenant before leaving the job to ensure works are carried out as expected.
Percentage of properties at or above appropriate SAP or NHER in SHQS	YTD	93%		100%	94.9%	97.9%	2 nd	Jim Preston, Interim Director of Investment and Regeneration	Figure clarified in September 2019 SCS. List of properties being reviewed alongside full SCS and EESSH performance to identify work required
Percentage of tenants satisfied with the management of the neighbourhood they live in	YTD	92.4%		92%	91.9% (2017)	87.8%	1 st	Martin Brown, Tenancy Services Manager	These were measured August 2019.
Percentage of ASB cases resolved within locally agreed targets	12 months	91.2%		100%	89.4%	87.9%	2 nd		419 ASB cases opened in 12 months rolling to 29/12/19. Measured in accordance with SHR definition which does not allow for the carry forward of open cases at the start of the reporting period.
Percentage of lettable houses that became vacant in the year	12 months	9.69%		9%	9.12%	8.6%	3 rd		992 Terminations in 12 months rolling to 29/12/19. Continuing to focus on trying to reduce abandonments to improve performance
Total rent arrears as percentage of gross rent (including FTA written-off)	YTD	4.32%		3.6%	3.44%	5.67%	2 nd		At 29/12/19: Total Arrears = £1,858,912 Current Tenants Arrears = £1,484,994 Further increase this month is predominantly due to DWP payment pattern. Last payment received on 4 December. Total arrears would be 3.6% taking account of the value of the delayed DWP payment. There is a separate report to January Board highlighting the impact of UC payment pattern on current arrears. It is still strongly anticipated that arrears will be within the 3.6% target by year end.
Percentage of rent due lost through properties being empty	YTD	0.73%		0.75%	0.76%	0.88%	2 nd		At 29/12/19 Net VRL = £227,629.67 Slight improvement in performance this month due to new processes in place internally. Unlikely to see any substantial improvement in performance until new inhouse contractor is operational.

KPI	YTD/12 Months	Actual 2019/20	Monthly	Target	Previous Year 2018/19	Benchmark (ARC 2018/19)	Quartile	Leadership Responsibility	Comments
Average time to re-let empty properties	YTD	28.0 days		20 days	29.95 days	31.9 days	2 nd		<p>714 properties re-let 01/04/19 to 29/12/19. Unlikely to see any substantial improvement in performance until new inhouse contractor in place and new processes operational for void management.</p> <p>In addition, properties which have low demand continue to have a substantial impact on overall monthly performance figure.</p> <p>Going forward the Stock Feasibility study will address low demand in identified area such as Upper Nithsdale. Elsewhere we will develop applicant incentives schemes to market individual low demand properties.</p> <p>This year 8% (57) properties have had low demand issues totalling 2,183 days or 10.9% of total days to let. If this time was excluded, the average days to re-let would be 24.0.</p>
Percentage of tenants who feel that the rent for their property represents good value for money	YTD	90.3%		84%	86.8%	83.2%	1 st		These were measured July and August 2019

Percentage of Stock meeting the Scottish Housing Quality Standard (SHQS)	YTD	76.5%		100%	66.2%	94.1%	4 th	Jim Preston, Interim Director of Investment and Regeneration	Figure clarified in SCS completed in September 2019. Data now being analysed to prioritise work for remainder of this year and 2020/21 to bring 2425 failures up to acceptable Standard excluding Abeyances and Exemptions.
Percentage of Stock meeting the Energy Efficiency Standard for Social Housing (EESH)	YTD	80.62%		85%	74.2%	n/a	3 rd	Jim Preston, Interim Director of Investment and Regeneration	Figures clarified in SCS survey completed in September 2019. Work underway to prioritise work required to bring 2005 failures up to standard
Average time to complete Adaptations (calendar days)	YTD	24.3		31	32.96	49.4	1 st	Jane Urquhart, Senior Investment Manager	133 Major Adaptations completed in average 62.7 days 510 Minor Adaptations (<£500) completed in average 14.2 days
Percentage of factored owners satisfied with the factoring service they receive	YTD	67%		75%	69% (2017)	67%	2 nd	Dorothy Grassom, Factoring Manager	<p>Results have now been received with the overall satisfaction level falling 2% from our last survey in 2017 but are still within the benchmark.</p> <p>The fall in satisfactions levels were anticipated following the number of compliance and investment works that have been carried out in the last year impacting on owners having to pay their share in accordance with majority decision-making legislation.</p> <p>Further analysis of the results will be carried out to ascertain areas for service improvement and development.</p>

