



**DUMFRIES & GALLOWAY HOUSING PARTNERSHIP
BOARD MEETING
Wednesday 31st March 2021**

AGENDA

1. Apologies for Absence
2. Declarations of Interest
3. a) Minute of meeting on 17 February 2021 and matters arising
b) Action list

Main Business Items

4. Business update
5. [redacted]
6. Housing First update (Presentation)
7. Group protection update (Presentation)
8. Model Complaint Handling Procedure
9. [redacted]
10. 2021/22 UK and Scottish Government Budget update
11. a) 2021/22 Budget
b) Finance Report for the period to 28 February 2021

Other Business Items

12. 2021/22 Property Insurance renewal
13. Disposal of Lockerbie Lodge
14. Tenant satisfaction survey approach
15. a) Assurance update
b) Internal Audit Approach and Plan
16. Governance update
17. AOCB



Action point	Update
Operating Model - Board be updated on progress with the policy introduction and associated training.	Update to be provided at meeting on work underway for the formal introduction of the new model on 1 April. In relation to the HSE query on the current temporary position, the following is from the HSE website <i>“There is no increased risk from DSE work for those working at home temporarily. So in that situation employers do not need to ask them to carry out home workstation assessments”</i>
Operating model update: approach to service delivery – further consideration and an update on our approach (to Equality Impact Assessments) provided at the appropriate time	No EIA have been undertaken since previous meeting - fuller update to be provided at August meeting.
NETs model - update on the approach to sustainability within the NETs service be brought to a future meeting.	Update assumed for August Board meeting
Tenant Voice element to be more prominently documented in engagement programme	Complete - Programme updated
Consider how new build approvals more clearly document for sustainability and the link to our carbon reduction targets	Complete – This is now a section in the Board/Committee report template and as such all project approvals will require to cover this are in the report seeking approval.
Chair to meet Board members regarding succession planning and this to form the basis of the 3 year succession plan.	Complete – meetings held and draft plan on agenda
Living Wage position to be clarified	Update to be provided at the meeting.



Report

To: DGHP Board

By: Matt Foreman, Managing Director

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

Subject: Business update

Date of Meeting: 31 March 2021

1. Purpose

- 1.1 This report provides an update on our response to the impact of the current Coronavirus crisis on our services, customers and communities.

2. Authorising context

- 2.1 The activities addressed in this report are principally of an operational nature and are therefore delegated to the Group CEO under the Group Standing Orders. The Board has been kept regularly apprised of our progress through email updates and regular board reports for DGHP.

3. Risk appetite and assessment

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

- 3.2 These areas and the steps we continue to take to mitigate the risks are addressed below.

4. Background

- 4.1 This report provides a further update to Board members on our contingency operations to support both essential business and the new issues faced by DGHP and tenants. It outlines our current remobilisation status across key customer facing areas.

- 4.2 Remobilising in the face of a pandemic continues to be challenging. Following the announcements by the First Minister on 16 March 2021 we are developing our road map out of lockdown and plans to remobilise our services safely and carefully in the coming weeks and months ahead. A verbal update on the current remobilisation plans will be provided at the Board meeting on 31 March.

5. Discussion

- 5.1 This report covers a number of key services including letting, rental income, homelessness, care, repairs services, new build, investment and environmental services.
- 5.2 For DGHP the 'stay at home' guidance has resulted in changes to our housing management service. The Housing team have completed their induction and have been split into a 'home working team' dealing with customer enquiries and proactive support calls to customers. In order to reduce the number of team members in contact with customers we have a small visiting team of 15 officers that carry out accompanied viewings, gas service enforcement and any essential welfare visits of significant concern. The team have adapted extremely well to the changes, at pace.

Lettings

- 5.3 All home moves are permitted, provided they can be carried out safely. This continues to be the case for the allocation of homes at DGHP. Our Operating Safety Manuals (OSM) were already in place to cover this and staff dealing with voids and sign-ups continue to be issued with PPE and safe methods of working. Tackling homelessness and helping customers continues to be a priority for DGHP and we have:
- Continued to focus on reducing the number of available vacant homes. As of 15 March we only have 60 vacant homes that are undergoing repair or relet processes;
 - Continued to provide support to D&G Council with additional properties leased to homeless for temporary furnished accommodation. D&G Council currently lease 97 properties from DGHP, this remains an increase in provision to D&G Council from 80 properties pre-COVID;
 - Successfully flipped 24 temporary furnished flats in DGHP to permanent tenancies;
 - Let 744 homes in the year to date, the vast majority since the start of phase 2 of our letting in August; and
 - Weekly joint meetings are ongoing between DGHP Housing Officers and Lettings Team with D&G Council Homeless colleagues, these have been in place since we remobilised lettings in June 2020. We have recently committed to continuing these joint homeless matching meetings to ensure we consider sustainability of tenancies.
- 5.4 The strong progress in reducing the number of empty homes has been the result of a highly integrated approach between allocations staff, housing teams and our repairs team. This has involved prioritising repairs to maximise efficiency, ensuring safe working patterns for staff.

Rental income

- 5.5 We have continued our virtual model of support through both telephone and digital contact in line with the continued period of restrictions. In addition to this we have utilised our most experienced income officers as peer leads who are helping their colleagues to provide optimum support to customers through the pandemic as well as ensuring we maintain our rental income so we can continue to deliver services.
- 5.6 Our income collection performance has remained very positive. Our total arrears consisting of the current and total former tenant arrears was 3.93% as at the end of February 2021. This is ahead of target and in line with our predicted arrears at this point of the year.
- 5.7 During the current restrictions we are continuing to monitor the potential to escalate to Notice of Proceedings where we are satisfied that the household 'won't pay' rather than 'can't pay'. This is only being done following a review of each individual case, including an assessment of any COVID19 impacts and any potential vulnerabilities.
- 5.8 Our welfare benefits team have worked with a further 164 customers since 1 January 2021 taking the total number of households supported this financial year to 694. We are continuing to provide advice and support to maximise benefit entitlement which is hugely important in our work to protect the most vulnerable during the pandemic.

Homelessness

- 5.9 In the year to date we have provided 374 homes to homeless households, equating to just over 50% of all lettings. We have also supported homeless customers and have converted 24 homes from temporary to permanent accommodation. Our success in rehousing homeless households has reduced the Section 5 homeless waiting list from 142 active Section 5s at 1st June 2020, to 67 active Section 5s at 1st March 2021. DGHP continue to offer 100% allocations to Homeless before exploring other housing lists.
- 5.10 We are currently working very closely with the Council to review the homelessness process of referrals. As the number of homeless households rehoused by DGHP increases we have a challenge to ensure the tenancies are sustainable and that appropriate wrap around support from DGHP and other appropriate specialist agencies is provided at the very outset. Our current tenancy sustainment rate for homeless households is 79% and we have developed a robust action plan aimed at improving support and increasing our tenancy sustainment rate.
- 5.11 Since 1 April 2020 83% of all households accepted as homeless by the Council have been rehoused by DGHP. As a result of our partnership approach, we have a smaller proportion of our lettings now going to households over recent months. This is a sign of our successful approach to reduce homelessness and rehouse homeless households quicker to reduce the numbers in temporary accommodation. This will need to be considered and reflected in our 2021/22 homeless rehousing targets for consideration at the Board in May.

- 5.12 After our recent commitment to providing 20 Housing First tenancies to the D&G pilot project, we have continued to contribute to the Housing First Working Group. DGHP have secured a place on the Housing First Assessment Panel as the Housing Provider, this will ensure involvement of DGHP representative on the panel from outset of customers being considered for the Housing First project in D&G. The council have set an anticipated start date for Housing First in D&G of August 2021.

Customer Service Centre

- 5.13 Our Customer Service Centre continues to operate virtually from home. As part of our transformation, we have permanently seconded the DGHP customer service team to Wheatley Solutions. This change took effect from December 2020 and supports the development of our services offered to DGHP customers. Since its introduction in late November 2020, the out of hours service has had over 2131 calls presented. This is an increase in the number of calls received out of hours as DGHP customers start to access a broader range of services at times that suit them. Operating as one combined customer service centre across group has provided the DGHP customers with an enhanced 24/7 customer service and provides increased business resilience.

Customer support

- 5.14 In addition to our core services, we continue to provide support to our customers through our wraparound services and through our specific provision during COVID. Since lockdown in March 2020, we have undertaken 69,817 outbound contacts via a combination of Housing Officers, Supported Housing Officers and the Customer Service Centre Advisors. A total of 40,596 of those were welfare checks. Though the current restrictions have meant that our home visiting has been curtailed, we continue to safely deploy Housing Officers to sign customers up in new tenancies and accompany Saltire on gas appointments to gain access.
- 5.15 As part of the DGHP Strategy Development Days Board will recall that we outlined the benefits of working closely with Wheatley Care as part of our transformation. As of January the DGHP Care and Support teams are now reporting into Wheatley Care. Wheatley Care have appointed a dedicated Service Development Lead for DGHP that will support us to review and grow our Care and Support Services. DGHP have already started to benefit from the depth of expertise in Wheatley Care, with specialist advice around our COVID response and support to DGHP support staff. I am delighted to inform the Board that Wheatley Care have also been awarded the new Homeless Outreach Housing Support contract for Annandale, Eskdale and Stewartry areas of D&G. The delivery of this contract will take effect from 1st April 2021 and is the first contract awarded to Wheatley Care by Dumfries and Galloway Council.
- 5.16 The EatWell project in Dumfries and Galloway was a huge success during the first lockdown with over 3415 parcels delivered to the most vulnerable tenants in our communities. Under the new system of supermarket vouchers being offered in emergency situations over 1022 vouchers have been provided to tenants and their families, to 15 March 2021, with a value of over £38k.

- 5.17 The emergency fund continues to help customers in crisis situations. As with EatWell, numbers accessing the scheme have reduced but the help we are able to give is often crucial to households. Over 1800 customers have now benefitted from the Emergency funds available to support energy top ups, digital access and one-off emergency expenditure items.
- 5.18 Since the 5 January we have temporarily suspended our close cleaning services in-line with the most recent restrictions. We are in the process of developing a remobilisation plan which will include the restart of close cleaning as restrictions lift over the coming weeks.

Anti-Social Behaviour

- 5.19 We are continuing to work with the group Community Improvement Partnership to align our service to the new operating model and we have focussed on improving the way DGHP and other partners across the region deal with our most serious cases including MAPPA, MARAC and Domestic Abuse. As part of our alignment with Wheatley Solutions we will be recruiting a dedicated DGHP resource into the Group Protection Team. This new role will work closely with statutory stakeholders in the region and will focus on high level multi agency work with some of our most vulnerable and high-risk customers.
- 5.20 Since January we have dealt with a further 126 incidents of Anti-Social behaviour and have issued 13 written warnings and 2 final written warnings. We have also sent 4 drug warning letters and 1 Pre – ASBO warning letter. Due to the ongoing restrictions, we have continued with members of the team investigating incidents working from home and we are only carrying out home visits in exceptional circumstances.

Repairs, Investment and Compliance

- 5.21 In accordance with Scottish Government guidance on 11 January 2021 we restricted the repairs service to essential repairs only, although where customers report non-essential repairs, we now record these repairs and will schedule them when we can do them safely.
- 5.22 As of 28 February 2021, the in-house repairs service had delivered a total of 19,747 reactive repairs since the beginning of April 2020. Emergency repairs have been delivered on average in 1.90 hours, delivering an exceptional service given our challenging geography.
- 5.23 We are now making plans for the full remobilisation of the reactive repairs service in the near future. At the point restrictions are lifted we will start to meet all new repair requests and implement a programme of scheduling to clear the backlog of repairs that had been postponed since 11 January 2021. We aim to have eliminated that backlog by 30 June 2021 and are developing a customer communications plan to effectively manage this transition for customers.

- 5.24 Gas Servicing has successfully been running at full capacity and some investment compliance works (Smoke and Heat Detector Programme, Emergency Lighting and Periodic Electrical Inspections) have been in place since the end of September. We have remained 100% compliant with no expired gas certificates. Our smoke and heat detector programme access levels reduced to 25% in January as customers became concerned about providing access to their home to carry out these works. With increased customer engagement and a reduction in COVID levels across the region we have seen an increase in access levels and they are currently operating at 71%. Any none access cases continue to be escalated to a forced access.
- 5.25 Work to complete the in-sourcing of heating servicing and maintenance from Saltire is progressing well and the transfer of the service in-house is on schedule for 1 April 2021. This is the second time we have implemented a TUPE transfer in a full lockdown and our experience from the repairs transfer in April 2020 has been invaluable in supporting the smooth transition.
- 5.26 External investment programs resumed in October 2020 and are progressing well. Due to the restrictions of the current lockdown at the beginning of January the internal workstreams continue to be suspended to ensure the safety of our customers, contractors and staff.
- 5.27 The investment programme has been reprofiled based on the assumption that the internal workstreams will be suspended until April 2021. The forecasted spend based on these assumptions is £6.3M which is £4.9M less than the revised programme that was previously approved by Board prior to the latest restrictions. Despite the suspension to internal investment works we have remained focussed on delivery of external works, in particular any external works that will help us increase compliance with SHQS. As a result, we are on target to achieve 92% compliance with SHQS by the end of March 2021.
- 5.28 We are striving to achieve full compliance with SHQS and EEESH, however the safety of our staff and customers remains of paramount importance and the remobilisation of suspended internal investment works will need to be managed very carefully. It is proposed that there will be a soft start to internal works as restrictions are eased with an emphasis on customer engagement and surveying of works. It is anticipated that internal works, heating and window replacements will commence in May 2021. We anticipate full compliance with SHQS and EEESH by the end of August 2021.
- 5.29 Aids and Adaptions works have been prioritised based on both need and risk of our customer referrals. Despite completing some adaptations where it is safe to do so, we have a backlog of 85 aids and adaptations as at 17 March 2021. We continue to prioritise customer needs and works are progressing, it is anticipated that the backlog will be cleared by May 2021. There is detailed engagement with customers to ensure that they understand the process for the adaptation installation and the procedures we will follow to keep them safe. This will include the options they may have to help with safety, for example staying or visiting somewhere else while the work is carried out if that is suitable.

New build

- 5.30 The construction industry continues to be in Phase 4 of its remobilisation. This means that there can be a steady state of operation with social distancing measures and/or COVID PPE in place. Construction work on new build sites continues as at 17 March 2021. Ashleigh and City Building have confirmed that their operating procedures have been updated to reflect these changes and they remain compliant with COVID guidance and legislation.
- 5.31 10 units at Sanquhar are expected to complete on the 22nd March 2021 which is ahead of programme. The remaining 2 properties will be handed over 5th April 2021 as per the anticipated contract completion date. Only internal works be carried out during this time.
- 5.32 The Monreith Project which is being delivered with City Build, commenced on site on the 10 August and works are progressing with social distancing and/or PPE in place. An extension of time is expected which will result in an anticipated completion date of 26th April 2021. The 4-week delay is an impact of covid related matters.
- 5.33 Planning approval has been received for the Nursery Avenue Project. A site start is expected with McTaggart's Construction in April 2021 subject to technical approval being received from Scottish Water. The contractors Health and Safety plan including COVID related operating procedures will be provided and reviewed ahead of the site start. As part of the scheme we are working with D&G Council to make a contribution to a local community wildflower meadow adjacent to the site.
- 5.34 Work continues to make progress in relation to the legacy sites. A tender will be submitted to Scottish Government for Eastriggs (18 units) with approval expected by the 31st March 21. A site start is expected with Ashleigh (Scotland) Ltd in June 2021. Eastriggs was not included in DGHP's initial programme agreement, however due to programme slippage by other RSL's, a request has been made by Scottish Government to bring it forward.
- 5.35 The lease with Currie's European ended on the 28 February 2021. The site is secured and regular site inspections will be carried out by DGHP staff in line with our Insurance requirements. Utility supplies will be terminated, excluding electricity to allow the security lights to remain operational.

Staffing

- 5.36 We are reporting low levels of sickness absence. In the year-to-date DGHP has lost an average of 1.51% of working time due to staff absence compared to the target of 3%. Overall, the absence figures relate mainly to long-term sickness and HR are working closely with the line managers and Occupational Health to support employees back to work.
- 5.37 We currently have 41 staff on furlough, 7 of these are on flexible furlough which allows for a partial return to work. The increase in numbers from what we had anticipated at this time is due to the impact of the current lockdown.

5.38 As part of our transformation programme we are starting consultation with staff across DGHP in March and April 2021. The consultation will see the alignment of our teams with Wheatley Solutions and Wheatley 360. We are also consulting with our Housing Management teams to align their terms and conditions with those of colleagues across the group. As part of the review we have advertised for an additional Head of Housing Services. This will provide the capacity and expertise needed to ensure our new flat operating structure successfully enables DGHP to deliver an outstanding customer experience at the same time as embedding our new operating model.

5.39 We are also starting consultation to harmonise four sets of terms and conditions with our Repairs teams. This was a legacy of the TUPE transfer and a promise made to our teams at the point of transfer. Consultation will be ongoing during March and April 2021.

6. Value for money implications

6.1 We continue to provide value for money to our customers; prioritising their needs within the constraints of the limitations on staff movement imposed on DGHP.

7. Impact on financial projections

7.1 The impact on income collection has been set out within the report.

8. Legal, regulatory and charitable implications

8.1 As part of the group we have maintained regular dialogue with the Scottish Housing Regulator and they have appreciated our role, for example, in the housing sector National Resilience Group along with Scottish Government and local authority representatives, and our offer of support to smaller RSLs who may be unable to effectively deliver services in the current conditions.

9. Partnership implications

9.1 We continue to utilise our strong relationships with Scottish Government, Dumfries and Galloway Council and national agencies to support delivery during the crisis but also to influence planning to the benefit of our customers and services. We continue to meet regularly with the Executive Team members from Dumfries and Galloway Council and have formed a very positive working relationship.

10. Implementation and deployment

10.1 Co-ordination of all Group activity continues to be led by the Group CEO and Executive Leadership Team.

11. Equalities impact

11.1 None noted.

12. Recommendation

12.1 The Board is asked to note this update.



Report

To: DGHP Board

By: Matt Foreman, Managing Director

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

Subject: Model Complaint Handling Procedure

Date: - 31 March 2021

1. Purpose

1.1 The purpose of this report is to:

- inform the Board of the new Model Complaint Handling Procedure published by the Scottish Public Services Ombudsman on 31 January 2020 and to highlight the key changes; and
- advise the Board how we will implement these key changes to the Model Complaint Handling Procedure, including the roll out of mandatory training for staff, changes required to our performance indicators and our IT system.

2. Authorising context

- 2.1 Under the Group Authorise/Manage/Monitor Matrix, it is for the Group Chief Executive and Senior Management to ensure they manage any specific regulatory requirements and performance, including in relation to existing policies.
- 2.2 Any changes to our Complaints Policy are subject to Board approval. There are no changes required to our current policy as a result on the updated guidance.

3. Risk appetite and assessment

- 3.1 The risk appetite for complaint handling is within the Board Governance risk area which is defined as 'cautious'. Cautious is defined as 'Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward'.
- 3.2 To mitigate this risk the complaints performance and development work has been updated to ensure compliance with the Scottish Public Services Ombudsman ("SPSO") Model Complaint Handling Procedures.

4 Background

- 4.1 The Group Complaints handling policy was refreshed in 2017 to include all subsidiaries including housing, care and commercial partners and DGHP adopted the policy having joined the Wheatley Group. The policy reflected the model complaint handling guidance published by the Scottish Public Services Ombudsman in 2012.

5. Discussion

- 5.1 On 31 January 2020, the SPSO issued their new Complaint Handling Procedure which all public services in Scotland have to adopt. The new model includes key changes to the complaint handling service and these are detailed below.

Key Changes

- 5.2 There is no change to the two stage complaint process or the timelines for responding to complaints at Stage 1 or Stage 2. The changes outlined in the table below are applicable to all public sectors in Scotland, including Registered Social Landlords, and aimed to deliver consistency across all sectors in how we handle complaints. The new Model Complaint Handling Procedure must be adopted by no later than 1st April 2021.

	Key Change	Current Position
Resolving Complaints	<ul style="list-style-type: none">Organisations may resolve a complaint by agreeing any action to be taken with the customer, without making a decision on whether to uphold / not upholdThere must be a clear record of the resolution agreed and signposting to next stage	<p>Complaints are currently closed as upheld or not upheld.</p> <p>As part of the pilot we have introduced a dissatisfaction code.</p> <p>In-house we will record these as dissatisfaction and resolved. We are waiting on information on how these will be recorded on ARC/SPSO returns. We will use these to improve performance</p>
Agreeing complaint and outcome sought at Stage 2	<ul style="list-style-type: none">Organisations must agree the points of complaint and outcome sought with the complainant at the start of the Stage 2 investigation.Where the points of complaint and outcome sought are clear, this can be done by setting these out in the complaint acknowledgement letter.	<p>Stage 2 complaints are acknowledged within 2 working days and confirm a response will be received within 20 working days. We already set out agreed points and outcome when responding to Stage 2 complaints.</p>

Time limit for making complaints	<ul style="list-style-type: none"> ▪ The six-month timeframe to make a complaint also now applies where the customer wishes to escalate to Stage 2 because they are unhappy with the Stage 1 response. 	Complaints about services we provide must be received within 6 months of the event itself or finding out you have a reason to complaint but no longer than 12 months after the event itself.
Supporting staff	<ul style="list-style-type: none"> ▪ Organisations must share relevant parts of the complaint and response with any staff members complained about ▪ At Stage 2, staff members must be given information about the complaint process and support available, and kept updated on any timeframe extensions 	Staff are interviewed by line managers about complaints received about them. A record of the interview is recorded as part of the investigation process. Staff complaints are marked as sensitive to limit access to relevant staff.
Equality and accessibility	<ul style="list-style-type: none"> ▪ Organisations will customise section 11 – ‘Supporting the Customer’ to reflect local context and customers right to equal access to complaints procedure. ▪ Organisations should set out what kind of actions staff may take to support equal access to the complaints process (including for vulnerable groups) ▪ Particular mention of Mental Health 	<p>Information about our complaints process is available on our websites, leaflets provided in local housing offices and it is also published in our newsletters.</p> <p>Staff should proactively check whether our customers' who contact us require additional support to access our services</p> <p>Providing interpretation and/or translation services for British Sign Language users; and helping customers</p> <p>Training of staff to help vulnerable people complain</p> <p>Sign-posting to Independent Advocacy</p>
Complaints on social media (and other digital platforms)	<ul style="list-style-type: none"> ▪ Organisations will customise section 20 to reflect local policy and approach to complaints received by social media / digital channels ▪ As a minimum, organisations must respond to complaints on their own social media channels by signposting to the complaints process and support available. 	Communications and Marketing Team manage our social media pages and will explain to customers how to make a complaint by visiting Group subsidiary websites or by calling the Customer Service Centre or contacting local housing staff.

