



LORETTO HOUSING ASSOCIATION

BOARD MEETING

**Monday 19 August 2024 at 2pm
Wheatley House Glasgow**

AGENDA

1. Appointment of new Board Member
2. Apologies for absence
3. Declarations of interest
4. a) Minute of meeting held on 20 May 2024 and matters arising
b) Action list
5. Chair and Managing Director update

Main Business Items

6. 2023/24 Financial Statements
7. Internal Audit annual report and opinion
8. Repairs update
9. Homelessness update
10. Performance report

Other Business

11. Finance report
12. [redacted]
13. Governance update
14. AOCB

Date of next meeting: 16 September 2024

Report

To: Loretto Housing Association Board

By: Lyndsay Brown, Director of Financial Reporting

Approved by: Pauline Turnock, Group Director of Finance

Subject: 2023/24 Financial Statements

Date of Meeting: 19 August 2024

1. Purpose

1.1 The purpose of this paper is:

- to provide the Board with an overview of the 2023/24 audited financial statements.

2. Authorising and strategic context

2.1 Under the terms of the Intra-Group Agreement between Loretto Housing and the Wheatley Group and this Board's Terms of Reference, the Loretto Board is responsible for the on-going monitoring of performance against agreed targets. This includes the on-going performance of its finances and the approval of the statutory financial statements.

3. Background

3.1 Financial performance

The financial statements are now complete and have been audited. The financial results are summarised below.

	Year Ended	
	31 March 2024 £k	31 March 2023 £k
Turnover	17,321	36,174
Operating Expenditure	(14,412)	(15,086)
Other losses	(78)	(40)
Operating surplus	2,831	21,048
Net Finance charges	(3,820)	(2,764)
Increase/(decrease) in valuation of housing properties	14,694	(5,555)
Increase in valuation of office properties	42	17
Surplus for year	13,747	12,746
Actuarial loss in respect of pension schemes	(1,462)	(1,186)
Total comprehensive surplus for the year	12,285	11,560

- 3.2 The finance reports submitted to the Board during the year formed the basis of these financial statements and were updated to include several year-end statutory adjustments. The key driver for the variation in operating surplus reported compared to the prior year is the timing of the recognition of grant on new build homes completed in the year.

4. Discussion

4.1 Adjustments from 31 March management accounts

The adjustments made between the 31 March management accounts and the final audited accounts are summarised below:

	Income & Expenditure £k	Net Assets £k
March management accounts	(1,748)	54,935
Revaluation of properties - Housing	14,694	14,694
Revaluation of properties - Offices	42	42
Revaluation of properties - Investment	(78)	(78)
SHAPS pension adjustments	(1,542)	(1,542)
Other	917	917
Statutory accounts	12,285	68,968

- 4.2 The statutory results are updated annually for the outcome of the housing stock valuation by JLL and the inclusion of the updated defined benefit pension scheme actuarial valuations for the Scottish Housing Associations' Pension Scheme.
- 4.3 Revaluation of properties: Social housing properties increased in value by £14,694k. Our social housing properties are valued using the Existing Use for Social Housing Valuation methodology ("EUV-SH") which will not always reflect the scale of capital investment spend reported in the particular financial year. The increase in valuation at 31 March 2024 reflects the view of our independent valuation expert on the high quality and good condition of our properties.

The results of this year's valuation have been influenced by two key drivers:

- The 7.5% rent increase applied at 1 April 2024 which was higher than the assumed percentage increase at the previous valuation. This increases the future cashflows from rental income on social housing properties which feeds into the EUV-SH model; and
- During 2023/24 our valuers (JLL) undertook a detailed review of our future lifecycle replacement data held in our asset management system. This exercise was carried out as part of our assurance around our data which informed our asset management strategy which was discussed at the May 2024 Board meeting. The JLL review of the asset data confirmed that a high level of reliance (99%) could be placed on our future investment data which increases the level of confidence in the expenditure profile used in the valuation and as a result they have refined their assumptions which results in an uplift in the EUV-SH valuation at 31 March 2024.

- 4.4 SHAPS pension adjustment: The annual actuarial valuation for the SHAPs Defined Benefit pension scheme was updated in the financial statements at 31 March 2024.
- 4.5 The 2023/24 valuation resulted in a credit to operating costs of £4k, due to administration costs of £37k being lower than assumed in the management accounts, £84k interest costs, and an actuarial loss of £1,462k. The pension liability increased from £1,758k at March 2023 to £3,304k at March 2024 on the Statement of Financial Position driven by asset returns over the last 12 months.
- 4.6 Other: Adjustments are made for items following a post year-end review of accruals and a review of final depreciation charges.

Audit summary

- 4.7 The external auditors, KPMG, have completed their audit of the financial statements and have issued an unqualified audit opinion.
- 4.8 During the course of the audit no material adjustments were identified. One adjustment was processed, and is reflected within the financial statements, relating to the rent arrears reconciliation.
- 4.9 As a standard part of their audit process, and in line with previous years, KPMG require the Board of each organisation in the Wheatley Group to sign a “letter of representation” in which the Board confirms certain matters in terms of disclosure and record-keeping. As in previous years, a letter from the Chief Executive has been provided to each Board to provide comfort that the officers have complied with the matters stated in this letter. Both these documents are provided along with this paper (Appendix 2 and 3 respectively).
- 4.10 The Board are asked to confirm in the letter of representation that the financial statements are prepared on a going concern basis. The assessment that the Association continues in business is based on the preparation and approval of the Association’s 30-year business plan which includes cashflow forecasts, the certainty of revenue streams from rental income and the assessment of the availability of funding provided to Loretto through the RSL borrower relationship with WFL1.
- 4.11 The accounts and letter of representation will be signed following the approval of the Wheatley Group accounts at the Group Board meeting on 28 August 2024 and the completion of KPMG’s compliance checks. A copy of KPMG’s audit highlights report will be provided in advance of the Group Audit Committee and uploaded to Admincontrol.

5. Customer Engagement

- 5.1 This report relates to our financial reporting and therefore there are no direct customer implications arising from this report.

6. Environmental and sustainability implications

- 6.1 There are no environmental and sustainability implications arising from this report.

7. Digital transformation alignment

- 7.1 There are no digital transformation alignment implications arising from this report.

8. Financial and value for money implications

- 8.1 Loretto's balance sheet remains strong, with net assets of £68,968k.
- 8.2 The adjusted operating surplus from core social housing activities was broadly stable moving to £7,337k from £7,458k, with additional repairs costs and a donation of £150k to Wheatley Foundation accommodated through an improved income position. After including interest costs and capital expenditure on our existing properties, an underlying surplus of £1,701k is reported demonstrating that operating surplus remains sufficient to cover all day to day running costs, interest on borrowings and the investment in existing homes to keep them in good condition.
- 8.3 The underlying surplus includes higher interest costs than the prior year due to increased borrowing to fund the development of new build housing. As reported in the management accounts to 31 March the out-turn is managed in the context of the budgetary position and covenants of RSL borrower group.

	2024 £k	2023 £k
Operating surplus	2,831	21,048
Adjusted for:		
Depreciation	6,782	6,293
Investment property valuation movements	78	40
New build grant income	(2,223)	(19,880)
WDS gift aid income	(131)	(43)
Adjusted operating surplus	7,337	7,458
Less:		
Interest costs	(3,718)	(2,750)
Investment in existing social homes	(1,918)	(1,830)
Underlying surplus	1,701	2,878

9. Legal, regulatory and charitable implications

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

10. Risk Appetite and assessment

- 10.1 The Board's agreed risk appetite for governance is "cautious". This level of risk tolerance is defined as "preference for safe delivery options that have a low degree of inherent risk and have only limited potential for reward".

11. Equalities implications

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

12. Key issues and conclusions

- 12.1 This paper presents the financial performance position for the year end statutory accounts.

13. Recommendations

- 13.1 The Board is requested to:
- 1) Approve the 2023/24 financial statements;
 - 2) Confirm the preparation of the financial statements using the going concern basis;
 - 3) Delegate authority to the Chair and Group Director of Finance to approve any non-material changes to the accounts; and
 - 4) Approve the letter of representation from the auditors and note the related letter of representation from management.

LIST OF APPENDICES:

- Appendix 1: [redacted] available [here](#)
Appendix 2: [redacted]
Appendix 3: [redacted]

Report

To: Loretto Housing Board

By: Ranald Brown, Director of Assurance

Subject: Internal Audit Annual Report and Opinion 2023/24

Date of Meeting: 19 August 2024

1. Purpose

- 1.1 This report provides the Loretto Housing Board (the Board) with the Internal Audit Annual Report and Opinion 2023/24, for noting. The report was previously presented to and approved by the Group Audit Committee on 15 May 2024.

2. Authorising and strategic context

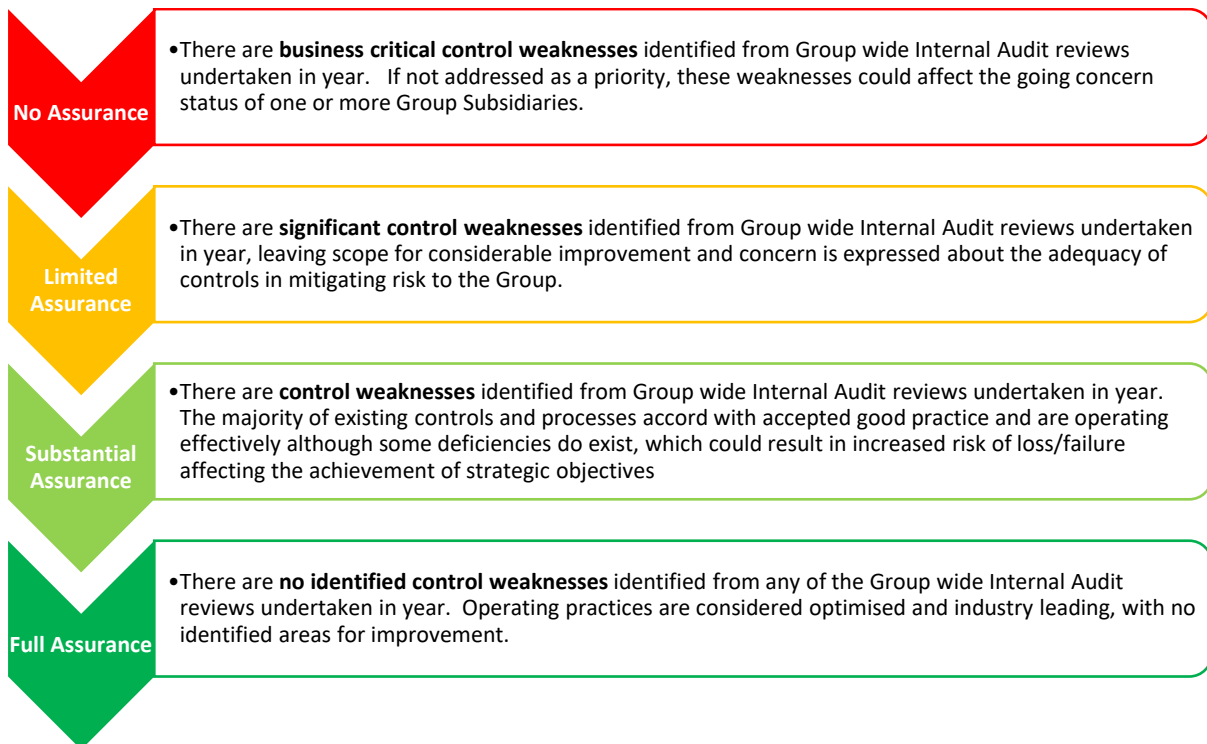
- 2.1 Under its Terms of Reference, the Group Audit Committee is responsible for monitoring the Group's assurance activities, including results as presented in the internal audit annual report and opinion. The 2023/24 Internal Audit Annual Report and Opinion was approved by the Group Audit Committee on 15 May 2024.
- 2.2 Under its Terms of Reference, the Board is responsible for managing and monitoring its compliance arrangements and operational performance. The activities undertaken by the Assurance Team provide the Board with independent assurance to support the Board in this role.

3. Background

- 3.1 The Group's Internal Audit team operates in accordance with the Chartered Institute of Internal Auditors' International Professional Practices Framework ("IPPF"), which includes the International Standards for the Professional Practice of Internal Auditing ("the Standards").
- 3.2 In line with the requirements of the Standards, Internal Audit provides the Board with an Annual Report and Opinion, which summarises the results of the Internal Audit team's work during the financial year and provides an opinion on the Group's governance, risk management and control processes.

4. Discussion

- 4.1 A copy of the Annual Report and Opinion has been included at **Appendix 1** for the Board's information. The table below shows the different types of Internal Audit Opinion which may be given:



- 4.2 Sufficient work has been undertaken to enable us to provide an opinion on the adequacy and effectiveness of the internal control environment in operation during 2023/24. In giving this opinion, it should be noted that assurance can never be absolute. Section 3 of the Annual Report at Appendix 1 outlines the Internal Audit work performed on a Group-wide basis, along with subsidiary-specific elements.
- 4.3 During the delivery of our Internal Audit plan, we identified no critical weaknesses in the governance, risk management, or control processes that would put the achievement of Group objectives at risk [redacted]
- 4.4 As reporting to the Group Audit Committee during 2023/24, Management has acted promptly to implement audit actions throughout the year, thereby reducing the risk associated with audit findings.

Internal Audit Opinion 2023/24

*Based on our Group-wide work undertaken in 2023/24 a **substantial level of assurance*** can be given that there are sound governance, risk management and control processes in place, designed to support achievement of relevant organisational objectives. [redacted]*

Management has agreed to the improvements to the Group wide control environment arising from our annual work and the progress of implementing these additional controls will be reported to the Group Audit Committee.

5. Customer Engagement

- 5.1 There are no customer engagement implications arising directly from this report although action owners may engage with customers to inform decision-making arising in the course of completing assigned actions.

6. Environmental and sustainability implications

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

7. Digital transformation alignment

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

8. Financial and value for money implications

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

9. Legal, regulatory and charitable implications

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

10. Risk Appetite and assessment

10.1 This report summarises the internal audit work performed during 2023/24. The nature of the risks arising from each piece of work varies depending on the review and the agreed management actions are designed to help management to mitigate the identified risks.

10.2 Where management considers the risks identified through an internal audit review are sufficiently material to be included in the Group's risk profile, the risk is aligned to a Strategic Outcome and a risk appetite category assigned. This allows management to confirm whether the risk is being managed within risk appetite or if further improvement action is required.

11. Equalities implications

11.1 This report does not require an equalities impact assessment.

12. Key issues and conclusions

12.1 The Internal Audit team has completed its planned work for 2023/24 and the Director of Assurance has issued his annual opinion, as outlined at paragraph 4.4.

13. Recommendations

13.1 The Board is asked to note the contents of this report, including the Annual Internal Audit opinion detailed in Section 4.

LIST OF APPENDICES:

Appendix 1 – Internal Audit Annual Report and Opinion 2023/24

Internal Audit Annual Report and Opinion 2023/24

*Approved by Group Audit Committee
15 May 2024*

1. Introduction

The purpose of this report is to provide our view on the adequacy and effectiveness of the Wheatley Group's ("the Group") system of governance, risk management and internal control, as assessed through delivery of our rolling Internal Audit Plan during 2023/24.

The Internal Audit Plan is reviewed and approved by the Group Audit Committee ("the Committee") each quarter and progress against this plan has been reported to the Committee throughout the financial year.

Our detailed findings from specific reviews have been reported to Management during the year, with a summary of these findings reported to the Committee at each of its 2023/24 meetings. Summary findings have also been reported to Subsidiary Boards and the Group Board where appropriate.

This Annual Report summarises the Internal Audit activity and therefore does not include all matters which came to our attention during the year. Such matters have been included within our detailed reports to Management and the Group Audit Committee during the year.

Definition of Internal Auditing

"Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."

Section 3 – Definition of Auditing; Chartered Institute of Internal Auditors' International Professional Practices Framework

Internal Audit Mission Statement

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

2. Annual Internal Audit Opinion

Scope

In line with the International Standards for the Professional Practice of Internal Auditing (“the Standards”), to which the Internal Audit function conforms, Internal Audit provides the Group Board, Audit Committee and Subsidiary Boards with an Internal Audit Annual Report, which includes an opinion on the Group’s governance, risk management and control processes, based on the work completed during 2023/24.

Our opinion is subject to the inherent limitations of Internal Audit (covering both the control environment and the assurance over controls) as set out in Appendix 1 (Limitations and Responsibilities).

In arriving at our Annual Internal Audit Opinion, we have taken the following matters into account:

- § the results of all Internal Audit work undertaken (including any upheld instances of fraud or whistleblowing) during the year ended 31 March 2024;
- § in accordance with the Wheatley Group City Building Glasgow Assurance approach, we have placed reliance on the internal audit work completed by the Glasgow City Council’s Chief Internal Auditor in relation to City Building Glasgow;
- § the effects of any material changes in the Group’s objectives, activities or regulatory environment; and
- § whether there have been any resource constraints imposed upon us which may have impinged on our ability to meet the Group’s Internal Audit needs.

Basis of Opinion

Sufficient work has been undertaken to enable us to provide an opinion on the adequacy and effectiveness of the internal control environment in operation during 2023/24. In giving this opinion, it should be noted that assurance can never be absolute.