KPI	YTD/12 Months	Actual 2019/20	Monthly Trend	Target	Previous Year 2018/19	Benchmark (ARC 2018/19)	Quartile	Leadership Responsibility	Comments
Rent Collected as a percentage of Rent Due	YTD	98.19%		100%	99.64%	99.1%	4 th	Martin Brown, Tenancy Services Manager	This figure can fluctuate, dependent on the DWP, HB payment cycles. To date £31,018,063 collected out of £31,590,654 due. Anticipated to be on target by end of the year.
Percentage of tenancy offers refused	YTD	27.3%		20%	26.8%	36.3%	2 nd		We are continuing to achieve a refusal rate which is substantially better than the Scottish Average. 290 offers refused 01/04/19 to 29/12/19. 36.2% of Refusals were due to a Change of Circumstances, 20.3% did not respond to the offer, 17.6% refused because house offered was unsuitable due to type, size or location and 1.4% refused due to condition of property.
Percentage of court actions initiated which resulted in eviction	YTD	17%		16%	18.6%	19.9%	3 rd	Christopher Watt, Head of Corporate Business	18 evictions (17 Evictions for Rent Arrears and 1 Eviction for ASB).
Percentage of new tenancies sustained for more than a year by source of let	YTD	86.3%		>88%	86.8%	88.8%	3 rd	Martin Brown, Tenancy Services Manager	<p>111 out of 773 re-lets and mutual exchanges did not last more than 12 months. In accordance with SHR guidance, terminations for all reasons are included in this measure. 26.1% of tenancies not sustained were Abandoned, 7.2% moved to a private let, and 3.6% were evicted for rent arrears. Also, around 23% of the tenancies ending within 12 months were due to reasons such as Transfer, Moving Away for Employment, Deceased etc.</p> <p>Focus on improving performance is on tenants who are vulnerable with limited skills in managing a tenancy.</p>

2. Compliance

KPI	YTD/12 Months	Actual 2019/20		Monthly	Target	Previous Year 2018/19	Benchmark	Leadership Responsibility	Comments
Fire Risk Assessments	12 months	Blocks Required	479		100%	n/a	n/a	Lorna McCubbin. Compliance Manager	2019 Reviews complete (30 FRA's) SCS identified 479 blocks that require an FRA – Fire Safety First were instructed to carry out the assessments, 3 blocks outstanding due to access issues, these have been scheduled for 13 January.
		Blocks Assessed	476						
		Percentage Completed	99%						
FRA Remedial Work (priority 1 – Recommendations that should be implemented immediately or as soon as reasonably practicable)	12 months				100%	n/a	n/a		One Action on the FRAs includes several door replacements. The action cannot be closed until all doors are replaced; 32 actions are partially complete, these are factored blocks where further surveying works have been carried out to identify DGHP owned store doors, these have now been identified and works programmed. The remaining actions are for electrical doors/cabinets and store doors to be replaced. Expected completion is 31 March. Surveying has commenced for the 18 owners who would like their front door replaced by DGHP and have returned their payment mandate.
		Required	710						
		Complete	523						
		Percentage Complete	73.6%						
FRA Remedial Work (priority 2 – Recommendations that should be implemented in the short term and of a non-urgent nature)	12 months				100%	n/a	n/a		All emergency lighting has been installed, waiting on certification for the one block
		Required	64						
		Complete	63						
		Percentage Complete	98%						
FRA Remedial Work (priority 3 - Recommendations for longer term considerations)	12 months				100%	n/a	n/a		All emergency lighting has been installed, remaining outstanding action is for the replacement of communal store door, works scheduled to be completed by January 2020
		Required	26						
		Complete	25						
		Percentage Complete	96%						
DOMESTIC – Smoke Detection Upgrade to LD2 systems					TBC	0	n/a		Two-year programme, Increased year one to complete 6000 units as the contractor has capacity.
		Required	6,000						
		Complete	3,685						
		Percentage Complete	61%						
Legionella Risk Assessments (General Needs)	12 months				100%	n/a	n/a		2017-2019 Risk Assessment programme is now complete, an LRA is held for all identified properties
		Required	1,087						
		Complete	1,087						
		Percentage Complete	100%						

KPI	YTD/12 Months	Actual 2019/20		Monthly	Target	Previous Year 2018/19	Benchmark	Leadership Responsibility	Comments
Asbestos Management Survey (Domestic)	12 months	Required	9,609		100%	n/a	n/a		Full Management surveys are currently being carried out for voids that are categorised Band C and above – void for 16+ working days. From April 2020 full management surveys will be carried out on voids classed as Major. Best practice is we have management surveys for 10% of every archetype, which has been achieved. 2020/2021 targets to be reviewed to reflect.
		Complete	4,036						
		Percentage Complete	42%						
Lifts – Domestic Stair Lifts curved and straight	12 months	Required	269		100%	n/a	n/a		Inspection programme ongoing, meeting to be scheduled with BES to discuss programme, inspection dates and no access (resource issues)
		Complete	211						
		Percentage Complete	78%						
Electrical - Communal Periodic Electric Inspection Condition Report (present)	12 months	Required	479		100%	n/a	n/a		SCS identified 479 blocks that require an EICR – Savills have been instructed to carry out the inspection, testing and all remedial works required to ensure a satisfactory EICR, works have commenced and scheduled to be completed by February 2020
		Complete	460						
		Percentage Complete	96%						
Electrical – Communal Electrical Installations C2 Remedial Works	12 months	Required	461		100%	n/a	n/a		Remining 5 blocks require Scottish Power to attend to carry our works to the main supply – works ongoing with SP
		Complete	456						
		Percentage Complete	98.9%						
Electrical - DOMESTIC - Periodic Electric Inspection Condition Report	12 months	Required	6,000						Two-year programme, Increased year one to complete 6000 units as the contractor has capacity.
		Complete	3,613						
		Percentage Complete	60%						
Electrical - Portable Appliance Testing Buildings with equipment	12 months	Required	19		100%	n/a	n/a		All Testing completed
		Complete	19						
		Percentage Complete	100%						