Contact from MPs / MSPs	<ul style="list-style-type: none"> Organisations can set out details of local procedures but must ensure they comply with relevant legislation. Where a complaint is brought by an MP / MSP, the organisation must handle it in line with the Complaint Handling Procedure and ensure they do not operate a two-tier system 	Our Member Services Team register enquiries received from Elected Members. These include general enquiries but also complaints about service received.
Performance indicators	<ul style="list-style-type: none"> Organisations to report and publish on complaint statistics in line with performance indicators published by the SPSO These are currently being developed, and will include core performance indicators applicable to all sectors Additional performance indicators to support benchmarking are being developed for some sectors (including Local Authorities and Housing) in consultation with those sectors complaint handling networks. 	<p>Complaint performance information published quarterly on websites, annually in newsletters and ARC returns.</p> <p>Improve reporting information e.g. Power BI</p> <p>Be able to see what is reported about but also who is being reported about to pick up any early indicators or signs that a staff member requires help</p>

Implications of key changes

- 5.3 At their annual conference on 25 February 2020, further guidance was requested from the SPSO in relation to the 'resolved' complaint outcome. The existing SPSO guidance confirms *'a complaint can be resolved when both the organisation and the customer agree what action (if any) will be taken to provide full and final resolution for the customer, without making a decision about whether the complaint is upheld or not upheld'*.
- 5.4 This approach has already been tested during our complaints pilot, where we introduced a 'Dissatisfaction' category that empowered staff to resolve the customers complaint to their satisfaction, rather than raise a stage 1 complaint. We plan to update our recording system to include the 'resolved' outcome within the Dissatisfaction workflow. This will allow us to report the number of resolved cases annually to the SPSO.

5.5 In some circumstances, particularly at stage 1, it may be difficult to decide if a complaint is 'upheld' or resolved. The difference is:

- **Upheld** complaints are where we have found some failing by our organisation. For example:

*A customer calls up angry, saying the workman did not turn up to fix their door. The staff member is unable to get a hold of the workman to confirm what has happened and has to rearrange the appointment. The staff member needs to investigate the complaint and discovers the workman had a car breakdown so missed the appointment. This complaint is **upheld** (and the staff member should also apologise and explain why the workman missed the appointment.)*

- **Resolved** complaints are where we have taken action without reaching any conclusions about whether there were failings (for example, because we agree a solution before we look in to the problem). For example:

*A customer calls up angry, saying the workman didn't turn up to fix their door. The staff member apologises and confirms there is a slot available that afternoon and offers this. The customer is happy with this, and does not want to pursue the complaint further. This complaint is **resolved**.*

5.6 If we know our services have fallen short of our expected standards, we should always uphold (or partly uphold) the complaint, and apologise to the customer.

5.7 The new Model Complaint Handling guidance will be available to all staff and will include the above examples on using 'resolve'. In addition, that training and support will be provided jointly by Locality Housing Directors/Heads of Housing and the Group Complaints Team for frontline officers and Customer Service Advisors.

5.8 The 'resolved' outcome needs to be introduced by April 2021, the date all public sectors must comply with the SPSO Model Complaint Handling guidance. Introducing this category prior to April 2021 would impact reporting and performance indicators for the ARC return for year 2020 / 21.

5.9 Complaints about service raised by Elected Members on behalf of their constituents are handled by the Member Services Team. These will now be logged as complaints (if it is a complaint) and will be required to respond within the five and 20 days' timelines. This will include Elected Member letters addressed directly to the Executive Team.

5.10 The 5 working day timeline for Stage 1 complaints can be extended to 10 working days but must be agreed and confirmed with the customer. Stage 1 Complaints extended beyond the 5 working days will be reported as a breach of the SPSO timelines and complaints not closed within 10 working days will escalate to Stage 2.

6. Performance Indicators

- 6.1 The SPSO are currently developing additional complaint handling performance indicators to support benchmarking for the Housing sector. In their draft model complaint handling procedure, the SPSO published 6 Performance Indicators; the first 4 indicators are mandatory and indicators 5 and 6 are recommended. Complaint performance indicators are currently recorded and reported internally every month and to the Board linked to performance reports. Senior Managers are provided with details of the monthly complaints performance information, this is also confirmed in the ARC performance information.
- 6.2 We are required to report quarterly and publish annually their Complaint Performance Indictors. It is good practice to set key performance targets each year and report performance against these targets.
- 6.3 *Indicator One – Learning from complaints.* We are required to provide a statement outlining changes or improvements to services or procedures as a result of complaints received. This should include complaint trends and examples to demonstrate how complaints have helped improve services. We currently publish complaint information quarterly on our website, annually in newsletters and via the ARC return.
- 6.4 *Indicator Two – The total number of complaints received.* This includes a change to current complaint reports. Each complaint will only be counted once, regardless of whether it is considered at Stage One, Stage Two or both.
- 6.5 *Indicator Three – Complaint Outcomes.* The outcomes will include the option to close a complaint as upheld, partially upheld and not upheld. The current ARC return does not include a partially upheld indicator and our complaints register does not currently include the option to partially uphold complaints. It is also worth noting that the SPSO have not included the 'Resolved' outcome.
- 6.6 *Indicator Four – Percentage of complaints at each stage which were closed in full within the set timescales of five and 20 working days.* There is no change to how we currently report this indicator.
- 6.7 *Indicator Five (recommended) – Raising Awareness.* A statement to be published reporting actions taken to identify vulnerable and underrepresented groups and raise awareness of, and access to, the complaints handling process with them. The SPSO have suggested some activities we can undertake under this indicator.
- 6.8 *Indicator Six (recommended) – Staff training in complaint handling.* A statement to be published reporting levels of staff awareness and training. This may also cover those staff that have been trained in mediation. This should include the number of staff, including managers and senior managers to complete mandatory or bespoke training. The statement should also include the number of staff who are undertaking or have completed a recognised professional qualification in a relevant field.
- 6.9 The Scottish Housing Regulator has not provided any guidance on the change to the ARC indicators.

- 6.10 We plan to adopt all 6 Performance Indicators. Changes will be required to our existing performance reports. These changes will need to be applied by April 2021.
- 7. Value for money implications**
- 7.1 Presently we are unable to determine the true cost of complaints to our Group. In 2021/22 it is our ambition is to build a new service that incorporates the end to end cost of complaints to our business. We anticipate that this will include using existing reports to collate staff time, costs of making good any remedial works, arranging resolutions such as mediation appointments or wrap around services and gestures of goodwill offered as part of the complaint resolution.
- 8. Impact on financial projections**
- 8.1 We envisage some spend next year to improve reporting to evidence our ARC performance reports including new charter indicators as detailed in section 6 above. In addition, Elected Member enquiries will be captured within the new reports and we expect to meet the costs of this within existing budgets.
- 9. Legal, regulatory and charitable implications**
- 9.1 There are no legal, regulatory and charitable implications beyond those covered in the body of the report.
- 10. Partnership implications**
- 10.1 There are no known partnership implications.
- 11. Implementation and deployment**
- 11.1 Our Complaints Policy and procedures are already in place but will require to be refreshed and issued from April 2021. This will be coordinated from within existing staff teams.
- 12. Equalities impact**
- 12.1 The guidance from the SPSO is mandatory. As part of reviewing lessons learned from complaints we will consider any equalities implications in, for example, the way our process is structured.
- 13. Recommendations**
- 13.1 The Board is asked to:
- 1) Note the new SPSO guidance is mandatory from April 2021 and the plans in place to implement the guidance in DGHP; and
 - 2) Note we plan to adopt all 6 of the SPSO performance measures.



Report

To: DGHP Board

By: Pauline Turnock, Director of Financial Reporting

Approved by: Steven Henderson, Group Director of Finance

Subject: 2021/22 UK and Scottish Government Budget update

Date of Meeting: 31 March 2021

1. Purpose

- 1.1 The purpose of this paper is to provide an update to the Board on the 2021/22 UK and Scottish Government Budget announcements and the implications for DGHP.

2. Authorising context

- 2.1 This paper is provided for information only.

3. Risk appetite and assessment

- 3.1 The Board's agreed risk appetite for business planning and budgeting assumptions is "open". This level of risk tolerance is defined as "prepared to invest for reward and minimise the possibility of financial loss by managing the risks to a tolerable level".
- 3.2 Budget announcements by the UK and Scottish Governments can have a material impact on our activities, for example in relation to the welfare system, housing grant budgets and taxation. A number of the budget announcements provide greater certainty for us, in particular the Scottish housing capital budget, although at UK level risks remain, such as the uncertainty over the long term position for the £20 weekly Universal Credit increase and the impact this could have on customers.

4. Background

- 4.1 The Budget was delivered by the Chancellor of the Exchequer, Rishi Sunak, on 3 March 2021. It covered the current state of the UK economy and provided updates with respect to existing COVID-19 financial relief measures in place and the Government's plans to address the longer term economic effects of the pandemic.

- 4.2 Certain fiscal powers are devolved to the Scottish Government and they released their draft budget in January 2021, prior to the UK Budget announcement. As part of the UK announcement, an additional £1.2 billion of funding was allocated to Scotland under the Barnett formula and a range of subsequent announcements were made by the Scottish Government on 8th March as part of agreeing a budget deal with the Green Party.
- 4.3 Following the Scottish Budget, the Scottish Government released their policy document “Housing to 2040”, which has a number of longer term budget implications.

5. Key issues and conclusions

Extension of the Coronavirus Job Retention Scheme

- 5.1 The Budget confirmed an extension of the Coronavirus Job Retention Scheme (“CJRS”) more commonly known as the ‘Furlough Scheme’, for a further six months until September 2021. For the self-employed, the UK Government has also provided additional grant funding under the Self Employment Income Support Scheme (“SEISS”), capped at £7,500 per quarter for the next 6 months.
- 5.2 These measures provide some short term mitigation to the risks of unemployment increasing, but we will remain in close contact with our customers who we know to be furloughed or who have lost their jobs, to understand their financial situation and provide support where necessary. We continue to make conservative budget provision for increasing rent arrears in the context of the risks associated with the end of furlough.

Universal Credit and Working Tax Credit

- 5.3 The UK Government increased Universal Credit, Working Tax Credits and expanded Statutory Sick Pay at the beginning of the pandemic. The standard rate of Universal Credit was increased by £20 per week for an initial one-year period from 6 April 2020 which provided up to £1,040 for claimants during the year. The 2021 Budget announced that this would continue for a further 6 months. The increase has been an important part of supporting our UC customers and we will continue to lobby DWP to make this permanent.
- 5.4 The UK Government also announced a one-off payment of £500 to new and existing Working Tax Credit recipients, which will provide additional income support over the next six months.

Taxation

- 5.5 VAT is the most significant tax for us, since we are generally unable to reclaim this. No changes were made to VAT which would materially impact on our activities.
- 5.6 On corporation tax, the UK Government will increase the rate of corporation tax paid by businesses from 19% to 25%. This change will come into effect in April 2023 when, it is assumed, Covid-19 restrictions on trading and the economy will no longer be required.

- 5.7 While the Group's RSLs and charitable entities are exempt from paying corporation tax, this measure is of particular importance to Lowther Homes, which as a non-charitable, profit generating commercial entity is the only subsidiary in the Group projected to carry a corporation tax liability. From April 2023 corporation tax will be charged at 25% of profits after Lowther's planned gift aid payment to the Foundation. Over the first 5 years of the financial projections, Lowther will incur an additional £0.3m of corporation tax. This would have a direct impact on the level of Lowther's retained profits reducing them over the first five years from £5.7m to £5.4m. This may have some impact on its ability to provide gift aid to the Wheatley Foundation.

UK funding support

- 5.8 The UK budget stated that a £4.8 billion UK-wide Levelling Up Fund would be delivered, and local areas would be able to submit bids for the first round of funding starting in 21-22. This fund, as well as the previously announced UK Shared Prosperity Fund, involve the UK Government taking a role in directly funding Scottish projects, without a role for the Scottish Government.

Scottish Government Budget 2021/22

- 5.9 The Scottish Government budget and subsequent announcements provide for a total of £831.6m government grant on delivering new build affordable housing in Scotland in 2021/22, compared to the £843m allocation for the current financial year.
- 5.10 This funding is in the context of the Scottish Government's announcement that it will invest £3.5 billion in the Affordable Housing Supply Programme over five years if re-elected in May, and seek to deliver 100,000 homes by 2032.
- 5.11 Other funding announced for 2021/22 includes £81.6m for regeneration programmes, including £5m to regenerate Scotland's vacant and derelict land, and £150m for fuel poverty and energy efficiency measures. The detail of these funds and application processes is not yet clear, although we expect the majority to be administered via local authorities.
- 5.12 The Scottish budget included £15 million to establish the Apprenticeship Employer Grant and £30million to support the continuation of Foundation and Graduate Apprenticeships in Scotland. We will follow up on any opportunities to access this funding to support our apprenticeship programmes.
- 5.13 The application of the Barnett formula provides each of the devolved administrations with a share of UK central government funding to be allocated according to its own priorities. The UK Government Budget included an additional £2.4 billion to the devolved administrations through the Barnett formula, with the Scottish Government receiving £1.2 billion extra.
- 5.14 The Scottish Government announced a range of measures with this funding, including Pandemic Support Payments of £130 to households receiving Council Tax Reduction and two payments of £100 to families of children qualifying for free school meals. This augments the Scottish Child Payment discussed at the last Board meeting.

6. Value for money implications

6.1 No implications.

7. Impact on financial projections

7.1 The changes set out above do not materially change the assumptions in the financial projections considered by the Board at its last meeting.

8. Legal, regulatory and charitable implications

8.1 No implications.

9. Equalities impact

9.1 Not applicable.

10. Recommendation

10.1 The Board is requested to note the contents of this paper.



Report

To: DGHP Board

By: Pauline Turnock, Director of Financial Reporting

Approved by: Steven Henderson, Group Director of Finance

Subject: 2021- 22 Budget

Date of Meeting: 31 March 2021

1. Purpose

- 1.1 The purpose of this report is to seek approval of the 2021-22 budget.

2. Authorising context

- 2.1 Under the terms of the Intragroup Agreement between Dumfries and Galloway Housing Partnership ("DGHP") and the Wheatley Group, as well as the Group Authorising Monitor Matrix, whilst the Group Board is responsible for the overall approval of the business plan and parameters, the DGHP Board has autonomy to agree its individual business plan within said parameters.

3. Risk appetite and assessment

- 3.1 Our Group agreed risk appetite for Performance is "Open". This level of risk tolerance is defined as "Prepared to invest for reward and minimise the possibility of financial loss by managing the risks to a tolerable level".
- 3.2 This report provides information on financial projections to help inform risk assessment within the business.

4. Background

- 4.1 At the previous meeting, on 17 February 2021, the Board were presented with the 2021/22 five year financial projections and agreed that the 2021/22 figures would form the basis of the 2021/22 annual budget, which is presented at Appendix 1.

5. Discussion

- 5.1 The detailed budget pack presented at Appendix 1 tracks comparative figures from the 2020/21 forecast to the 2021/22 budget to give the context of the year on year changes.

- 5.2 The 2021/22 budget reports an operating surplus of £18,076k, and a statutory surplus of £11,968k, which is in line with approved financial projections.
- 5.3 Net rental income of £44,797k is in line with financial projections and reflects the agreed 2.0% rent increase and includes a void assumption of 1.0%.
- 5.4 Grant income of £5,291k relates to completions of 49 new build units in the 2021/22 financial year.
- 5.5 Other income of £2,286k is broadly in line with 2020/21 forecast with reduction due to the end of the short term lease of Curries Yard. Other income relates to government grants for supported housing, claims to cover medical aids and adaptations, feed in tariff, as well as service charges, factoring and leasehold income.
- 5.6 Total expenditure is budgeted at £34,298k being higher than the current year forecast most notably in repairs and maintenance and running costs as normal business operations are expected to return as Covid -19 restrictions are relaxed. Savings are made in employee costs due to changes to the operating model facilitated from the ERVR programme in 2020/21. Direct running costs include the new handyman service and the rollout of the Think Yes initiative.
- 5.7 The budget for net capital expenditure of £47,142k includes £32,816k of investment spend on our existing stock as well as £16,970k of funding for our new build programme. This includes funding of £1,500k for the Customer Voice Fund, a provision included for tenant directed investment works, building customer engagement into our investment programme and delivering the projects most important to them.

6. Key issues and conclusions

- 6.1 This budget, once approved, will be used as the basis to monitor performance in the management accounts provided to the Board throughout the year.

7. Value for money implications

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

8. Impact on financial projections

- 8.1 Covered in section 7 above.

9. Legal, regulatory and charitable implications

- 9.1 There are no implications arising from this report.

10. Partnership implications

- 10.1 Not applicable.

11. Implementation and deployment

11.1 Not applicable.

12. Equalities impact

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

13. Recommendation

13.1 The Board is requested to approve the draft 2021/22 budget.

List of Appendices

Appendix 1: Budget 2021/22



2021-22 Budget



1) Budget– Operating Statement

Operating statement	2020-21	2021-22		
	Full year forecast £'000's	Financial Projections £'000's	Budget £'000's	Variance £'000's
INCOME				
Rental Income	44,440	45,254	45,254	-
Void Losses	(710)	(457)	(457)	-
Net Rental Income	43,730	44,797	44,797	-
Grant Income	-	5,291	5,291	-
Other Income	2,334	2,286	2,286	-
TOTAL INCOME	46,064	52,374	52,374	-
EXPENDITURE				
Employee Costs - Direct	5,600	3,307	3,307	-
Employee Costs - Group Services	-	1,918	1,918	-
Transformation	1,787	305	305	-
Direct Running Costs	4,638	3,372	3,372	-
Running Costs - Group Services	-	2,231	2,231	-
Revenue Repairs and Maintenance	8,359	10,359	10,359	-
Bad debts	500	1,052	1,052	-
Depreciation	10,748	11,510	11,510	-
Demolition	-	244	244	-
TOTAL EXPENDITURE	31,632	34,298	34,298	-
NET OPERATING SURPLUS	14,432	18,076	18,076	-
Interest receivable	132	141	141	-
Net Interest payable & similar charges	(6,649)	(6,249)	(6,249)	-
STATUTORY (DEFICIT)/SURPLUS	7,914	11,968	11,968	-

INVESTMENT	Full year forecast £'000's	Financial Projections £'000's	Budget £'000's	Variance £'000's
TOTAL CAPITAL INVESTMENT INCOME	4,804	6,855	6,855	-
Total Expenditure on Core Programme	11,072	32,816	32,816	-
New Build	6,982	16,970	16,970	-
Other Capital Expenditure				
Premises	300	2,035	2,035	-
IT	150	2,176	2,176	-
TOTAL CAPITAL EXPENDITURE	18,504	53,997	53,997	-
NET CAPITAL EXPENDITURE	13,700	47,142	47,142	-

The budgeted statutory surplus is in line with the financial projections and shows a net operating surplus of £18,076k and a statutory surplus after finance costs of £11,968k. Covid-19 restrictions reduced expenditure in many areas during 2020/21 hence an increase in spend is budgeted compared to forecast to allow return to normal levels of service.

- Net Rental income is budgeted at £44,797k and reflects the 2% rent increase and a 1% void loss assumption.
- Grant income reflects plans for 49 handovers in social housing at Monreith, Sanquhar, and Lincluden
- Employee costs - direct are expected to be in line with approved financial projections and reflect the new staff structure including the implementation of the 1:200 housing officer patch sizes.
- Employee costs – Group services includes the costs for support functions such as Finance , IT and HR now provided by Wheatley Solutions and the secondment of the staff to Wheatley Solutions. The budgeted recharge is based on the costs of DGHP staff transferred.
- Direct running costs are expected to be in line with financial projections including provision for £300k for various initiatives spend - due to this being the first year of the new Housing team model. Running costs are expected increase when compared to 2020/21 due to a return to more normal working practices in the financial year.
- Running costs – Group services as with staff costs , running costs associated with support functions have been transferred to Wheatley Solutions and recharged on a financially neutral basis.
- Revenue repairs and maintenance costs of £10,359k are assumed in the budget, an increase from the expected 2020/21 outturn, representing a return to the normal service once COVID restrictions begin to be lifted . Repairs funding has been set based on a business as usual basis, with additional allowance for cyclical and compliance works.
- Bad debts budget is £552k higher than the expected 2020/21 outturn and is based on a prudent assumption in the financial projections with an increase in the level of bad debt provision in relation to an increase in the number of tenants moving onto Universal Credit and the effects of the pandemic having an impact on tenants' ability to keep their rent accounts up to date.
- Costs to cover the demolition of 50 units as part of the first phase of asset regeneration are provided for.
- Core programme expenditure has been budgeted at £32,816k. This includes our continued investment in our housing stock, capitalised employee costs in relation to investment staff and spend on disabled adaptations.
- New build expenditure of £16,970k has been included in 2021/22. with a further £4,211k for the new office accommodation strategy and the migration to Group IT systems.