During the delivery of our Internal Audit plan, we identified no critical weaknesses in the governance, risk management, or control processes that would put the achievement of Group objectives at risk [redacted]

As reported to the Group Audit Committee, Management has acted promptly to implement agreed audit actions throughout the year, thereby reducing the risk associated with audit findings.

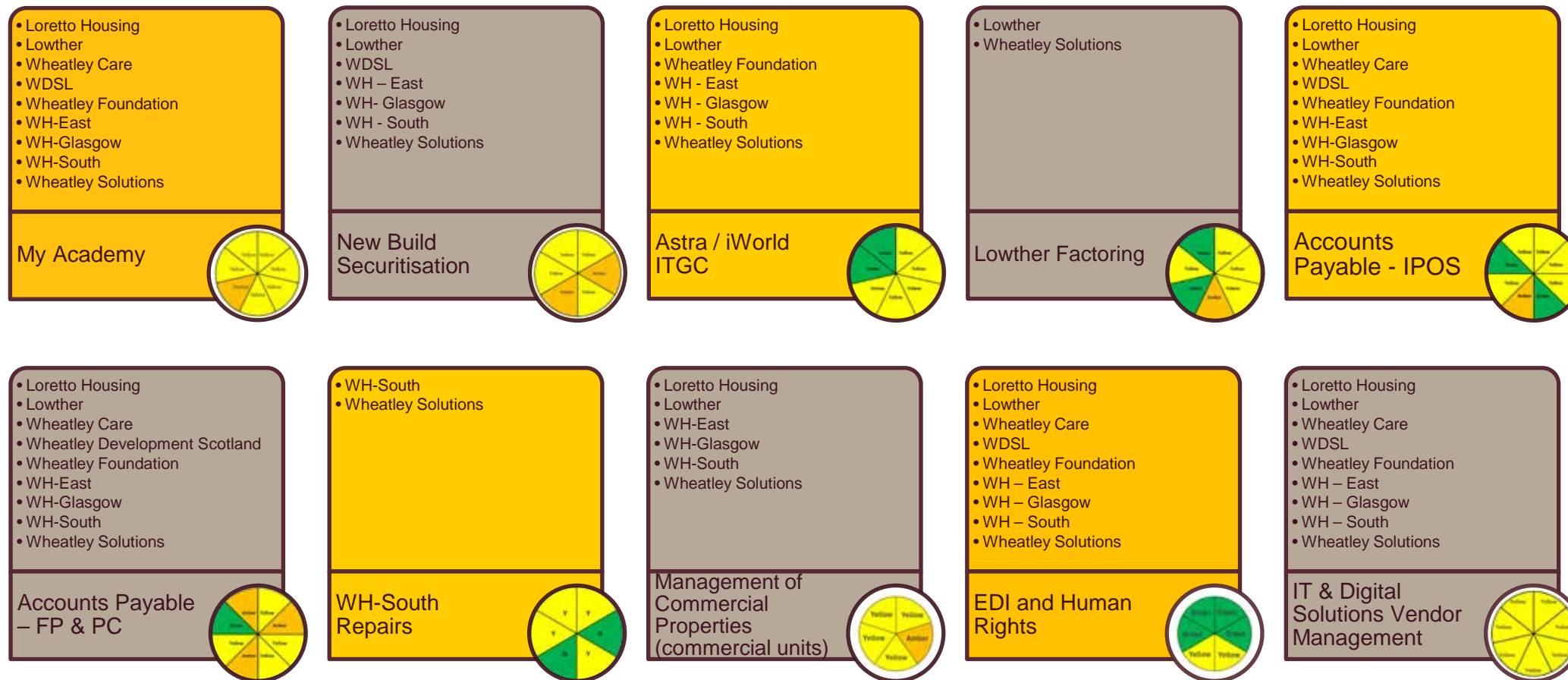
Internal Audit Opinion 2023/24

*Based on our Group-wide work undertaken in 2023/24 a **substantial level of assurance*** can be given that there are sound governance, risk management and control processes in place, designed to support achievement of relevant organisational objectives[redacted]*

Management has agreed to the improvements to the Group wide control environment arising from our annual work and the progress of implementing these additional controls will be reported to the Group Audit Committee.

3. Summary of Work Performed

This section summarises the results of Internal Audit advisory reviews completed during 2023/24. Each of these reviews included an assessment of the extent to which the control objectives set out in the Terms of Reference were achieved*, as reflected in the charts below.



Note: IPOS is the Group's automated purchase to pay system. FP (Faster Payments) and PC (Purchase Cards) processes are more manual, and so separate control objective assessments have been provided for the two aspects of the Accounts Payable review.

3. Summary of Work Performed

The Internal Audit team has completed the following advisory, consultancy and analytics reviews, which did not include an assessment of the achievement of control objectives, due to the nature of the work performed.

<ul style="list-style-type: none">• Loretto Housing• Lowther• Wheatley Care• WDSL• Wheatley Foundation• WH-East• WH-Glasgow• WH-South• Wheatley Solutions Financial Efficiency Savings Plans	<ul style="list-style-type: none">• Loretto Housing• Lowther• Wheatley Care• WDSL• Wheatley Foundation• WH – East• WH – Glasgow• WH – South• Wheatley Solutions Data Strategy	<ul style="list-style-type: none">• Loretto Housing• Lowther• WH-East• WH-Glasgow• WH-South• Wheatley Solutions CBG Partnership Oversight Board	<ul style="list-style-type: none">• Loretto Housing• Lowther• Wheatley Care• WH-East• WH-Glasgow• WH-South• Wheatley Solutions Electrical Testing Certification analytics
<ul style="list-style-type: none">• Loretto Housing• Lowther• WH – East• WH – Glasgow• WH – South• Wheatley Solutions Rent Account Credit Balances analytics	<ul style="list-style-type: none">• Loretto Housing• Lowther• Wheatley Care• WDSL• Wheatley Foundation• WH-East• WH-Glasgow• WH-South• Wheatley Solutions Repairs Analytics	<ul style="list-style-type: none">• Loretto Housing• Lowther• Wheatley Care• WDSL• Wheatley Foundation• WH – East• WH – Glasgow• WH – South• Wheatley Solutions Payroll analytics	<ul style="list-style-type: none">• Loretto Housing• Lowther• Wheatley Care• WDSL• Wheatley Foundation• WH – East• WH – Glasgow• WH – South• Wheatley Solutions Accounts Payable analytics

Summaries of the findings of all reviews conducted during 2023/24 have previously been reported to the Group Audit Committee and to Subsidiary Boards.

3. Summary of Work Performed

The Internal Audit team has facilitated an exercise to map legislative compliance requirements in different business areas across the Group throughout 2023/24. Within each business area, the team has worked with management to identify legislative requirements and any detective controls in place that would confirm compliance with those requirements.

The Internal Audit team has used a "show me" approach to confirm control descriptions, for example completing one walkthrough / viewing one instance of a report to confirm understanding of control. This work did not assess i) whether the control is adequately designed to mitigate the identified risk or ii) operating effectively. The purpose of this mapping is to help management determine where additional detective controls may be needed or reflect on the purpose and value of control activity across lower risk areas. The output of each exercise is a "map", as shown below.

	Controls in place to detect a compliance breach	Controls to detect a compliance breach are planned but not yet operating	No controls in place to detect a compliance breach
High consequence from compliance failure	Maintain controls	Consider prioritising implementation of controls	Consider whether additional controls are required
Medium consequence from compliance failure	Maintain controls	Rollout controls as planned	Consider whether additional controls are required
Low consequence from compliance failure	Consider whether controls are required	Consider whether planned controls are required	Consider whether current position is acceptable

The business areas mapped during 2023/24 are:

Complaints	Treasury	IT & Digital Services	Payroll
Litigation Services	Communications and Marketing	Strategy and Performance	Governance
Human Resources & Organisational Development	Financial Reporting	Assets and Sustainability	Procurement, Fleet and Utilities

A final review in 2024/25 of all areas to identify and map any gaps will conclude the legislative compliance mapping review.

3. Summary of work performed

Follow up of management actions

Internal Audit completes follow up activity to verify that management have implemented actions as agreed in our internal audit reports. The follow up activity is undertaken quarterly, with the results reported to each meeting of the Group Audit Committee.

The information below is a summary of all actions followed up during the course of 2023/24.

Our assessment has included review of each action to determine whether:

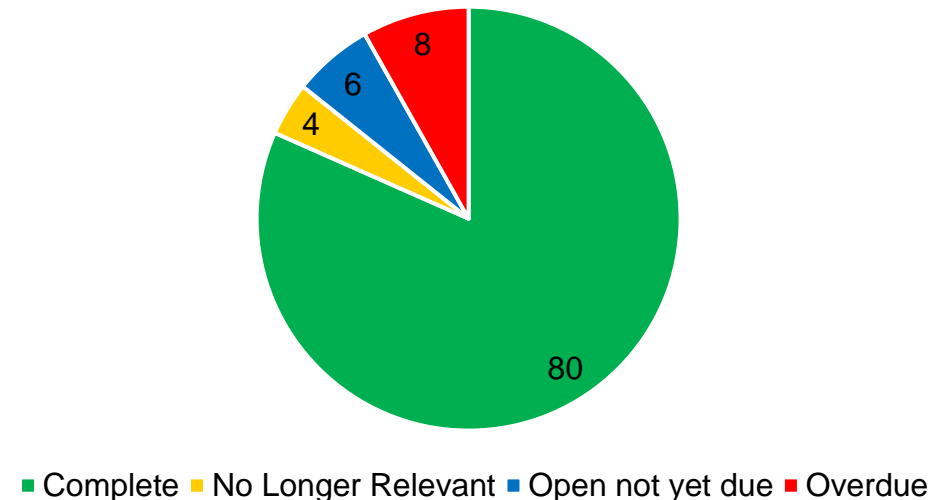
- a) The action has been completed during 2023/24;
- b) The action is no longer relevant or has been superseded;
- c) The action is not yet due for completion; or
- d) The action is overdue for completion.

For the 8 overdue actions, we have discussed the current status with management and identified revised timescales for completion of the original actions. In each case, we are satisfied that the action is in progress, and we will continue to monitor full implementation of these actions.

Status	Actions
Actions brought forward from 31 March 2023	16
New actions agreed during 2023/24	82
Total Actions followed up during 2023/24	98

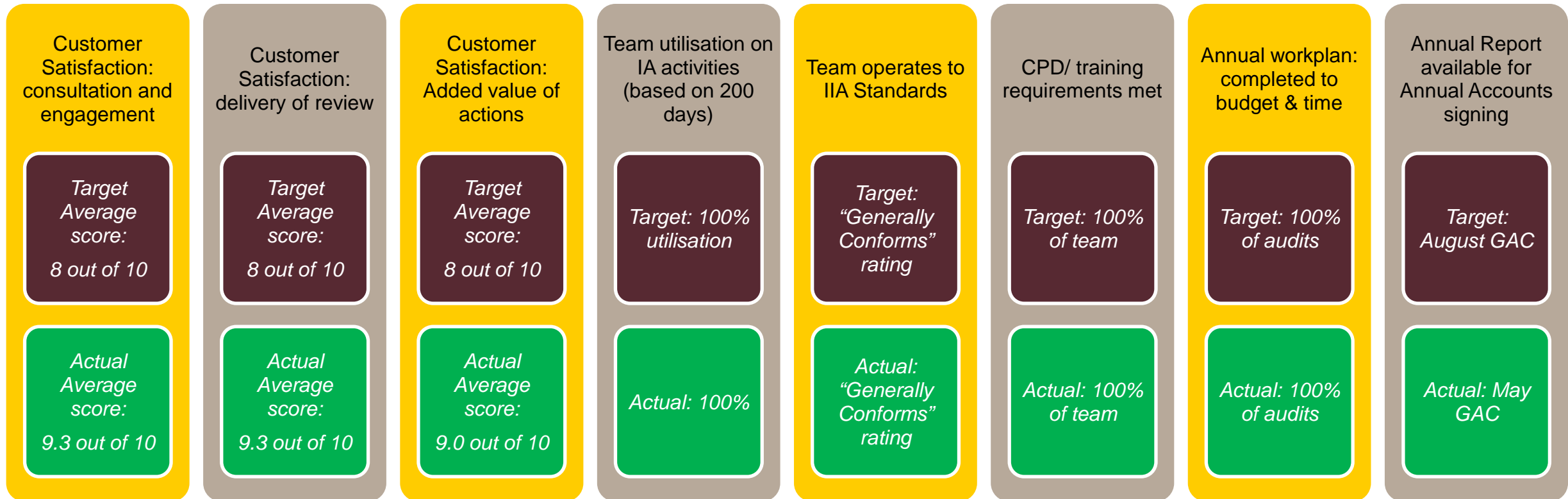
The chart below summarises our assessment of the status of the 98 actions followed up during 2023/24.

Status of Actions at 31 March 2024

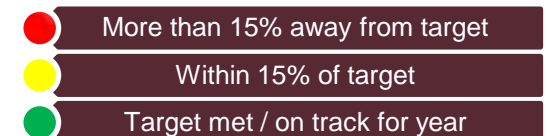


4. Internal Audit Team Performance 2023/24

The Internal Audit team's performance against its agreed KPIs for 2023/24 is set out below. The same KPIs are proposed for 2024/25.



The customer satisfaction measures are based on feedback forms completed by auditees following each review. Performance against target is allocated a Red, Amber or Green rating, as follows:



4. Internal Audit Team Performance 2023/24

The customer satisfaction measures are based on feedback forms completed by auditees following each review. Positive comments received from our customers included the following:

"The audit felt collaborative and driven by an overall ambition to support how Wheatley approaches and continually improves its approach."

"Friendly and professional staff. They guide and support through the process, so it is not intimidating but always thorough."

"Outcomes were discussed with the audit team and plenty of opportunity and time to reflect and discuss with my own teams."

"A very responsive and professional team who understand the business and can recognise areas for improvement and provide ideas for practical changes to be made to protect the objectives of the business."

The responses also highlighted the following opportunities which have been added to our Internal Audit Improvement Plan.

We will explore opportunities to work with management in order to reintroduce front line assurance checks.

§ "Front-line assurance checks were additional security."

We will continue to work with management to develop the team's business knowledge and to agree action plans that improve the efficiency and effectiveness of the delivery of organisational objectives.

The two individual statements that respondents were asked to score with the lowest scores were:

- § Internal audit team members had sufficient business knowledge to help improve processes.
- § The internal audit recommendations raised during this engagement improved the efficiency and effectiveness of delivery of organisation objectives.

5. IA Compliance with Standards

Internal Audit compliance with professional standards

The Internal Audit team employs a risk-based approach to determine the audit needs of the Group at the start of each year, which is reviewed on a rolling three-month basis throughout the year. The team uses a risk-based methodology to plan and conduct our work, and all Internal Audit activity is performed in line with the International Standards for the Professional Practice of Internal Auditing and the Code of Professional Conduct (including Code of Ethics) promoted by the Chartered Institute of Internal Auditors.

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 2023 and the exercise will be repeated in September 2024.

Conflicts of Interest

The Internal Audit team is led by the Director of Assurance, who reports to the Group Director of Finance and meets regularly with the Chair of the Group Audit Committee.

The Director of Assurance has other operational responsibilities. Consequently, the Group Audit Committee assesses the controls in place to maintain the Director's independence on an annual basis.

There have been no conflicts of interest during the year which have impacted on our independence or our ability to report our findings.

6. IA Quality Assurance and Improvement Programme

As part of the IA Team's Quality Assurance and Improvement Programme, we completed our internal quality assurance during 2023/24, comprising:

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 CIIA
- Results reported within the Annual Report and Opinion

Annual Self-Assessment

The Internal Audit team completed the quality assessment template produced by the Chartered Institute of Internal Auditors (CIIA) in December 2023. The internal self-assessment rated performance as:

Generally Conforms

- The evaluator has concluded that the relevant structures, policies, and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the individual Standard or element of the Code of Ethics in all material respects.

"Generally conforms" is the highest rating available.

Appendix 1: Limitations and responsibilities

Limitations Inherent to the Internal Auditor's Work

We have prepared the Internal Audit Annual Report and undertaken the agreed programme of work as set out in the Internal Audit Plan, subject to the limitations outlined below.

Opinion

The Annual Internal Audit Statement is based solely on the work undertaken as part of the agreed Internal Audit Plan. The work addressed the control objectives agreed for each individual assignment as set out in our individual Terms of Reference. The matters raised in this report are only those which came to our attention during our Internal Audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

There might be weaknesses in the system of internal control that we are not aware of because they did not form part of our programme of work, were excluded from the scope of the individual review, or were not brought to our attention. Our audit plan is based on risk to capture the higher risk areas within the Group.

As a consequence, Management and the Group Audit Committee should be aware that our opinion may have differed if our programme of work or scope for individual reviews was extended or other relevant matters were brought to our attention.

Internal Control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Responsibilities of Management and Internal Audit

It is Management's responsibility to develop and maintain sound governance, risk management, and control processes to ensure the prevention and detection of irregularities and fraud. Internal Audit work should not be seen as a substitute for Management's responsibilities for the design and operation of these processes.