KPI	YTD/12 Months	Actual 2019/20		Monthly Trend	Target	Previous Year 2018/19	Benchmark	Leadership Responsibility	Comments
Gas Safety Report	12 months	Required	8290		100%	100%	99.93%	David McLachlan, Contracts Manager	Continued excellent performance again this month and it is expected to maintain this throughout this reporting year. Introduction of new in-house repairs contractor and new IT system will require new heating procedures to be drafted and agreed before end of March 2020
		Complete	8290						
		Percentage Complete	100						

3. Customer Measures

KPI	YTD/12 Months	Actual 2019/20	Monthly Trend	Target	Previous Year 2018/19	Benchmark	Leadership Responsibility	Comments
Percentage of Telephone Calls answered within 20 seconds	YTD	78.2%		80%	80.4%	n/a	Lesley Skilling, CSC Manager	YTD performance still slightly below target. Performance in this period improved with 80.3% of calls being answered within timescale. Demand continues to be monitored closely-
Percentage of Customer Contacts resolved at first point of contact	YTD	93.1%		92%	91.4%	n/a		Performance continues to improve and remains above target.
Percentage of tenants satisfied with Investment Programme work	YTD	94.0%		95%	91.4%	n/a	Jane Urquhart, Senior Investment Manager	Overall tenant satisfaction based on monthly transactional survey to December 2019. Tenant comments continue to be discussed and with the relevant contractors at monthly meetings for action/improvement. There is a small upturn since last month (93.53%).
Percentage of Stage 1 and Stage 2 complainants satisfied with the handling of complaints	YTD	58.6%		65%	60.1%	n/a	Christopher Watt, Head of Corporate Business	Monthly transactional surveys up to December 2019. Although the satisfaction is slightly less than last month an analysis of the comments provided show that the issues relate mostly to issues with the contractors rather than how DGHP handled the complaint.

4. Financial Measures

KPI	YTD/12 Months	Actual 2019/20	Monthly	Target	Previous Year 2018/19	Benchmark (ARC 2018/19)	Leadership Responsibility	Comments
Current tenant arrears as percentage of gross rent	YTD	3.45%		2.5%	2.79%	3.63%	Martin Brown, Tenancy Services Manager	<p>At 29/12/19 current tenant arrears are £1,484,994.</p> <p>Slight monthly upward trend which is primarily due to the DWP payment cycle. For example £357k UC payment received on 31 December which isn't reflected in these figures.</p> <p>-Underlying performance is good.</p> <p>In addition, an adjustment of approximately 15% due to normal DWP late payment pattern could also be applied (as one at year end in accordance with SHR guidance.)</p> <p>Fully anticipated to be within or very close to target of 2.5% by the end of the year.</p>
Kitchens and Bathrooms and Aids & Adaptations Spend against Budget (£000)	YTD	£779		£1,024	£1,500	n/a	Jane Urquhart, Senior Investment Manager	Slow tenant uptake of bathroom works and reduction in requests for A&As plus a lower cost against budget for bathrooms has led to a projected underspend against budget.
Kitchen Project (number completed)	YTD	38		53	54	n/a		Behind target. However, following the Stock Condition Survey City Building have been brought in to assist in delivering a number of additional kitchen installations by the end of March.
Bathroom Project (number completed)	YTD	22		47	79	n/a		Slow take up from those who have previously refused bathroom replacement. Further work ongoing with tenants by Tenant Liaison Team
Aids & Adaptations (All Types) (number completed)	YTD	98		n/a	235	n/a		Reduced number of requests continues, well behind the number in previous years.
Heating Replacement (Energy Efficiency) Spend against Budget (£000)	YTD	£2,628		£3,000	£3,141	n/a		Slightly behind programme and the actual cost per unit of gas heating installations is slightly below budget which contributes to the underspend so far. Following the Stock Condition survey City Building have been brought in to assist in delivering a number of boiler replacements by the end of March.

KPI	YTD/12 Months	Actual 2019/20	Monthly	Target	Previous Year 2018/19	Benchmark (ARC 2018/19)	Leadership Responsibility	Comments
Heating Replacement Project (number completed)	YTD	555		601	713	n/a		Will continue to monitor but still expect to fall slightly short of overall target of 800 whole house heating replacements to be met by the year end.
Window Replacement Spend against Budget (£000)	YTD	£2,430		£3,281	£3,141	n/a		We are very slightly behind programme. The average cost per home is lower than budget by approximately 25% and is contributing to the underspend.
Window Replacement Project (number completed)	YTD	738		748	n/a	n/a		Very slightly behind phased target but the contractor has agreed that they will resource to complete the targeted 1,000 homes by 31 March 2020. We will continue to monitor this.
Roofing and EWI Spend against Budget (£000)	YTD	£3,550		£3,750	£945	n/a		Slightly behind programme but work in progress ongoing. Actual costs per property are being monitored and we are currently above the budget allowance per unit. This is due to the full extent of the works required only being fully defined after a detailed survey is carried out. The expenditure shown includes for factoring and grant funding income.
Roofing and EWI Project (number completed)	YTD	233		288	34	n/a		Total 233 properties signed off to date but work in progress (approximately 45) at various stages. Slightly behind programme.
Investment spend against budget (£000)	YTD	£12,371		£15,280	£6,867	n/a	Jane Urquhart, Senior Investment Manager	A slow start for the new Roofing contract and low costs per unit for the windows contract have contributed to the underspend to date. Door Entry System, Porch Replacement and Fascia & Soffit Replacement, Boiler Replacement and additional Kitchen Replacement programmes are planned to start in the New Year.