2) Budget – Rental and other income

Rental and other income	2020-21	2021-22
	Full year forecast £000's	Budget £'000's
INCOME		
Rental Income	44,440	45,254
Void Losses	(710)	(457)
Net Rental Income	43,730	44,797
Void loss %	1.6%	1%
Grant Income - Housing Association Grant	-	5,291
Other Income		
Temporary Accommodation	544	500
Medical Aids and Adaptations	507	500
RHI/ Feed in tariffs	439	439
Service Charges	200	200
Leasehold rents	190	193
Young Persons Project	185	185
Supporting People	119	119
Factoring	150	150
Other income	2,334	2,286
Total income	46,064	52,374

Comments:

- Net rental income is budgeted at £44,797k and includes the 2% rent increase
- Void loss target is set at 1%
- Other income includes
 - Dumfries and Galloway council grant for Supporting People, Young Persons project and Homeless lets/ Temporary Accommodation
 - Lottery match funding of Young Person's project
 - Medical Aids and adaptations grants are claimed for invoiced works. Core programme for 2021/22 budgets £814k of adaptations. Income depends on the bid acceptance at start of 2021/22 - £500k is budgeted as a prudent measure.
 - Supporting people grant continues at current levels
 - Feed in tariffs also continue at current levels
 - New build completions for the financial year 2021/22 are budgeted at 49 units with grant release into income of £5,291k over the year.

3) Budget – Expenditure

Expenditure	2020-21	2021-22	movement
	Full year forecast £'000's	Budget £'000's	
Employee costs			
Direct	5,600	3,307	2,293
Recharged from Wheatley Solutions	-	1,918	(1,918)
Total staff costs	5,600	5,225	375
Running costs			
Premises and insurance	1,232	961	271
Travel and staff related expense	100	300	(200)
Community initiatives and Think Yes	100	300	(200)
Wider Role - Homeless , sheltered and YPP	637	834	(197)
Handy Man service	-	209	(209)
Communal services	160	178	(18)
Factoring team	200	205	(5)
Fee for management of MMR (Novantia)	120	120	-
Common Housing register	120	120	-
Various other subscriptions, printing , stationery , postage	100	145	(45)
Support Services now recharged by Wheatley Solutions	1,869	2,231	(362)
Total running costs	4,638	5,603	(965)
Total overhead expenditure	10,238	10,828	(590)

Comments:

Total expenditure is budgeted to be £10,828k compared to 2020/21 forecast of £10,238k, an increase of £590k

Employee costs £5,225k as per the financial projections and include the assumed cost of living increase of 1.5%.

- Direct salaries are the cost of housing team, ASB, lettings and allocations and management associated with these functions
- The budget for costs recharged from Wheatley Solutions reflects the salaries of support functions will be recharged in the coming year
- Salaries include a provision for the change of T&C's to align with Wheatley solutions and Wheatley 360 as per the financial projections

Running costs increase in 2020/22 as normal business activity resumes

- Savings made on premises and insurance are linked to new Hub and surrender in June of current office accommodation in Dumfries.
- Increase in running costs budgeted as Covid-19 restrictions lift . The budget includes provision for the new handy man service and sets aside provision for funding to support Think Yes.
- Wheatley group will recharge the cost of support services such as IT, HR, Finance, H&S, Legal, Governance , and Marketing.
- Increase in these costs relate to upcoming rebranding , and restart of training , corporate and legal action as restrictions lift and normal business activity can resume.

4) Budget - Repairs and maintenance

Repairs and maintenance	2020-21	2021-22
	Full year forecast £000's	Budget £'000's
Reactive - in house	2,675	6,250
Heating servicing - in house	1,296	1,296
Landscaping - cyclical	755	766
Other cyclical	464	484
Compliance	989	1,413
Overhead - in House repairs	2,180	-
TOTAL	8,359	10,209

Comments:

- Reactive repairs are budgeted to be increased on the prior year level following a return to the planned service model. And include the heating team as an in house service from 1 April.
- Compliance spend has been reprofiled to take into account any works not performed in 20/21
- With the return to the planned service, the costs of the in-house repairs team is expected to be fully recovered against repairs jobs in the year.
- The cyclical program includes pest control, fencing , slabbing , arborists and maintenance of stair lighting.

5) Budget– Investment and Compliance – Core Programme



Core Programme	2020-21	2021-22
	Full year forecast £000's	Budget £'000's
Core Programme	5,937	27,025
Compliance capital	1,220	979
Capitalised Voids	3,093	2,900
Adaptations	500	814
Capitalised Staff	322	1,098
TOTAL	11,072	32,816

Comments:

- Total Core Programme for 2021/22 set at £32,816k. The spend in 2020/21 has been significantly curtailed due to the pandemic. The investment programme over the five years from 2021-26 has been reprofiled with the 2021/22 programme containing projects which had been delayed in 2020/21.
- Windows, Kitchens, Boilers / heating replacements, Roof and Render , constitute the largest spend budgeted
- An allocation of £1,500k for of “Customer Voice” tenant led investment is also included for the first time this year as part of the launch of the new Group wide initiative linked to the strategic objective to give our customers more influence in the projects that matter to them the most.

5) Period 11 – Regeneration

New Build	2020-21	2021-22
	Full year forecast £000's	Budget £'000's
Development Cost	6,661	16,217
Grant Income	(4,804)	(6,855)
Net Cost	1,857	9,362
Capitalised Employee Costs	321	574
Net Cost	2,178	9,936
Capitalised Interest	-	179
Net Cost	2,178	10,115
Units Completed	0	49

Comments:

- The programme is in line with the financial projections and the updated 5 year new build programme presented to the Board in February.
- A total of 49 units are budgeted to complete in the coming year, with £16,217k of spend invested, supported by £6,855k of grant income.
- Demolition costs of £244k are included in operating expenditure to cover cost of the first phase of asset regeneration provided (50 units).





Report

To: DGHP Board

By: Pauline Turnock, Director of Financial Reporting

Approved by: Steven Henderson, Group Director of Finance

Subject: Finance Report for the period to 28 February 2021

Date of Meeting: 31 March 2021

1. Purpose

- 1.1 The purpose of this report is to provide the DGHP Board with an overview of the finance report for the period to 28 February 2021.

2. Authorising context

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

3. Risk appetite and assessment

- 3.1 Our Group agreed risk appetite for Performance is "Open". This level of risk tolerance is defined as "Prepared to invest for reward and minimise the possibility of financial loss by managing the risks to a tolerable level".

4. Background

- 4.1 This report outlines performance against budget approved by the DGHP Board for 2020/21 which was aligned with Wheatley's accounting policies in P6.
- 4.2 The appendices provide more detail on the financial results.

5. Discussion

Finance Report for Period to 28 February 2021

5.1 DGHP has reported a statutory surplus of £9,741k for the period to date, which is £5,364k favourable to budget. The key drivers being the lower level of expenditure in repairs and maintenance as a result of varying lockdown measures during the year and lower staff costs from the introduction of the new staff operating model. The net operating position reports a surplus of £15,751k, which is favourable to budget by £5,682k. Key points to note:

- **Net rental income** is £161k unfavourable to budget, a result of a higher level of void losses, mostly incurred when reletting was suspended in the period to August 2020. Void loss rate for the month of February is lowest of the year to date, being 0.7% of gross rent, below the 1% target.
- **Other income** is £625k favourable to budget. Grants continue to be received for Supporting People, Lottery grant income matching for the Young Person's project and additional grants for aids and adaptations works which continue during lockdown. Additional land rent income has also been received for the Curries Yard site.
- **Employee costs** are £1,240k favourable to budget due to the timing of the introduction of the new staff operating model and a higher number of ERVR leavers in the business to date. Staff costs for the in-house repairs service are reported through repairs and maintenance costs.
- **Repairs and Maintenance** has been operating a reduced service for the most part of the year. As a result, lower levels of repairs expenditure are reported, £4,153k favourable when compared against budget. Repairs spend includes £2,874k of reactive works, £1,182k for gas compliance, £732k for grounds maintenance works. Compliance works, were included in the budget as repairs costs, however major works are reported as capital in line with the Group policy. For the in-house repairs service, the reduced level of repairs which are able to be delivered to tenants within the restrictions has resulted in staff and overhead costs of £1,841k which cannot be allocated to repairs jobs. This unrecovered amount is included in the repairs and maintenance costs as a loss on the in-house service.
- **Bad debts** are provided for on a monthly basis, with the provision made in line with the Group policy. Costs are running favourable to budget and are being closely monitored in line with the move of tenants to Universal Credit. DGHP reports an expense of £168k, being £676k favourable to budget.

5.2 DGHP has reported net capital expenditure of £11,595k for the period, which is £21,884k lower than budget. Key points to note:

- **The core investment programme** has been reprofiled due to delays in 2020/21. To date the programme reports spend of £8,941k which includes £2,747k work on void properties.

- **New build** activity was impacted by the suspension of construction work in the first quarter of the financial year, with work on reopening of sites being subject to enhanced health and safety measures. Spend to date is £6,759k against a budget of £11,969k. Grants have been received of £4,325k.

6. Value for money implications

- 6.1 Delivery of our approved budget is a key element of continuing to demonstrate value for money. DGHP has reported a net operating surplus of £15,751k which is £5,682k favourable to budget.

7. Impact on financial projections

- 7.1 The 2021/22 Business Plan was approved by the Board at the February 2021 meeting and will form the basis for the 2021/22 budget. In the current financial year, the emergence of COVID -19 and the lockdowns imposed by the UK and Scottish Government in March 2020, and again in December 2020, have required us to make significant changes to the way we deliver services to our customers and to the operation of the business. We have updated our current year forecasts to reflect these changes and the updated 2020/21 full year forecast out-turn is used as the opening financial position for the 2021/22 Business Plan.

8. Legal, regulatory and charitable implications

- 8.1 No implications.

9. Equalities impact

- 9.1 Not applicable.

10. Recommendation

- 10.1 The Board is requested to note the Finance Report for the period to 28 February 2021.

List of Appendices

Appendix 1: Period 11 – 28 February 2021



Period to 28 February 2021 Finance Report



1. Period 11 – Operating Statement



OPERATING STATEMENT	Year to February 2021			Full year Budget restated £k's
	Actual £ks	Restated Budget £ks	Variance £ks	
INCOME				
Rental Income	40,771	40,700	71	44,353
Void Losses	(639)	(407)	(232)	(444)
Net Rental Income	40,132	40,293	(161)	43,909
Grant Income	-	-	-	1,367
Other Income	2,238	1,613	625	1,677
TOTAL INCOME	42,370	41,906	464	46,953
EXPENDITURE				
Employee Costs - Direct	4,861	6,101	1,240	6,656
Transformation budget	1,720	476	(1,244)	476
Direct Running Costs	4,048	4,440	392	4,844
Revenue Repairs and Maintenance	7,276	11,429	4,153	12,239
Bad debts	168	844	676	921
Depreciation	8,546	8,546	-	10,748
TOTAL EXPENDITURE	26,619	31,837	5,218	35,884
NET OPERATING SURPLUS	15,751	10,069	5,682	11,069
Net operating margin	37%	24%		24%
Interest receivable	138	221	(83)	241
Net Interest payable & similar charges	(6,148)	(5,913)	(235)	(6,451)
STATUTORY SURPLUS	9,741	4,377	5,364	4,859

INVESTMENT	Actual £ks	Restated Budget £ks	Variance £ks	Full year Budget restated £k's
TOTAL CAPITAL INVESTMENT INCOME	4,325	3,162	1,163	3,449
Total Expenditure on Core Programme	8,941	23,256	14,315	25,105
New Build	6,759	11,969	5,210	13,056
Other Capital Expenditure				
Premises	220	472	252	515
IT	211	944	944	1,030
TOTAL CAPITAL EXPENDITURE	15,920	36,641	20,721	39,706
NET CAPITAL EXPENDITURE	11,595	33,479	21,884	36,257

Key highlights :

- Operating surplus for the period to February is £15.8m, £5.7m favourable to budget. Statutory surplus is £9.7m, £5.4m favourable to budget. The key driver of the variance is the impact of Covid-19 restrictions on repairs and operational expenditure.
- Net Rental income is adverse to budget by £161k, mainly driven by void losses. Void loss is 1.57% compared to prior month 1.62% and against a 1% target. Void property numbers at end of Feb are 61. Void loss as a percentage of rent is 0.7% in the month of Feb.
- Other income is £625k favourable to budget at February, with all items ahead of the budget, mainly driven by unbudgeted grant income for Supporting People (£110k), temporary accommodation & YPP (£200k), Adaptations grant (£110k).
- Employee costs are £1,240k favourable to budget following the capitalisation of investment and regeneration staff in line with group policy and savings from the acceleration of the new staff operating model facilitated by the higher ERVR spend in the year.
- Repairs are £4,153k favourable to budget, with favourable variances in gas maintenance (£3,919k), compliance costs (£2,075k), offset by £1,841k of unrecovered staff and overhead costs for the in-house team with activity lower than planned. This loss has not significantly increased since October after which a near to full service resumed.
- Bad debts are £676k favourable to budget as a result of the close management of arrears levels and 1:200 Housing officer focus
- Net interest cost is £318k adverse with low deposit rates, and non-utilisation fees being recorded on the RBS loan.
- Net Capital Expenditure is £21,884k lower than budget:-
 - Core programme is £14,315k lower than budget due to the re-profiling of the planned programme earlier in the year. Increased spend has been reported since November.
 - The New Build programme is £5,210k lower than budget. Cash grants have been received in excess of budget as Monreith, Lincluden and Sanquhar progress well. 10 Units completing at Sanquhar 22 March 2021 and 5 units at Monreith in April.
 - Premises costs - DGHP office in central Dumfries has been purchased and refurbishment plans are being developed.
 - IT costs reflect the migration project costs.

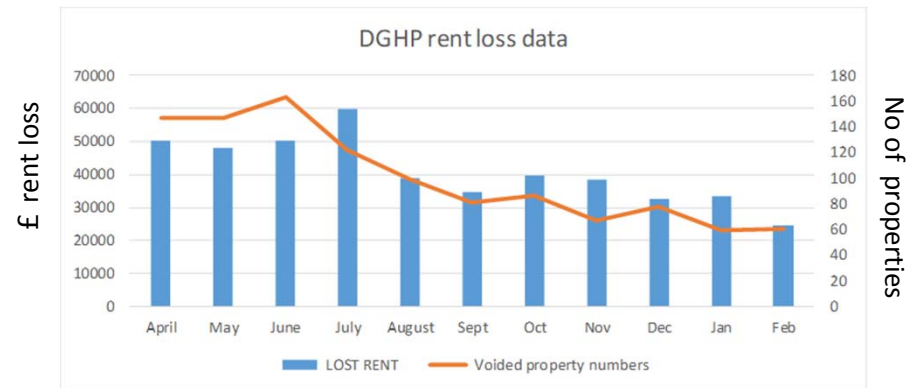
2. Period 11 – In-house repairs (IHR) service

Dumfries & Galloway Housing Partnership	Year to 28 February 2021			Full Year Budget £ks
	Actual £ks	Budget £ks	Variance £ks	
INCOME				
Internal Subsidiaries	7,638	11,638	(4,000)	12,652
External Customers	-	-	-	-
TOTAL INCOME	7,638	11,638	(4,000)	12,652
COST OF SALES				
Staff Costs	3,160	4,309	1,149	4,700
Materials	524	1,777	1,253	1,938
Subcontractor & Other Costs	4,679	3,650	(1,029)	3,937
TOTAL COST OF SALES	8,363	9,736	1,373	10,576
GROSS (LOSS)/PROFIT	(725)	1,902	(2,627)	2,076
Margin %	(9%)	16%	66%	28%
Overheads	1,116	1,903	787	2,076
NET (LOSS)/PROFIT	(1,841)	-	(1,841)	-

Comments:

- IHR service is reporting a deficit of £1,841k, against a break even budget. The service has reported a small loss in the month of £25k.
- Income shows an underspend of £4,000k across all repairs categories with the largest variance in reactive repairs. Void spend is tracking in line with budget to date. Voids are capitalised as per group and reported on the Investment slide.
- Savings of £1,253k have been made on materials in line with the lower levels of activity.
- Subcontractors costs are £1,029k higher than budget to date following a decision to use City Building and other contractors to carry out void works which had built up during the spring 2020 lockdown and have now been cleared.
- Staff costs are £1,149k lower than budget due to a decision not to recruit all posts during the pandemic.
- Overhead savings are in waste disposal and vehicle costs.

3. Period 11 – Void Analysis and Other Income



Comments:

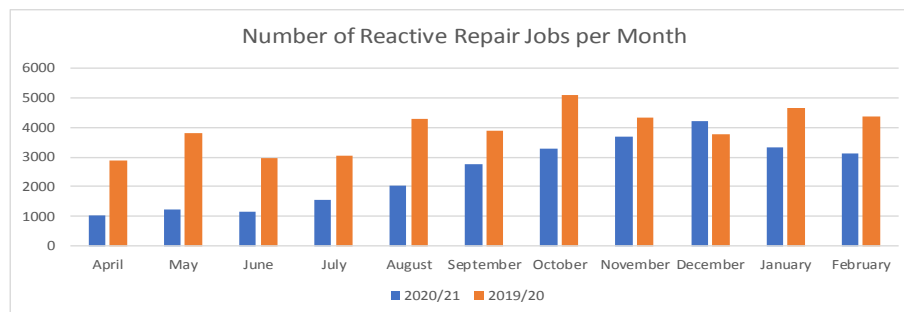
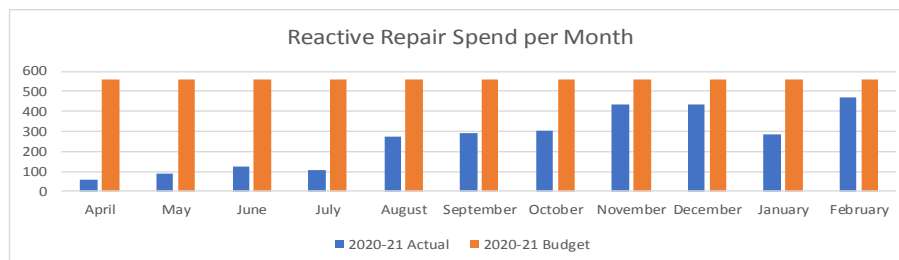
- The graph shows the housing void loss per period in the year to date as well as the number of void properties per period.
- The void loss peaked in July, with the number of voids steadily reducing from then to its lowest level as at Feb 21 of 61 properties and void losses are running at 0.7% of rent in the month below the budget of 1%.
- All backlogged properties have now been re-let

4. Period 11 - Repairs and maintenance

Dumfries & Galloway Housing Partnership	Year to 28 February 2021			Full year Budget restated £k's
	Actual £ks	Budget £ks	Variance £ks	
Reactive	2,874	6,119	3,245	6,676
Gas planned maintenance	1,182	1,613	431	1,760
Landscaping planned maintenance	732	732	-	755
Compliance - Investment program	550	2,625	2,075	2,680
Other repairs	97	340	243	368
Loss/(profit) on IHR	1,841	-	(1,841)	-
TOTAL	7,276	11,429	4,153	12,239

Comments:

- Repairs and maintenance reactive expenditure is £3,245k lower than budget due to repairs service not being able to mobilise fully during the pandemic.
- Compliance budget as part of investment team programme reports a total spend of £1.529k of which £550k is reported a revenue spend for testing and maintenance works and £979k reported in capital.
- The In-House Repairs service is operating at a "loss" as repairs activity has not been sufficient to cover all staff costs and overheads. The year to date position reports a loss of £1,841k, however activity levels are higher than the earlier months of the year with the loss in the month of £25k.



5. Period 11 – Investment and Compliance – Core Programme



Major Repairs - Capital £'000's	YTD February 2021		
	Actual	Budget	Variance
Core Programme	5,229	19,745	14,516
Capitalised Voids	2,747	2,835	88
Adaptations	287	677	390
Capitalised Staff	562	-	(562)
Fire Safety	117	-	(117)
TOTAL	8,941	23,256	14,315

Core Programme - £'000's	YTD February 2021		
	Actual	Budget	Variance
Central Heating	367	1,971	1,603
Lowrise	2,486	4,019	1,534
KBR	301	2,278	1,977
Windows & Doors	342	4,338	3,996
Highrise	-	-	-
ICW	67	1,088	1,020
Energy Efficiency EESSH	-	578	578
Environmental	355	482	127
Lift Renewal	-	-	-
M&E	-	-	-
Customer Priorities	330	4,991	4,661
Compliance Capital	979	-	(979)
Total	5,229	19,745	14,516

Comments:

- Core programme spend of £8,941k reports an increase of £1.4m on prior months, compared to the budget of £23,256k with external works, medical aids and adaptations and fire safety are all being carried out.
- Capitalised staff represents the direct cost of the investment team. These salaries were budgeted in the operating statement but have been capitalised in line with the Group accounting policy
- Total compliance budget is £2,625k to end of Feb 21 - spent as £979k capital and £550k revenue – total variance is £1,096k underspend.

6. Period 11 – Regeneration

Development Name	Year To 28 February 2021 £'000's			Full Year budget £ 000's
	Actual	Budget	Variance	
Lincluden Dumfries	3,840	5,966	2,126	6,508
Nursery Avenue	81	3,091	3,010	3,372
Queensberry Sq. Sanquhar	1,580	1,842	262	2,009
Queensberry Brae Thornhill	39	-	(39)	0
Monreith 3	746	1,058	312	1,154
Springholm	9	12	3	13
North St. Glenluce	23	-	(23)	-
Curries Yard Heathhall	5	-	(5)	-
Daar Lodge	7	-	(7)	-
Eastriggs	82	-	(82)	-
Completed developments	8	-	(8)	-
Capitalised Staff	337	-	(337)	-
Total Cost	6,759	11,969	5,210	13,056
Grant Income	4,325	3,162	1,163	3,449
Net New Build Costs	2,435	8,807	6,372	9,607

- Comments:
- Cash grants fully received for the current financial year of £4,352k - £1,163k more than budget due to the timing of claims
- Lincluden – Works recommenced on site in June 2020. Tender approval has been received at above benchmark. Phase 1 completion – Sept 2021, Phase 2 completion February 2022.
- Nursery Ave – Group Development Committee approval received June for the project tender.
- Sanquhar - 10 Units completing early in March 2021
- Thornhill – Site investigations instructed and largely completed. Development partner to be finalised.
- Monreith site start achieved in August 2020. Works remain within budget. 5 units expected April 2021
- Feasibility work commenced for Springholm, Glenluce and Johnstonebridge.
- Glenluce demolition procurement underway through PCS. Tender approval to be taken to May Development committee.