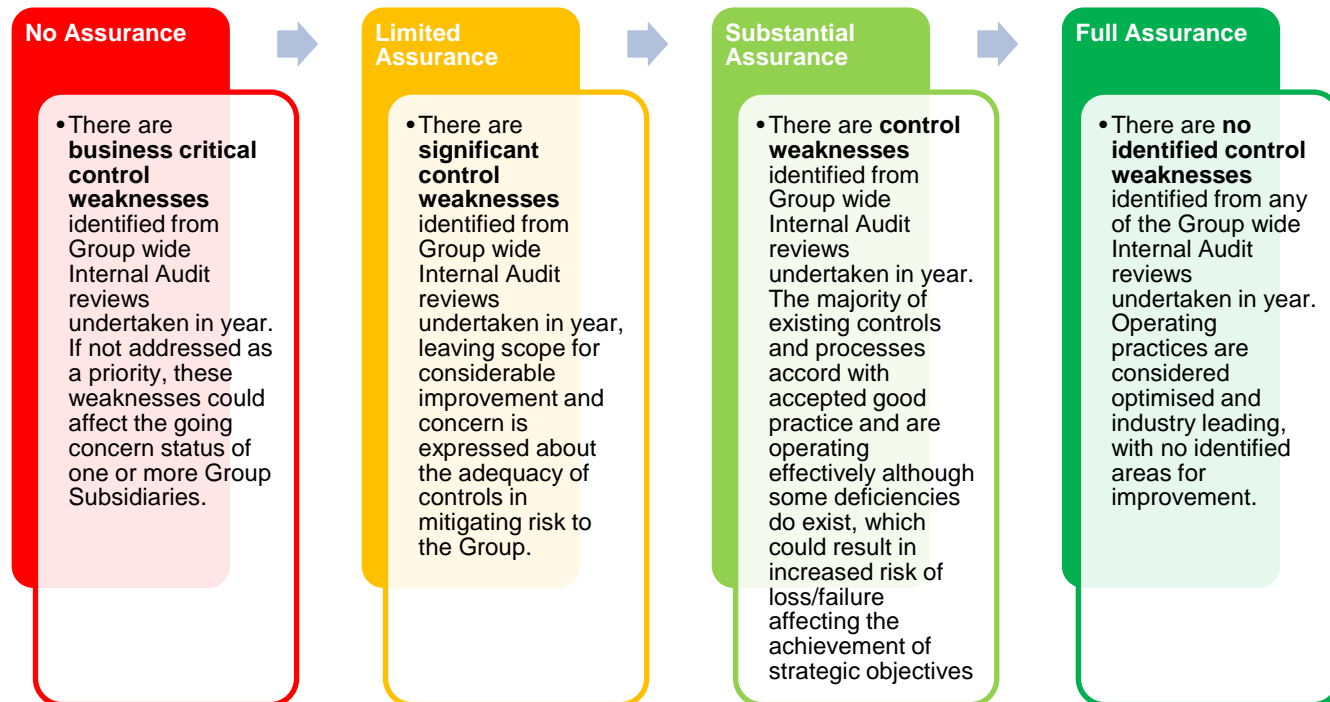
Internal Audit endeavour to plan work so that we have a reasonable expectation of detecting significant control weaknesses and if detected, we shall carry out additional work directed towards the identification of consequent fraud or other irregularities.

Internal Audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected, and our examinations as Internal Auditors should not be relied upon to disclose all fraud, defalcations or other irregularities which may exist.

Appendix 2: Assurance Opinion definitions

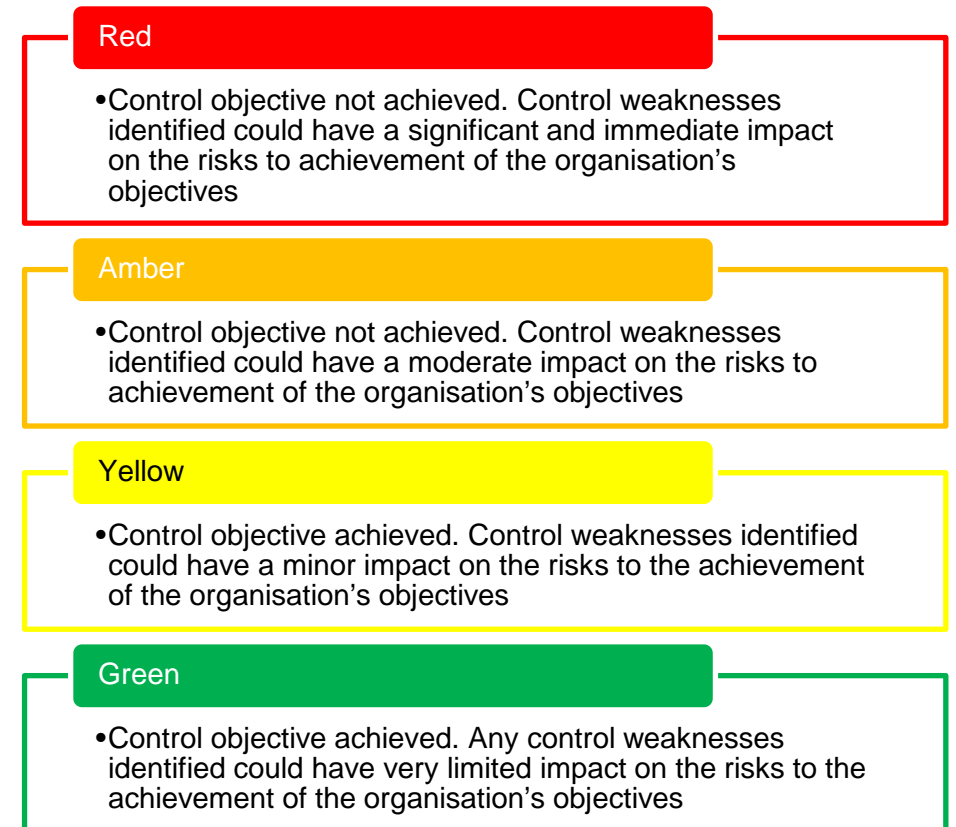
Annual Assurance Opinion Definitions

The table below details the different types of Internal Audit opinion which may be given:



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:



Report

To: Loretto Housing Board

By: Danny Lowe, Director of Group Repairs

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

Subject: Repairs Update

Date of Meeting: 19 August 2024

1. Purpose

- 1.1 To provide the Board with an update on the following:
- progress with repairs service enhancements;
 - ongoing customer engagement to inform future service enhancements; and
 - the repairs budget update for 2024/25.

2. Authorising and strategic context

- 2.1 Under its Terms of Reference the Board is responsible for the oversight and scrutiny of service delivery and monitoring of performance. Repairs are a key driver for our overall tenant satisfaction and a key priority for our tenants.

3. Background

- 3.1 As part of the May Board strategy workshop the Board discussed the repairs service and recognised that there was a need for focussed improvements to evolve and improve our repairs service.

4. Discussion

- 4.1 Tenant feedback continues to indicate that communication and improving the management and timescales associated with complex repair works i.e. multi-trade works are their key priorities and impact how satisfied they are with the service.
- 4.2 To date our response to this has focussed on:
- the introduction of Book It, Track It, Rate It in May 2023 to improve communication;
 - the re-design and introduction of a new service delivery model to improve the customer experience; and
 - ongoing monitoring of customer experience, to identify areas for improvement.

Customer communication and satisfaction

- 4.3 As noted in earlier updates to the Board, “Book It, Track It, Rate It” was introduced in May 2023 and has since been extended to all appointed repairs. Customer feedback to date on the ‘Track It’ functionality remains positive, with customers continuing to indicate that the text message reminders and updates are a positive improvement in communication.
- 4.4 ‘Rate it’ seeks customer feedback on a scale of 1-5 and includes the option for customers to receive a call back. Up until the end of June 2024 we have received 255 customer ratings from 5487 completed repairs with an average score of 4.5/5, the equivalent of 90%.
- 4.5 Our Annual Return on the Charter repairs satisfaction levels showed a slight improvement in June and was 86.67% for the rolling 12-month period, up from 85.35% in May.

Service Enhancements

- 4.6 The MyRepairs team for the West continues to engage with customers on existing repairs.
- 4.7 The service has also been overseeing the delivery of complex repairs referred by the Housing Team and is liaising with the customers on these to provide a single point of contact. The service is currently managing 35 live cases and has closed 103 in 2024/25.
- 4.8 Insights continue to be gathered from the MyRepairs teams’ interactions with customers, City Building and our in-house teams to help inform service improvement actions.
- 4.9 City Building has a key role in the delivery of our repairs service and their performance is crucial to improving tenant satisfaction. Through our routine review of performance, we recognised that actions were needed to improve timescales for repairs completions which in turn should also positively impact on customer satisfaction. Our assessment of performance highlighted that the primary issues affecting the delivery of repairs were:
- **Availability of resources**
Repairs have been delivered up to this point through a limited group of trades resources assigned to completing Loretto repair works. This resource has been insufficient at certain periods to meet service demand levels;
 - **Geography**
The geographical spread of Loretto stock places an emphasis on good work planning to maximise the productivity of trades resources and to minimise travel time etc; and
 - **Materials**
Loretto stock incorporates some non-standard materials which has been affecting repair completions promptly and at the first visit.
- 4.10 As noted in the report to the Board in February 2024 there were several service improvement activities underway with City Building which would lead to improvements in service delivery.

- 4.11 These included a review of the works allocation between 'Programmed' (30 working day completion timescale) and 'Appointed' repairs categories (15 working day completion timescale).
- 4.12 Feedback from customers and front-line delivery teams had highlighted that some repair works instructed as 'Programmed' can lead to a frustrating customer journey. Primarily this is due to an inspection visit routinely being undertaken at the initial stage of this repair work when the customer has an expectation that a tradesperson is attending to complete the repair. This in turn led to additional visits to customers' homes and increasing the time taken to complete the repair. During the review inspectors fed back that there are a number of visits they carry out that are unnecessary, and the works could instead be passed "straight to trade" for completion.
- 4.13 At that time around 60% of non-emergency repair instructions that were being passed to City Building weekly were allocated as 'Programmed' repairs (30 working day completion target) and 40% as 'Appointed' repairs (15 working day completion target). Work has been carried out to analyse the work allocations between 'Programmed' and 'Appointed' repairs and realign the diagnostic and instruction arrangements, as well as the delivery resources, so that a higher proportion of repairs are instructed within the 'Appointed' category to:
- reduce the number of visits needed to customers' homes to complete repairs;
 - improve communication with customers around repair works; and
 - improve the customer experience and increase customer satisfaction.
- 4.14 Over time this will also lead to a reduction in the average timescale to complete non-emergency repair works.
- 4.15 A phased implementation plan to transition the City Building Repairs delivery service to a new trade based operation rather than geographical working arrangement for appointed repairs commenced in early February. Initially this was introduced in Wheatley Homes Glasgow repair works and the roll out of this model was completed in July. The effects of this change so far are:
- The balance of appointed to programmed repairs has shifted to the shorter timescale appointed category and is now 75:25;
 - A reduction in no access rates across main repair trades; and
 - plumbing was 10.03% now 4.17%
 - electrician was 4.11% now 2.66%
 - joiner was 5.99% now 3.92%
 - An increase in first time visit repairs from.
 - 74.25% to 90.79% for plumbers
 - 82.59% to 91.72% for electricians
 - 73.58% to 91.78% for joiners
- 4.16 Given the success of this new delivery arrangement it is now being rolled out across Loretto repairs. Plumbing and electrical trades have been incorporated into this new service delivery model in July with the joiner trades anticipated to transition across by the end of August. In relation to the service delivery issues highlighted in 4.9 above:

▪ **Availability of resources**

The trades resource available to undertake Loretto repairs work has now been widened to the full City Building Responsive Repairs team rather than the smaller grouping previously in place. This will result in more trades availability for Loretto repairs and should therefore lead to a reduction in repairs timescales.

▪ **Geography**

This enlarged team will provide better opportunities for planning and organising works in a way which reduces downtime through travel etc.

▪ **Materials**

Where repairs are unable to be completed at the first visit a debrief process will take place through the operational managers to determine the reason why. This process will be used to highlight any changes that are needed to van stocks or stores supplies in order to meet service demands. Where trades operatives attend a customer's home to carry out a repair and don't have the right parts available a courier arrangement will be used to get the parts needed to the trade so that the repair can be completed. Consideration is also being given to the use of localised stores arrangements (drop points) so that materials can easily be accessed/replenished.

- 4.17 It is fully expected that similar improvement levels to those achieved in Wheatley Homes Glasgow will also be delivered across Loretto repairs and it is expected that this will begin to be evident in the in-month average performance timescales for non-emergency repairs completed in October onwards. This will be noted in future performance updates provided to the Board.
- 4.18 To ensure that the anticipated improvements are delivered, we will monitor the effectiveness of this new working arrangement for appointed repairs, as well as monitoring no access rates and first time visit completions, we will also assess the impact on average completion timescales and customer satisfaction to ensure that this is having a positive effect.
- 4.19 To further build on this improvement, work has also now commenced on reviewing the delivery model for programmed repairs with the aims of:
- reducing this workstream further through continuing to reallocate works wherever possible to the shorter timescale appointed category;
 - reducing the need for inspections and instead passing works straight to trades; and
 - improving communication with customers around works planned, appointments and timescales.
- 4.20 Work is jointly underway with Loretto and City Building operational teams to inform the improvement plan needed for this workstream and to develop the specific actions and timescales for undertaking this work which we anticipate will be completed and rolled out fully by the end of 2024.

Customer engagement and insight

- 4.21 The Group Scrutiny Panel had selected repairs as the subject for its first thematic review which concluded in November 2023 and reported to Boards thereafter on their findings. The Panel had selected communications to be the focus of this review and as part of their work they scrutinised the end-to-end customer repairs journey, from the initial report through to completion.
- 4.22 In undertaking their fieldwork, the Panel visited the Customer First Centre and took the opportunity to meet with call handlers and managers, as well as meeting with the MyRepairs team to be updated on improvements that were being made. They also met with operatives from City Building to discuss operational practice.
- 4.23 The Panel then developed a final report which made recommendations on how we could improve the service and we undertook to continue to work with them over first half of 2024 to deliver these.
- 4.24 At an update meeting with the panel in June 2024 they expressed their support for the work that had been carried out on the agreed actions and looked forward to continuing to work jointly with us to continue to improve the service.

Damp, Mould and Condensation

- 4.25 Performance in relation to numbers of current cases and their status is included in the separate performance report to the Board.
- 4.26 At this time of year, given the improved weather conditions generally experienced case numbers generally reduce. Conversely, we would expect the case numbers to rise again in October/November as these factors are reversed.
- 4.27 In preparation for this we are currently considering proactive actions that we will look to take to help reduce the build-up of mould/condensation in our customers' homes over the winter period and which will include:
- identifying customers who have reported issues with damp and mould on 2 or more occasions this year. These customers will then be contacted to identify and put in place any supports that are needed;
 - a reminder of our 'See it, Report It' campaign will be issued to the frontline delivery teams to reiterate our messaging around the seriousness of damp and mould in tenants' homes and staff responsibility when in tenants' homes to identify and report immediately any issues relating to damp or mould to ensure we respond timeously.
- 4.28 Damp and mould cases will be monitored daily throughout the winter and resources adjusted accordingly to ensure we continue to meet our response timescales.

Demand and budget position

- 4.29 Levels of customer demand for repairs in 2024/25 have remained consistent with 2023/24.

- 4.30 The repair rather than renew principle implemented in 2023/24 has continued to help control costs in capitalised repairs spend. This principle is helping to control costs, however, capitalised repairs costs increased in Q1 to June 2024 due to the timing of a number of high value jobs being completed in the first quarter. The overall spend for the financial year is still expected to be in line with budget.
- 4.31 The 2024/25 Business Planning process had taken into account the run rates in responsive repairs, stock movement, inflation increases and also the control measures implemented during 2023/24. With the responsive repairs results for Q1 being within budget the forecast financial outturn for responsive repairs for 2024/25 has been kept in line with the budget.

5. Customer Engagement

- 5.1 We have carried out focus groups with customers to understand what kind of communication they would like to see from us in terms of repairs. Their feedback helped to shape the development of the Book It, Track It, Rate It app.
- 5.2 Following the roll out of this app to customers we have been able to develop our customer insight through direct feedback from customers in rating their experience.
- 5.3 As noted earlier the Group Scrutiny Panel identified the repairs service as one of its key priorities and have recently concluded a thematic exploration of our repairs service. The Group also reviewed the updated Group Repairs and Maintenance Policy Framework. The thematic group have welcomed the service improvements that have recently been completed or are underway and noted that the points of clarification they had made for the Policy Framework have been addressed.

6. Environmental and sustainability implications

- 6.1 Using the Dynamic Route scheduler (DRS) ensures trades operatives are not travelling unnecessarily thereby reducing and limiting CO2 emissions. This reduction is being supported further through the service improvement actions to reduce the number of visits needed to complete repairs.

7. Digital transformation alignment

- 7.1 Repairs are a key element of our digital transformation programme, ranging from Book It, Track It, Rate It, to our online services and the wider platforms we use to manage and deliver the service.
- 7.2 Our digital transformation programme is fully aligned and prioritised towards supporting the evolution and improvement of our repairs service.