5. Property Measures

KPI	YTD/12 Months	Actual 2019/20	Monthly	Target	Previous Year 2018/19	Benchmark	Leadership Responsibility	Comments
Investment costs per unit	YTD	£1,638		£1,872	£830	£811	Jane Urquhart, Senior Investment Manager	HouseMark All Scotland Peer Group Full year forecast = £1,737
Number of New Build starts in year against target	YTD	0		0	0	n/a	Jim Preston Interim Director Investment & Regeneration	4 projects (Sanquhar, Monreith, Nursery Avenue & Lincluden) all still forecast to go on site in last quarter of 2019/20.
Number of New Build completions in year against target	YTD	0		0	46	n/a		As per above. No completions planned on site in 2019-2020
Number of NSSE sales achieved in year against target	YTD	13		13	4	n/a		As of August 2nd, 2019, all sales are now completed. We now have no outstanding homes for sale.
RIDDOR (Contractors)	YTD	0		0	0	n/a	David McLachlan, Contracts Manager	No RIDDOR reported for Repairs, Cyclical or Electrical Compliance under my remit. No near misses reported for month

6. People Measures

KPI	YTD/12 Months	Actual 2019/20	Monthly Trend	Target	Previous Year 2018/19	Benchmark	Leadership Responsibility	Comments
Full-Time Equivalent Employees	YTD	198.28		189	187.3	n/a	Michael Shrimpton, HR Operations Manager	There has been a decrease of 1.47 from the previous month. It is anticipated that the FTE will remain consistently above the target throughout the year due to a number of new temporary posts including the Tenant Liaison Officers, Information Governance Officer and backfills for maternity leave.
Lost Time Due to Sickness Absence	YTD	5.12%		3%	2.7%	3.9%		This has decreased slightly by 0.04% from last month however is significantly higher than the same period last year. There has been 1786 days lost to sickness absence and 81% of this lost time is due to longer term absences over 7 days which limits the options to address this high sickness rate. The annual target of 3% will not be met this year, however, HR will continue to consult with staff on long term sick, their managers and Occupational Health with a view to reducing the sickness rate before the end of the reporting year.
Staff Turnover (%)	YTD	4.1%		n/a	8.92%	11.8%		There have been 10 leavers within the reporting year with the following reasons for leaving: 6 Resignations; 3 Retirements and 1 Probation Termination
RIDDOR (Staff)	YTD	0		0	0	n/a	Callum Fraser, Health & Safety & Facilities Manager	
Reported Lost time accidents	YTD	1		0	1	n/a		Another kind of accident Visiting Officer had an adverse reaction to flea bites – lost 14 days

7. Audit Recommendation Tracking

DGHP Full List of Outstanding Recommendations as at 27 th March 2019 - Significant & Fundamental Compliance				
Name	Leadership Responsibility	Implementation Date	Description	Current Status
August 2016 Data Protection and Information Security Rec 7.1 - USB sticks	Hugh	31/12/18	Enhanced controls over the use of removable media devices such as USB memory sticks should be introduced. These should include comprehensive coverage within the Company's IT Security Policy (including prohibited working practices and potential penalties for non-compliance) and the investigation of technical controls such as the use of Group Policy Editor (windows server setting) or using mobile device software.	IT Security Policy presented to Board for approval 17/9/19.
November 2018 Health and Safety Landlord Rec 4.1	Jim Preston	30/4/19	The Company should re-perform the Fire and Legionella reconciliations to ensure that they are accurate for all Company properties.	Agreed. A reconciliation of data between Keystone and Orchard in respect of flatted blocks with communal spaces has been carried out. Management are in the process of commissioning surveys of all communal areas to ensure accurate information.
November 2018 Health and Safety Landlord Rec 4.2	Lorna	28/2/19	The Audit & Compliance Manager should liaise with the Gas Compliance Manager to ascertain whether Keystone/Orchard can be used to monitor FRA dates and actions in the same way it can be used to monitor LGSR dates. Furthermore, The Company should complete, then close off all outstanding FRA remedial actions, to ensure that all risks arising from assessments are managed promptly.	The decision on purchasing the servicing module for Keystone will be made following the Strategic Review. Identified doors requiring replacements with FD30 doors have now been ordered with Mears as main contractor solid wood FD30s doors have been specified. Mears have ordered doors, completed date 30 August 2019
November 2018 Health and Safety Landlord – Rec 4.4	Jim Preston	23/4/19	The company should liaise with the Fire External Contractor to discuss the “means of escape” remedial action and appropriately close the actions off	The External Fire Risk Assessor identified a particular but isolated issue with a slippery floor surface in 2 blocks of flats in Dunlop Road. Slip Tests have been carried out. This action can be closed
November 2018 Development Rec 1.1	Jim Preston	31/3/19	The company should update the Financial Regulations to include a cap on the level of expenditure that can be approved by the Chief Executive and Director of Finance	Audit Committee to approve to cap the expenditure figure. This will go to Audit Committee in November 2019
February 2019 GDPR Rec 2.1 Data Maps	Eilidh Mowat	24/4/19	The Data Maps should be reviewed to ensure that all data is listed, all required elements are included, and data is classified correctly, especially in relation to sensitive data	The relevant data maps have been updated
February 2019 GDPR Rec 2.3 Privacy Notices	Eilidh Mowat	24/4/19	All privacy notices should refer to the possibility of gathering personal data using website cookies and to the use of consent in some instances as a legitimate reason for holding data such as photographs. Privacy Notices should also highlight the right to withdraw consent at any time.	There is a privacy notice on our website which details the personal data gathered by website cookies. We have now updated the privacy notices for tenants and service users