7. Period 11 – Balance Sheet



Balance Sheet	28 February 21 £'000's	31 March 20 £'000's
Fixed Assets		restated
Social Housing Properties	373,162	365,783
Other Fixed Assets	1,176	717
Investment Properties	7,993	8,002
	<u>382,331</u>	<u>374,502</u>
Current Assets		
Stock	350	255
Trade Debtors	109	58
Rent and service charge arrears	2,483	3,001
less: provision for rent arrears	(1,266)	(1,377)
Prepayments and accrued income	458	568
Other debtors	492	1,398
Total Debtors	2,276	3,648
Due from other group companies	71	920
Cash & Cash Equivalents	70,405	63,756
	<u>73,102</u>	<u>68,579</u>
Creditors: within 1 year		
Trade Creditors	(337)	(5,536)
Accruals & Deferred Income	(3,725)	(1,159)
Prepayments of Rent and Service Charge	(616)	(395)
Other Creditors	(578)	(4,664)
Total Creditors	(5,256)	(11,754)
Amounts due to Group Undertakings	(1,073)	(577)
	<u>(6,329)</u>	<u>(12,331)</u>
Net Current Liability	66,773	56,248
Long Term Creditors		
Loans	(188,704)	(188,704)
Loan interest	(4,289)	-
Grants	(12,699)	(8,375)
Pension Liability	(2,765)	(2,765)
	<u></u>	<u></u>
Net Assets	240,647	230,906
Capital and Reserves		
Share Capital		
Revenue Reserve	86,989	77,248
Revaluation Reserve	153,658	153,658
	<u></u>	<u></u>
Shareholders' funds	240,647	230,906

Comments:

- Fixed assets of £382.3m – representing investment works added less depreciation of existing assets. Other fixed assets have risen with purchase of Dumfries Hub and migration project costs charged from Wheatley.
- Trade & other debtors Net arrears of £1.2m are mainly due to
 - timing of cash receipts, especially housing benefit.
 - The provision for bad debts is calculated in line with the Group policy and reflects the age and recoverability of arrears balances.
 - No deterioration of the bad debt profile is being experienced in DGHP.
- Stock relates to repairs stock purchased from Saint Gobain and replenished weekly. Payment is made for stock as received, with this only being expensed to the Income statement as utilised.
- Cash at Bank consists of £70.4m cash in hand ready for investment and regeneration programs
- Short-Term Creditors Includes
 - amounts due to Wheatley and DGHP3.
 - Payroll is accrued monthly for second half of the month as pay date is 15th .
 - Non invoiced work on investment and regen is accrued as confirmed by the surveyors.
- Long-Term Creditors This relates to
 - Capital loans of £188.7m,
 - interest on Allia loans not payable until end date £4.3m and is rolled up per accounting rules.
 - Grant income received is deferred until the completion of new build properties, totals £12.7m. Income on 10 Sanquhar units will be released in March accounts once completion confirmed.





Report

To: DGHP Board

By: Pauline Turnock, Director of Financial and Legal Services

Approved by: Steven Henderson, Group Director of Finance

Subject: 2021/22 Property Insurance Renewal

Date of Meeting: 31 March 2021

1. Purpose

- 1.1. The purpose of this report is to seek The approval of the Dumfries and Galloway Housing Partnership ("DGHP") Board to progress with renewal of the DGHP property damage insurance cover and the addition of the cover to the Group arrangements.

2. Authorising context

- 2.1 Under the Group Authorise/Manage/Monitor Matrix, the DGHP Board has responsibility for authorising key contractual arrangements.

3. Risk appetite and assessment

- 3.1. The DGHP's risk appetite in respect of Laws, Regulations and Covenant Compliance is Averse. This level of risk tolerance is defined as, "minimal tolerance for any decisions that could lead to external scrutiny."
- 3.2. The proposed approach is fully compliant with all relevant procurement legislation.

4. Background

- 4.1. The Group's insurance portfolio was re-tendered in 2020/21 and an award was placed with Ocaso for property damage insurance via the Group's appointed insurance broker A J Gallagher. Ocaso were a new insurer to the Group at that time and their tender response delivered a significant level of saving to the Group.
- 4.2 The insurance arrangements for DGHP are due to be re-tendered in April 2020, and at that time it was agreed that DGHP would join the Group insurance arrangements in April 2021 if it was advantageous to do so.

5. Discussion

- 5.1. Pricing of insurance can vary year on year due to a number of factors including those which are market driven, such as wider losses linked to severe weather for example, and risk based factors such as the level of deductible/excess on the policy, claims history and direct experience by the insurer.
- 5.2. Provision was made in the Wheatley Group 2020 insurance tender for the inclusion of DGHP within the new Group arrangements from 1 April 2021 and AJ Gallagher have been seeking options for the various DGHP insurances on that basis. Through the 2021/22 renewal process, the current excess levels in place for DGHP insurance policies have been assessed in comparison with those in place for other Group RSLs. All are broadly similar with the exception of cover for property damage.
- 5.3. Under the current standalone arrangements, property damage cover is provided to DGHP by Aviva with an excess level of £500, which in comparison to other RSLs in the Group is low. The property damage excess is set at £10k for the Group's other RSLs and Lowther Homes with GHA accepting a higher excess of £250k due to its relative size, scale and ability to retain a higher level of risk. DGHP paid a premium of £443k for property damage cover in 2020/21.
- 5.4. Insurance tenders for the DGHP property cover were requested from the market based on the existing excess structure of £500 plus options to increase the deductible to allow consideration against historic claims levels and to assess if there was a basis to consider the retention of a higher level of risk. The options considered were:
- Option 1 - Existing excess levels;
 - Option 2 - increase to align with other Group RSLs at £10k; and
 - Option 3 - increased excess of £25k.
- 5.5. Ocaso submitted an offer for option 1 of £352k with DGHP joining the Group property damage insurance arrangements. This compares to the renewal offer from DGHP's existing insurer Aviva for £370k. These prices include 12% IPT.
- 5.6. In assessing the level of the excess, the premiums quoted for the various options have been compared to the average past cost of claims which, on the higher excess, would be incurred as an uninsured cost. Future claims levels cannot be predicted with certainty, however average claims levels for the last 4 years have been relatively steady and may reasonably be expected to be representative of possible levels in future years.
- 5.7. Using the actual claims data, and comparing it to the higher excess options, the table below shows that for both the £10k excess and the £25k excess options, the average annual cost of remedial work over the last 4 years has been lower than the potential saving from a higher insurance excess with Ocaso.

Excess level	Premium (including Insurance Premium Tax)	Saving in premium	Estimated extra annual cost incurred	Impact
Existing excess	£352k	-	-	-
increased to £10k	£192k	£160k	£68k	+£92k
increased to £25k	£113k	£239k	£109k	+£130k

5.8 In taking on a higher excess, an assessment of risk must be made against the balance of retaining risk in the business. The potential savings in premium achievable have been considered in relation to the number of times the excess payable is covered by the savings on the premium. While the £25k excess provides a higher level of savings it allows for five insurance events close to the excess level to be covered by the savings. Taking the £10k excess, it would require nine events close to the excess level to erode the savings. In the last five years, DGHP has experienced on average two claims close to £10k, and on average two claims a year close to £25k with these being associated with more significant fire damage.

5.9 The recommendation is therefore to proceed with the placement of property damage cover with a £10k excess which provides a balance between the reduced premium and risk. This is co-incidentally in line with the insurance risk approach for the other RSLs in the Group (with the exception of GHA). The excess level can be reset each year at the next renewal and at this point an assessment will be made of the claims data against the excess level to ensure it remains appropriate. The increased excess yields net savings of £92k plus the reduction in the premium itself adds a further £91k savings, a total reduction of £183k for DGHP.

6. Key issues and conclusions

6.1. For DGHP property damage cover, a net revenue saving of £183k can be achieved on compared to the premium in 2020/21. This is based on a lower renewal offer from Ocaso and a proposed increase in the excess level from £500 to £10,000 which aligns DGHP with the retained insurance risk held by the other Group RSLs. The net saving is after allowing for additional costs for insurance works under the £10,000 excess based on DGHP's historic claims levels.

6.2. The other insurance covers for DGHP will be placed with the assistance of the Group broker A.J. Gallagher who are familiar with the organisation having provided similar services to DGHP prior to the partnership with Wheatley Group. No changes to excess levels are proposed for the other insurances.

7. Value for money implications

7.1. For DGHP property cover Ocaso have also provided the most competitive quote. The rest of DGHP's insurances will be placed by AJ Gallagher alongside the Group portfolio where it is beneficial to do so. No changes are proposed to DGHP's existing excess levels with the exception of property damage cover.

8. Impact on financial projections

- 8.1. The property damage insurance costs are lower than the prior year costs. Costs are due to be confirmed in early April for the other risks covered in the wider insurance arrangements, but on a like for like basis a saving in insurance costs against the financial projections is expected.

9. Legal, regulatory and charitable implications

- 9.1. It is a requirement of our funding agreements that we demonstrate appropriate insurance arrangements are in place in relation to our property portfolio and other key risks.

10. Partnership implications

- 10.1 No implications.

11. Implementation and deployment

- 11.1 The new policy arrangements, including handovers from previous providers, will take place in advance of the new cover going live on 1 April.

12. Equalities impact

- 12.1 None.

13. Recommendations

- 13.1 The Board is asked to approve the placement of the DGHP property damage insurance with Ocaso and increase the excess to £10,000 in line with the approach for other Group RSLs (with the exception of GHA).



Report

To: DGHP Board

By: Matt Foreman, Managing Director

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

Subject: Disposal of Lockerbie Lodge House

Date of Meeting: 31 March 2021

1. Purpose

- 1.1 This report seeks approval to dispose of Lockerbie Lodge House to the Lockerbie Old School Hub (LOS).

2. Authorising context

- 2.1 Under the Group Authorise Monitor Manage Matrix acquisitions and disposals are reserved to the Board. This includes the disposal of land or properties, save where the Board has expressly delegated authority.

3. Risk appetite and assessment

- 3.1 Our risk appetite in relation to governance and regulatory matters is cautious, which is defined as “Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward.”.
- 3.2 As a registered charity, we have an obligation when disposing of assets to clearly understand how this is in the best interests of the charity. In this instance, where we are contemplating disposing of an asset at a value other than market value there is a risk that this could be considered inconsistent with our charitable obligations.
- 3.3 The report seeks to mitigate this risk by clearly setting out the rationale for the proposed disposal, why the financial value is not the only driver as well as including a set of protections against onward disposal of the asset. Additionally, as we are contemplating disposing to another charity this retains the asset within the wider charity sector and will be used in advancement of charitable objectives.

4. Background

- 4.1 Lockerbie Lodge House 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 significant disrepair. The property is the old janitors house and sits within the grounds of the Lockerbie Old School. The site of the old school is adjacent to the Cunninghame HA new build development site in Lockerbie.
- 4.2 DGHP was approached by The Lockerbie Old School Group (LOS) in December 2019 to sell Lockerbie Lodge House to the LOS. The Board were advised that LOS propose to use the house as a Community Hub as part of the wider refurbishment of the adjacent old school. 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.
- 4.3 Further clarification with LOS has confirmed that they intend to repair the lodge then at a later date to let the home at an affordable let to the local community. The income generated would support LOS by generating a small annual income.
- 4.4 On 29 January 2020 the DGHP Board approved the disposal of the Lockerbie Lodge House to LOS. Whilst the disposal was approved by the Board this was not completed as a result of property and land transactions being on hold for much of 2020 due to the impact of COVID restrictions and the priority given to focus on essential services for customers.
- 4.5 The LOS has received Dumfries and Galloway Local Authority Town Centre Capital grant funding to upgrade the Lodge House, but agreement for this needs to be in place by the end of March 2021 to retain the £60,000 grant funding from Dumfries and Galloway Council and the grant must be spent by the end of September 2021.

5. Discussion

- 5.1 On 29 January 2020. The Board were advised that DGHP has been approached by LOS to purchase this property. In considering the proposed sale the DGHP Board were advised within the Board report that:
 - a. *an independent valuation had been received for the property which valued the property at £95,000 in 2018 and that an up-to-date valuation would be carried out to inform the final disposal valuation;*
 - b. *investment in the region of £55,000 was needed to bring the property back into use; and*
 - c. *an updated valuation would be brought to the Board meeting.*
- 5.2 On 24 January 2020 a valuation was received from Shepherd Chartered Surveyors advising that the current valuation of the property was £70,000 and that there were essential works of £35,000 (excluding additional insulation works estimated by DGHP to be in the region of a further £18,000). The valuation report also includes the future property valuation of £105,000 once the essential works have been carried out.

- 5.3 The Board agreed to the disposal of the property on the basis that we 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 investment to return it to a habitable condition. The Board agreed to the disposal on the basis that LOS also paid the legal fees for both DGHP and LOS, estimated to be in the region of £3,000.
- 5.4 On 30 January 2021 DGHP offered the property to LOS for the sum of £124.75. This sale price was reached by deducting the repairs costs plus VAT and fees totalling £69,875.25 from the valuation price of £70,000. Leaving a balance of £124.75. LOS accepted the offer by email on 30 January 2021.
- 5.5 On being informed of the sale price Matt Foreman, Managing Director, reviewed the sale process for Lockerbie Lodge and requested an updated valuation for the property as it was over 12 months since the last valuation was received.
- 5.6 On 10 March 2021 a new valuation has been received from Shepherd Chartered Surveyors of £55,000. This reflects further deterioration in the condition of the property over the last 12 months. This is the valuation as the property stands, in need of significant essential repairs estimated at £55,000. Once essential repairs are completed the property would have a potential future value of £110,000.
- 5.7 DGHP are seeking to support the transfer of the asset to LOS. The main principles we are aiming to achieve are that DGHP should not suffer financial detriment in selling the property to LOS, DGHP are seeking to support a local charitable trust as part of a community asset transfer and LOS should not be in a position where they could financially gain if circumstances were to change in the future.
- 5.8 DGHPs preferred option is to dispose of the property as it is an isolated property, in the grounds of the community centre, that is in need of significant investment. If DGHP chose to retain the property, investing to bring it back to an acceptable standard we would have a negative return on investment of - £3,563 over a 30-year period. This means DGHP would financially lose money if we were to retain, repair and let the property over a thirty-year period due to the level of investment needed. Therefore, it would be beneficial from a financial and strategic perspective for DGHP to work with LOS to transfer the asset to the local community and support the local community group to access grant funding to bring it back into use.
- 5.9 Taking the above into consideration it is proposed that DGHP offer the property to LOS for the notional purchase price of £1. This is below the current independent market valuation of the property. However, the notional value reflects the current condition of the property, our desire to dispose of the asset and support the asset transfer to a local charitable community group and the negative NPV the property would have over a thirty-year period if we retained it. LOS have accessed grant funding to repair and refurbish the property but it would not be financially viable for the group to purchase the property at current market value.

- 5.10 The proposed disposal would be with a number of caveats to safeguard DGHPs interest in the property as follows:
- DGHP would sell the property to LOS but retain ownership of the land surrounding the curtilage of the building and would grant necessary rights of access to and from the building over the retained land;
 - If the property was sold in future DGHP would have first refusal to purchase the property and the purchase price would be based on an independent valuation, minus the current valuation of the property which stands at £55,000;
 - If DGHP decline an offer to buy back the property and LOS sell the property to a third party in future DGHP will claw back the current asset value which stands at £55,000; and
 - If the Community Asset Trust demolish the property in future DGHP will claw back the current asset value which stands at £55,000.
- 5.11 The proposed caveats are designed to support the local community trust to acquire the Lodge as part of the charitable assets, support DGHP to dispose of the asset which has a negative return on investment and ensure DGHP do not suffer any detriment if the property were sold to a third party by LOS in the future.
- 5.12 DGHP have had positive discussions with Dumfries and Galloway Council to consider any clawback liability if DGHP were to sell the property below market value. The Council are very supportive of the approach we are proposing but must ensure that this is approved through the appropriate governance process.
- 5.13 The transfer agreement in 2003 sets out that 95% of the purchase price of any property or land disposals that transferred to DGHP must be clawed back by Dumfries and Galloway Council. Any disposal of property or land that does not trigger the 95% clawback must be approved through the Councils governance process. The Council are proposing to take a report to the Finance, Procurement and Transformation Committee on 13 April 2021 to request approval to defer the clawback for 95% of the market value for the lodge. The clawback agreement would only be triggered if LOS dispose of the property at a later date. This would trigger a deferred payment that equates to 95% of the current £55,000 asset value. Under the transfer agreement the Council must also get approval from the Scottish Ministers for disposal of the property. From a strategic perspective this would enhance the local community asset transfer of the old school already completed by the Council.

6. Key issues and conclusions

- 6.1 The Board previously agreed to sell the Lockerbie Lodge House to LOS in January 2020 for the net value of the property. ie. the valuation of the property minus the cost of essential repairs.
- 6.2 A further valuation has been concluded and values the property at £55,000, however it is not financially viable for LOS to purchase the property and bring it back into use.

- 6.3 To support the local community, we propose to transfer the asset for a notional value of £1 but including a deferred clawback arrangement of £55,000 for any future change of use or disposal of the property by LOS. The sale would include the building but retain the surrounding land in the possession of DGHP with the grant of necessary rights of access over the retained land. This is subject to approval that the Council will agree to defer their clawback as outlined at 5.13

7. Value for money implications

- 7.1 The proposed recommendations provide a value for money solution for DGHP to dispose of Lockerbie Lodge House. Retaining the property would create a negative return on investment for DGHP. It is not viable for LOS to purchase the property at the current market valuation of £55,000. The proposed solution transfers the property but safeguards DGHP to clawback the current equity value of the Lodge in any future sale by LOS Trust.

8. Impact on financial projections

- 8.1 There is no impact on future financial projections.

9. Legal, regulatory and charitable implications

- 9.1 Consent from the Regulator is no longer required for the disposal of asset form DGHP. Consent to dispose of the property under market value and defer the clawback agreement will be considered by Dumfries and Galloway Council on 13 April and the Council must also get approval for the disposal from the Scottish Ministers under the terms of the transfer agreement.

10. Partnership implications

- 10.1 Failure to complete the transfer of the asset to LOS could have reputational implications with the Local Community in Lockerbie and Dumfries and Galloway Council who have supported LOS with £60,000 grant funding to refurbish the property and completed a community asset transfer of the Old School to LOS.

11. Implementation and deployment

- 11.1 There are no implementation or deployment implications.

12. Equalities impact

- 12.1 There are no equalities implications from the recommendation.

13. Recommendations

13.1 The Board is asked to:

- 1) Agree the disposal of Lockerbie Lodge House to LOS for use as an affordable letting in future to generate some income to support the local charitable organisation for a purchase price of £1 with the following caveats attached to the sale agreement:
 - DGHP would sell the property to LOS but retain ownership of the land surrounding the building and grant the necessary rights of access over the retained land;
 - If the property was sold in future DGHP would have first refusal to purchase the property and the purchase price would be based on an independent valuation, minus the current valuation of the property which stands at £55,000;
 - If DGHP decline to buy back the property and the Trust sell the property to a third party in future the Trust must reimburse DGHP the current asset value at the point of transfer which stands at £55,000; and
 - If the Community Asset Trust demolish the property in future DGHP will trigger the deferred clawback of £55,000.
- 2) Recommendation 1 is subject to approval by the Dumfries and Galloway Finance, Procurement and Transformation Committee approving the deferred clawback as set out in paragraph 5.13 and approval by the Council from Scottish Ministers to dispose of the property under the terms of the original transfer agreement.



Report

To: DGHP Board

By: Matt Foreman, Managing Director

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

Subject: Tenant satisfaction survey approach

Date of Meeting: 31 March 2021

1. Purpose

- 1.1 To seek Board approval for our approach to our customer satisfaction survey for 2021/22.

2. Authorising context

- 2.1 We ordinarily undertake an annual, independent tenant satisfaction survey. It was previously agreed by the Boards that we not undertake one in 2020, with a view to carrying out our own in house survey.
- 2.2 It was subsequently agreed that the timing should be delayed from the initial assumption of October/November and considered in the early part of 2021.

3. Risk appetite and assessment

- 3.1. Our risk appetite in relation to regulatory matters is cautious. That is defined as “*Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward*”. The current regulatory requirements for satisfaction surveys for Registered Social Landlords is that they are carried out under the full ARC question set **triennially**.
- 3.2. We last carried out a full survey in 2019, with the next one being required in **2022**. There is therefore no risk that by undertaking a different approach this year we will not be meeting our regulatory requirements.
- 3.3. A full ARC-specification customer satisfaction survey is designed to gauge customer views in the context of normal operating conditions and service delivery arrangement. We recognised that undertaking this type of survey gave rise to a risk that we undertook a survey which produced results not reflective of our normal service levels.

4. Background

- 4.1 We agreed to delay the in house survey to take into account the wide range of engagement activity already ongoing during November and December with staff and customers.