8. Financial and value for money implications

- 8.1 The repairs improvement plan implemented will ensure there is an embedded process to deliver value for money to customers.

9. Legal, regulatory and charitable implications

- 9.1** There are no direct legal, regulatory or charitable implications arising from this report.

10. Risk Appetite and assessment

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

11. Equalities implications

- 11.1** Equalities impact assessments have been completed for the Repairs and Maintenance Policy Framework and the Managing Damp, Mould and Condensation Policy. These have identified a number of actions that are currently underway.

12. Key issues and conclusions

- 12.1** The repairs service is a key priority for our customers and a key driver of satisfaction. As noted previously, good progress has been made in improving our repairs service in the focus areas identified in the March 2023 report to the Board. Book It, Track it, Rate it has now implemented improving communication and providing excellent information and feedback. The MyRepairs team have also been established and are helping to manage and monitor more complex repairs. These improvements combined with the actions highlighted earlier in this report have seen a positive impact on the level of customer service and have slightly increased customer satisfaction as noted in 4.5 above.
- 12.2** We will continue to focus on continually evolving and improving our repairs service, considering customer feedback, insight and direct engagement with our Group Scrutiny Panel.
- 12.3** The demand for repairs, consistent with the wider sector across the UK, remains higher post-pandemic.

13. Recommendations

- 13.1 The Board is asked to:
- 1) note the progress with repairs service enhancements;
 - 2) note ongoing customer engagement to inform future service enhancements; and
 - 3) note the update on the repairs budget position for 2024/25.

LIST OF APPENDICES:

None.

Report

To: Loretto Housing Association Board

By: Laura Henderson, Managing Director

Approved by: Alan Glasgow, Group Managing Director of RSLs

Subject: Homelessness update

Date of Meeting: 19 August 2024

1. Purpose

- 1.1 This report provides an update on our progress towards the key commitments within our Homelessness Policy and highlights our contribution to preventing and alleviating homelessness across our footprint, including our response following the declaration of a housing emergency by the Scottish Government on 15 May 2024.

2. Authorising and strategic context

- 2.1 Our approach to homelessness, and the contribution we make in terms of social housing provision, are key strategic aims within our Strategy. The Homelessness Policy and the commitments within supports our strategic theme of 'Changing Lives and Communities'.

3. Background

- 3.1 Our first Homelessness Policy was developed in 2020 setting out our commitment to tackling and alleviating homelessness. It is a key contributor to the strategic aims within our Strategy and sets out how we will work with our customers and our key partners to reduce homelessness while creating balanced and peaceful neighbourhoods. The policy was developed and aligned with the Scottish Government's long-term strategy for tackling homelessness which is set out in the Ending Homelessness Together action plan. The action plan sets out how national and local government and third-sector partners will work together to end homelessness.
- 3.2 Since our last update to the Board in August 2023 we have seen a worsening national situation in relation to homelessness, culminating in eight local authorities declaring a housing emergency between June 2023 and June 2024, including three in our areas of operation, Glasgow, West Dunbartonshire and Argyll and Bute. This was followed by the Scottish Government announcing a national housing emergency on the 15th of May this year.
- 3.3 The Scottish Government cited unprecedented pressures including a sharp rise in the number of people presenting as homeless, a rise in the use of temporary

accommodation and an increase in the number of households living in temporary accommodation that breaches the unsuitable accommodation order.

- 3.4 More than 20,000 homeless applications were received across Scotland in the period April – September 2023. This represents a 3% increase compared to the same period in 2022. This varied greatly across local authorities.
- 3.5 In our largest areas of operation, Glasgow received 3,448 homeless applications in the first six months of 2023/24 which was an 11% increase from the same period in previous year. West Dunbartonshire experienced a 3% increase in the same period. We are expecting this trend to continue when the full year 2023/24 figures are published in the coming weeks.
- 3.6 Homelessness figures nationally are published six months retrospectively, but we know from our discussions with local authorities that homelessness figures continue to increase. As a result of the increase in homelessness applications there has been a surge in the number of individuals living in temporary accommodation.
- 3.7 In May 2024 there were approximately 3,700 households, equating to over 7000 individuals, residing in temporary accommodation including hotels and bed and breakfast accommodation in Glasgow, in West Dunbartonshire there were 274 households. As a direct result of the increasing number people presenting homeless there has been an increase in households being placed in temporary accommodation which breaches the unsuitable accommodation order. There is no indication that the upwards trend will reverse in the near future.
- 3.8 Prevention of homelessness, supporting the alleviation of homelessness and working with partners to respond to the housing emergency are key strategic objectives for us. The Homelessness Policy already reflects most of the actions being identified in draft emergency action plans.

4. Discussion

Homelessness and our policy commitments

- 4.1 The Homelessness Policy sets out our key commitments including that we will provide 50% of our available homes to homeless households, 60% in Glasgow and contribute to the overall Group aim to:
 - Let 10,000 homes to homeless households.
 - Create 500 Housing First tenancies.
 - Flip 500 homes from temporary to permanent accommodation.
- 4.2 Significant progress has been made in the first three years of implementing the policy and we are well on track to achieving the 5-year targets. At the end of July 2024, we have provided over 287 homes for homeless households.
- 4.3 Housing First is aimed at those who have multiple and complex needs. The Housing First approach ensures those with high support needs are allocated settled accommodation with intensive support. We are making good progress to the overall commitment and at the end of July we have housed 13 customers

across Glasgow and West Dunbartonshire. Wheatley Care continues to provide Housing First Support to customers across Glasgow with other third sector providers.

- 4.4 In addition to individual properties being leased Wheatley Care provide First Stop Accommodation at our Carlisle Road Service in South Lanarkshire. The service offers accommodation with support to approximately 250 people annually, they also operate a Complex Needs Service for people affected by homelessness from the Fordneuk base in Glasgow. This service supports up to 42 people at any one time and around 100 people per year.
- 4.5 Flipping of tenancies refers to the opportunity to convert or 'flip' temporary accommodation to a permanent home to reduce transitions for homeless households where the property is of the right size and in the right location. This is especially successful when families and individuals have been living in suitable temporary accommodation for a longer period, have settled in the community and feel happy in their home. We currently lease five properties to Glasgow and Renfrewshire for temporary accommodation. We are on track to meet this target with our contribution being one property flipped up to the end of July.
- 4.6 Our Homelessness Policy is more important than ever with the increasing demand and pressures on homelessness services. Local authorities are requesting a greater share of allocations of social rented homes to homeless households to reduce the pressure on temporary accommodation and demand on their homelessness services. We have always been a sector leader in terms of both the number and percentage of properties which we make available to homeless households.
- 4.7 We have reviewed our contribution taking into consideration and striking a balance between the growing need for more settled accommodation for homeless households and the demand on our waiting list. We have jointly committed to providing 1600 homes this year in Glasgow alongside Wheatley Homes Glasgow. Our total lets to homeless for 2024/25 up to end of July is 21.
- 4.8 During 2025 we will review our policy in preparation for launching a new Homelessness Policy to sit alongside our new strategy taking us beyond 2026. An interim review will ensure the policy reflects the current national pressures and the revised ask from our local authority partner.

Housing emergency response

- 4.9 Following the three Local Authorities we operate in declaring housing emergencies we have engaged with them and key stakeholders to ensure we are building on our strong relationship. Our response includes reviewing innovative approaches to free up larger family homes, actively flipping temporary accommodation to permanent homes, developing our housing first approach further, and ensuring key components that can impact our response such as void management are managed robustly.
- 4.10 We are currently exploring with Glasgow City Council (GCC) opportunities to repurpose/and or bring back into use office accommodation and buildings that require redesigned such as non-standard let properties. We will take any learning from this for other possible opportunities in other local authority areas.

- 4.11 In the last year we have expanded our Housing First approach in Glasgow, working in partnership with GCC and support provider Rock Trust to develop the Housing First for Youth project. Using our experience and learning from adult Housing First to shape a new model for care experienced young people who often experience homelessness. West Dunbartonshire Council have also indicated that they have capacity to support more Housing First customers. Where we have turnover in the areas required, we will work closely with them to identify suitable properties.
- 4.12 Effective void management has always been a priority for us and our performance on void turnaround is considerably better than the Scottish average. Last year, we achieved an average of under 11 days to relet a property. We are currently awaiting publication of the 2023-24 ARC return. However, in 2022-23 landlords across Scotland reported an average of 56 days to relet a property. Strong void performance supports a rapid rehousing approach. Across our local authority areas this supports us to settle over 62% of homeless applicants in their new homes within six weeks of referral.
- 4.13 We know that a number of our tenants are living in homes that are larger than they require (for example an elderly tenant whose family have left home, and they are now residing alone in a three-bedroom property). GCC relaunched its downsizing incentive scheme in early 2024 to remove barriers that can prevent people from moving such as the cost of removals. We are currently identifying any tenants who have applied for rehousing and are under occupying their homes to ask if they wish to participate in the scheme. We will utilise existing provisions within our Housing Information Advice and letting Framework to facilitate the move. Once the larger home becomes available this is then passed to the local authority to allocate to a homeless family who require a larger family home. We will use the learning from this to inform discussions with our other Local Authority partners where this is a need for larger homes.

Housing Bill and prevention of homelessness

- 4.14 While there are significant pressures on homelessness services, the Scottish Government is still committed to progressing the new Housing Bill which was published on 27th March 2024. One element of the new bill has a direct impact on homelessness and will introduce an 'ask and act' duty on social landlords and bodies such as the health board and police to ask about a person's housing situation to avoid them becoming homeless wherever possible.
- 4.15 We already undertake significant prevention of homelessness activity and build this into our business-as-usual activities such as rent arrears management and response to antisocial behaviour. We utilise a range of wraparound support services from our Welfare Benefit Advisors to Home Comforts service to support our customers to remain in their homes.
- 4.16 We do not foresee any significant impact in relation to our current practice and the implementation of 'ask and act'. The Housing Bill is currently at stage 1 in the Scottish Parliament. It is expected stage 1 will conclude by the end of November 2024 before progressing through parliament.
- 4.17 In the last year we have relaunched our furnished lets service. Our new service offers flexibility in the packages we can offer and is often more substantial than

the service customers can access via Scottish Welfare Fund (SWF) applications. For example, underlay is often not included with flooring provided by the Scottish Welfare Fund, we offer this as standard. Our relaunch and expansion of the service has come at a time when SWF budgets are particularly stretched. We will be reviewing customer feedback on the new service offering later this year to look at ways we can continue to develop and improve the service. Having a flexible, substantial furnished lets service supports more rapid rehousing of individuals who may not have the financial resource to set up a home. One of our customers who recently accessed the new service told us 'the furniture and flooring package has allowed me to have my young son over to my flat and stay over, this was something my partner would not allow before as I had not flooring and was sleeping on a blow up mattress'.

- 4.18 We adopt a holistic approach to the prevention of homelessness and actively work with our customers and partners to prevent homelessness where possible. We are fortunate that we can draw down on a range of wraparound supports including utilising our allocation policy; maximising customer income and offering job and training opportunities through the Foundation. This is reflected in our tenancy sustainment remaining high at 94.63% for homeless customers last year.

5. Customer Engagement

- 5.1 Over the last year we launched our digital feedback tool MyVoice for allocations. This provides real time feedback from customers on their satisfaction with the allocations process. We are pleased to note that our customer satisfaction score has remained consistently high throughout the year. The current average score is 4.7, with 77% of customers scoring 5 out of 5. Over the next year we will work to segment this data further into different applicant profiles and determine any improvements we can make broadly and specifically in supporting customers who have previously been homeless.
- 5.2 Our Letting & Homeless team have supported several face-to-face customer engagement events. These have included but are not limited to working with the Scottish Government and wider stakeholders to attend sessions at Ukrainian Welcome Hub accommodation to raise awareness of housing options.
- 5.3 We are currently undertaking a joint research project with the Scottish Federation of Housing Associations (SHFA) on experience of applicants and staff working in allocations across Scotland. We have engaged with customers and promoted the opportunity to participate in the research across our social media channels. Following individual interviews, we are scheduled to launch the staff experience survey around September and will publish the findings later this year.

6. Environmental and sustainability implications

- 6.1 There are no direct environmental and sustainability implications from this update.

7. Digital transformation alignment

- 7.1 Our allocations service MyHousing is a fully digital customer service. Support is available face-to-face for prospective tenants who may need assistance to complete a housing application.

8. Financial and value for money implications

- 8.1 We will continue to explore all available funding opportunities to maximise our contribution to homes for homelessness.

9. Legal, regulatory and charitable implications

- 9.1 Registered Social Landlords have a legal duty to assist local authorities in their homelessness duties. We are also required to report on a range of related indicators in the Annual Return on the Charter.

10. Risk Appetite and assessment

- 10.1 Our agreed risk appetite in relation to making the most of our homes and assets and increasing the supply of new homes is Open. This level of risk tolerance is defined as willing to choose options that are most likely to result in successful delivery while also providing an acceptable level of risk / reward.
- 10.2 The approach set out in the paper has considered the wider impact that providing increased housing for homeless households will have on our other waiting and transfer list customers. Our letting forecast is reviewed annually to take account of this.

11. Equalities implications

- 11.1 An Equalities Impact Assessment has been carried out for the Homelessness Policy. This assessment reviewed the impact of actions against the protected characteristics identified in equalities legislation. It showed that the Policy will have a positive or neutral impact on all characteristics.
- 11.2 We now report on equalities information anonymously from our MyHousing housing lists which includes homeless customers.

12. Key issues and conclusions

- 12.1 We are a strong contributor to the national objective of alleviating homelessness.
- 12.2 We are on track to support the delivery of the key Homelessness Policy commitments, at the end of July we have let over 287 for homeless households, flipped one property from temporary to permanent accommodation and provided 13 Housing First homes.
- 12.3 Following the recent Scottish Government declaration of a national housing emergency we are working closely with key stakeholders and local authority to respond to this. Part of our response includes reviewing our contribution to homeless allocations this year.
- 12.4 As the new Housing Bill progresses through parliament, we will closely monitor this to ensure we are fully compliant when it finally comes into force.

- 12.5 The Homelessness Policy will be updated to reflect the revised ask and commitment to homeless lets this year and preparation will begin for the new Homelessness Policy that sits alongside the new Strategy and will take us beyond 2026.

13. Recommendations

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

LIST OF APPENDICES:

None

Report

To: Loretto Housing Board

By: Laura Henderson, Managing Director

Approved by: Alan Glasgow, Group Managing Director of RSLs

Subject: Performance Report

Date of Meeting: 19 August 2024

1. Purpose

- 1.1 This report presents an update on performance delivery against targets and strategic projects for 2024/25 to the end of Quarter 1.

2. Authorising and strategic context

- 2.1 Under our Terms of Reference, the Board is responsible for monitoring performance against agreed targets.
- 2.2 We measure progress with the implementation of our five-year strategy via the Group Performance Management Framework ("PMF"). Given the need to remain agile and flexible through the life of the strategy our PMF is subject to annual review.
- 2.3 The Group Board agreed an updated programme of strategic projects and performance measures and targets at its meeting in April 2024. Our Board subsequently agreed our own specific performance measures and targets at its meeting on 20 May 2024.

3. Background

- 3.1 This report outlines our performance against targets and strategic projects for 2024/25. Unless specified otherwise, results for all measures are based on year-to-date figures.
- 3.2 This includes progress with those measures that will be reportable to the Scottish Housing Regulator ("SHR") as part of the Annual Return on the Charter 2024/25.
- 3.3 We refer to available benchmarks, taken from Scotland's Housing Network ("SHN") member averages 2023/24. These averages are based on 119 Registered Social Landlords ("RSL") and Local Authority ("LA") SHN member responses, shared voluntarily. The SHR will publish Scottish averages for 2023/24 in late August 2024.

- 3.4 To reflect our differing rent billing cycles, financial rent-based measures in Appendix 1 continue to report legacy properties as “Loretto A” and former Cube properties that transferred in August 2021 as “Loretto B”. The main body of the report uses combined “Loretto C” figures.

4. Discussion

- 4.1 The following sections present a summary of key measures and strategic projects. Strategic measures can be found in Appendix 1 and Strategic projects are found in Appendix 2.



Delivering Exceptional Customer Experience

Customer First Centre

- 4.2 Year-to-date results as of the end of quarter 1 for our core CFC measures are presented in Table 1:

Table 1

Measure	2024/25		
	Value YTD	Target	Status
Loretto - CSAT score (customer satisfaction)	4.4	4.5	
Loretto - Call abandonment rate	4.55%	5%	
Loretto - Call abandonment rate - those waited over 30secs and abandoned	3.3%	4%	
Group - % of contacts to CFC resolved within CFC	87.68%	93%	

- 4.3 Customer satisfaction with the CFC (known as CFC CSAT) remains the key measure, ensuring we place our customers’ voices at the heart of performance management. Our overall CFC CSAT score was 4.4 at the end of quarter 1, an increase from 4.3 at the end of quarter 4.
- 4.4 The call abandonment rate for our customers has improved during quarter 1 to 4.55%, from 5.33% in quarter 4, and is now better than the 5% target. The call abandonment rate after 30 seconds, whereby our customers waited over 30 seconds and then abandoned their call, better represents the aspect of the service that may be in the CFC’s control. This improves to 3.3%, against a 4% target.
- 4.5 The percentage of contacts to the CFC resolved within the CFC, without the need to be passed to either Housing Teams or MyRepairs, was 87.68% at the end of quarter 1. This includes resolution on the phone, with specialist teams and via digital contact.
- 4.6 With a move to a geographic approach within the CFC, a team will be aligned to Loretto from September, answering calls between core hours of 8am - 6pm. Along with a designated Housing Specialist, this will help to build local knowledge and relationships, which we anticipate will reduce the need for cases to be raised or passed to the local housing team.