KKIRKLAND1984  Working with our Tenants	REPORT TO THE BOARD OF MANAGEMENT 29 JANUARY 2020	ITEM NO 14
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TITLE	TENANCY RELATED DEBT – WRITE OFF REQUEST		
DATE	3 JANUARY 2020		
AUTHOR	IAIN THOMSON, INCOME MANAGER		
FOR	NOTING	DISCUSSION	DECISION ✓

PURPOSE OF THE REPORT

The purpose of the report is to seek Board approval to write off tenancy related debt of £269,251.59 (354 debts)

RECOMMENDATIONS

10.1 AUTHORISE the write off of tenancy related debt totalling £269,251.59 as outlined in the report.

IMPLICATIONS

FINANCIAL AND STAFFING	Total write off in 2019/20 including cases in this report= £482,165.85. This is compared to budget provision of £905,000 for bad debts.
LEGAL/REGULATORY	This write off follows the regulatory and legal framework. Debt recovery efforts have followed DGHP policy and procedure.
RISK ASSESSMENT/KEY RISKS	Avoids overstatement of assets
CONSULTATION REQUIRED OR PLANNED	No
IMPLICATIONS FOR SERVICE	The debts for deceased, residential

USERS	care and sequestration will not be pursued. The other debts are still due for payment.
PRIMARY STRATEGIC OBJECTIVE <i>DELETE AS APPLICABLE</i>	SO5: - To ensure that we are a cost effective and well-managed organisation, achieving high standards of governance and financial management;
EQUALITY & DIVERSITY	DGHP always seeks to comply with the terms of the Equality and Diversity Act 2010.
IF A DECISION IS NECESSARY IS AN OPTION APPRAISAL CONTAINED IN THE BODY OF THE REPORT	n/a

Background

1. This report seeks Board approval to write off tenancy related debt of £269,251.59 (354 cases). These debts have gone through DGHP's debt collection procedures.

Discussion – Tenant related debt

2. Write off approval is being requested for a total of £269,251.59 (354 cases).
3. A list of these balances giving detail on tenancy reference, type of debt and value is attached to this paper.
4. Write off is being requested for a variety of reasons:
 - 4.1 Former tenant rent, legal expenses and rechargeable repairs that have already been through the full range of DGHP's recovery options with no success and have no other cost-effective recovery options: -
£259,061.39 (340 debts)
 - 4.2 Tenant deceased and no estate: - £3,599.41 (4 debts)
 - 4.3 Residential care and no funds: - £1,893.17 (4 debts)
 - 4.4 Sequestered debt: - £4,697.62 (6 debts)
5. Please note, that although written off, the debts listed in 4.1 above continue to be recorded against the individual(s) concerned and will be pursued in the future if an opportunity arises (e.g. if they apply for DGHP housing, etc.).

6. The breakdown of the type of debt is as follows:
 - 6.1 Rent arrears= £103,214.41 (136 debts)
 - 6.2 Decree granted at Court for rent = £27,968.60 (29 debts)
 - 6.3 Legal expenses = £14,988.66 (50 debts)
 - 6.4 Rechargeable Repairs = £123,079.92 (139 debts)
7. The Director of Finance has recently written off various former tenancy related debts that are under £500. The total for this in December 2019 was £25,079.89 (171 cases). In addition, the Director of Finance wrote off sequestrated current tenant debt of £404.05 (2 cases).
8. The following table is a summary showing total approved write offs for 2016/17, 2017/18, 2018/19 and the total for 2019/20 if the attached write offs are approved. The tenancy related debt write offs have reduced steadily the last two years after a comprehensive write off in 2017/18. The management of the remaining former tenant debt is totally up to date with all eligible cases having been put forward for write off.