5. Discussion

- 5.1 As we consider our approach to undertaking our customer survey, there have been further developments to take into account, in particular:
- The increase of restrictions in January 2021 and impact on our service;
 - Vaccinations have been approved and are rolling out across Scotland; and
 - There is roadmap towards significant easing of restrictions by the summer.
- 5.2 Taking this into account, it is proposed that we undertake the previously planned in house survey in mid-late summer. By this time, it would be expected that customers will generally be benefiting from significantly eased restrictions. This will mean there will be greater clarity and certainty over how we either already have or plan to remobilise services.
- 5.3 As the standard tenant satisfaction survey under the Group approach (undertaken by BMG) would ordinarily then take place in August-November, it is proposed that this not be undertaken for 2021 to avoid duplication and survey fatigue. This would also mean next undertaking the independent tenant satisfaction survey in 2022, which remains within the triennial requirement.
- 5.4 Additionally, given the questions in the tenant satisfaction survey, mandated via the SHR, focus on areas that will only have been recently remobilised the results are likely to not reflect the experience of our actual service delivery model. This inherently limits the value they provide as the contributing factors will have been outwith our control. Additionally, the results would require to be submitted as part of our Annual /Return on the Charter.
- 5.5 We would adapt the question set to focus less on customers' experience during the pandemic, with the survey becoming more akin to an exit survey and customer insight gathering exercise. It would provide us with the opportunity to collect quantitative and qualitative insight into what has changed for customers as a result of the pandemic.
- 5.6 The survey was initially envisaged being focussed on the following themes:
- Communication and engagement;
 - Customer Experience;
 - Accessing services digitally; and
 - Remobilisation.
- 5.7 This approach was reviewed and supported by the Group Scrutiny Panel during its development. It is proposed that these themes would broadly cover:

Communication and engagement

- 5.8 The question set would be designed to understand the impact the pandemic has had on how customers access our communication and engage. We would ask questions which focussed on seeking insight as to:
- Where customers source their information about our services;
 - If/how the pandemic changed the way they access information (i.e more through digital channels);
 - If customers do not use digital methods, why not eg lack of suitable device and connection or prefer other methods; and
 - What would encourage customers to use digital communication platforms more.
- 5.9 This would give us actionable insight into what has changed during the pandemic as well as customer feedback to feed into how we implement our strategy in these areas.

Customer experience and support

- 5.10 Initially this would have focussed on the impact of the pandemic, including throughout the different stages of the pandemic. As the proposed timescale would be notionally post pandemic it is proposed it focusses on the overall impact of the pandemic.
- 5.11 It is also proposed that we continue to ask tenants about their awareness of the range of our wraparound services and support available. The list in the question set would be expanded to reflect the reintroduction, or pending reintroduction, of services.
- 5.12 This would allow us as an opportunity to understand current awareness levels as well as raise awareness and promote our wraparound services and support available. An important element of this will be keeping a record of and following up with customers where we establish they have an interest in or could benefit from our wraparound service or support.

Accessing services digitally

- 5.13 As with the communication and engagement element, the topic remains pertinent. It is proposed we focus on:
- Establish a baseline in terms of digital access and digital skills;
 - Establish where there is no access, the reason why;
 - Understand how the pandemic has changed usage and attitudes towards accessing services digitally eg more likely to use; and
 - Elicit feedback on attitudes toward and satisfaction with our online services.
- 5.14 It is proposed that as part of the discussions, where a customer indicated a willingness or desire to access more services digitally this would be recorded and followed up.

Remobilisation and future services

- 5.15 Whilst the remobilisation element will depend on the position at the time we would seek to understand what customers would like us to change as a result of the pandemic. This would allow us to garner actionable insight on what our customers feel should be different in future and respond accordingly.

6. Key issues and conclusions

- 6.1 By moving the survey to mid-late summer, we have an opportunity to gain valuable insight as we move into the early stages of implementing our strategy. We would plan to again engage the Group Scrutiny Panel on the final question set.
- 6.2 The insight we gain can be fed into a number of areas of our strategy implementation, including:
- Our future online and digital services offering;
 - Community Connection Plan;
 - Community Academy; and
 - Post pandemic training programmes.
- 6.3 Additionally, depending on timing there is an opportunity for the feedback from the survey to be an early focus for the Customer and Community Voices.

7. Value for money implications

- 7.1 At a time when the pandemic is, and is expected to continue to, significantly impact our customers not undertaking a costly external survey which will provide limited value represents good value for money.
- 7.2 The findings from the survey will also provide us with insight for customer priorities, which in turn indicate what may be considered as good value for money.

8. Impact on financial projections

- 8.1 The proposed approach will be less than the cost associated with the provision of an external survey. This efficient will be available to redeploy elsewhere as part of the services we drawn down from Wheatley Solutions.

9. Legal, regulatory and charitable implications

- 9.1 As indicated in the body of the report, we are required to undertake a survey every three years. The proposed approach would allow us to maintain compliance with this requirement.

10. Partnership implications

- 10.1 There are no partnership implications arising from this report.

11. Implementation and deployment

- 11.1 A detailed question set will be developed based on the themes set out in the report and we will engage the Group Scrutiny Panel, which now has DGHP representation, on the content and approach.

12. Equalities impact

- 12.1 It is proposed that the final question set be subject to an equalities impact review as part of the process.

13. Recommendation

- 13.1 The Board is asked to agree the proposed approach to our customer survey for 2021/22.



Report

To: DGHP Board

By: Ranald Brown, Director of Assurance

Subject: Assurance update

Date of Meeting: 31 March 2021

1. Purpose

- 1.1. This report provides the Dumfries and Galloway Housing Partnership (“DGHP”) Board (the Board) with an update on the 2020/21 Internal Audit Annual Plan.

2. Authorising context

- 2.1. Under its Terms of Reference, the Board is responsible for managing and monitoring DGHP’s compliance arrangements and operational performance. The activities undertaken by the Assurance team provide the Board with independent assurance to support this role of the Board.

3. Risk appetite and assessment

- 3.1. The Board’s agreed risk appetite in relation to Board Governance is “cautious”, meaning that there is a preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward.

4. Background

- 4.1. In August 2020 and November 2020, the Group Audit Committee approved the Q2 and Q3 Audit Plans for 2020/21, which included completion of the following reviews:

- | | |
|-----------------------|---|
| ▪ Gas Safety | ▪ Wheatley Foundation expenditure |
| ▪ PPE Health & Safety | ▪ Cyber security |
| ▪ Fire Safety | ▪ Working from home |
| ▪ Arrears management | ▪ Wheatley Care self-assurance consultancy review |
| ▪ NETs PPE | |

- 4.2. The Internal Audit team has now completed these reviews and details of the findings are set out in the Group Assurance Update report at **Appendix 1**.

5. Executive Summary of Assurance activity

- 5.1. This section of the report summarises the results of 2020/21 Annual Plan work reported to the Group Audit Committee in November 2020 and February 2021.

Review	Control objectives				
Gas Safety	Green	Green	Green	Green	Green
PPE Health & Safety	Green	Green	Green	Green	Green
Fire Safety	Green	Yellow	Green	Green	
Arrears Management	Green	Green	Yellow	Green	Green
NETs PPE	Yellow	Green	Green	Green	Green
Wheatley Foundation	Yellow	Amber	Yellow	Amber	Green
Cyber security - Not applicable for this review					
Working from Home - Not applicable for this review					
Wheatley Care self-assurance consultancy review – not applicable.					

6. Value for money implications

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

7. Impact on financial projections

7.1. There are no financial implications arising from this report.

8. Legal, regulatory and charitable implications

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

9. Partnership implications

9.1. There are no direct partnership implications identified within this report.

10. Implementation and deployment

10.1. Implementation and deployment of the Plan will be led by the Assurance Team.

11. Equalities impact

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

12. Recommendation

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

List of Appendices

Appendix 1 – Group Assurance Update

Group Assurance Update

March 2021

Ranald Brown
Director of Assurance

1. IA Plan 2020/21 Status

Status of Reviews

This presentation summarises the results of Internal Audit activity reported to the Group Audit Committee at its November 2020 and February 2021 meetings.

November 2020

Gas Safety

- Section 2



PPE Health & Safety

- Section 3



Fire Safety

- Section 4



February 2021

Arrears Management

- Section 5



NETs PPE

- Section 6



Wheatley Foundation

- Section 7



February 2021

Cyber Security

- Section 8

Working From Home

- Section 9

Wheatley Care Quality Assurance self-assessment

- Section 10

1. IA Plan 2020/21 Status

Control Objective Classification:

Each control objective is assigned a classification based on an assessment of the impact of individual findings within the report, as follows:

Red	Amber	Yellow	Green
<ul style="list-style-type: none">• Control objective not achieved.• Control weaknesses identified would have a significant and immediate impact on the risks to achievement of the organisation's objectives.	<ul style="list-style-type: none">• Control objective not achieved.• Control weaknesses identified would have a significant impact on the risks to achievement of the organisation's objectives.	<ul style="list-style-type: none">• Control objective achieved.• Control weaknesses identified would have some impact on the risks to the achievement of the organisation's objectives.	<ul style="list-style-type: none">• Control objective achieved.• Any control weaknesses identified would have limited impact on the risks to the achievement of the organisation's objectives.

2. Gas Safety Review






Report Conclusion

The Group has a legal responsibility for ensuring approximately 39,000 annual gas services are undertaken in its properties. To meet this responsibility efficiently and effectively Gas service visits were reintroduced following the COVID-19 lockdown, management amended the existing gas servicing process.

This review found the amended process introduced by the Group's management and teams worked well. They enhanced the previous process, with improved access rates, customer engagement and closer team working amongst gas teams and contractors. At the time of our review in September, there were no overdue Gas Certificates.

We have identified opportunities for improvement which should be incorporated into remobilisation plans and temporary working practices which should be retained and spread across other compliance elements of the Group repairs and maintenance services.

Control Objective Classification

-  Gas safety certificates nearing their renewal date are identified and renewal inspections are scheduled;
-  Gas safety certificate inspection visits take place as scheduled;
-  Any remedial works required are scheduled and completed before expiry of the existing certificate;
-  The PIMMS system and gas safety certificates are updated following completion of planned work.
-  All stages of the process are completed in compliance with COVID-19 health & safety procedures

2. Gas Safety Review

Areas of Good Practice

- ✓ New temporary gas service procedures were created by the CSC and Repairs teams in collaboration with CBG/Saltire and housing management teams. They were communicated to gas teams to ensure delivery of the Group's gas service legal obligations, and in doing so, help keep the Group's customers safe.
- ✓ The implementation of central teams at CSC, DGHP and DCPS to manage and coordinate outbound calls had a positive impact, with all Subsidiaries reporting improved access rates at first visit, with CBG reporting this reaching 89%, DCPS 95% and Saltire 88%.
- ✓ Real-time management information on status of scheduling of appointments.
- ✓ Use of outbound calls to update customer contact details and preferred method of communication such as email or text messaging.
- ✓ DCPS outbound calls and gas service engineer visits identified customers with potential fuel poverty issues such as capped meters, who were called by housing officers to ascertain if the Group's wrap around services could assist.
- ✓ Real-time monitoring arrangements with escalation of 'gas expiry' due dates to appropriate management teams.
- ✓ Close collaboration between key staff and contractors resulted in the gas services backlog being addressed a month earlier than planned.
- ✓ Senior management at Group/Subsidiaries were provided regular updates and reports on progress of gas servicing during the COVID-19 outbreak.
- ✓ DCPS and DGHP have system-generated reports that reconcile completed gas services and gas certificates.

2. Gas Safety Review

Opportunities to Improve (*management had identified these prior to our review*)

- There is an opportunity to retain the new working practice used for the scheduling of gas servicing during the lockdown, which resulted in improved gas service access rates, and to consider whether it can be extended to all technical compliance service visits.
- Gas service visits and welfare calls helped identify instances of fuel poverty issues such as capped meters. An avenue for capturing this information on Housing Management systems and generating an automatic referrals to Housing Officers for investigation should be considered.
- The spreadsheets used to schedule visits allowed management to capture updated customer information such as contact details and preferred method of contact. This approach should be developed to enhance the accuracy of Housing Management records. The information should also be used to inform future technology investment decisions in relation to customers contact preferences e.g. use of text messaging and emails to schedule appointments.
- Management to develop an automated matching between the completed gas service record and the issued gas certificate uploaded against housing records in the Group's Housing Management system in order to make the current manual reconciliation process more efficient.

3. PPE Health & Safety Review







Report Conclusion

The revised PPE processes in place for Care and Emergency Repairs staff are working well. The Group has had no PPE shortages since the start of the COVID-19 pandemic and staff describe feeling safe at work and reassured by the availability and quality of PPE provided for them.

As the Group returns to a full-service model, there are opportunities to ensure the processes in place for PPE remain robust and efficient. In particular, there are opportunities to ensure that:

- PPE supplier relationships remain strong and value for money is obtained;
- purchased PPE stock is sufficient without becoming obsolete or surplus to demand; and
- e-learning completion records provide Management with assurance that all mandatory training has been completed.

Control Objective Classification

- | | |
|---|---|
|  | The Group has a central point of knowledge to ensure all new relevant guidance is actioned. |
|  | Procurement arrangements are in place to provide a suitable supply of PPE. |
|  | Staff have confirmed that they have read and understood the Group's COVID-19 health & safety procedures. |
|  | Staff across the Group have access to required PPE at the time it is required. |
|  | Staff use the specified PPE and follow all COVID-19 health & safety procedures |
|  | Management reporting is in place to monitor use and availability of PPE, with prompt action being taken if any issues are reported. |

3. PPE Health & Safety Review

Areas of Good Practice

- ✓ Clear roles and responsibilities for identifying and applying PPE guidance across Group.
- ✓ PPE requirements are identified through the completion of risk assessments aligned to specific Group activities.
- ✓ COVID-19 Procedures set out what PPE should be worn by staff and when.
- ✓ Local and central monitoring of the Group's PPE stock takes place weekly to ensure a 16-week supply is maintained.
- ✓ Regular management reporting on the quantities of PPE held across the Group.

3. PPE Health & Safety Review

Opportunities to Improve

- Ensure actions to improve the accuracy and completeness of Care training records are applied across the Group, so that all mandatory Health & Safety e-learning records are complete and available to evidence that staff have received training.
- Risk assess any changes to the Group's PPE management arrangements to ensure the resulting procedures will continue to ensure the required supply of PPE.
- Agree long-term PPE stock management approach to ensure that stock held remains sufficient, without becoming obsolete or surplus to demand, investigating options for digitisation of processes wherever possible.

4. Fire Safety Review

Report Conclusion

This review has assessed the progress made towards completing actions arising from the Fire Safety audit in March 2020. There has been limited opportunity to take actions forward since then, due to the business constraints arising from COVID-19. The Wheatley and Subsidiary Boards have been kept updated on the ongoing challenges being faced.

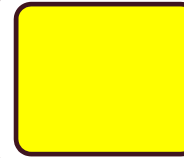
The Group's implementation of a new operating model will allow management to build improvements into existing working practices as services are remobilised.

In particular, management should consider whether the Group should adopt a single-team approach to fire safety management rather than the two-team approach that has previously been the appropriate way to deliver this service.

Control Objective Classification



Changes to legislative requirements to keep the Group's Relevant Premises in order, are monitored and reported to senior management;



A process to identify, prioritise and cost any work to meet new legislative requirements is in place;



Data and intelligence from frontline and SFRS teams is recorded and analysed to identify key risk areas, trends and preventative actions;



The Framework to support tenants in mitigating the risk of fire within their homes is actioned, monitored and reported to senior management.

4. Fire Safety Review

Areas of Good Practice

- ✓ Mandatory actions from SFRS Operational Assurance Visits (OAV) are captured in PIMMS.
- ✓ Desktop FRA's of relevant premise by Group Health and Safety as interim process to mitigate risk.
- ✓ Monthly outstanding fire actions have continued to be issued to Managers of relevant premise.
- ✓ Environmental and onsite staff undertake robust daily inspections of MSF sites, recording and escalating critical fire repairs and reporting fire incidents to the CSC.
- ✓ W360 NETS Team have removed large volumes of combustible materials from across our communities contributing to fire safety during COVID-19.
- ✓ Fire intelligence data from SFRS and frontline staff has allowed CIPS Fire Safety Officers to target and provide support to 'High Risk' households during COVID-19.
- ✓ Locality Directors/Heads of Housing receive weekly accidental dwelling fire data to allow them to address issues within their areas.
- ✓ All Housing First Customers receive a Fire Safety Package and visit from a Fire Safety Officer.
- ✓ Regular updates to Board throughout the lock-down period to notify Board members about the reduction in service and mitigating actions.

4. Fire Safety Review

Opportunities to Improve

- As part of the remobilisation process and the Group's implementation of a new operating model, there is an opportunity to consider whether the Group should introduce a single-team approach to fire safety across the Group. This would merge the Group Health & Safety team who deal with "relevant premise" (offices, care properties and houses of multiple occupancy) with the fire officers in the CIPS team who deal with customer-facing properties, including multi storey homes. In discussing this recommendation, we were informed that this was already being considered by management.
- The process for monitoring completion of FRA actions should include clear guidance for responsible officers about the escalation of incomplete actions.
- Investigation of whether it is possible to automate updates to PIMMs from iWorld / Astra and other systems for FRA records and actions.

5. Arrears Management Review

Report Conclusion

The processes in place to manage arrears during COVID-19 have been very successful in reducing the initial increase in arrears balances seen in the first lock-down period. There has been regular reporting to the Executive Team and Boards on the current arrears position and the benefit that proactive wrap-around services have brought to customers. Remobilisation plans were reviewed as the first lockdown period progressed and services extended where it was judged safe to do so.

The improvement opportunities we identified relate to completion of mandatory cyber security and data protection training, the rollout of management's planned strengthening of controls over handling customer payment card details and potential future developments of technology in relation to data recording and performance reporting.

Control Objective Classification



The Group's approach to managing rent arrears during COVID-19 has been agreed and communicated with housing and CSC staff and there is regular communication with customers.



Housing and CSC staff proactively contact customers in arrears to provide access to wrap-around services and support appropriate to their needs and circumstances.



Staff are trained to process rent payments in line with Group procedures, including compliance with Payment Card Industry (PCI) and Data Protection requirements.



The impact of COVID-19 on the Group's RSL rent arrears position is subject to ongoing monitoring.



Plans for arrears management remobilisation plans are reviewed in line with changing Government advice.

5. Arrears Management Review

Areas of Good Practice

- ✓ The approach to arrears management has been reviewed and updated as part of the phased remobilisation of services during the Covid-19 period, to reflect Scottish Government guidelines e.g. extension of notice period for legal action.
- ✓ New interactive rents toolkit for income collection staff which has been updated to reflect any changes to rent collection procedures as services have been remobilised.
- ✓ Development of a 'Rents' Power BI (a business analytics tool) reporting suite to improve the monitoring and management of rental income and UC for Housing staff and management.
- ✓ Implementation of 'Talk to Us' campaign across RSLs to encourage early engagement of customers who may be having rental payment concerns.
- ✓ Use of multiple mediums such as outbound calls, RSL websites, Facebook, bulk text messaging to deliver key rental income and support messages across a broader spectrum of the RSL customers.
- ✓ Implementation of local initiatives to target specific arrears categories such as Dunedin Canmore's 'All ears for Arrears', and the use of bulk contact letters at DGHP for failed direct debit customers.
- ✓ Increased transfer of customers in early arrears to the Group's specialist debt recovery officers (GDRT) and use of CSC/GDRT's automated dialing system to improve customer contact rates.
- ✓ Regular and detailed performance monitoring and reporting of arrears during COVID-19 from Housing Offices to RSL and Group Boards.

5. Arrears Management Review

Opportunities to Improve

Priority actions

- Line managers should monitor completion of all mandatory training courses for their staff, including DPA, Cyber Security, and, after they are rolled out, the updated PCI compliance training and training on the new payment handling tools (Call Secure and Call Secure Digital Plus). Until technical developments within MyAcademy enable automated notifications to staff and line managers for all mandatory training, the MyAcademy team should issue regular reports on the current status of mandatory training courses for follow up by line managers.
- Timelines for the completion and rollout of the revised Payment Card Industry (PCI) compliance training and Call Secure/ Call Secure Digital Plus should be agreed and monitored by the Rents Community of Excellence (CoE).
- Once the payment handling tools have been rolled out, Astra/iWorld payment permissions should be minimised so that the Group can demonstrate there is no requirement for PCI compliance.

Continuous improvement actions

- We have identified opportunities to streamline input of customer engagement information across a number of systems eg. Astra/iWorld, manual spreadsheets, and Nexum.
- The work undertaken to develop patch-level PRID reports within PowerBI has been completed by one individual within the UC team. This increases the risk that further development or maintenance of the reports may be curtailed if this individual was unavailable.
- Work to develop Power BI reporting of welfare benefits and fuel advice provided by the Money Advice team should include a unique customer identifier that will allow analysis to demonstrate the benefit of the advice to the Group as well as to customers.

6. NETs PPE Review






Report Conclusion

The Neighbourhood Environmental Teams (NETs) have effective procedures in place to confirm whether staff are aware of and complying with the Group's revised PPE and COVID-19 procedures. These include controls over the management and issue of PPE, and regular communication with staff.

We noted opportunities to strengthen existing monitoring and reporting of mandatory training completion rates and stock management procedures.

We also found an opportunity to review and streamline COVID-19 / PPE sign-off procedures with a view to retaining the existing high level of control while making the process more efficient.

Control Objective Classification

- | | |
|---|---|
|  | NETs staff have confirmed that they have read and understood the Group's COVID-19 Health & Safety procedures and completed mandatory training. |
|  | NETs staff have access to required PPE at the time it is required. |
|  | NETs staff use the specified PPE and follow all COVID-19 Health & Safety procedures, including procedures related to fleet travel. |
|  | The NETs operating environment is designed to enable staff to comply with Group Health & Safety procedures. |
|  | Local management reporting is in place to monitor use and availability of PPE within the NETs service, with prompt action being taken and lessons learned if any issues are identified. |

6. NETs PPE Review

Areas of Good Practice

- ✓ Group H&S completed re-assurance visits including visits to NETs sites, which found 'high level of compliance in the provision and working of PPE arrangement' and 'no deficiencies in the PPE stock or supply of NETs PPE'.
- ✓ H&S and PPE training information was presented to staff by management to ensure awareness, prior to staff completing online training modules.
- ✓ Induction training has been developed to train new staff and staff returning from furlough about the PPE processes in place.
- ✓ Toolbox talks are used to discuss updated COVID-19 procedures, with weekly emails issued to all NETs staff as a reminder of what was covered.
- ✓ Daily site and weekly checklists include requirements for staff to confirm they have had access to the correct PPE and it is in good working condition.
- ✓ Visual signage has been added to vehicles to advise staff 'they must wear face masks in this vehicle'.
- ✓ Staggered shift start and break times are in place, with staff rostered to work with the same colleagues, vehicles and equipment as far as possible.
- ✓ Stock replenishment arrangements are in place to ensure each team has the PPE required.