Tenancy Sustainment

- 4.7 Tenancy Sustainment is a measure of new tenancies commenced in the previous reporting year where the customer remains in their home for more than a year. As well as new customers benefiting from remaining in their tenancy for longer, improvement in this measure reduces lost rent.
- 4.8 We continue to support our new customers to sustain their tenancies and to deliver strong performance in the Charter measure and our revised indicator (which excludes deaths and transfers to other homes in the Group).
- 4.9 We consistently exceed the target for both these measures. Our performance is better than the SHN member average of 91.11% for 2023/24.

Table 2

Tenancy Sustainment	Charter – All lets	2024/25 Target Charter	Charter – Homeless Lets	Revised	2024/25 Target Revised
Loretto	94.02%	90%	94.63%	94.44%	91%

Allocations CSAT

- 4.10 Our Allocations MyVoice survey commenced on 1 August 2023 to measure our customers' satisfaction with the process of getting their new home. Satisfaction from this date to 30 June 2024 is high with a score of 4.7 against a target of 4.5.

Table 3

Allocations CSAT	2024/25 – Rolling year	2024/25 Target
Loretto	4.7	4.5



Making the Most of Our Homes and Assets

New Build Programme

- 4.11 Our target is to deliver 48 new social homes in 2023/24. Year to date to the end of Q1 we had no handovers profiled or handed over. Work however continues on our pipeline.
- 4.12 The offer of grant for Bank Street in Coatbridge was issued on 20 June 2024 and we are now in the process of collating the acquisition and build contract documentation, with a target site start in August 2024.
- 4.13 The planning approval for Forfar Avenue in Glasgow was issued on 24 June 2024.

Volume of Emergency Repairs

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

- 4.15 Emergency repair numbers are 106 more than the same point in 2023/24, a variance of 11.95%. This is above target. For context, 993 emergency repairs in 2024/25 is 29.23% of all responsive repairs completed and compares to 24.52% at the same point last year.



Table 4

Completed emergency repairs	YTD 23/24	YTD 24/25	Variance
Loretto	887	993	11.95%

Repairs Timescales and Right First Time

- 4.16 Our average time taken for emergency repairs is 2.87 hours at the end of Q1, within the 3-hour target. This is an improvement on 3.07 in 2023/24 and compares favourably with the SHN member average of 3.74 hours.
- 4.17 The table below also shows the average time taken for non-emergency repairs at 10.36 days, above this year's target of 7.5 days. This is an increase on our average for 2023/24 of 8.61 days and above the SHN member average of 8.71 days. Performance improved month on month during Q1 and this has continued into Q2. We completed non-emergency repairs in an average of 5.30 days in July, bringing the year-to-date position at the end of July to 9.35 days. The work to improve this measure is provided in the separate repairs update to the Board.

Table 5

Repairs completion timescales (Charter)	Emergency (hours)		Non-emergency (days)	
	Target	YTD Value	Target	YTD Value
Loretto	3.00	2.87 	7.5	10.36 

- 4.18 Right first-time performance to the end of Q1 is at 86.38%. This remains below the 90% target and the position reported last year (89.92%), yet has improved month on month during Q1.

Table 6

Percentage of repairs right first time (Charter)	2023/24	2024/25 YTD	Target	
Loretto	89.92%	86.38%	90%	

Rate It

- 4.19 Our 'Book It, Track It, Rate It' app aims to improve visibility and communication during the repair journey. The 'Rate It' element was launched in June last year, providing an opportunity for customer feedback on repair appointments.
- 4.20 Year to date this quarter, our Rate It score is 4.5/5 (from 255 responses, representing 10.83% of the feedback links generated to all customers with contact information).

Responsive repairs: Damp and mould

- 4.21 We continue to monitor repairs in relation to mould, with updates provided to help facilitate greater scrutiny over these types of repairs. The CFC raises every job related to damp, mould, condensation or rot as a mould inspection line.

- 4.22 We have attended 85.7% of mould inspections within 2 working days in quarter 1. The table below details the inspections with category of severity. We have had no severe cases.

Table 7


Inspection completed	Category			
	No Mould Found	3 (mild)	2 (moderate)	1 (severe)
109	24	84	1	0

- 4.23 In this quarter, 59.3% of remedial mould repairs were completed within 15 working days this was mainly due to resourcing, which has now been resolved, and access issues. In June, in month performance improved to 81.6%, with an average time of 10 days to complete.
- 4.24 At 1 Aug 2024 we had only three live inspections. At the same date, we had 17 live remedial repairs of which none were overdue against the 15 day target.

Medical Adaptations

- 4.25 Time to complete medical adaptations remains well within the 25-day target year to date, with the average days to complete at 16.89 compared to 18.09 last year. We have completed 18 adaptations year to date and have 6 household waiting.

Table 8

Medical Adaptations (Charter)	Current Households Waiting	Number Completed YTD	Average Days to Complete YTD	Target
Loretto	6	18	16.89	25 

Gas Safety

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

Compliance

- 4.27 We have made good progress in the first quarter of the year. All of our relevant properties (51) are compliant with Legionella assessment requirements. All safety checks have been completed on passenger and domestic lifts.
- 4.28 We are making excellent progress with inspections of electircal installation certificates due to expire before 31 March 2025, with 82.38% already complete. At the end of Q1, we however had 3 properties without a valid EICR. This has since reduced to one, with this progressing to legal action for access.

Health and Safety

- 4.29 In 2023/24, we did not have any RIDDORs reported and this year we continue with that positive position of no reportable incidents..

- 4.30 We also have no Health and Safety Executive or local authority environmental team interventions this year, the same position that we have maintained since the measure started in 2021.
- 4.31 We have received no new employee liability claims during quarter 1, with none received in 2023/24.

Workplace Fires

- 4.32 We have not had any workplace fires in quarter 1 and have not recorded any since the measure started in 2021.



Changing Lives and Communities

Peaceful Neighbourhoods

- 4.33 The number of tenancies categorised as Peaceful across the Group increased slightly from 76.16% at the end of 2023/24 to 76.35% this quarter. We also continue to perform better than the target of 75%.

Anti-Social Behaviour (ASB) Resolved

- 4.34 By the end of quarter one, the resolution rate for Loretto ASB cases was 98.84%, just below the target of 100%.

Table 9

ASB Resolution Rate	YTD	2024/25 Target
Loretto	98.84%	100%

- 4.35 ASB resolution and timescales remain a strong performance focus over the coming periods.

Repeat Anti-Social Behaviour cases – number of repeat addresses

- 4.36 Year-to-date to June, ASB was recorded at 13 repeat addresses within Loretto. While this is an increase compared to the baseline performance of June 2022 (3 repeat addresses), it should be noted that an increase in case numbers was anticipated this year. Our new Safer Communities system provides more accurate address details on which to base this measure and we now have a designated Antisocial Behaviour Intervention and Prevention (ASBIP) officer.

Accidental Dwelling Fires

- 4.37 Year to date to June, we have had no accidental dwelling fires. We had only 1 during 2023/24, a reduction from 6 in 2022/23. This provides an encouraging start to 2024/25.

Table 10

Number of recorded accidental dwelling fires	2024/25 YTD	2023/24
Loretto	0	1

- 4.38 This contributes towards a Group Strategic result to reduce RSL accidental dwelling fires (ADFs) by 10% by 2025/26, against the baseline of 210 ADFs in 2020/21. We achieved this target in each year of the strategy to 2023/24.
- 4.39 Our additional strategy measure aims to ensure 100% of applicable properties have a current fire risk assessment in place. This continues to be achieved.

Table 11

Fire Risk Assessments	2023/24 YTD	Target
The percentage of relevant premises - HMOs that have a current fire risk assessment in place	100%	100%

Reducing Homelessness

- 4.40 We have provided 21 homes to homeless households this year to date to June. Our percentage of relevant lets made to homeless applicants in the first quarter is just under the 50% commitment at 48.15% (relevant lets exclude mutual exchange, transfers and LivingWell lets for which we are limited to let to homeless applicants).

Table 12

Reducing Homelessness	2024/25 Number of lets to homeless applicants (ARC) - YTD	2023/24 Number of lets to homeless applicants (ARC) – full year
Loretto	21	99

NETS CSAT (Ad-hoc)

- 4.41 Our NETs MyVoice survey commenced in October 2023 to measure our customers' satisfaction with an ad-hoc service they requested, such as bulk uplift, tree work or weeding. Satisfaction from this date to 30 June 2024 is 4.0 against a target of 4.3.
- 4.42 Feedback from the surveys is regularly reviewed to identify service improvements. During quarter 1, this identified that for some customers the point at which an ad-hoc request had successfully been completed was not always clear. In turn, our NETs have developed a calling card, now left with the customer at the time the ad-hoc request has been completed. We expect that this will help improve visibility and thus our NETs CSAT score.

Table 13







NETs CSAT (Ad-hoc)	2024/25 – Rolling year	2024/25 Target
Loretto	4.0	4.3

Jobs and Opportunities

- 4.43 25 children and young people from Loretto homes and communities have been supported in quarter one through the Imagination Library and the Click & Connect Youth Access sessions.
- 4.44 To the end of June, the Wheatley Works staff have supported two training and employment opportunities for people in Loretto homes and communities including Changing Lives and IT and Cyber security training delivered by Generation UK.

- 4.45 Over 120 people from our homes and communities accessed support to alleviate the impacts of poverty. This includes 20 households being supported with their rent and nearly 80 being referred for Welfare Benefits Advice.

Table 14

Indicator	Target (YTD)	Current Performance YTD	2023/24
Loretto - Number of children and young people benefiting from targeted Foundation programmes in Wheatley Communities	19	25 	42 
Loretto - Total number of jobs, training places or apprenticeships created for customers and communities	1	2 	14 
Loretto - Number of people accessing services which help alleviate poverty in Wheatley Communities	72	121 	371 





Developing our Shared Capability

Sickness Absence

- 4.46 We are currently outperforming the 3% sickness target at 0.22% year to date. This is a slight decrease from the position at the end of 2023/24 (0.45%).

Table 15

Sickness Rate	Target	2024/25 YTD	2023/24
Loretto	3%	0.22% 	0.45% 

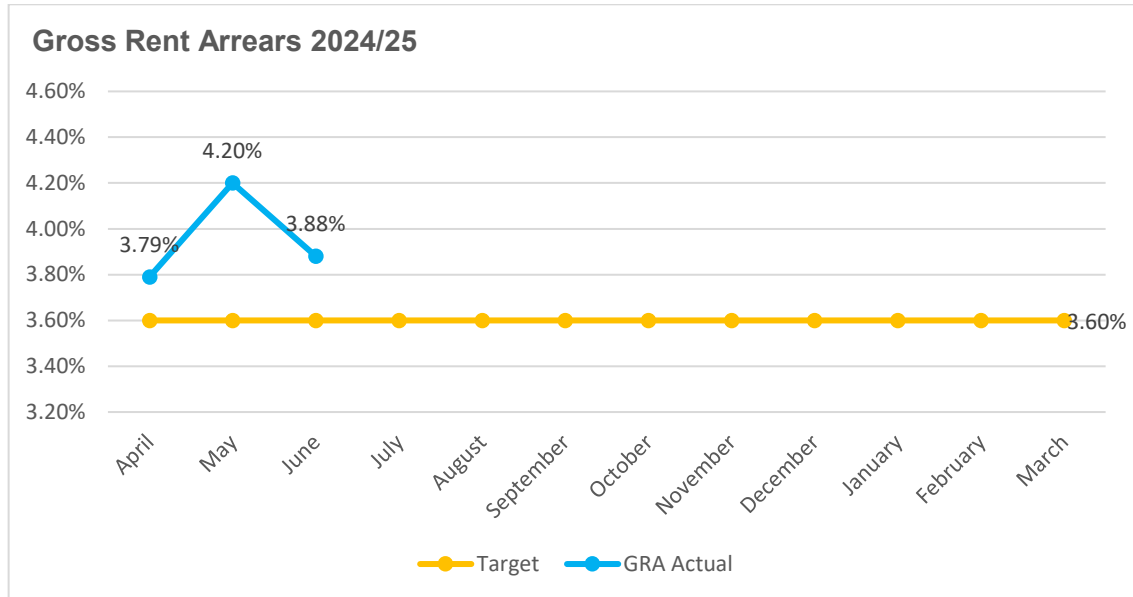
- 4.47 The main reason for absence in Q1 was Minor Illness – accounting for 100% of all absence in Q1.
- 4.48 Employee Relations are continuing to audit short-term sickness to check that all available support is being offered and that, where appropriate, formal sickness absence management processes are being applied. This will be supported by refresher training for managers. The ER team has also been realigned and a dedicated team focusing on absence has been created.
- 4.49 Further assistance for staff members experiencing issues and managers supporting staff members was provided in Q1 via a variety of workshops including Supporting Staff Through Bereavement, Financial Wellbeing and Stress & Anxiety workshops.
- 4.50 These workshops will run throughout 2024 and will complement existing support services for stress and anxiety offered through our Employee Assistance Provider, our bespoke counselling services and through e-learning modules.
- 4.51 Wellbeing workshops focusing on health and wellbeing from a preventative approach / early awareness also took place in Q1.



Enabling our Ambitions

Gross Rent Arrears

Chart 1



- 4.52 Our GRA at the end of Q1 is 3.88%, only 0.02 percentage points above where we anticipated to be at this time of year. We continue as the best performing RSL in the Group. The SHN member average for 2023/24 has shown an increase to 7.17% compared to the SHR average of 6.9% in 2022/23. We continue to outperform these benchmarks.
- 4.53 The spike in May was due to a delay in us receiving the East Dunbartonshire Housing Benefit schedule that was received late in June.

Average Days to Re-Let (Charter)

- 4.54 Our average days to re-let at 15.57 days for the year-to-date is higher than at year end, however remains better than our 16-day target. The SHN member average of 58.4 days for 2023/24 has shown an increase from the SHR average of 55.6 days in 2022/23. We continue to surpass these comparators.

Table 16

Average days to re-let (Charter)	2024/25 YTD	2024/25 Target	2023/24 Results	Charter revised YTD (no meter amendments)
Loretto	15.57	16	10.87	15.57

- 4.55 The table above now also includes re-letting times with no meter amendments, shown as Charter revised. We have had no meter amendments this quarter.

Invoice Payments

- 4.56 Year-to-date, 95.21% of invoices were paid in 30 days or fewer in quarter one, an increase from the end of 2023/24 (93.57%).

Procurement

- 4.57 By the end of quarter one, 99.54% of contracted expenditure was compliant with procurement rules, about the same as the end of 2023/24 (99.56%).



Summary of Strategic Project Delivery

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

Table 17

Complete	On track	Slippage	Overdue
0	5	0	0

- 4.59 All projects are currently on track and no projects completed during Q1.

5. Customer engagement

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

6. Environmental and sustainability implications

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

7. Digital transformation alignment

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

8. Financial and value for money implications

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

9. Legal, regulatory and charitable implications

- 9.1 The Scottish Housing Regulator requires an Annual Return on the Charter from each RSL. Key indicators within this return are also included in quarterly performance reporting.
- 9.2 We are also required to involve tenants in the scrutiny of performance, which we do through the Group Scrutiny Panel, and to report to tenants on performance by the end of October each year.
- 9.3 The Group Scrutiny Panel consider performance quarterly and will contribute to our report to tenants during quarter 2.

10. Risk appetite and assessment

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

11. Equalities implications

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

12. Key Issues and conclusions

- 12.1 We have strong performance against our targets for 2024/25 in several key areas including tenancy sustainment, allocations CSAT score, emergency repair timescales, medical adaptation completion timescales, number of people accessing services to help alleviate poverty, sickness absence and re-letting times. Average time to complete non-emergency repairs and arrears remain areas of key focus.