	Type of debt	Rent arrears	Decree for rent	Legal expenses	Recharge repairs	Sequestrated	Total
2019/20	£ cases	£196,859.06 432	£ 46,953.65 48	£26,092.84 89	£205,054.60 305	£7,205.70 12	£482,165.85 886
2018/19	£ cases	£193,049.80 449	£ 73,590.22 69	£41,738.02 132	£220,635.98 322	£3,181.38 13	£532,195.40 985
2017/18	£ cases	£242,410.06 648	£ 94,401.95 109	£47,153.60 161	£332,019.67 460	£5,121.52 9	£721,106.80 1387
2016/17	£ cases	£131,763.64 319	£ 48,171.67 43	£27,764.30 94	£159,056.07 199	£12,685.08 13	£379,440.76 668

Recommendations


9. The Board of Management is invited to:

9.1 AUTHORISE the write off of tenancy related debt totalling £269,251.59 as outlined in the report.

Author: Iain Thomson, Income Manager

Responsible Director: Jayne Moore, Director of Housing Services
Hugh Carr, Director of Finance

Date: 3rd January 2020

	REPORT TO THE BOARD OF MANAGEMENT 29 JANUARY 2020	ITEM NO 15
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TITLE	DIGITAL STRATEGY UPDATE		
DATE	17 JANUARY 2020		
AUTHOR	HUGH CARR, DIRECTOR OF FINANCE		
FOR	NOTING ✓	DISCUSSION	DECISION

PURPOSE OF THE REPORT

The purpose of the report is to update the Board on the development and implementation of the Digital Strategy,

RECOMMENDATIONS

23.1. NOTE the update on the development and implementation of the Digital Strategy.

IMPLICATIONS

FINANCIAL STAFFING	AND	One off cost of approximately £1.5m have been incurred, which is within the budget set at the start of the project. Annual costs are projected at approximately £300k for the managed services and associated services
LEGAL/REGULATORY		Project has been procured in line with the procurement policy and relevant regulations. Compliance with GDPR and FOI has been maintained
RISK RISKS	ASSESSMENT/KEY	Maintaining service delivery is crucial, during and after system change. Cost control and project management critical

CONSULTATION REQUIRED OR PLANNED	<p>Extensive staff consultation on existing systems and processes undertaken, and the approach taken facilitated addressing the key issues raised.</p> <p>External expert advice from Alysium has been used to inform the specification of the new infrastructure</p>
IMPLICATIONS FOR SERVICE USERS	Facilitation of easier and more capable online and mobile services; better business continuity and disaster recovery capabilities; stronger data security
PRIMARY STRATEGIC OBJECTIVE	<p>SO1: To provide good quality and cost-effective services to our customers;</p> <p>SO5: To strive in all areas of management, to be a cost effective and well-managed organisation, achieving high standards of governance and financial management; and</p> <p>SO6: To develop the capacity of our organisation and our people, to achieve continuous improvement in efficiency and in the end results experienced by customers and service users</p>
EQUALITY & DIVERSITY	DGHP always seeks to comply with the terms of the Equality and Diversity Act 2010

Background

1. In 2016/17, DGHP identified the need and opportunity to move ICT service provision forward to a 'digital by default' model, to enable customers to transact entirely digitally if they chose to do so and with full mobility of the housing management system and enhanced and renewed network infrastructure.
2. In April 2017, Alysium Consulting were appointed to advise and support on the development of the Digital Strategy, with a brief that included:
 - Advising on current technology options and emerging capabilities;
 - Assessing the long-term suitability of Orchard Housing for DGHP's emerging needs; and
 - Developing the specification for systems to enable digital by default working.

Orchard Review

3. Alysium's summary report on the suitability of Orchard was completed in late 2017. Its key findings were:
 - There are gaps in the functionality of Orchard, some of which may be perceived rather than real – i.e. users assume it can't perform a task so develop an alternative, rather than research the system's capabilities;
 - As a result, lots of data is held and manipulated outside Orchard, on spreadsheets – particularly in factoring and investment;
 - This brings complexity and inconsistency to management reporting;
 - There is limited integration between core systems, notably between Orchard and Keystone, which also brings gaps and inconsistencies into the data; Keystone is now being superseded by Wheatley Group's PIMS system, but integration with Orchard is still required; and
 - Over recent years, Orchard have repeatedly committed to and then failed to deliver enhancements to the system, notably mobile working and a move away from the expensive Progress Database Platform, which means that the system is in some respects behind its competitors, and inhibits the ability of other systems to seamlessly integrate with Orchard.
4. As a consequence of this, Alysium recommended that we explore the capabilities of alternative systems, in a process known as 'soft market testing', which was completed in late 2017. The results of the soft market testing were used to inform the preparation of the specification for a new housing management system, with input from key user teams. The draft specification was completed in late 2018, just as the governance and strategic reviews were commencing.
5. The strategic review and now partnership process caused this strand to be paused in late 2018, and it is now superseded by the development of new Wheatley Group ICT strategy, which will probably include migration to group systems.

Infrastructure Review

6. Alongside the review of Orchard, Alysium also reviewed options for network infrastructure provision, informed by the upcoming need to replace servers and network hardware as existing equipment reached the end of manufacturer support. That review recommended a move to cloud-based technology, which offers the following advantages in supporting the ongoing requirements of DGHP's business needs including:

- Access to the IT systems from any place at any time with any enabled device;
 - Greater use of electronic records;
 - Increased mobility and access to applications and information from any office or when working remotely, e.g. from home or in tenants' homes;
 - Increased electronic engagement with tenants, e.g. through self-service applications and social media;
 - Scalability and flexibility to meet the business requirements for IT services as the Digital Strategy is implemented; and
 - Creation of a secure and auditable environment, in particular to assist with compliance with GDPR and FOI.
7. In March 2018, following a public procurement process, the Board approved a contract with Castleton Managed Services Ltd (CMS) for Cloud based Core IT Infrastructure, Networks and End-User Devices; the formal contract was signed in August, after protracted legal negotiations.
8. The scope of the ICT Infrastructure tender was:
- Servers and storage used to run DGHP's business applications, including Housing Management system, Financial and HR systems, Asset Management system;
 - Backup services to protect DGHP's data;
 - Hosting services to provide 24/7 operational support in a modern, robust environment;
 - Disaster Recovery services to provide business continuity, e.g. if there is a failure of key components of the infrastructure or the data centre in which it is housed;
 - Wide Area Network services to interconnect DGHP's offices, to connect to the Internet and to connect to cloud services such as Microsoft Office 365, which was procured through a separate tender;
 - Local Area Network services including the provision of Wireless LAN (Wi-Fi) for staff and visitors at all DGHP's offices;
 - User authentication services, to ensure that user access is controlled, and security of the IT service is maintained, no matter the location from which users are accessing corporate systems;
 - Security services to protect DGHP's networks and systems from misuse, e.g. to protect against denial of service attacks, unauthorised access to data, viruses, malware, etc; and

- End-user device refresh including the provision of desktop, laptop and mobile devices to meet the requirements of various user groups for office-based and/or mobile working
9. Implementation and support services in connection with all of the above.
 10. The underlying strategy for the design of these services includes:
 - Flexibility to allow DGHP to move to Cloud based applications during the contract term, commencing initially with the implementation of Microsoft Office 365; and
 - Flexibility to accommodate new line of business applications as these are chosen and implemented including the possible replacement of Orchard Housing
 11. Whilst progress was slower than planned, largely because of delays and resourcing issues in CMS and in suppliers such as BT, the quality of what has been delivered is in line with the contract.
 12. Migration to the new network began in January 2019, and was completed by June 2019, by which time all staff had been equipped with 1 of 2 specifications of standardised Microsoft Surface laptops and data had been migrated from existing on-premise hardware to CMS' two MOD standard datacentres (one near Portsmouth, one in South Wales). All DGHP systems (Orchard, Open Accounts, Open People, Keystone, Office 365 Sharepoint) are held on servers in these locations and accessed through dedicated duplicated internet links to each DGHP location and, subject to strict security management, through DGHP devices connected to the internet elsewhere.
 13. Work is now underway to interface Servitor with Orchard, to facilitate the In-House Repairs service.

Office 365

14. Office 365 is the Microsoft suite of products including Outlook, Word, Excel and other standard applications plus the file sharing tool Sharepoint and the data storage application One drive. It is hosted in the Cloud and is therefore accessible from any authorised DGHP device connecting to the internet. Robust security features are included to protect data from unauthorised access.
15. In April, the Board approved award of this contract to CompanyNet. Teams were progressively migrated from existing filesharing drives to Sharepoint from Autumn 2018 to Spring 2019, with extensive training and support provided by CompanyNet and internally.
16. Acceptance of the new systems has been good, helped by its reliability and ease of use. Development and exploitation of it needs to be maintained to maximise the benefits.

Unified Communications, Phone Services and CSC

17. This strand of the project includes:
- Design and implementation of Microsoft Skype for Business (SfB) as DGHP's Unified Communications (UC) solution including desk and fixed-line telephone solution;
 - Provision of PSTN (external exchange telephone line) breakout for all DGHP users to make and receive telephone calls;
 - Porting of DGHP's existing geographic and non-geographic telephone numbers to the new service;
 - Exchange line and dialled minutes services to deliver the PSTN calls;
 - Provision of an omnichannel CSC which includes inbound and outbound telephony, email, text messaging (SMS), webchat and social media (minimum of Facebook and Twitter public posts and direct messages);
 - Voice and screen recording for the CSC; and
 - Mobile devices, SIM card rental and calls including porting of DGHP's mobile numbers to the Solution.
18. Working with Alysium, the project team produced:
- A detailed Technical Statement of Requirements; and
 - Contractual terms and conditions, including Service Level Agreements (SLA). In accordance with the Restricted Procedure used for procurement, these terms and conditions were non-negotiable and binding on the successful bidder.
19. Following an OJEU procurement process, this contract was also awarded to Castleton.
20. The key strands of this were delivered over Autumn 2019. Some issues have been experienced with the Multinet Mobile solution, and Castleton have agreed to replace it with Vodafone devices at no extra cost.

Costs

21. Overall, costs are within the budget set for the project in 2017/18. One off costs of approximately £1.5m have been incurred for consultancy, legal advice and hardware and software purchase. These are being written off over the life of the relevant Castleton contracts. Ongoing costs for the managed services contract are approximately £30k per month. In addition, there are ongoing costs for phone services and similar.
22. Other ICT costs which are budgeted for include the costs of licences and support for key systems such as Orchard, Keystone (which will be terminated as soon as possible), Open Accounts and Open People.

Recommendations

23. The Board is recommended to:

23.1. NOTE the update on the development and implementation of the Digital Strategy.

	REPORT TO BOARD OF MANAGEMENT 29 JANUARY 2020	ITEM NO 16
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TITLE	LAND DISPOSALS		
DATE	14 JANUARY 2020		
AUTHORS	CHRISTOPHER WATT		
FOR	NOTING	DISCUSSION	DECISION ✓

PURPOSE OF THE REPORT

The purpose of the report is to seek the Board's approval for three land disposals.