6. NETs PPE Review

Opportunities to Improve

Priority actions

- My Academy training records must provide management with an accurate overview of all NETs staff training completions.
- Management must ensure all staff have completed mandatory online Coronavirus awareness and Health and Safety courses.

Continuous improvement actions

- Stock management arrangements should include review of PPE use at a team level to identify any unusual use.
- The design and content of staff sign-off sheets should be reviewed to ensure these provide robust, but efficient, control.
- Monthly vehicle checks should confirm that daily vehicle checks are being completed and include COVID cleaning and sanitising checks.

7. Wheatley Foundation Expenditure Review






Report Conclusion

Following a very significant expansion of the expenditure through the Group's Eatwell service and Emergency Response Fund (ERF) during the COVID-19 crisis, Wheatley Foundation management requested an internal audit review of the process used to record and monitor the charitable expenditure.

We noted that the volume of transactions through the ERF was considerably larger than in previous years. This was because the fund was used to support customers at this challenging time, when other support services (e.g. HomeComforts) were not able to provide a service. In addition, many members of the Foundation team were furloughed, meaning that some control processes were suspended in order to prioritise processing of requests for support. As a result, we were unable to confirm the validity of all transactions. However, we found no evidence of fraud or misappropriation during our review. Further details of the ERF expenditure analysis are shown at Appendix 1.

As the Foundation adopts working from home as standard and staff return from furlough, additional control processes should be reinstated, including a review of the ERF criteria, use of vouchers wherever possible to reduce use of purchase cards, development of current expenditure records to facilitate management checks, more detailed reporting and to make it easier to demonstrate value for money. The Group's purchase card procedures should also be followed for all future transactions.

Control Objective Classification

- | | |
|---|---|
|  | All COVID-19 related emergency expenditure is for an identified need and subject to appropriate approval |
|  | Card payments are subject to regular review to ensure all expenditure is authorised and accurately accounted for |
|  | Payment card holders and arrangements for future purchasing activity are aligned to expected business need |
|  | Expenditure is regularly monitored to ensure compliance with Group procurement requirements and the delivery of value for money |
|  | Terms and conditions of external funding received in relation to the Group's COVID-19 response are complied with |

7. Wheatley Foundation Expenditure Review

Areas of Good Practice

- ✓ The ERF provided £308,552 of support to customers during the period from 26 March to 10 November 2020. This directly supported the individual needs of 2,339 customers, as well as funding wider requests to support groups of customers through the improvement of shared spaces and provision of wellbeing resources.
- ✓ The Foundation Team's funding focus, from the outset of the pandemic, has been to identify and secure funding to support the Group's Covid-19 response. By November 2020 the Team had identified and secured funding of over £1.8m from external parties through grants and donations.
- ✓ A monitoring spreadsheet is in place to record all Emergency Fund request applications.
- ✓ The Foundation Manager is working with Procurement to secure best value for money from suppliers.
- ✓ Vouchers will be used in future to reduce the level of emergency purchases, streamline the purchasing and delivery process and obtain the advantages of bulk buying where possible.
- ✓ The Foundation Board has received regular updates on the external funding position, including donations and grants received.
- ✓ Monitoring reports have been submitted to the Scottish Government to report on the use of the four Wellbeing fund grants received, which totalled £330,000. Management informed us that all monitoring reports were accepted by the fund delivery partners on behalf of Scottish Government, with no requests received for follow-up information or clarification.

7. Wheatley Foundation Expenditure Review

Opportunities to Improve

All expenditure – priority actions

- The monitoring spreadsheet used by the Foundation to track receipt and fulfillment of ERF requests should be revised to include additional fields and reduce free-text, improving the accuracy and consistency of data recorded and enabling smarter reporting and reconciliation of data.

All expenditure – continuous improvement actions

- The ERF criteria should be reviewed to confirm they remain appropriate. Once reviewed, the ERF request form should be updated to include the criteria and links to alternative support offered by the Group (e.g. Home Comforts).
- Purchasing decisions should be documented to enable staff to demonstrate that Value for Money was obtained when spending grants and donations, particularly where goods are difficult to source or unavailable from suppliers when needed.

Purchase card expenditure – priority actions

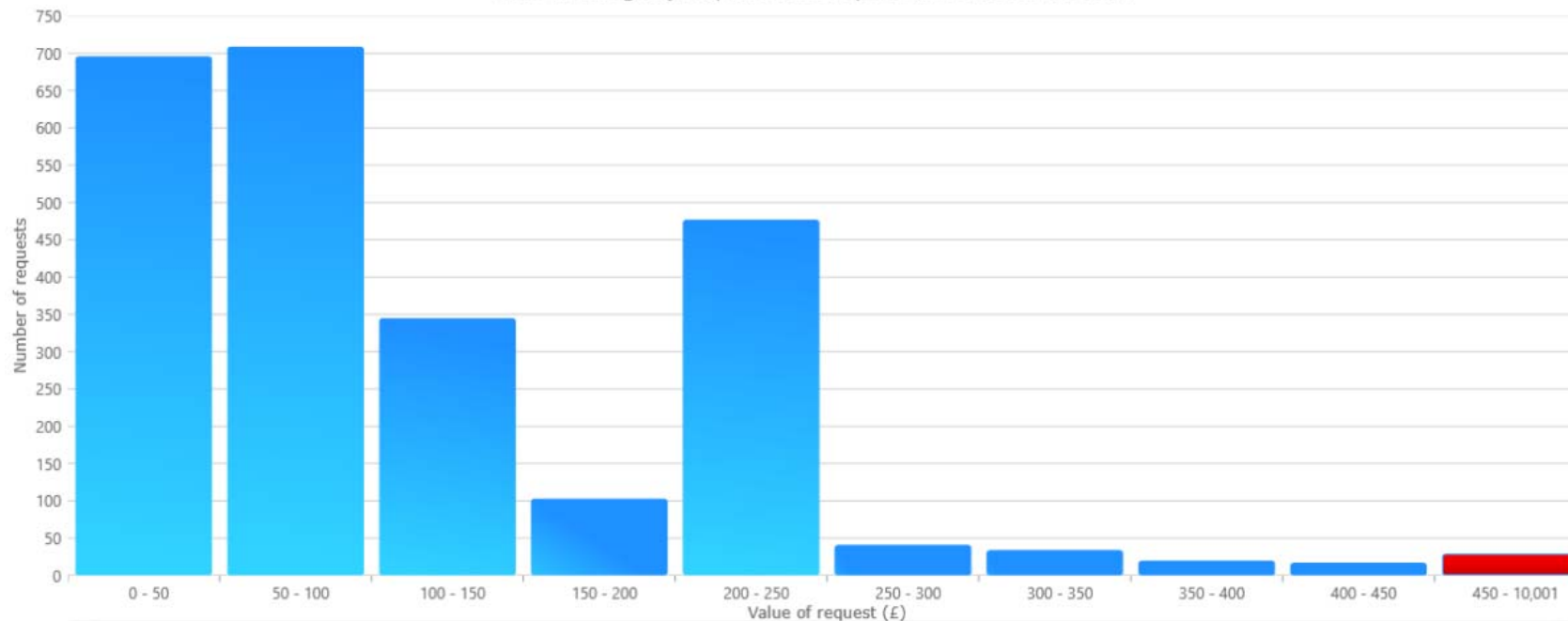
- The Foundation team should apply for new purchase cards for each team member who may require to use one. When new cards are issued, the team should ensure Group purchase card procedures are followed, including the retention of all receipts in a virtual environment, and monthly receipting of transactions listed on the SDOL online banking portal.
- The Transactions services team should work with Procurement and Finance to review Group purchase card procedures, including agreeing arrangements for monitoring overall spend with individual suppliers.

7. Wheatley Foundation Appendix 1 – ERF expenditure



Between 26 March and 10 November 2020, the Foundation Team processed 2,626 Emergency Response Fund requests with a total value of £308,552. We used IDEA to analyse these requests and confirmed that the majority were within the fund's maximum suggested spend value (around £100 per household, with flexibility according to individual circumstances).

Value of Emergency Response Fund requests (at 10 November 2020)

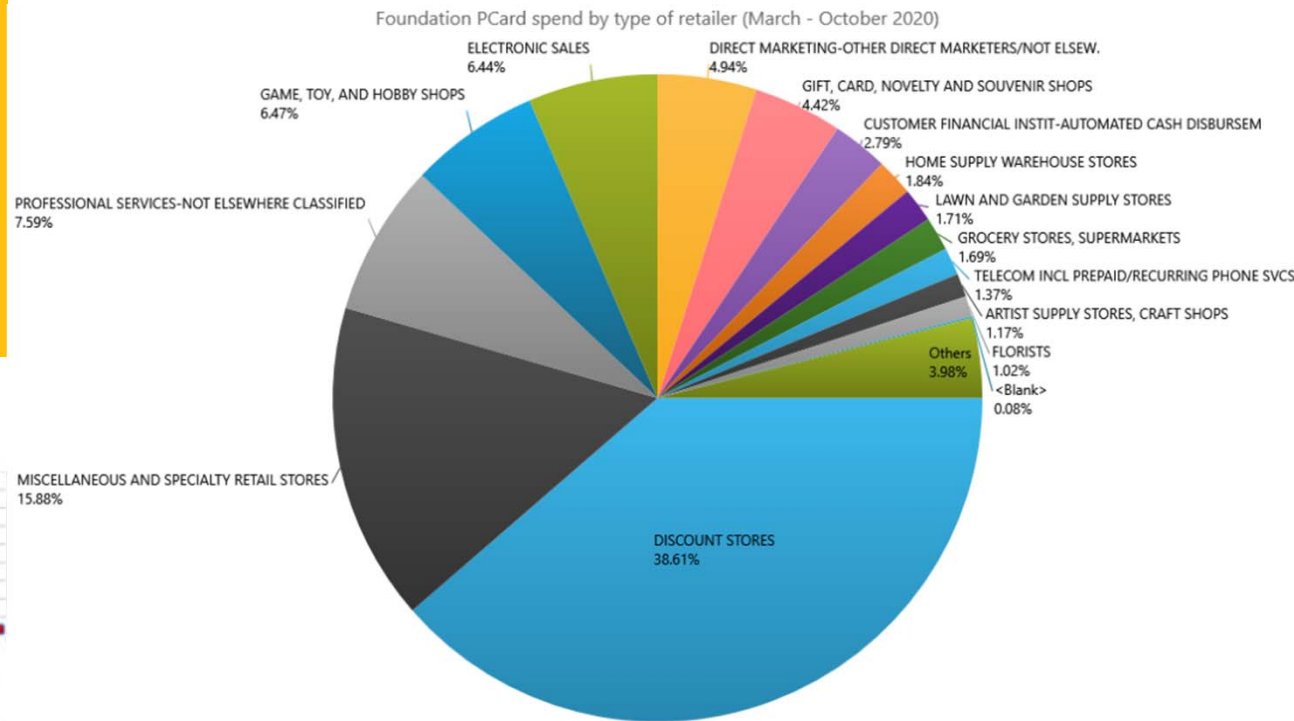
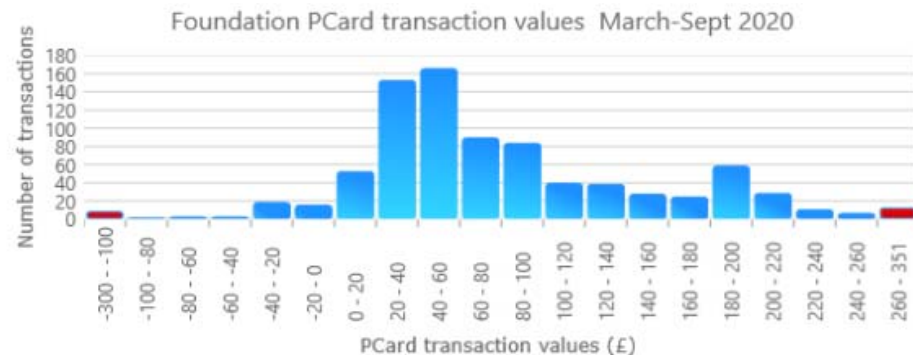


Higher value requests primarily relate to the supply of white goods and essential homeware items (normally available through the Group's Home Comforts service), or items purchased for the benefit of multiple customers, including:

- *activity packs for children and sheltered housing customers;*
- *bulk purchase of shopping vouchers*
- *improvements to outdoor spaces within residential facilities to promote wellbeing and enable social distancing.*

7. Wheatley Foundation Appendix 1 – ERF Purchase cards

Between March and September 2020, £67,888 was spent on the Foundation Purchase Cards in 849 transactions. We used IDEA to analyse these transactions and confirmed that all were for low level expenditure. Over 50% of total spend was incurred within the Merchant Category Codes 'Discount Stores' or 'Miscellaneous and Speciality Retail Stores'. These include Argos, Amazon and Tesco, which is what we expected to see based on the Foundation team's records of Emergency Response Fund purchases.



Note : The small number of negative transaction values in the graph are due to refunds from suppliers.

8. Cyber Security Review

Report Conclusion

In July 2020, Internal Audit performed a high-level review over the cyber security control environment as managed by the IT team. The scope of the work was restricted to the cyber security control environment over services provisioned to Wheatley Group staff by the IT function. The resulting report concluded that *“IT security over the systems and services that the IT function is responsible for is well established and, as described by management, reflects good practice in many respects. Cyber Security is an organisation wide challenge, and it is important that processes exist to ensure that cyber security risks are being managed across the enterprise, and specifically beyond the areas for which IT is operationally responsible.”* This current report focussed on the cyber security arrangements in place over Software as a System (SAAS) solutions which are not provisioned by the IT function. This included the Payroll, MyHousing and AllPay systems, applying where possible the same framework of control objectives used in the July review.

Today, more organisations rely on third parties to provide services and systems to support their critical processes. This means that indirect attacks via third parties can be a major source of cyber risk. This has been demonstrated by the recent attack on Solar Winds, which put 18,000 government and corporate clients at risk of exposure, and the attack on Blackbaud, which affected 166 UK organisations including universities, health-related charities, schools and trusts. It is therefore important to improve cyber resilience by taking steps to incorporate security controls into third party risk management processes. It is also important that staff involved in the management of third parties have a good awareness of cyber risks.

While Wheatley Group do currently have a process in place to assess the cyber risk of vendors prior to procurement, this process has not been completed for suppliers procured prior to 2018 and the risk of these suppliers has not been monitored regularly to ensure that they continue to meet business risk tolerance levels. Annual cyber security training is currently underway and management should continue to monitor completion of this mandatory training.

8. Cyber Security Review

Areas of Good Practice

- ✓ Group IT has created a Vendor Security Assessment (VSA) Framework to assess the security of Wheatley suppliers. The assessment covers appropriate risk areas, and the level of assessment is dependent upon perceived supplier risk to allow prioritisation and efficient use of resources.
- ✓ Contracts with suppliers include data protection breach reporting clauses.
- ✓ IT incorporate penetration testing of SaaS solutions into their annual test plan where the Group has the authority to conduct them. For example, MyHousing is included within the annual test plan.
- ✓ A Group IT Cloud Services Policy is in place which provides direction for Business Owners in assessing the benefits of cloud services against the risks of data breaches, data loss and account hijacking.
- ✓ Group IT have sought assurance from vendors using a variety of methods. In particular, a high level VSA review was completed for AllPay in 2019 which documented the controls AllPay had in place. An older template approach was used for MyHousing in 2017/18 as the VSA was in draft format. The older template covered over 40 security questions and security design assessment was conducted with the NCC group during the project.

8. Cyber Security Review

Opportunities to Improve

Priority actions

- VSAs have not been completed for suppliers procured prior to 2018, as the VSA process was implemented across 2017/18. For example, the Payroll system has not been through this process. We were advised that efforts were made to conduct a VSA for the Payroll system but that this was not completed due to a lack of engagement from Access Group during 2018/19.
- The VSA is a process that requires input and expertise from IT and from Business System Owners. However, although documentation clearly details roles and responsibilities there is lack of consistency in the understanding of the respective roles by Business System Owners.
- Monitor completion rates for cyber security training.

Continuous improvement actions

- A security assessment is undertaken at time of procurement however regular supplier risk reviews are not undertaken after this.
- There is a lack of business documentation of the users who should have access to the system and the level of access they should have.
- Business Owners have a lack of clarity as to whom incidents should be escalated to across key areas such as Computer Security Incident Response Policy and the Data Breach Policy.

9. Working from Home Review

Report Conclusion

Wheatley Group has been planning to move to a Working From Home (WFH) operational model since before the COVID-19 pandemic started last year. However emergency procedures were put in place to respond to the pandemic, allowing staff to work from home temporarily. This review considered the planned actions to establish new arrangements for a long-term blended working from home model. We acknowledge that at the time of our review, a staff consultation on the proposed operating model was in progress.

We found that key decisions have yet to be made on Group wide policies and procedures for the change to working from home, including factors such as expense policy and insurance policy for both agile and homeworkers.

We acknowledge that this has been a fast-paced activity, and management was in the process of working on solutions to many of the issues identified to us. We recommend that the Executive Team should continue to coordinate work across Group departments and make decisions on the working from home environment in line with Scottish Government guidance so that decisions requiring cross-organisational input can be agreed prior to creating a working from home policy and updating departmental policies and procedures.

9. Working from Home Review

Areas of Good Practice

- ✓ IT conducted a user survey in March / April to understand individual users' needs. This considered if staff had access to a personal device they could work from and if they had access to the internet at home. The output of the survey was used to roll out hardware to staff who needed it.
- ✓ A process is in place to allow staff to request hardware as their needs change.
- ✓ There is a configuration baseline which all corporately owned devices are aligned to prior to deployment.
- ✓ Technical measures are in place to allow the secure connection of both corporate and staff owned devices to the Group network i.e., through using a virtual desktop infrastructure (VDI).
- ✓ Mobile device management (MDM) tools are used to track and roll out security updates to mobile devices.
- ✓ Consideration has been given to Health and Safety impacts of working from home i.e., the Health and Safety team are in the process of piloting a Lone Working Solution and are looking at implementing an electronic incident reporting tool.

9. Working from Home Review

Opportunities to Improve

Priority actions

- Introduce additional coordination of work across Group departments to facilitate decision-making in matters such as employee wellbeing; Health & Safety; communication and engagement; employees' expectations; equipment and IT systems; and pay, expenses and finances.
- Creation and documentation of a Bring Your Own Device (BYOD) policy to ensure that all staff have the same access and ease of use of corporate tools such as Microsoft Teams.
- Update of existing policies and procedures across the Group to reflect the new blended homeworking approach.

Continuous improvement actions

- Introduction of general role profile-based IT user entitlement to control the roll out of hardware.

10. Wheatley Care Quality Assurance Self-assessment



Wheatley Care is developing a self-assessment process to demonstrate compliance with the Care Inspectorate's revised quality frameworks. We are working with management to provide advice on the design of the process and assess the application of the process in pilot sites, and to identify any required improvements before the process is rolled out to all registered Care services.

Care responsibilities

- Develop a self-assessment process to demonstrate compliance across all areas of appropriate Care Inspectorate quality frameworks.
- Collect feedback on the devised self-assessment process during pilot stage.
- Conduct self-assessment annually to ensure continued compliance with Care Inspectorate quality frameworks.
- Required actions/lessons learned as a result of self-assessment process are captured and monitored.

IA responsibilities

- Review the self-assessment process being developed by Care Management to demonstrate compliance with the appropriate Care Inspectorate quality frameworks.
- Provide advice on the design of the process and assess the application of the process in pilot sites.
- Work with management to identify any required improvements before process is rolled out to all registered Care services.

Current status and next steps:

- ✓ The Care Services Innovation and Improvement Manager has developed a draft Framework, which identifies controls currently operating across Wheatley Care to monitor performance and quality. This has been mapped to Care Inspectorate quality criteria. We have reviewed the draft Framework and discussed opportunities for further development of the Framework with the Care Services Innovation and Improvement Manager, who has implemented our suggestions.
- The draft Framework will be piloted with a small number of Care services and amended in light of feedback arising from the pilot. We will also review the results of the pilot and discuss any further improvement opportunities identified.
- The framework will be rolled-out across all registered Care services for 2021/22.





Report

To: DGHP Board

By: Ranald Brown, Director of Assurance

Subject: Internal Audit Approach and Plan 2020/21

Date of Meeting: 31 March 2021

1. Purpose

- 1.1. This report provides an update for the Dumfries and Galloway Housing Partnership ("DGHP") Board (the Board) on the Internal Audit approach within the Group's new operating model, and the approved internal audit plan for period to May 2021.

2. Authorising context

- 2.1. In accordance with the Group Authorising Framework, the Board is responsible for managing and monitoring DGHP's compliance arrangements and operational performance. The activities undertaken by the Assurance team provide the Board with independent assurance to support this role of the Board.

3. Risk appetite and assessment

- 3.1. The Board's agreed risk appetite in relation to Board Governance is "cautious", meaning that there is a preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward.

4. Discussion

- 4.1. Since the Internal Audit team resumed its activities in September 2020, we have reviewed and refined our internal audit approach in light of the new operating model. Proposed changes to the approach were presented to the Group Audit Committee.
- 4.2. In addition, we have reviewed the key risks within the Group's risk registers and met with Directors from across the group to discuss planned activities within their remit. Following this exercise, we identified proposed reviews for the period from February to May 2021.
- 4.3. The Group Audit Committee approved both proposals at its meeting in February 2021, further detail of which are set out in **Appendix 1**.
- 4.4. We have also reviewed and updated the Internal Audit Charter, which was approved by the Group Audit Committee in February 2021. Key changes from previous version relate to:

- a) Updates to reflect changes to the IA approach, such as the move from annual to quarterly planning;
- b) A refreshed description of the Head of Internal Audit's remit and independence considerations; and
- c) Inclusion of the Institute of Internal Auditor's new Three Lines model.

The full Charter is attached at Appendix 2 for information.

5. Value for money implications

- 5.1. There are no value for money implications arising directly from this report.

6. Impact on financial projections

- 6.1. There are no financial implications arising directly from this report.

7. Legal, regulatory and charitable implications

- 7.1. There are no legal, regulatory or charitable implications arising directly from this report.