13. Recommendations

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








LIST OF APPENDICES:

Appendix 1: Strategic Measures Dashboard















Appendix 2: Strategic Projects Dashboard

Appendix 1 - Loretto Housing Board - Delivery Plan 24/25 - Strategic Measures

1. Delivering Exceptional Customer Experience







	2023/24	YTD 2024/25		
Measure	2023	2024		
	Value	Value	Target	Status
% new tenancies sustained for more than a year - overall	93.88%	94.02%	90%	
% new tenancies sustained for more than a year - homeless	94.55%	94.63%	Contextual	
% new tenancies sustained for more than a year - revised	94.52%	94.44%	91%	
Group - % of contacts to CFC resolved within CFC	NEW	87.68%	93%	
CFC CSAT	4.3	4.4	4.5	
Abandonment Rate	5.33%	4.55%	5%	
Call abandonment rate after 30 secs	NEW	3.3%	4%	
Allocations CSAT	4.7	4.7	4.5	

2. Making the Most of Our Homes and Assets

	2023/24	YTD 2024/25		
Measure	2023	2024		
	Value	Value	Target	Status
Reduce the volume of emergency repairs by 10% by 2025/26 (target -3.5% for 2024/25)	Apr to Jun 23/24 – 887	993	11.95%	
Average time taken to complete emergency repairs (hours) – make safe	3.07	2.87	3	
Average time taken to complete non-emergency repairs (working days)	8.61	10.36	7.5	
% reactive repairs completed right first time	89.92%	86.38%	90%	
Number of gas safety checks not met	0	0	0	
Average time to complete approved applications for medical adaptations (calendar days)	18.09	16.89	25	
Legionella - percentage of applicable properties with a valid risk assessment in place	100%	100%	100%	
Percentage of EICR certificates due to expire by end of financial year now renewed	100%	82.38%	100%	
Percentage of properties with an EICR certificate up to 5 years old	99.89%	99.89%	100%	
Percentage of domestic stair and through floor lifts with valid safety inspection	100%	100%	100%	
Percentage of passenger lifts with a valid safety inspection	100%	100%	100%	
New build completions - Social Housing	24	0	0	
Number of RIDDOR	0	0	Contextual	
Number of HSE or LA environmental team interventions	0	0	0	
Number of accidental fires in workplace	0	0	0	
Number of accidental dwelling fires recorded by Scottish Fire and Rescue	1	0	Contextual	
Group - Number of open employee liability claims	13	9	Contextual	

	2023/24	YTD 2024/25		
Measure	2023	2024		
	Value	Value	Target	Status
Group - Number of days lost due to work related accidents	649	117	Contextual	
Number of new employee liability claims received	0	0	Contextual	

3. Changing Lives and Communities

	2023/24	YTD 2024/25		
Measure	2023	2024		
	Value	Value	Target	Status
% ASB resolved	100%	98.84%	100%	
Number of lets to homeless applicants	99	21	Contextual	
% Lets Homeless Applicants - overall	62.26%	56.76%	Contextual	
% Relevant lets to Homeless Applicants	60.2%	48.15%	Contextual	
Group - Percentage of Community Benefit job and training opportunities arising through the spend associated with new home construction and our investment programme that have been secured by Wheatley customers	45.58%	-	30%	
Group - % planned jobs, training places or apprenticeships created which are secured by our customers	72.57%	50.65%	50%	
Total number of jobs, training places or apprenticeships created for customers and communities	14	2	1	
Number of children and young people benefiting from targeted Foundation programmes in Wheatley Communities	42	25	19	
Number of people accessing services which help alleviate poverty in Wheatley Communities	371	121	72	
NETS CSAT (Ad-hoc)	3.7	4.0	4.3	



	2023/24	YTD 2024/25		
Measure	2023	2024		
	Value	Value	Target	Status
Group - % of our customers live in neighbourhoods categorised as peaceful	76.16%	76.35%	75%	✓
Group - The percentage of HMOs that have a current fire risk assessment in place	100%	100%	100%	✓
Group RSLs - Number of accidental dwelling fires (reduce by 10% by 2025/26) (Upper limit 195 for 2024/25)	121	18	195	✓

4. Developing Our Shared Capacity


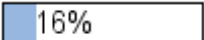

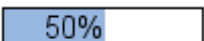
	2023/24	YTD 2024/25		
Measure	2023	2024		
	Value	Value	Target	Status
Sickness Rate	0.45%	0.22%	3%	✓


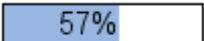

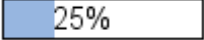
5. Enabling Our Ambitions


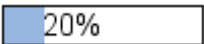
	2023/24	YTD 2024/25		
Measure	2023	2024		
	Value	Value	Target	Status
% lettable houses that became vacant	5.52%	6.13%	8%	✓
Average time to re-let properties	10.87	15.57	16	✓
Loretto C - Gross rent arrears (all tenants) as a % of rent due	3.67%	3.88%	3.6%	⚠
Loretto A - Gross rent arrears (all tenants) as a % of rent due	4.07%	4.24%	Contextual	

	2023/24	YTD 2024/25		
Measure	2023	2024		
	Value	Value	Target	Status
Loretto B - Gross rent arrears (all tenants) as a % of rent due	3.12%	3.39%	Contextual	
% of payments made within the reporting period which were paid in 30 days or fewer (from the date the business receives a valid invoice)	93.57%	95.21%	96%	
% of contracted expenditure compliant with procurement rules	99.56%	99.54%	99%	

Appendix 2 - Loretto Housing Board - Delivery Plan 24/25 - Strategic Projects

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
Defining and agreeing our approach to vulnerability and personalised services	31-Mar-2025			01. Vulnerability strategy and plan developed	30-Jun-2024	Yes	Project is on track with a strategy in draft. Customer engagement sessions are being planned to take place during August 2024.
				02. Customer engagement concluded	31-Aug-2024	No	
				03. Board approval of strategy and implementation plan	30-Sep-2024	No	
				04. Implementation plan commenced	31-Oct-2024	No	
				05. Update to Board on implementation	31-Mar-2025	No	
				06. Review and refine plan phase 2	31-Mar-2025	No	
Customer insight driven services	30-Sep-2024			01. Agree the top 3 priority areas for customer journey mapping based on analysis of customer insight on key satisfaction drivers	31-May-2024	Yes	Project is on track. The pulse survey programme commenced in June. Work also commenced in July with Vanguard and the relevant project teams on two CJMs and complaints analysis, following an introductory session on systems thinking held on the 5th of July.
				02. Agree our pulse and thematic survey programme	31-May-2024	Yes	
				03. Undertake customer journey mapping, including through direct engagement with customers	31-Aug-2024	No	
				04. Group Executive team agree service, process and technology changes required to improve the customer	30-Sep-2024	No	

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				journey and respond to the pulse survey findings			
Asset strategy	28-Feb-2025			01. Asset strategy featured as a key theme in Group partner Board strategy workshops	31-May-2024	Yes	The Group Board approved the Asset Strategy at its June meeting. Approval followed engagement with partner Boards and customers on investment drivers and priorities. Work is on-going to realise the direction set in the Asset Strategy through Asset Management Plans for each applicable Group partner.
				02. Customer and staff engagement session	31-May-2024	Yes	
				03. Internal review and sign-off	31-May-2024	Yes	
				04. Group Board approval of Group Asset Management strategy	30-Jun-2024	Yes	
				05. Group partner asset management plans approved	30-Sep-2024	No	
				06. Staff launch of group asset management strategy and group partner asset management plans	31-Oct-2024	No	
				07. Agreed approach through strategy informs 2025 investment plans	28-Feb-2025	No	
Develop a data and technology enabled approach to managing and monitoring building compliance	31-Dec-2024			01. Review our existing compliance cycles, data management, integration and management information arrangements	31-Jul-2024	Yes	Work is progressing to plan. Existing cycles, integration and MI has been reviewed across key compliances areas for each group partner. Work will now continue to summarise and present findings, which will support development of our
				02. Build our future building compliance model including desired compliance cycles, key data, data flows, degree of integration, required management information and	31-Oct-2024	No	

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				desired customer touchpoints and functionality			desired future compliance model.
				03. Undertake a gap analysis and options appraisal including costs and benefits of the change between current arrangement and desired future model	30-Nov-2024	No	
				04. Develop detailed implementation proposal and plan and update Executive Team including on timescales and anticipated benefits	31-Dec-2024	No	
Improving and evolving our multi-channel customer first centre	28-Feb-2025			01. Customer Engagement on service improvement opportunities via Stronger Voices team	30-Jun-2024	Yes	Customer engagement sessions went ahead on 4th July, 1 face to face and 1 via Teams. Positive feedback received from all who attended and wish to engage with us going forward. Significant progress has been made with the implementation of geographical teams. Both Lowther and WHE are now operational. We are currently conducting a thorough analysis of WHG to determine the most effective strategy for managing the subsidiary's size and scale.
				02. Agree approach and workplan for geographical subsidiary service delivery	31-Jul-2024	No	
				03. Pilot customer call transcription and automated quality assurance	31-Oct-2024	No	
				04. Scope and develop an approach for automation of identification and verification (IDV)	31-Dec-2024	No	
				05. Year 1 update of the Executive Team including customer feedback and Year 2 enhancement plan	28-Feb-2025	No	

Report

To: Loretto Housing Association Board

By: Lyndsay Brown, Director of Financial Reporting

Approved by: Pauline Turnock, Group Director of Finance

Subject: Finance Report to 30 June 2024

Date of Meeting: 19 August 2024

1. Purpose

- 1.1 The purpose of this report is to provide the Loretto board with:
- An overview of the management accounts for the period to 30 June 2024 and Q1 forecast.

2. Authorising and strategic context

- 2.1 Under the terms of the Intra-Group Agreement between Loretto Housing and the Wheatley Group, as well as the Terms of Reference, the Loretto Board is responsible for the on-going monitoring of performance against agreed targets. This includes the on-going performance of its finances.

3. Background

3.1 Financial performance

The results for the period to 30 June 2024 are summarised below.

	Year to Date (Period 3)		
	Actual £000	Budget £000	Variance £000
Turnover	4,216	4,194	22
Operating expenditure	(4,043)	(4,085)	42
Operating surplus	173	109	64
<i>Operating margin</i>	<i>4.1%</i>	<i>2.6%</i>	<i>1.5%</i>
Net interest payable	(910)	(968)	58
Deficit	(737)	(859)	122
Net Capital Expenditure	4,112	2,663	(1,449)

4. Discussion

4.1 Period to 30 June 2024

A statutory deficit of £737k has been reported for the period to 30 June 2024, which is £122k favourable to budget with the main drivers being the favourable position on void losses, operating costs and interest payable.

Key points to note:

- Within income, a year-to-date void rate of 1.87% is reported compared to the budgeted rate of 2.5%;
- In operating costs, total costs are £42k favourable to budget with lower running costs and a favourable bad debt position;
 - Total running costs are £28k favourable to budget, linked to the timing of direct spend compared to budget at this point in the year and lower group recharges due to several departments currently reporting lower costs across Wheatley Solutions; and
 - Revenue repairs and maintenance spend is £6k higher than budget with responsive repairs reporting a small favourable variable, which is offset by higher spend on compliance costs due to the timing of the programme. Completed jobs are broadly in line with the same period last year and average costs are in line with our budget expectations to date.
- Net capital expenditure is £1,449k higher than budget, mainly due to the timing of spend at South Crosshill, noting that the accelerated spend is not offset by higher income as the full grant for South Crosshill was received in the previous year.

Q1 Forecast out-turn

	FY Out-turn (Q1)		
	Actual £000	Budget £000	Variance £000
Turnover	23,368	23,378	(10)
Operating expenditure	(16,326)	(16,335)	9
Operating surplus	7,042	7,043	(1)
<i>Operating margin</i>	<i>30.1%</i>	<i>30.1%</i>	-
Net interest payable	(4,130)	(4,157)	27
Surplus	2,912	2,886	26
Net Capital Expenditure	17,519	13,909	(3,610)

- 4.2 The forecast reports a statutory surplus of £2,912k for the full year out-turn to March 2025, which reports a small favourable variance of £26k to budget.

Key points to note:

- Total income is forecast to be £10k unfavourable to budget resulting from a decrease in gift aid income of £10k from Wheatley Developments Scotland, linked to the lower forecast new build spend. This is an intra group item only and as such does not impact the overall financial performance at a group level;
- Total operating costs are forecast to be £9k favourable to budget due value for money savings realised in IT contracts in Wheatley Solutions. Revenue repairs and maintenance are forecast in line with budget. The repairs team are closely monitoring spend, average job costs and volumes as the year progresses;
- Net capital expenditure is forecast to be £3,610k higher than budget. Net investment spend is forecast to be £50k higher than budget, due to some additional capacity available within the RSL Borrower Group interest cover covenant for works to be delivered in Loretto. Net new build spend is forecast to £3,561k lower than budget due to the full grant receipt for South Crosshill being received in the prior year; and
- The forecast variations to budget are managed within the overall parameters of the RSL Borrower Group budget for 2024/25 of which Loretto is part. The RSL borrower group continues to remain compliant with covenants.

5. Customer Engagement

- 5.1 This report relates to our financial reporting and therefore there are no direct customer implications arising from this report.

6. Environmental and sustainability implications

- 6.1 There are no environmental or sustainability implications arising from this report.

7. Digital transformation alignment

- 7.1 There are no digital transformation alignment implications arising from this report.

8. Financial and value for money implications

- 8.1 The statutory surplus for the period to 30 June 2024 is £122k favourable to budget. Delivery of our cost efficiency targets embedded within the 2024/25 budget is a key element of continuing to demonstrate value for money. After adjusting the net operating surplus for new build grant income, depreciation, one off payments not related to underlying surplus and including capital expenditure in our properties, an underlying deficit of £8k is reported which is £141k favourable to budget due to lower operating costs, interest payable and core programme spend.
- 8.2 The forecast underlying statutory surplus for the year to 31 March 2024 is £14k unfavourable to budget mainly due to the additional investment spend recognised in line with our objective to provide high quality housing and invest to improve the energy efficiency of our homes.

9. Legal, regulatory and charitable implications

- 9.1 There are no direct legal, regulatory and charitable implications arising from this report.

10. Risk Appetite and assessment

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

11. Equalities implications

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

12. Key issues and conclusions

- 12.1 This paper presents the financial performance for the period to 30 June 2024 and the Q1 forecast for 2024/25

13. Recommendations

- 13.1 The Board is requested to note the Finance Report for the period ended 30 June 2024 and Q1 forecast at Appendix 1.

LIST OF APPENDICES:

Appendix 1: Period 3 – 30 June 2024 Finance Report



Period to 30 June 2024

Finance Report



1a. Operating Statement – Period to 30 June 2024

	Period To 30 June 2024			Full Year Budget £k
	Actual £k	Budget £k	Variance £k	
INCOME				
Rental Income	4,268	4,273	(5)	17,103
Void Losses	(80)	(107)	27	(423)
Net Rental Income	4,188	4,166	22	16,680
Grant Income New Build	0	0	0	5,766
Grant Income Other	0	0	0	117
Other Income	28	28	0	815
Total Income	4,216	4,194	22	23,378
EXPENDITURE				
Employee Costs - Direct	310	311	1	1,246
Employee Costs - Group Services	227	225	(2)	885
ER / VR	0	0	0	0
Direct Running Costs	458	476	18	1,905
Running Costs - Group Services	113	123	10	507
Revenue Repairs and Maintenance	1,142	1,136	(6)	4,464
Bad debts	22	43	21	172
Depreciation	1,771	1,771	0	7,156
TOTAL EXPENDITURE	4,043	4,085	42	16,335
OPERATING SURPLUS / (DEFICIT)	173	109	64	7,043
<i>Net operating margin</i>	<i>4.1%</i>	<i>2.6%</i>	<i>1.5%</i>	
Interest Payable	(910)	(968)	58	(4,157)
STATUTORY SURPLUS / (DEFICIT)	(737)	(859)	122	3,124

Income and Expenditure account – key points

Net operating surplus of £173k is £64k favourable to budget. Statutory deficit for the year is £737k and is £122k favourable to budget with the main drivers being the favourable position on void losses, operating costs and interest payable.

- Net rental income is £22k favourable to budget due to lower than budgeted voids. Void losses in the period are £27k favourable with a rate of 1.87% against a budget of 2.50%.
- Total running costs are £28k favourable to budget, linked to the timing of direct spend compared to budget at this point in the year and lower group recharges due to several departments currently reporting lower costs across Wheatley Solutions.
- Revenue repairs and maintenance is £6k unfavourable to budget. Responsive repairs are £38k favourable to budget and compliance spend is £44k over budget due to timing of the programme.
- Bad debts are £21k favourable to budget. A prudent approach was taken when setting the budget.
- Net Interest payable is £58k favourable due to the timing of loan drawdowns compared to budget.

Net capital expenditure of £4,112k is £1,449k higher than budget.

- Capital investment income (grant) is £72k lower than budget due to the phasing of new build grant claims; Constarry Road have claimed higher grants YTD than budgeted which is offset claims for Forfar which is not yet on site.
- New build spend is £1,443k higher than budget due to the timing of spend for South Crosshill and Constarry Road being ahead of budget, noting also that we received the full grant for South Crosshill in the prior year. This is with later than budgeted spend at Duke Street and Forfar.
- Investment programme expenditure of £1,042k relates to core programme works, capitalised repairs and voids and a small underspend is reported to due to the timing of the core programme.
- Other capital expenditure of £50k relates to Loretto's contribution to Wheatley Group IT costs due to the timing of IT projects being undertaken.