RECOMMENDATIONS

15.1 APPROVE the land disposals outlined within the report.

IMPLICATIONS

FINANCIAL AND STAFFING	None
LEGAL/REGULATORY	Consent from the Scottish Housing Regulator is no longer required for Land Disposals.
RISK ASSESSMENT/KEY RISKS	There are limited risks to DGHP regarding these land disposals. All three relate to areas of ground that are of no use to DGHP. All fees regarding these transactions will be met by the purchasers therefore there is limited financial risk too.
CONSULTATION REQUIRED OR PLANNED	None
IMPLICATIONS FOR	None

SERVICE USERS	
PRIMARY STRATEGIC OBJECTIVE	SO5: to strive in all areas of management to be a cost effective and well managed organisation achieving high standards of governance and financial management
EQUALITY & DIVERSITY	DGHP always seeks to comply with the terms of the Equality and Diversity Act 2010.
IF A DECISION IS NECESSARY IS AN OPTION APPRAISAL CONTAINED IN THE BODY OF THE REPORT	N/A

Introduction

1. Board Members will recall that a revised Land Disposal Policy was approved by the Board last year in August. Since then we have received several applications from people wishing to purchase small pieces of DGHP land. These have been looked at on an individual basis with the relevant staff being consulted to ensure the land has no current or future development value to DGHP or its existing tenants.
2. Given that disposing of land is principally an operational matter it would be our intention in future not to bring these matters to the Board for approval. However, currently the Scheme of Delegation requires that disposal of assets above a certain value do require Board consent. We will bring forward proposals for Board approval to amend the scheme of delegation to align with the rest of the Wheatley Group members. When this is done, it will reduce the need for the board to approve these lower value transactions. The Land Disposal Policy will also be updated to reflect this.

Land Disposals

3. The first disposal relates to an area of ground at Simpson Gardens Dumfries. DGHP was approached just before Christmas by V E Properties who advised that around 10 years ago when they built on the ground there appears to have been some discrepancy with the boundary which resulted in them building half of two properties on DGHP's land. This has transpired as the company are currently in a refinancing exercise and the due diligence has flagged up the error. Accordingly, they require to purchase the ground in order that they own their entire site. The site has

been valued in accordance with our policy by an independent RICS surveyor. The market value is confirmed as £12,500.00. The purchaser has agreed to this cost plus will pay all DGHP's fees and outlays in relation to the transaction. Accordingly, authority to dispose of the land is now sought from the Board on this basis. The proceeds from the sale will be required to be returned to the Council as per the terms of the Stock Transfer Agreement.

4. The second relates to a former DGHP garage site at Kirkcudbright. Again, the ground has been valued by an independent RICS valuer at £ 6,000.00 in accordance with our policy. The proposed purchaser has agreed to this price and has agreed to meet all DGHP's legal fees and outlays in relation to the purchase. The land is of no use to DGHP and authority to dispose the land is sought on this basis.
5. The final purchase relates to Lockerbie Lodge House. This is a three-bedroom detached sandstone house built in the 1890's which DGHP acquired at stock transfer. The property has been vacant since 2012 and is in disrepair, requiring £55,000 plus VAT & Fees to bring back to a lettable standard.
6. DGHP has been approached by the Lockerbie Old School Community Hub (LOS) to purchase this property. The LOS Group propose to use the house as a Community Hub as part of the wider refurbishment of the adjacent void school into a community centre. Dumfries and Galloway Council have already agreed the asset transfer of the old school building and car park to LOS. LOS are a registered charity.
7. The LOS has received Dumfries and Galloway Local Authority Town Centre Capital grant funding to upgrade the Lodge House, but it needs to be in their ownership by Spring 2020 to enable the renovation works to be completed within the specified timescale of the funds which is September 2020.
8. The Lodge House was deemed surplus to our requirements in 2012 due to the high costs required to bring it up to Scottish Housing Quality Standard and it has deteriorated since.

9. Project Costs:

Costs	NBV	£0.00
	Legal Fees	£1500.00
	Survey Fees	£500.00
	DGHP Fees	£1000.00
		£3,000.00

10. Weekly rent is potentially £89.81. Selling this asset removes a theoretical income of £4,670.12 per annum but currently, no rent is being earned as the property is unlet, and the total potential rent for these units is matched by a void loss of the same amount. DGHP is also liable for council tax of this property and is currently paying £2776.62 per year.
11. The asset value to be written off our Balance Sheet is £Nil for this property.
12. Since 2015 minor repairs have been carried out to the property to maintain security to the value of £273.58.
13. A valuation was carried out by Shepherds Chartered Surveyors in 2018 and the property is currently valued at £95,000.00 before the upgrade works have been carried out. An updated valuation will be received prior to the Board meeting with Members being updated verbally at the meeting.
14. It is proposed that we will offer to sell the property to LOS, at the net market value. i.e. the market value of the property less the cost of doing the upgrade works. This way DGHP ensures it receives value for its assets whilst recognising the community group will require to spend a significant sum of money doing it up. Authority to dispose of this asset is sought on this basis.

Recommendations

15. The Board is recommended to:

15.1 APPROVE the land disposals as outlined within the report.