8. Partnership implications

- 8.1. There are no direct partnership implications identified within this report.

9. Implementation and deployment

- 9.1. Implementation and deployment of the Plan will be led by the Assurance Team.

10. Equalities impact

- 10.1. This report does not require an equalities impact assessment.

11. Recommendation

- 11.1. The Board is asked to note the content of this report.

List of Appendices

Appendix 1 – Internal Audit approach and rolling 3-month plan 2020/21
Appendix 2 – Internal Audit Charter

Internal Audit approach and rolling 3- month plan

March 2021

Ranald Brown
Director of Assurance

Section 1: Revised Internal Audit Approach

Revised Internal Audit Approach

In developing our revised Internal Audit Approach, we have reviewed guidance and improvement documents available from across the internal audit sector, as well as considering how best to build on our previous development of the IA approach. We have identified the following “building blocks” for our new approach, the most fundamental of which is looking for opportunities to promote the Group’s Values in everything we do.



Promoting the Group's Values



Wheatley Group Values:

Excellence

- We raise the bar in everything we do

Community

- People direct what we do and together we build strong communities

Ambition

- We push the boundaries in new ways, so everyone can fulfill their potential

Trust

- We inspire customers and staff to shape the future

Internal Audit Approach:

Excellence

- We look for improvement opportunities in every review, both in our processes and the processes under review

Community

- We work collaboratively with Boards and colleagues to identify risks and support them in managing those risks effectively.

Ambition

- We challenge each member of the Internal Audit team to develop their skills to add value to the service we offer

Trust

- We work with Boards and colleagues to create trust, a culture of sharing views and an acceptance of constructive criticism

Agile Approach



The Group's new operating model includes blended home, office and community working approaches that provide an opportunity to further embed our agile approach. The IA Team will be agile home-workers, with a flexible approach that will allow us to work in a way that best suits our colleagues when completing reviews; as summarised below.

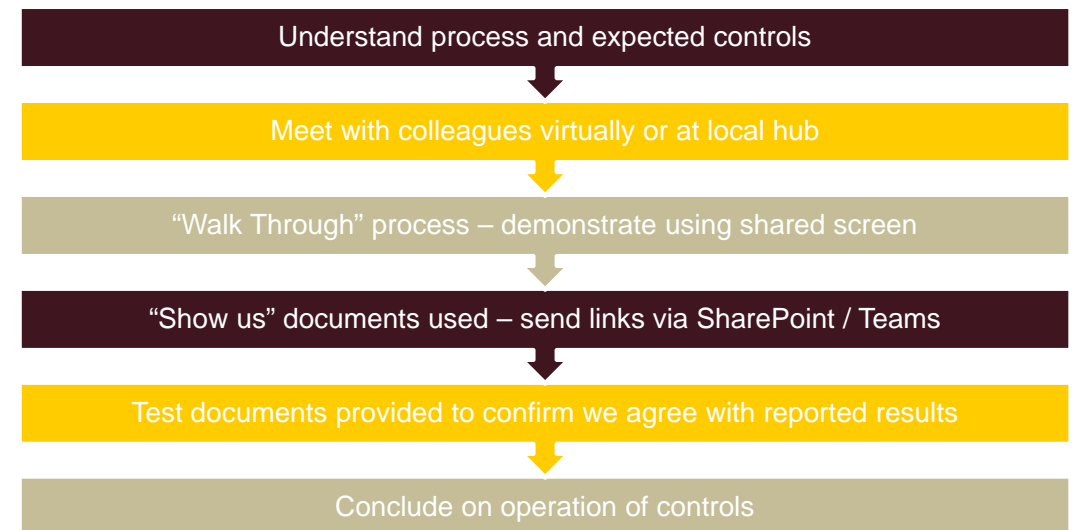
Meetings – by video-conference as default / Face-to-face at hub office / community setting where required

Testing – Collect evidence electronically as standard. Attend hub offices/ community settings where required.

Schedule time to meet with colleagues, taking account of newly flexible working patterns.

Schedule time to attend facilities – in person or with VC facilities – taking account of flexible working patterns

To maintain our compliance with IIA standards when testing controls, we will use a new “**show us**” approach. This will help colleagues to provide evidence that demonstrates controls are operating in practice. When virtual meeting are not possible, we will arrange meetings at a local hub (socially distanced, if required).



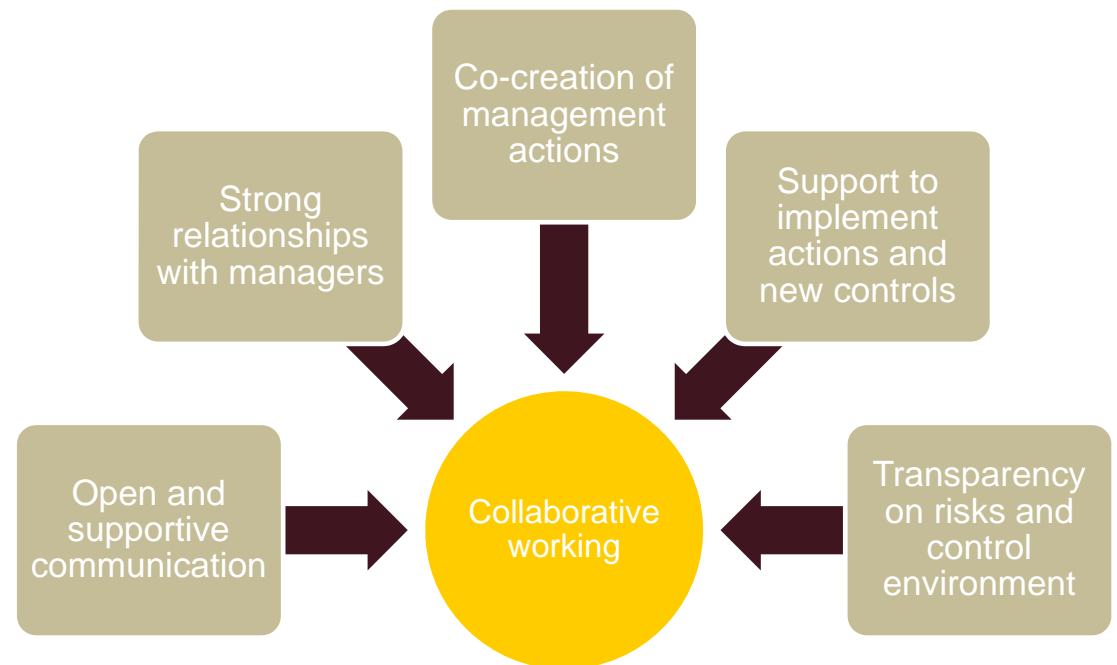
Fostering trust and open communications will drive progress

To be successful, internal audit functions must work closely with management to develop trusting relationships that contribute to a culture of sharing views, and an acceptance of constructive criticism.

In order to maintain these strong relationships, all members of the IA team have key contacts across the Group. We will continue to schedule regular meetings with senior managers to discuss:

- emerging risks;
- planned changes to the local control environment;
- ad hoc advice on process improvements; and
- formal advisory reviews to support continuous development across the Group.

These meetings are even more important with more remote working so that we can be closer to what is happening in the Group.



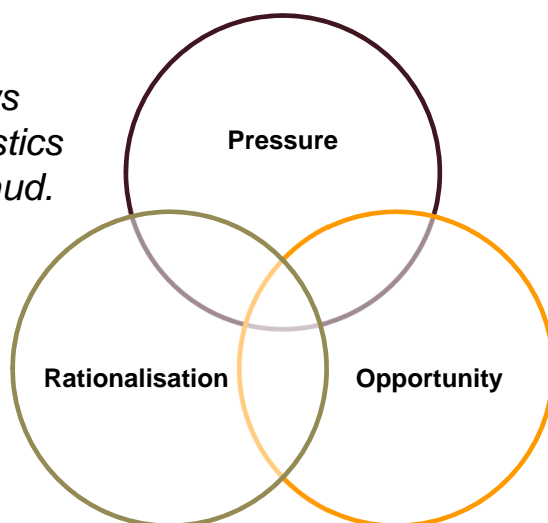
Risk and Fraud Review

We will meet regularly with management to discuss key risks within their area and to understand where Assurance can provide support in developing or assessing the controls in place to manage those risks.

Fraud Triangle

In addition to the ongoing review of potential opportunities of fraud within the new operating model, we will complete an annual review of key areas of fraud risk across the Group. These reviews will give consideration to any changes in the fraud triangle.

The diagram shows the key characteristics associated with fraud.



Key risk areas

We will continue to horizon-scan for additional areas of risk, through networking with other internal audit functions and monitoring housing sector risk information to identify emerging areas of risk.



Refocusing IA activity to advisory work



In October 2020, Deloitte published the results of a *Global Survey of Audit Committee Chairs*, which captured views of how internal audit functions should perform post COVID. A clear message in the report was the view that “**internal audit must move the needle toward more advisory work**”.

The Wheatley Group Internal Audit team has already started on this journey and will continue to complete more advisory reviews in the next year. Additional steps to increase advisory activities will include:

- Setting up regular meetings with Directors and key contacts for open discussion of emerging risks, issues, and opportunities.
- Spreading good practices and insights
- Getting involved in transformation projects and helping assist in control design

“... our IA function is immediately looked to as a problem solver rather than a nuisance and something to be avoided.”

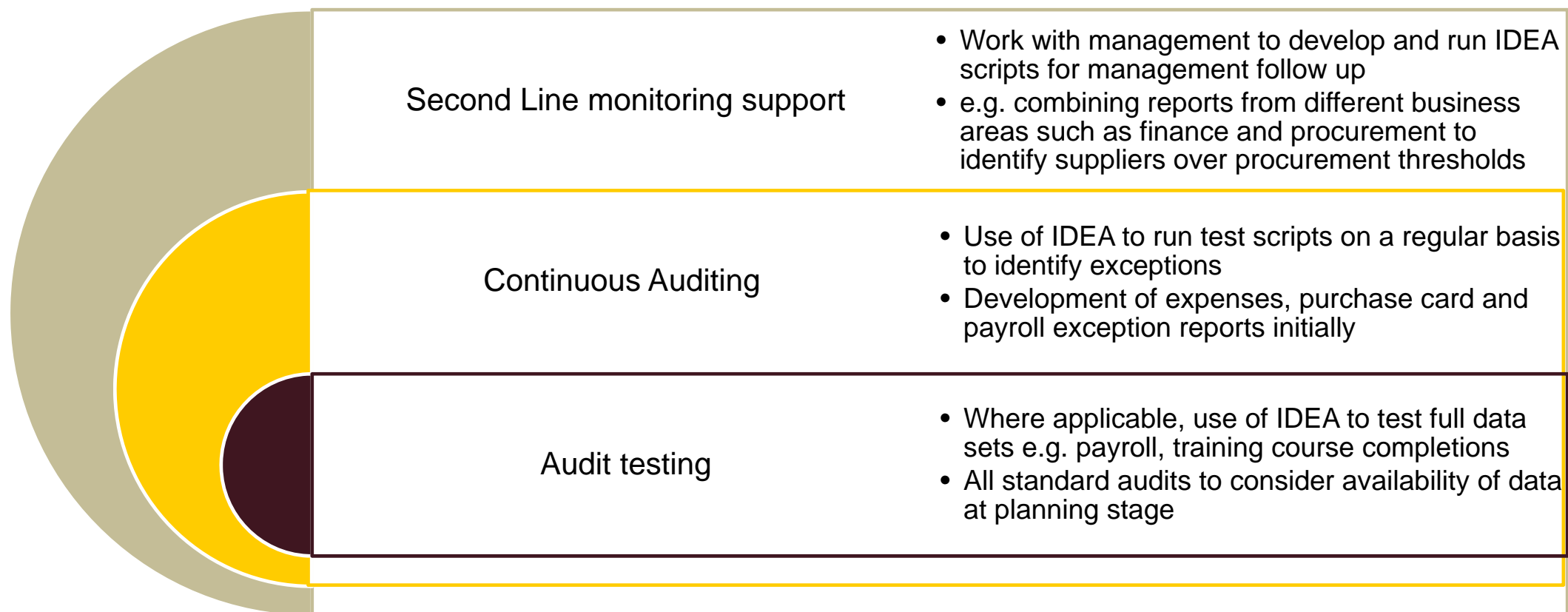
Deloitte “Global Audit Committee survey”
Published October 2020

We want to further strengthen our reputation across the Group as a problem solver. Current examples of where we have provided assistance include:

- *the Wheatley Foundation review, which was completed at the request of management, and*
- *the assistance we are providing Wheatley Care in the design of the new Care Quality Assurance self-assessment process.*

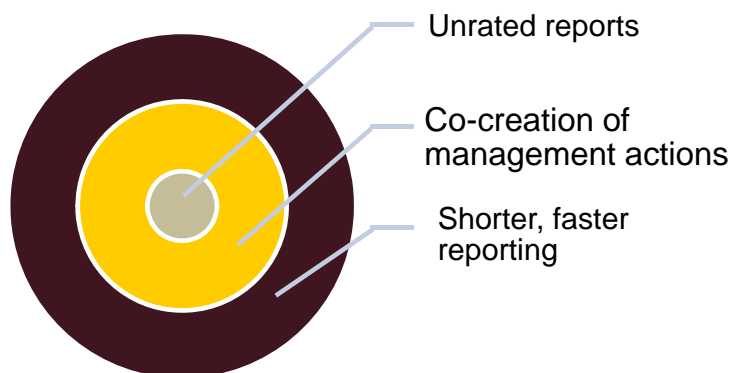
Embedding Data Analytics

There are three strands of data analytics activity that we will embed during 2021/22:



Reporting

The Internal Audit team trialled a revised approach to reporting during 2020/21, with unrated reports containing future-focused actions that were created through discussion with the lead contacts during the review.



We have had a positive response from management, both in terms of the level of engagement, the tone of the conversation and the speed with which reports were finalised. The reporting was also facilitated by holding regular meetings with key contacts throughout the review to keep them informed of progress and to discuss emerging findings.

“Unrated work offers several advantages, e.g., allowing teams to issue reports more quickly. The absence of ratings refocuses the discussion around outcomes—how things get fixed rather than who is to blame. It’s amazing what organisations can achieve if they don’t punish people for learning!”

Deloitte “Global Audit Committee survey” Published October 2020

The quote from Deloitte’s 2020 global survey of audit committee chairs provides comfort that unrated reporting is used positively by other IA functions and we therefore propose to make this a permanent change.

The Global IIA's updated "Three Lines Model"

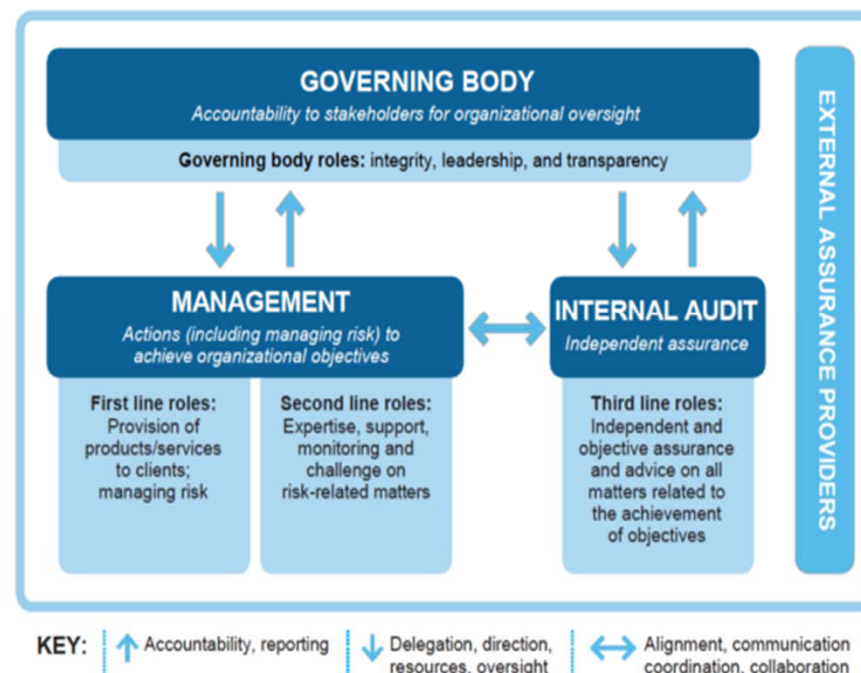
The "Global Institute of Internal Auditors" has recently revised its "Three Lines Model" (shown opposite).

The updated Three Lines Model helps organisations identify structures and processes that best assist the achievement of objectives and facilitate strong governance and risk management.

We will embed this approach in all of our work by supporting First Line roles to manage risks through design and operation of effective controls and supporting the Second Line roles to effectively monitor and report on the activities of the First Line.

We have incorporated this updated model in our revised Audit Charter.

The IIA's Three Lines Model



The revised IA approach will continue to conform to IIA Standards. A key part of this is our Quality Assurance process, as described below:

Internal Assessments

The internal quality assurance process comprises

Ongoing monitoring

- Day-to-day supervision and review of IA team's work
- Key Performance Indicators (KPIs) monitoring and reporting

Annual self-assessment

- Completed using guidance issued by the Chartered Institute of Internal Auditors
- Results reported within the Annual Report and Opinion

External Assessments

The Standards require that an external assessment is completed at least once every five years.

The Wheatley Group Audit Committee previously agreed that the Internal Audit function should be subject to an External Quality Assessment (EQA) every three years. In order to allow embedding of the new IA approach over the course of a full financial year, the Group Audit Committee approved extending the period to four years and then revert back to every three years.

Internal Audit independence

Each member of the Internal Audit team is required to confirm their independence annually. The Independence Statements were last collected in September 2020 and the exercise will be repeated in September 2021.

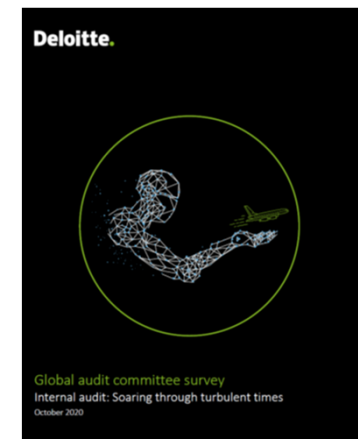
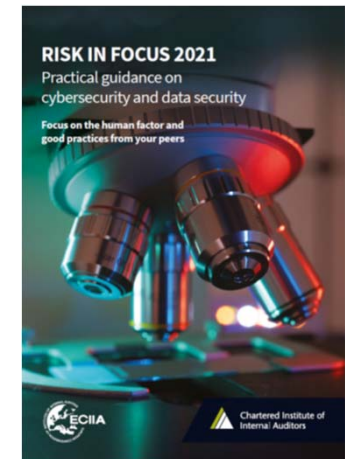
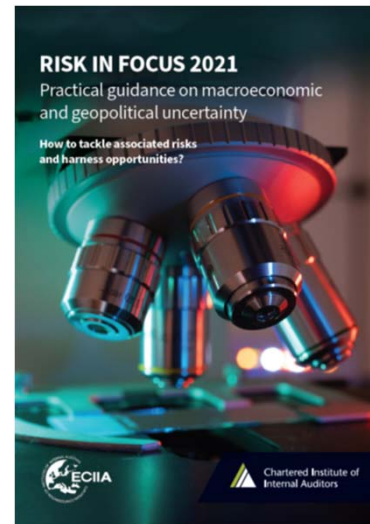
Section 2: Rolling 3-month Internal Audit Plan 2020-21

Development of a risk-based internal audit plan

In preparing a plan for the next three-month period, we have considered:

- the risks within the Group's Strategic Risk Register;
- wider risk categories identified by other internal audit functions;
- areas in which fraud risk may have increased;
- emerging risks and good practice identified through IA team attendance at IA sector technical briefings and training events (examples shown opposite);
- the status of remobilisation plans across the Group; and
- areas of the business that have been or will be subject to organisational change as the new operating model is implemented.

The next slides show the approved reviews for the remaining period of 2020/21.



IA Plan 2020/21 next 3 months

Planned reviews

The table below sets out the advisory reviews to be reported to Group Audit Committee in May 2021.

<i>Review</i>	<i>Proposed scope</i>
Allocations	We will review Allocations process developed during the COVID lockdown and assess plans for development of a post-COVID process for the new operating model.
Wheatley Care Quality Assurance self-assessment	We will continue to provide Wheatley Care with consultancy advice on development and roll-out of the new self-assessment process for demonstrating compliance the Care Inspectorate's Quality Assurance Framework.
Business Continuity Plans	We will review the Group's Business Continuity Plans to determine whether they are in line with current guidance. This will include consideration of the extent to which plans address matters such as supply chain threats, vendor solvency and key IT systems, and identifying areas in which additional business continuity activity may be required in order to return to full service delivery.
DGHP Transformation Programme	We will review the current status of the programme, taking cognisance of any impact COVID-19 has on the delivery of the individual projects and timelines for the full integration of DGHP into the Group. Where projects have been implemented, we will review the processes in place to monitor the success of the delivery of these projects.

IA Plan 2020/21 Status next 3 months

Planned reviews (continued)

<i>Review</i>	<i>Proposed scope</i>
Technology Road Map and Digital Strategy Delivery (to be completed by Azets)	A high-level assessment of the controls in place within the Group for development and implementation of a coherent enterprise architecture and technology platform that is capable of providing the enabling infrastructure to support delivery of the digital elements of the Group's new 2021-26 Strategy. This will include a review of the status of DGHP's integration with Group Systems.
Data analytics	Ongoing payroll review / ongoing group-wide purchase card review / expenses / completeness of mandatory training records.
Follow-Up review	We will review the status of all open actions, including those brought forward from 2019/20, to determine whether they remain relevant under the new operating model. We will agree revised timescales for completion of these actions, where they remain relevant and ask for evidence to support closure of any actions that have been completed.
Risk Management	We will work with management across the Group to update risk registers for risks associated with the delivery of the new Group and Subsidiary Strategies.



Group Internal Audit Charter

March 2021

Approved by Group Audit Committee on 26/02/2021

Ranald Brown
Director of Assurance

Mission and Objectives



Group Internal Audit Mission Statement

Internal Audit will enhance and protect the Wheatley Group by providing independent, risk based, and objective assurance and advice.