	Period To 30 June 2024			Full Year Budget £k
	Actual £k	Budget £k	Variance £k	
INVESTMENT				
Total Capital Investment Income	2,008	2,080	(72)	14,933
Investment Programme	1,042	1,061	19	3,496
New Build Programme	5,028	3,585	(1,443)	24,959
Other Capital Expenditure	50	97	47	387
TOTAL CAPITAL EXPENDITURE	6,120	4,743	(1,377)	28,842
NET CAPITAL EXPENDITURE	4,112	2,663	(1,449)	13,909

1b. Underlying surplus – Period to 30 June 2024

Key comments:

- The Operating Statement (Income and Expenditure Account) on page 2 is prepared in accordance with the requirements of accounting standards (Financial Reporting Standard 102 and the social housing Statement of Recommended Practice 2014).
- However, the inclusion of grant income on new build developments creates volatility in the results and does not reflect the underlying cash surplus/deficit on our letting activity.
- The chart below therefore shows a measure of underlying surplus which adjusts our net operating surplus by excluding the accounting adjustments for the recognition of grant income and depreciation, including capital expenditure on our existing properties.
- To June 2024, an underlying deficit of £8k has been generated which is £141k favourable to budget. The variance to budget is primarily driven by an improved net operating surplus due lower void losses and lower expenditure, lower interest costs and lower investment programme spend, due to the timing of spend.

Loretto Underlying (Deficit)/Surplus - June 2024				
	YTD Actual £k	YTD Budget £k	YTD Variance £k	FY Budget £k
Net operating surplus	173	109	64	7,043
add back:				
Depreciation	1,771	1,771	0	7,156
less:				
Grant income	0	0	0	(5,766)
WDS gift aid income	0	0	0	(703)
Net interest payable	(910)	(968)	58	(4,157)
Total expenditure on Investment Programme	(1,042)	(1,061)	19	(3,496)
Underlying surplus/(deficit)	(8)	(149)	141	77

1c. Operating Statement – June 2024

	Period June 2024		
	Actual £k	Budget £k	Variance £k
INCOME			
Rental Income	1,423	1,425	(2)
Void Losses	(30)	(36)	6
Net Rental Income	1,393	1,389	4
Grant Income New Build	0	0	0
Grant Income Other	0	0	0
Other Income	9	9	0
Total Income	1,402	1,398	4
EXPENDITURE			
Employee Costs - Direct	100	103	3
Employee Costs - Group Services	73	77	4
ER / VR	0	0	0
Direct Running Costs	159	158	(1)
Running Costs - Group Services	39	38	(1)
Revenue Repairs and Maintenance	331	381	50
Bad debts	(1)	14	15
Depreciation	592	592	0
TOTAL EXPENDITURE	1,293	1,363	70
OPERATING SURPLUS / (DEFICIT)	109	35	74
Gain/(Loss) on Property Sales	0	0	0
Interest Receivable	0	0	0
Interest Payable	(304)	(324)	20
STATUTORY SURPLUS / (DEFICIT)	(195)	(289)	94

Income and Expenditure account – key points

Net operating surplus of £109k is £74k favourable to budget. Statutory deficit for the month is £195k, £94k favourable to budget. The main driver of the favourable variance is the timing of revenue repairs and maintenance spend.

- Net rental income is £4k favourable to budget due to better void performance.
- Employee costs and running costs report minor variance, which are £5k favourable in total.
- Revenue repairs and maintenance expenditure is £50k favourable to budget, which is due to timing of the programme.
- Bad debts are £15k favourable to budget reflecting YTD performance.
- Gross interest payable of £304k represents interest due on the loans due to Wheatley Funding Ltd 1 and is £20k favourable to budget due to lower drawdowns in Q1.

The net capital position of £28k income is £981k favourable to budget, linked to the timing of the new build programme.

	Period June 2024		
	Actual £k	Budget £k	Variance £k
INVESTMENT			
Total Capital Investment Income	1,710	1,223	487
Investment Works	310	361	51
New Build	1,356	1,783	427
Other Capital Expenditure	16	32	16
TOTAL CAPITAL EXPENDITURE	1,682	2,176	494
NET CAPITAL EXPENDITURE	(28)	953	981

2a. Repairs & Investment Programme – YTD June 2024

Repairs & Maintenance Expenditure	1 April 2024 - 30 June 2024			2024/25 Budget £k
	Actual £k	Budget £k	Variance £k	
Responsive Repairs	596	634	38	2,439
Cyclical (local)	14	14	-	94
Compliance Revenue	532	488	(44)	1,931
Total	1,142	1,136	(6)	4,464

Repairs and maintenance

- Revenue repairs and maintenance spend of £1,142k is £6k unfavourable to the budget of £1,136k.
- Responsive repairs are £38k favourable to budget, noting that completed jobs are broadly in line with the same period last year and outstanding jobs were in line with our expectation.
- Overall revenue compliance costs are £44k unfavourable to budget with most lines showing spend ahead of the budgeted programme at this point in the year due to the planning of the annual programme.

Investment Programme	1 April 2024- 30 June 2024			2024/25 Budget £k
	Actual £k	Budget £k	Variance £k	
Investment Programme Grant Income				
Adaptations	0	0	0	117
Total	0	0	0	117
Investment Programme Expenditure				
Adaptations	25	32	7	117
Core programme	726	774	48	2,394
Capitalised repairs	100	75	(25)	287
Capitalised staff	92	90	(2)	362
Void repairs	99	90	(9)	336
Total	1,042	1,061	19	3,496

Investment Programme

- Investment Programme expenditure of £1,042k in the year is £19k favourable to the budget.
- Core programme works are £48k lower than budget due to the profiling and timing of the programme.

2b. New Build Programme – Period to 30 June 2024

			Period To Jun 2024			Full Year
			Actual	Budget	Variance	Budget
Vellore Road	Complete	Lovell	0	0	0	36
East Lane	On site	JR Group	1,201	1,268	67	5,054
Forfar Avenue	Approved	McTaggart	16	486	470	4,793
South Crosshill	On site	BWD Trading	2,432	111	(2,321)	4,804
Constarry Road, Croy	On site	Miller Homes	1,203	471	(732)	2,149
Barrhill	Feasibility	Cala West	0	0	0	2
Dargavel North	Feasibility	Taylor Wimpey	0	3	3	1,151
Bank Street	Approved	McTaggart	0	10	10	1,936
Jackton Green	Feasibility	Avant Homes	0	0	0	32
Manse Avenue	Feasibility	TBC	0	0	0	342
Duke St	TBC	TBC	8	1,053	1,045	3,813
Prior Year	-	-	14	0	(14)	0
Total Social Rent			4,874	3,402	(1,472)	24,112
Land Acquisition	-	-	0	25	25	100
Capitalised Insurance	-	-	3	3	0	10
Capitalised Interest	-	-	0	0	0	114
Capitalised Staff Costs	-	-	151	155	4	623
Total New Build Investment			5,028	3,585	(1,443)	24,959

Grant Income			2,008	2,080	(72)	14,816
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Net New Build Costs			3,020	1,505	(1,515)	10,143
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Grant Income Completions (Recognised in OPS)			0	0	0	5,766
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Capital Investment Income

Grant income reported within the capital budget represents the cash received in the year and outstanding claims accrued.

New Build Programme Expenditure

East Lane, Paisley: 48 units social rent. Board approved in November 2022 and an above benchmark grant from Scottish Government was awarded. The project started on site in May 2023, however work paused to deal with additional Council queries. Works resumed in November 2023. These are progressing well and the contractor is on programme.

Duke Street: 19 units social rent. Spend behind budget due to further works identified during enabling stage which commenced in January 2024. Hub appointed Reigart to cost external envelope works and City Building to cost fit out and completion works. Due to additional works identified the full costs to be considered by WDS Board when they are quantified.

Constarry Road, Croy: 15 units social rent. Board approved in November 2023 and grant awarded February 2024. Site start date was 28th March 2024, works are progressing well, and all three tranches of golden brick stage have now been achieved, ahead of programme.

Barrhill: s75 project with Cala (West) for 18 social units. Public consultations took place in 2023. Site start now expected 26/27. Planning application still to be submitted by Cala.

Forfar Avenue: 30 units for Livingwell. Board approved in November 2023 and grant funding approved in February 2024. Building warrant received and planning consent granted in June 2024. Site start anticipated August 2024 following concluding contracts and agreement on grant availability.

South Crosshill Rd, Bishopbriggs: s75 project with Barratt Homes for 44 social rent units. Board approved in August 2023 and grant awarded February 2024. Full grant funding from Allia received mid-May. Second/final Golden Brick payment made in April 24 ahead of budget.

Bank Street, Coatbridge: 17 units social rent. Board approved in February 2024 for the land acquisition and tender. Grant funding now approved. Land acquisition and building contract expected July 2024, with a site start in August 2024.

Dargavel North: s75 opportunity for 20 social rent units with Taylor Wimpey who now intend buying the site in tranches (first tranche in Q2 24/25 and affordable land tranche in Q2 25/26). Plan is to conclude contracts with us in 24/25

Manse Avenue, Coatbridge: Project is no longer progressing

Dargavel Phase 3: Potential for additional grant allocation from Renfrewshire Council. Discussions have started with site owner and developer Dundas Estates.

3. Balance Sheet

	30 June 2024 £k	31 March 2024 £k
Tangible Fixed Assets		
Housing Properties	165,341	160,975
Investment Properties	1,190	1,190
Other Assets	1,361	1,378
	<u>167,892</u>	<u>163,543</u>
Current Assets		
Rent and service charge arrears	669	579
less: Provision for rent arrears	(394)	(385)
Prepayments and accrued income	71	3
Intercompany balances	297	46
Other debtors	2,169	2,650
	<u>2,812</u>	<u>2,893</u>
Cash at Bank and in Hand	422	714
	<u>3,234</u>	<u>3,607</u>
Short Term Creditors		
Trade creditors	(308)	(675)
Accruals	(2,385)	(2,659)
Deferred income	(3,611)	(3,611)
Rent and service charges in advance	(1,235)	(1,294)
Intercompany balances	(5,271)	(3,066)
Other creditors	(435)	(485)
	<u>(13,245)</u>	<u>(11,790)</u>
Net Current Assets	<u>(10,011)</u>	<u>(8,183)</u>
Long Term Creditors		
Amounts due after one year	(79,178)	(77,928)
Deferred Income	(7,140)	(5,132)
Pension Liability	(3,304)	(3,304)
	<u>(89,622)</u>	<u>(86,364)</u>
Net Assets	<u><u>68,259</u></u>	<u><u>68,996</u></u>
Capital and Reserves		
Share Capital	-	-
Revenue Reserve - b/fwd	72,300	59,987
Current year surplus/(deficit)	(737)	12,313
Pension Reserves	(3,304)	(3,304)
	<u>68,259</u>	<u>68,996</u>
Association's Funds	<u><u>68,259</u></u>	<u><u>68,996</u></u>

Key Comments

The balance sheet reported reflects the draft 31 March 2024 year end statutory adjustments, including the revaluation of both housing and investment properties and actuarial valuation of the defined benefit pension scheme.

- **Fixed Assets** - Expenditure is capitalised in accordance with our accounting policy.
- **Investment Properties** –Barclay Street Mid-Market Rent properties, leased to Lowther Homes.
- **Current Assets (excluding cash)**– Currents assets are £81k lower than the March 2024 position, due to the timing of other debtors settlements.
- **Short Term Creditors** – Amount due within 1 year are £1,455k higher than the March 2024 position, mainly due to the timing of intercompany settlements.
- **Deferred income (ST and LT)** – This relates to grant income for schemes currently on site. Upon completion of the properties this income will be released to the I&E as grant income.
- **Long-Term Creditors** - This includes £79m of loans due to Wheatley Funding No 1 Ltd, excluding deferred loan fees.

4a. Q1 2024/25 Forecast

	Full Year 2024/25		
	Forecast £k	Budget £k	Variance £k
INCOME			
Rental Income	17,103	17,103	0
Void Losses	(423)	(423)	0
Net Rental Income	16,680	16,680	0
Grant Income New Build	5,766	5,766	0
Grant Income Other	117	117	0
Other Income	805	815	(10)
Total Income	23,368	23,378	(10)
EXPENDITURE			
Employee Costs - Direct	1,246	1,246	0
Employee Costs - Group Services	885	885	0
ER / VR	0	0	0
Direct Running Costs	1,905	1,905	0
Running Costs - Group Services	498	507	9
Revenue Repairs and Maintenance	4,464	4,464	0
Bad debts	172	172	0
Depreciation	7,156	7,156	0
TOTAL EXPENDITURE	16,326	16,335	9
OPERATING SURPLUS / (DEFICIT)	7,042	7,043	(1)
Interest Payable	(4,130)	(4,157)	27
STATUTORY SURPLUS / (DEFICIT)	2,912	2,886	26

	Full Year 2024/25		
	Forecast £k	Budget £k	Variance £k
INVESTMENT			
Total Capital Investment Income	9,654	14,933	(5,279)
Investment Programme	3,546	3,496	(50)
New Build	23,241	24,959	1,718
Other Capital Expenditure	387	387	0
TOTAL CAPITAL EXPENDITURE	27,174	28,842	1,668
NET CAPITAL EXPENDITURE	17,519	13,909	(3,610)

Comments:

The forecast operating surplus of £7,042k is £1k unfavourable to budget. After taking account of financing costs, the statutory surplus of £2,912k is £26k unfavourable to budget.

Total income forecast of £23,368k is £10k lower than budget.

- Other income is £10k lower than budget due a decrease in gift aid income from Wheatley Developments Scotland, linked to the lower forecast new build spend. This is an intra group item.

Total expenditure forecast of £16,326k is £9k lower than budget:

- Running costs are forecast to be £9k lower than budget due to value for money savings realised in IT contracts in Wheatley Solutions.
- Revenue repairs and maintenance are in line with budget. The repairs team are closely monitoring spend to ensure it stays within budget.
- Interest is forecast to be £27k lower than budget with the planned new £125m private placement secured at a lower interest rate than budgeted driving the favourable forecast position.

Net capital expenditure is forecast at £17,519k and is £3,610k lower than budget.

- Capital investment income is forecast £5,279k lower than budget due to receipt of the full grant for South Crosshill in March 2024 and the re-profiling of the development programme.
- Investment programme is forecast to be £50k higher than budget with the RSL borrower group interest cover covenant change creating additional capacity for works to be delivered in Loretto.
- New build investment expenditure is forecast to be £1,718k lower than budget due mainly to a delayed site start at Forfar Avenue.

4b. Underlying surplus – Q1 forecast 2024/25

Key comments:

- As with the year to date results to 30 June 2024, the Q1 Forecast full year out-turn Operating Statement (Income and Expenditure Account) is prepared in accordance with the requirements of accounting standards (Financial Reporting Standard 102 and the social housing Statement of Recommended Practice 2014).
- An underlying surplus of £729k is expected for the full year as shown in the chart below after adjusting to exclude the accounting adjustments for the recognition of grant income, group gift aid and depreciation, but including capital expenditure on our existing properties to reflect the underlying cash surplus/deficit on our letting activity.
- The forecast underlying surplus is £14k lower than the budgeted full year surplus. The variance is due to the additional investment spend recognised in line with our objective to provide high quality housing and invest to improve the energy efficiency of our homes, offset by efficiencies in group running costs and a favourable forecast interest position. The movement in underlying surplus in Loretto can be comfortably accommodated within the context of the RSL Borrower Group where an overall underlying surplus is reported for the financial year to date. Financial performance continues to be managed within the overall budget parameters and covenants for the RSL Borrowers.

Loretto Underlying Surplus - Q1 forecast 24/25			
	Forecast £k	Budget £k	Variance £k
Net operating surplus	7,042	7,043	(1)
add back:			
Depreciation	7,156	7,156	0
less:			
Grant income	(5,766)	(5,766)	(0)
WDS gift aid income	(693)	(703)	10
Net interest payable	(4,130)	(4,157)	27
Total expenditure on Investment Programme	(3,546)	(3,496)	(50)
Underlying surplus	63	77	(14)

Report

To: Loretto Housing Board

By: Stephen Wright, Director of Governance

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

Subject: Governance report

Date of Meeting: 19 August 2024

1. Purpose

- 1.1 This report provides an update to the Board, seeking approval where required, on the following governance-related matters:
- Final schedule of meetings for the remainder of the 2024 calendar year, including the Annual General Meeting (“AGM”) and a Special General Meeting (“SGM”);
 - Annual Secretary’s report;
 - Board recruitment and succession planning;
 - Tenant Board Member Pathway Programme;
 - Annual assurance statement; and
 - Policy framework and proposed policy updates.

2. Authorising and strategic context

- 2.1 The Board is responsible for calling meetings, including General Meetings and ordinary Board meetings throughout the course of the year including reporting on governance matters which precede the Annual General meeting.
- 2.2 As an RSL in a Group structure, we are required to contribute to the Group-wide Annual Assurance Statement (“AAS”) that is submitted to the SHR. This report provides the Board with information about the AAS and the self-assessment process to allow it to do this.
- 2.3 The Board is responsible for routinely considering recruitment to vacancies and succession planning on an ongoing basis, developing and actively overseeing our three-year succession plans and for the appointment of our tenant Board members. The Group Remuneration Appointments Appraisals and Governance Committee is responsible for ratifying the appointment of our independent Board members and our Chair.
- 2.4 Under the Group Standing Orders and our Intra-group Agreement, we have a role in adopting Group-wide policies as well as approving our own service policies.