Objectives:

1. To provide independent, objective assurance and advice to Senior Management and the Group Audit Committee on the adequacy and effectiveness of Group and Subsidiary processes for risk management, governance, and internal controls.
2. To add value to the Group through consultancy advice to management during the course of process redesign or implementation.

Review and Approval

This Audit Charter will be reviewed at least every three years and the results of these reviews, including any proposed changes, will be presented to the Group Audit Committee for approval.

Role and Scope of Work

The Internal Audit team will achieve its objectives by:

- assessing the adequacy and effectiveness of the system of risk management and internal controls operated within the organisation;
- reviewing and evaluating compliance with policies, plans, procedures, laws and regulations;
- assessing the reliability and integrity of information; and
- safeguarding of assets.

The work of the Internal Audit team will cover processes operated at Group and Subsidiary level, and be delivered through audits, advisory reviews, and consultancy activities. Where new partners join the Group, the Internal Audit team's remit will be extended to cover the new partner organisation.

Group Governance Framework and IPPF

International Professional Practices Framework (IPPF)

The Assurance Team will govern itself through adherence to The Chartered Institute of Internal Auditors' IPPF, which includes mandatory guidance on:

- the Definition of Internal Auditing;
- the Core Principles;
- the Code of Ethics; and
- the International Standards for the Professional Practice of Internal Auditing (the Standards).

This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

Group Governance Framework

As part of our work, the Assurance Team will adhere to Group's Governance Framework, which includes Group and Subsidiary policies, Standing Orders and Scheme of Delegation, Financial Regulations and Code of Conduct.



International Professional
Practices Framework



Internal Audit Independence

The Internal Audit team reviews independence as follows:

- Each member of the Internal Audit team is required to confirm their independence in writing annually; and
- The Director of Assurance's independence is reviewed annually by the Group Audit Committee.

The results of the independence review are reported in the Annual Internal Audit Report.

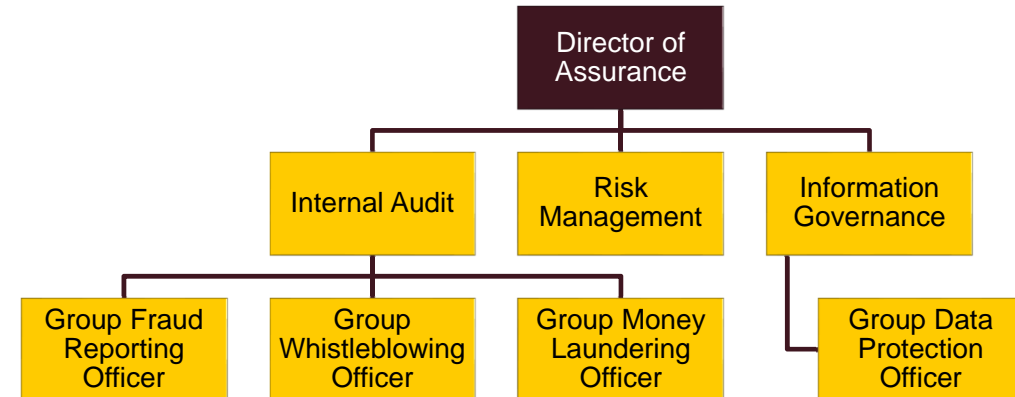
If a potential conflict of interest occurs, the procedure will be:

- For an assurance team member, an alternative team member will complete the task; and
- For the Director of Assurance, the Head of Assurance will act as Head of Internal Audit for the review, reporting directly to the Group Chief Executive and / or the Chair of the Group Audit Committee.

Any such situations are reported to the Group Audit Committee as they arise.

Director of Assurance's Independence

The Director of Assurance reports to the Chair of the Group Audit Committee and has the following responsibilities, in addition to being Head of Internal Audit. These roles are reviewed annually by the Group Audit Committee, along with the safeguards in place to maintain independence in these areas:



Responsibilities and Access



Responsibilities

The Head of Internal Audit is responsible for providing an internal audit service to the Group which is compliant with the Standards. The internal audit service should complete sufficient assurance work each year to allow the Head of Internal Audit to provide an Annual Report and Opinion to Group and Subsidiary Boards, commenting on the adequacy and effectiveness of the Group's risk management, governance, and internal controls.

The Head of Internal Audit is also responsible for managing relations with other assurance providers in order to minimise duplication of assurance work. These assurance providers include the Group's external auditors and the internal auditors of the Group's Joint Venture. Where the Head of Internal Audit plans to place reliance on the work of another assurance provider, that work will be first be reviewed in line with the Standards requirements.

The Head of Internal Audit is responsible for planning the work of Internal Audit in such a way as to meet the SHR Regulatory Framework requirement for all RSLs to have an internal audit function.

Access

To provide assurances to the Group Board and Group Audit Committee, the Internal Audit team has unrestricted access to all activities across the organisation, including access to records, personnel and physical property.

The Internal Audit team will not provide assurances to parties outside of the organisation, except where this is agreed in advance by the Group Audit Committee.

The Internal Audit team will follow Group procedures when handling any sensitive or confidential information.

Reporting

The work of the Internal Audit team is reported as follows. The Group Audit Committee monitors delivery of the internal audit service through its delegated authority as a sub-committee of the Group Board. The Committee also reviews and approves the resources allocated to Internal Audit on an annual basis.

Management	Group Audit Committee	Subsidiary Boards	Group Board
<ul style="list-style-type: none">• Individual review reports• Monthly follow up of management actions• Quarterly Audit Plan• Quarterly reviews of Strategic Risk Register• Biannual review of Subsidiary and local risk registers	<ul style="list-style-type: none">• Quarterly Assurance updates, including summarised findings from completed reviews and follow up of management actions• Quarterly Audit Plan• Annual Report and Opinion• Quarterly review of Strategic Risk Register	<ul style="list-style-type: none">• At least biannual Internal Audit update, including audit plan, summarised findings from completed reviews and follow up of management actions.• Annual Report and Opinion• Facilitation of biannual review of Subsidiary Corporate Risk Registers	<ul style="list-style-type: none">• Annual Report and Opinion• Quarterly review of Strategic Risk Register

Risk-based planning

Rolling 3-month Plan

The Internal Audit Team will prepare a rolling 3-month plan, for review and approval by the Group Audit Committee at each of its meetings. The plan will be risk-based and in identifying areas for inclusion in the plan, the Head of Internal Audit will consider:

- Risks within the Group's Strategic Risk Register;
- Wider risk categories, emerging risks and good practice identified across the internal audit sector;
- Areas in which fraud risk may have increased;
- Performance reports across the Group and status of delivery against plans;
- Results of quarterly meetings with senior managers across the Group; and
- Consideration of the Audit Universe, including key systems that require cyclical review due to materiality.

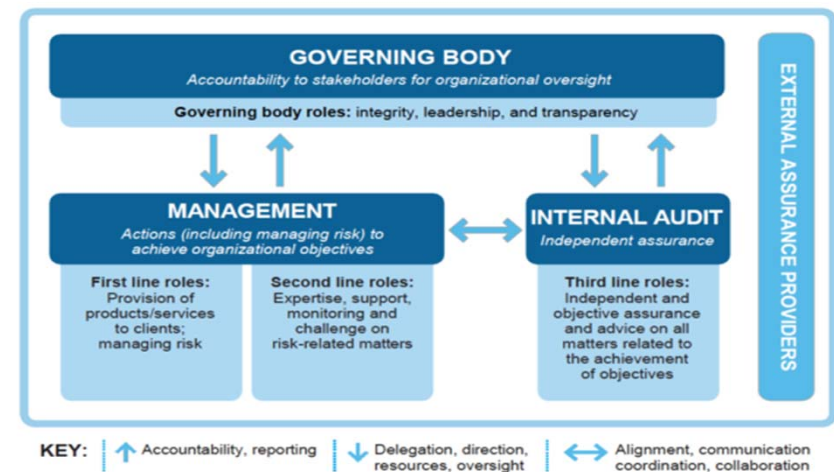
Progress against the plan is reported to each Group Audit Committee meeting.

Making homes and lives better

Planning individual reviews

When planning individual reviews, the internal audit team uses the IIA's three lines model (see below) to assess the adequacy and effectiveness of controls in place. We also consider findings from previous reviews, along with any recent amendments to processes.

The IIA's Three Lines Model



Quality and Performance Monitoring

The Standards require internal audit functions to have a quality assurance and improvement programme (QAIP) embedded within the Assurance practice framework, comprising internal and external assessments against the mandatory elements of the IPPF.

External Assessments

- The Standards require that an independent external quality assessment is completed at least once every five years.
- The Wheatley Group Audit Committee has agreed, the Internal Audit function should be subject to an External Quality Assessment at least every five years.

Internal Assessments

Ongoing monitoring

- Day-to-day supervision and review of IA team's work
- Key Performance Indicators (KPIs) monitoring and reporting

Annual CPE Completion

- Each IA team member completes training to meet the annual CPE requirement of their professional institute.

Annual self-assessment

- Completed using guidance issued by the Chartered Institute of Internal Auditors
- Results reported within the Annual Report and Opinion





Report

To: DGHP Board

By: Anthony Allison, Director of Governance

Approved by: Steven Henderson, Group Director of Finance

Subject: Governance update

Date of Meeting: 31 March 2021

1. Purpose

- 1.1 To update the Board, seeking approval as appropriate, on the following governance related matters:
- Board recruitment and succession planning; and
 - Delegated authority and Authorised Signatories.

2. Authorising context

- 2.1 The Board is responsible for agreeing its Board recruitment and succession planning arrangements, which are thereafter subject to agreement by the Group Remuneration Appointments, Appraisal and Governance Committee.
- 2.2 Under the Group Authorise, Manage, Monitor Matrix acquisitions and disposals are reserved to the Board.

3. Risk appetite and assessment

- 3.1 Our agreed risk appetite for governance is “cautious”. This level of risk tolerance is defined as a “preference for safe delivery options that have a low degree of inherent risk and have only limited potential for reward”.
- 3.2 We mitigate this risk by having clearly defined roles and responsibilities across our governance framework and regularly updating the Board on governance related matters.
- 3.3 Where matters are reserved to this Board, it is to mitigate the risk any decisions or actions in such reserved areas are taken without explicit Board agreement. Any such approvals and delegations by the Board require to be formally agreed and appropriately recorded through formal minutes.

4. Background

- 4.1 At its last meeting the Board discussed the importance of succession planning. As part of this discussion it was agreed that a formal three-year succession plan be developed.

- 4.2 This is consistent with the wider Group approach and is also an important element of compliance with the regulatory framework. In terms of our transition to the Group governance arrangements more widely we are ensuring that there are no Board approval gaps relating to superseded DGHP policies.

5. Discussion

Board recruitment and succession planning

- 5.1 We are currently in the process of interviewing for the one Non-Executive Director role the Board agreed we should fill. We expect to be in a position to make a recommendation for appointment to the next Board meeting. An update will be provided at the meeting on the interviews undertaken.
- 5.2 As agreed at the previous meeting, the Chair held discussions with Board members to discuss succession planning. The discussion was focussed on the 3-year time horizon of the plan, which will become subject to annual review in future.
- 5.3 Based on these discussions, a three-year succession plan has been developed and is attached at Appendix 1. As can be seen from the plan, we will have confirmed two retirements at this year's Annual General Meeting, Bill Robertson and Irene Clark.
- 5.4 It is intended that proposals for future recruitment, taking into account these retirements will be brought to the next Board. This will allow us to take into account any recommendation for appointment at that meeting and the implications for the Board's overall skills matrix.
- 5.5 In order to inform this, a proposed updated Board skills matrix, consistent with the wider Group approach, is attached at Appendix 2. Subject to Board feedback and approval, we will:
- Fully map the skills of the assumed Board post 2021 AGM, based on each member completing a self-assessment, and any recommended appointment against this matrix;
 - identify any future skills gaps post AGM retirements; and
 - make recommendations for the skills and experience profiles for future recruitment.
- 5.6 This will allow us to update our succession plan and it will thereafter be presented to the Group RAAG Committee. The draft succession plan indicated some of the key, but necessarily not all, skills of each Board member. This focusses on key skills required or where we wish to have multiple members with skills, knowledge and experience in a certain area.

Delegated authority and Authorised Signatories

- 5.7 When we adopted the Group Standing Orders, it restated matters reserved to the Board. In the vast majority of areas, this did not have any direct impact as they were areas already reserved to the Board.

- 5.8 We have identified one area where a previous Board delegation was in place in relation to a reserved matter. In August 2019, pre partnership, the Board approved a Land Disposal policy. As part of this policy, the Board agreed that any disposals of £10,000 or under may be agreed by the Chief Executive (as the role was then).
- 5.9 Within that context, disposals included:
- Land;
 - Granting of a servitude;
 - Granting of a wayleave;
 - Granting of a security; and
 - Granting of a lease either commercial or domestic or any other form of tenancy.
- 5.10 The policy was consistent with delegations on these types of areas we have across a number of other partner Boards. Wayleaves and servitudes will often relate to granting access to our land to utility providers, which are in our interests.
- 5.11 However, consistent with our cautious risk appetite, we do not wish to rely on the previous approval as still having effect. Having reviewed the previous policy, it is proposed the following delegated authorities are granted:

Delegation	Officer(s)
Granting a servitude	<ul style="list-style-type: none"> ▪ Managing Director ▪ Company Secretary
Authorised signatory (Execution) - Servitude	<ul style="list-style-type: none"> ▪ Managing Director ▪ Company Secretary
Granting a wayleave	<ul style="list-style-type: none"> ▪ Managing Director ▪ Company Secretary
Authorised signatory (Execution) – wayleave	<ul style="list-style-type: none"> ▪ Managing Director ▪ Company Secretary
Licence for works approval	<ul style="list-style-type: none"> ▪ Managing Director
Authorised signatory (Execution) Licence for works	<ul style="list-style-type: none"> ▪ Managing Director ▪ Company Secretary
Disposal of land £10,000 or less (at market value only)	<ul style="list-style-type: none"> ▪ Managing Director
Dispositions Authorised signatory (Execution)	<ul style="list-style-type: none"> ▪ Managing Director ▪ Company Secretary
Granting of a commercial lease at a value up to £10,000	<ul style="list-style-type: none"> ▪ Managing Director
Authorised signatory (Execution) Commercial lease	<ul style="list-style-type: none"> ▪ Managing Director ▪ Company Secretary

- 5.12 We anticipate our wider approach to corporate approvals and authorised signatories will be reviewed more widely across the Group in the coming months. This will cover a wider range of areas and will be brought back to the Board in due course.

- 5.13 In the interim, it is proposed that any disposals of £10,000 or less not covered in the table above may be agreed by the Chair and executed by the Managing Director or Company Secretary.

6. Key issues and conclusions

- 6.1 The proposals in the report allow us to strengthen our compliance and practical arrangements in relation to succession planning and disposals. Importantly, it also allows the Board to have clearly established and understood limitations to delegations.

7. Value for money implications

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

8. Impact on financial projections

- 8.1 There is no impact on our financial projections arising from this report.

9. Legal, regulatory and charitable implications

- 9.1 The SHR Regulatory Framework, Regulatory Standard 6, requires all RSLs to formally and actively succession plan. The development of a formal succession plan supports us evidencing compliance with this requirement.
- 9.2 The 2010 Act, as amended by the Housing (Amendment) Act 2018, requires us to notify the SHR of certain disposals. The disposals covered by the delegated authorities are not expected to be notifiable.

10. Partnership implications

- 10.1 There are no partnership implications associated with this report.

11. Implementation and deployment

- 11.1 The implementation and deployment of the process is set out in the body of the report.

12. Equalities impact

- 12.1 As part of our recruitment process we have specifically requested that our external recruitment partner take cognisance of the demographic of the Dumfries and Galloway area.
- 12.2 As part of the proposal for future recruitment we will set out to the Board the steps we will take to make the process accessible and encourage a diverse candidate field.

13. Recommendations

13.1 The Board is asked to:

- 1) Agree the Board 3-year succession plan;
- 2) Provide feedback on the proposed Board skills, knowledge and experience matrix;
- 3) Note that plans for future recruitment will be brought back to the next meeting;
- 4) Approve the revised delegations set out in paragraph 5.11; and
- 5) Delegate authority to the Chair to agree any other disposals up to a value of £10,000 with the Managing Director and Company Secretary authorised to execute the documentation associated with any such disposals.

List of Appendices

Appendix 1 – [redacted]

Appendix 2 – Draft Board skills matrix

DGHP BOARD: SKILLS, KNOWLEDGE AND EXPERIENCE MATRIX

Expert or in depth	The Board member has specialist, up-to-date knowledge and experience in this area. S/he is likely to be working, or to have worked, in this field as a profession and is likely to have a relevant qualification where applicable. Other Board members tend to draw on his/her in-depth knowledge and expertise on the subject.
Proficient	This is an area in which the Board member has confidence. S/he would understand the detail of a Board paper and could contribute significantly to Board discussion and decision-making on the subject, including providing relevant, constructive challenge to the executive team.
Working knowledge	The Board member understands the basics of the subject. Although s/he may not feel able to contribute significantly to discussion or to challenge the executive on the subject, s/he would understand sufficiently to be able to evaluate options and appreciate the implications of a Board decision.

PART 1: SKILLS, KNOWLEDGE AND EXPERIENCE

ATTRIBUTE	RSLS
Knowledge of the areas, clients, tenants and communities served	Five or more members with in depth local knowledge of local communities and tenant needs
Community engagement – scrutiny and service delivery	At least 4 members with experience. All Board members expected to have, or to develop reasonable proficiency
Knowledge of other relevant sectors – health, charities, social enterprise, education, policing, or other	A majority of Board members expected to have, or to develop, reasonable proficiency
Equal opportunities and diversity; the specific needs of diverse communities in the areas served	All Board members expected to have, or to develop reasonable proficiency
General commercial business, financial & management skills	At least one expert member, two more proficient
Accountancy and audit, knowledge of relevant statutory requirements	Ideally one expert member, proficient acceptable
Financial and treasury management, funding structures	At least one proficient member
Risk identification, management and mitigation	At least one proficient member
Performance management, value for money and continuous improvement	Ideally one expert member, proficient acceptable
Corporate governance	Ideally one expert member, all Board members expected to have, or to develop reasonable proficiency

ATTRIBUTE	RSLS
Legal and regulation	Ideally one expert member, proficient acceptable
Organisational strategy and policy development	Ideally one expert member, proficient acceptable
Information technology and business systems	At least one proficient member
Being involved in the restructuring or transformation of an organisation	Ideally one expert member, proficient acceptable
Organisational change and development	Ideally one expert member, proficient acceptable
Communications and marketing	One or more proficient
Health and safety, and other areas of critical compliance	All Board members expected to have, or to develop reasonable proficiency
Housing management and maintenance of social housing	One expert member. All Board members expected to have, or to develop reasonable proficiency
Strategic asset management	One or more proficient members, one of more with working knowledge
Social and housing policy in Scotland and the wider UK	Ideally one expert member, proficient acceptable
Senior Management, leadership and strategy in a housing context	Minimum one expert member
Provision of services in a housing or other similar context	At least one expert member, one or more proficient
Regeneration	Ideally one expert member, proficient acceptable
Property, asset management, development and surveying etc.	One or more proficient
Environmental sustainability, in terms of reducing energy use, pollution or carbon impact from development or other property matters	At least one proficient member, one or more with working knowledge
Working with local authorities, or other government and statutory bodies	At least one expert member, one or more proficient

PART B: ATTRIBUTES EXPECTED FROM ALL BOARD AND COMMITTEE MEMBERS

WORKING AS PART OF THE BOARD TEAM
Demonstrates understanding of the role, duties and responsibilities of the Board and the Board member.
Fulfils agreed commitments, including attending meetings and other events as required.
Prepares thoroughly for meetings; obtains clarification in advance on points of detail.
Listens to and considers the views of others.
Welcomes challenge to own views.
Knows when to contribute a thought and when to keep quiet.
Speaks clearly and to the point; articulates complex ideas simply.
Stands by and upholds the Board's decisions.
PROVIDING EFFECTIVE OVERSIGHT
Oversees operations at the right level – does not try to do the job of managers.
Critically evaluates information and constructively challenges when necessary.
Is able to probe and challenge the executive team without creating conflict.
Demonstrates understanding of how things can go wrong.
Avoids any 'positivity bias' and, when necessary, highlights problems and acknowledges mistakes.
Demonstrates understanding of how the Board drives improvement in organisational performance without becoming involved in operational detail.
PROVIDING INSIGHT AND STRATEGIC THINKING
Brings wisdom and insight to critical issues facing the organisation before and while policies, strategies and plans are developed.
Contributes to the identification of risks, challenges and opportunities for the organisation.
Provides creative input to problem solving and strategic planning.
Demonstrates understanding of the needs and concerns of tenants and other service users.

CONTRIBUTING TO HIGH-QUALITY DECISION MAKING
Asks for more information and analysis when needed...
...but does not ask for more information or analysis than is needed to enable the Board to make good decisions.
Asks for help to understand things when necessary so as to be able to contribute to discussion and decision making in all areas.
Analyses the implications and consequences of different options.
Evaluates facts and evidence logically in making decisions.
Remains focused on the achievement of the organisation's mission, vision and strategy.
INDEPENDENCE AND SELF AWARENESS
Expresses own views – including expressing disagreement when necessary.
Does not avoid tackling difficult or sensitive issues or situations.
Remains measured and controlled at all times, even in stressful situations.
Keeps up to date with the social, regulatory and policy context in which the association operates.
Keeps own knowledge and skills up to date.
Uses opportunities to learn and develop as a Board member and welcomes constructive feedback on own performance.
PROVIDING LEADERSHIP
Demonstrates ethical leadership, displaying – and promoting throughout the organisation – behaviours consistent with the culture and values the Board has defined for the association.
Complies with the spirit as well as the letter of the Board Member Code of Conduct.
Demonstrates commitment to, and enthusiasm for, the work of the organisation.
Proactively engages in activities which promote the work of the organisation to the outside world.