3. Background

- 3.1 We are required to hold an annual general meeting within six months of the end of each financial year of the Association and provide the Board with the Secretary's report in advance of the AGM.
- 3.2 Our 3-year succession plan was approved by the Board in February 2024. Our plan reflects the core skills and experience each member contributes to the Board, in line with the agreed skills matrix and our expected future recruitment requirements. The plan assures that the Board can continue to function within the composition requirements of the Board as outlined in our Rules.
- 3.3 Our tenant Board member pathway programme has been developed to help ensure we have a pipeline of candidates for any tenant Board member vacancies; ensuring that tenants are at the heart of our decision-making. Our Board composition was last updated at the time of our partnership with Cube Housing Association. We propose to update the composition and reduce the number of Board places reserved for tenant members to reflect the overall size and scale of our business, now that the partnership has been in place for a number of years.
- 3.4 The requirement to submit an Annual Assurance Statement ("AAS") was introduced by the SHR in 2019. The AAS is a way for us to assure ourselves, tenants, those who are homeless/threatened with homelessness, other service users and the SHR that we comply with our regulatory obligations.
- 3.5 The SHR considers our AAS as part of its annual risk assessment and then uses this to help inform how it will engage with us throughout the year. This is then included within the SHR's engagement plan for us. For group structures such as ours, the SHR requires one AAS covering all RSLs.

4. Discussion

Remaining 2024 meeting dates and AGM

- 4.1 We have two further Board meetings scheduled for this calendar year which will take us to the minimum requirement of six scheduled meetings for the calendar year:
 - Post AGM on Monday 16 September 2024 and;
 - Monday 25 November at 2pm.
- 4.2 It is proposed that we call our AGM for 2pm on 16 September 2024. The meeting and business thereof will be called in line with the requirements of our Rules. This will be followed by an SGM (details of which are provided in section 4.14 of this report) the Board meeting at approximately 2.30pm.
- 4.3 All required paperwork for the AGM will be circulated in advance to Members. We have reviewed our membership since the previous AGM and we will remove any members who are no longer tenants of Loretto or who have deceased since the previous AGM. This will reduce the membership by a total of 15 members.

- 4.4 We also have two Group events planned. We are hosting a Governing our Group event in New Mart Road, Edinburgh at 5pm on Wednesday 25 September 2024. This event will be for all Board members and will be attended by the Minister for Housing, Paul McLennan. We will then hold our annual Group Christmas lunch at 1pm on Wednesday 18 December 2024.

Annual Secretary's report

- 4.5 In advance of the AGM, Rule 68 states that:

“At the last Board meeting before the annual general meeting, the Secretary must confirm in writing to the Board that Rules 62 to 67 have been followed or, if they have not been followed, the reasons for this”.

The Secretary's report about each Rule referred to in Rule 68 is as follows:

Rule	Secretary report
62	Minutes are up to date and are signed digitally via DocuSign.
63	The seal is not routinely used. It is kept at the registered office.
64 and 65	All registers have been checked and maintained throughout the year and are held at our registered office.
66	Our registered name has been displayed at our registered office and at every office where our business is carried out throughout the year. Our name is clearly marked on business letters, notices, adverts, official publications and financial documents.
67	Our books of account, registers, securities and other documents are kept at our registered office.

Board recruitment and succession planning

- 4.6 Our Board is currently comprised of nine Board members, following the resignation of Pauline Gilmore in May. Eric Gibson (Chair) and Gregor Dunlay (independent) will both retire at our AGM in September. Alex McKay (tenant) was also scheduled to retire having completed nine years of service.
- 4.7 An important principle of our own and the wider Group governance arrangements is that our Chair is also a member of the Group Board. This creates a direct link between this Board and the Group Board and provides a structural mechanism for the flow of communication
- 4.8 The recruitment of a successor for our Chair needs to take into account both our requirements as well as the wider skills mix and succession planning of the Group Board.
- 4.9 Following engagement with Board members and feedback on the types of skills and experience which would support the Group Board succession plan we have identified Iain Macaulay as a prospective successor. The Group Remuneration, Appointments, Appraisal and Governance Committee has given its approval to this appointment pending formal agreement by this Board. We will seek formal approval of Iain's appointment to commence following the 2024 Annual General Meeting.

- 4.10 Following the unplanned retirement of Pauline Gilmore we currently have one tenant Board member. We have two tenants on our Board member pathway programme. One of those candidates, Graham McInnes, who previously attended one of our meetings as an observer as part of the pathway programme is being recommended for immediate appointment. The second member is continuing to progress through the pathway programme and will also attend to shadow our August meeting.
- 4.11 In order to ensure we maintain a strong tenant voice on our Board it is proposed that we re-appoint Alex McKay for a further year. Under our Rules and the SHR framework, Board members can serve beyond their 9-year term following an assessment of their continued effectiveness. The Chair is supportive of the reappointment of Alex, having considered his skills experience and contributions made at the Board. On this basis, Alex is being recommended for re-appointment.
- 4.12 A key issue for our succession planning is the Board composition and the sustainability of four tenant members within this composition. This was initially developed at the point that we were absorbing tenant Board members from the Cube Board as part of the Transfer of Engagements and prior to the establishment of our new engagement framework.
- 4.13 Our experience of recruitment for vacancies and the pathway programme, whilst identifying potential candidates as set out above, has not indicated it could sustain four roles in the future. By way of comparison, drawing from significantly bigger tenant bases, Wheatley Homes Glasgow has four tenant members and Wheatley Homes South has three. It is therefore proposed that we amend the Board composition of independent and tenant members to eight two respectively.
- 4.14 This will require a Rule change, which will be subject to a Special General Meeting and agreement by Wheatley Housing Group as the parent. Subject to Board agreement we will seek Parent agreement on 28 August and will convene the SGM for 16 September.
- 4.15 In the short term, however, our Rules permit the Parent to appoint non-tenants to tenant member vacancies and vice versa. It is proposed that we seek agreement for this power to be used, pending the formal change to our Rules, and convert the two of the tenant Board vacancies to independent member vacancies.
- 4.16 We would thereafter immediately commence the recruitment of two new independent members in total. Based on existing Board member's skills and experience we have no immediate gaps. It is, therefore, subject to Board feedback, intended that we seek to add depth by seeking skills and experience from any of those listed within our skills matrix.

Annual Assurance Statement

- 4.17 We have now carried out the annual assurance exercise that we require to complete each year, between April and October, for submission to the SHR. As part of the completion of our self-assessment we identified and recorded the sources of assurance.

- 4.18 In line with previous years, in assessing materiality we have based this on the SHR's guidance which states that we should consider whether the issue could:
- Seriously affect the interests and safety of tenants, people who are homeless or other service users;
 - Threaten the stability, efficient running or viability of service delivery arrangements;
 - Bring the landlord into disrepute, or raise public or stakeholder concern about your organisation or the social housing sector; and
 - In the case of RSLs, put at risk the good governance and financial health of the organisation.
- 4.19 Our self-assessment is externally reviewed every three years. Last year it was reviewed externally by Campbell Tickell. This year it has been carried out by our Assurance Team. The Assurance Team has now completed their review and confirmed our assessment that we are materially compliant with the regulatory standards.
- 4.20 Tenant and resident safety have always been and will continue to be a key focus of our work. We have robust processes in place to support our approach to tenant and resident safety. This includes teams dedicated to building compliance, supported by a Health and Safety Team which provides support and guidance when required.
- 4.21 During the year, the Board received a report on building safety compliance at its meeting in March 2024 and reports on health and safety and fire prevention and mitigation at its meeting in May 2024.
- 4.22 Of particular note during 2023/24, there has been significant public scrutiny on the use of reinforced autoclaved aerated concrete (RAAC) in public buildings and social housing. We carried out a review of our properties and found that no RAAC is present. We have therefore included a statement confirming this in our AAS.

Social Housing Charter

- 4.23 The Charter, distinct from the Framework, contains a total of 16 outcomes and standards that social landlords should aim to achieve. As two of the standards only apply to Local Authorities, 14 apply to us. The Statutory Guidance in relation to the AAS requires us to also include a statement of compliance with the Charter.
- 4.24 The SHR sets a wide range of specific performance measures RSLs must collect as part of compliance with the standards in the charter. The measures form what we report to the SHR each year as part of the Annual Return on the Charter.
- 4.25 The Charter measures are augmented by the SHR prescribing a wide range of specific questions that RSLs must ask as part of their tenant satisfaction surveys relating to the Charter standards. We ask these as part of our satisfaction surveys.

- 4.26 We have in place a very robust approach to assurance and evidence of how we are performing relative to the charter through our core performance reporting framework.
- 4.27 There is a requirement to evidence renewal of Electrical Installation Condition Reports (“EICRs”) every 5 years. Reasonable efforts including making at least two appointments have been made to complete this work for all customers. Where, despite these efforts, access was not achieved the properties are reported as in abeyance in our Annual Return on the Charter. In relation to the AAS, the SHR has advised that given the importance of tenant and resident safety, if all due EICRs have not been carried out at the point of submitting the AAS, then this should be identified in the AAS, including the timeframe for completing all due EICRs. We have included a note to confirm that approximately 0.1% of properties are recorded as not having an up-to-date EICR. In all cases, reasonable attempts to obtain access had been unsuccessful and enforcement action is being pursued. For us, that amounts to 2 properties (out of 2816 in the programme).

All relevant legislative duties

- 4.28 This requirement of the AAS is, by its nature, very wide-ranging. Our approach to compliance in this area is a combination of the legal framework for our activities and our internal policies, which give substance to the respective laws and regulations. Policies are reviewed by our specialist teams and, where appropriate, by external advisors. The legislative compliance mapping work being completed by the Assurance team has also provided us with additional assurance that we are clear on what our duties are.
- 4.29 We operate a 3 Lines of Defence Model that provides assurance to senior management and Board members about the operation of internal controls in place to confirm we are meeting our legal obligations.
- 4.30 Beyond our core 3 Lines of Defence Model, we are subject to external scrutiny for example through the annual external audit process in specific areas of legislation and spot inspections, such as HMRC. We have not had any instances where a judgement has gone against the Group that we are materially not meeting legislative duties.
- 4.31 Based on the above and our assessment of the evidence, we have prepared the following statement for approval by the Group Board. This is because the SHR requires a single statement covering all RSLs that are part of a Group-structure.

Wheatley Housing Group Limited: Annual Assurance Statement 2023/24

As the parent in a Group structure, the Board confirms that we have appropriate assurance that all Registered Social Landlords ("RSL") which are part of Wheatley Housing Group Limited (being Wheatley Housing Group Limited, Wheatley Homes Glasgow, Wheatley Homes East Limited, Wheatley Homes South Limited and Loretto Housing) materially comply with:

- All relevant regulatory requirements as set out in Section Three of the Regulatory Framework
- The Regulatory Standards of Governance and Financial Management
- The relevant standards and outcomes of the Scottish Social Housing Charter
- Our statutory obligations in respect of tenant and resident safety, housing and homelessness and equalities and human rights

We have gained this assurance following a review and assessment of the evidence provided at our Board meeting on [28 August 2024] and from our ongoing oversight and scrutiny of the Group's affairs throughout the year 2023/24.

The Board has overseen the assurance exercise that supports this Statement and is satisfied that it is comprehensive in its scope to include each of the group members. The Boards of each of the subsidiaries are involved in the Group assurance exercise in so far as it relates to their RSL and have also, through their representation on the parent Board, contributed to the Group assurance review.

The Group Board confirms that we have made strong progress in relation to the collection of equalities information and human rights, as required by the Regulatory Framework. We are assured we have established appropriate systems for the collection of equalities data. We are assured that we have begun using this data to help us take account of equality and human rights issues in our decision, policy-making and day-to-day service delivery.

The Group Board also confirms compliance in relation to our tenant and safety obligations. In particular, we have gained the necessary evidence-based assurance of our compliance in respect of duties relating to gas, electrical, fire, water and lift safety and obligations relating to asbestos, and damp and mould. We have completed our assessment of the potential presence of Reinforced Autoclaved Aerated Concrete (RAAC) in our stock and confirm that none has been identified.

We recognise that we are required to notify the Scottish Housing Regulator of any changes in our compliance during the course of the year and are assured that we have effective arrangements in place to enable us to do so.

We are required to carry out Electrical Installation Condition Reports on our properties every 5 years. Approximately 0.1% of properties were recorded as not having an up to date EICR. In all cases reasonable attempts to obtain access have been unsuccessful and enforcement action is being pursued to ensure that all properties have a valid EICR for the year end 31 March 2025.

Review of our Group policies and frameworks

- 4.32 During the last year we have carried out a comprehensive review of all our corporate and services policies and frameworks (excluding Human Resource policies which had already been reviewed separately). As part of this, we formally documented where we have made specific commitments and tested whether the commitments were still appropriate and how we could evidence we were delivering them.
- 4.33 We consolidated this into a central repository of each of the commitments made through our policies and the evidence/ assurance that we have arrangements to meet those commitments. In the vast majority of cases, we are meeting our commitments and have evidence to demonstrate how we are doing this.
- 4.34 In some instances, the commitments do not specify a timescale for being achieved and for those where we are not meeting such commitments as yet, we have documented the plans for how they will be achieved in future. Examples of this are where we indicate we will train staff, and this takes some time to develop as part of the policy implementation.
- 4.35 For a number of policies, it is proposed we adjust or clarify the wording as part of the next review stage. This is primarily where the wording is unnecessarily prescriptive e.g. 'all staff' when in practice it means appropriate staff or where our practice has evolved e.g. damp, mould and condensation. Updates to specific policies will be brought back to relevant Boards as appropriate over the next 12 months.
- 4.36 One change we have effected immediately however is to the Group Complaints Policy. The current policy states that we will acknowledge complaints within 48 hours and provide a written response within 5 working days. However, the majority of complaints are received via our Customer First Centre. Complaints are acknowledged by the call handler and wherever possible resolved for the customer during the call. As such, the policy requirement to respond to all stage 1 complaints in writing is not fully compatible with our service approach. As such, we recommend formally removing the requirement for all stage 1 complaints to be responded to in writing. All stage 1 responses will continue to be recorded on our system.
- 4.37 Where a customer is not satisfied with our response at stage 1 then they may escalate their complaint to stage 2 of our process. We will maintain our commitment to respond to stage 2 complaints in writing within 20 working days.

5. Customer engagement

- 5.1 There have been no customer engagement implications related to this report. Our tenant Board member pathway programme is open to all tenants; however, we also directly approach those who are on our Customer Voices programme to seek applications. This is because our Customer Voices are those tenants who have already expressed an interest in engaging with us.

6. Environmental and sustainability implications

- 6.1 There are no environmental or sustainability implications related to the matters in this report.

7. Digital transformation alignment

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

8. Financial and value for money implications

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

9. Legal, regulatory and charitable implications

- 9.1 The SHR Regulatory Standards of Governance (Standard 6 (6.1) states that all RSLs:

Formally and actively plans to ensure orderly succession to governing body places to maintain an appropriate and effective composition of governing body members and to ensure the sustainability of the governing body.

- 9.2 The proposals within this report are consistent with this requirement.
- 9.3 In accordance with our Rules, we are required to hold an annual general meeting within six months of the end of each financial year of the Association and provide the Board with the Secretary's report in advance of the AGM.
- 9.4 Our Rules permit the Parent to appoint non-tenants to tenant member vacancies and vice versa. The Rules also permit the Parent to grant an extension beyond the nine-year tenure limit.

10. Risk appetite and assessment

- 10.1 Our governance arrangements support delivery across each of our strategic themes. Across each of our strategic themes we have a broadly cautious or minimal approach to our legal and regulatory compliance. The matters and recommendations in this report are consistent with this approach.
- 10.2 We regularly report to the Board on governance-related matters and routinely review our records to ensure that our governance records remain up-to-date and accurate.

11. Equalities implications

- 11.1 There are no direct equalities implications related to the matters in this report.

12. Key issues and conclusions

- 12.1 The Annual General and Special General Meetings will be called for 16 September 2024 at 10.30am.
- 12.2 Our tenant pathway programme is supporting our longer-term succession planning and ensuring we maintain a strong tenant voice on the Board. The change to the number of independent and tenant Board member permitted under our Rules will help us to ensure we achieve a balance that reflects the size and scale of our organisation.

- 12.3 Our Annual Assurance Statement 2023/24 confirms that we are materially compliant with the SHR requirements and will be submitted for Group Board approval on 28 August 2024.
- 12.4 Keeping our policies up to date and complying with our governance framework, such as the elements within this report, are core elements of maintaining our compliance.

13. Recommendations

- 13.1 The Board is asked to:
- 1) Instruct the Secretary to call the Annual General Meeting on Monday 16 September at 2pm;
 - 2) Instruct the Secretary to call a Special General Meeting on Monday 16 September at 2pm to change the composition of our general and tenant Board members to eight and two respectively;
 - 3) Note the Secretary's Report under Rule 68;
 - 4) Approve the appointment of Iain Macaulay as Chair of the Board following the AGM;
 - 5) Agree to the reappointment of Alex Mackay until the 2025 AGM, subject to the necessary Parent approval;
 - 6) Note the outcome of our annual self-assessment against the SHR's Regulatory Framework and proposed Annual Assurance Statement for agreement by the Group Board; and
 - 7) Note the update on our review of policies, including the amendment to our Group Complaints Policy.

LIST OF APPENDICES:

None