LORETTO HOUSING ASSOCIATION

BOARD MEETING

Thursday 20 May 2024 at 1pm (following strategy workshop)
Wheatley House, Glasgow

AGENDA

1. Apologies for absence

2. Declarations of interest

3. a) Minute of meeting held on 18 April 2024
   b) Action list
   c) Matters arising

4. Chair and Managing Director update

Main Business Items

5. 2023/24 year-end performance updates and Annual Return on the Charter

6. 2024/25 Delivery Plan and performance measures

7. [redacted]

8. Fire prevention and mitigation: year-end performance report

9. Health and Safety: year-end performance report

Other Business

10. Finance report

11. Group Assurance update

12. Governance update

13. AOCB

Loretto Housing

Report

To:	**Loretto Housing Board**
Report by:	**Laura Henderson, Managing Director**
Approved by:	**Laura Pluck, Group Director of Communities**
Subject:	**2023/24 year-end performance and Annual Return on the Charter**
Date of Meeting:	**20 May 2024**

1. Purpose

1.1 This report presents year end performance for 2023/24, including:

- Draft Loretto Annual Return on Charter results for 2023/24 and seeks approval for submission to the Scottish Housing Regulator;
- Non-Charter strategic results and performance measures; and
- Delivery Plan strategic projects.

2. Authorising and strategic context

2.1. The Group Board agreed the 2023/24 programme of strategic projects and performance measures and targets in April 2023. This Board subsequently agreed our own specific measures and targets in May 2023.

2.2. The figures reported for the Charter are subject to further validation and checks, including by the Scottish Housing Regulator.

3. Background

3.1 We are responsible for meeting the standards and outcomes set out in the Scottish Social Housing Charter and are accountable to our tenants and customers for how well we do so. The Charter is part of the Scottish Housing Regulator's (SHR's) assessment of how these outcomes are being met. All RSLs and Local Authority housing services are required to complete the Charter indicators and submit these by 31 May each year. The SHR publishes results for all organisations at the end of August each year.

3.2 The SHR uses the Charter results to focus attention on important risks and key aspects of landlord performance. The outcomes apply to all social landlords, with the exception of those relating to Local Authorities for their homeless duties and to councils and registered social landlords that manage sites for Gypsies / Travellers.

3.3 There are 30 Charter measures, of which 7 have been collected and updated for our 2023/24 submissions through comprehensive customer satisfaction surveys (6 tenant indicators and 1 factored owner indicator).

3.4 Ex-Cube properties migrated to Loretto at the end of July 2021. To reflect the different rent billing cycles for Cube customers, for financial rent-based measures we report Loretto A and Loretto B. Loretto B distinguishes those previous Cube customers whose rent is billed differently.

4. Discussion

4.1 This report outlines our performance against targets and strategic projects for 2023/24. Unless stated, measures are reported for the year. Draft Annual Charter return measures will firstly be discussed, followed by progress against other Board measures shown by strategic theme. Thereafter, an update will be provided on the year end position with strategic projects.

Charter Returns

4.2 This section presents a summary of key draft Charter measures, highlighting where they are also a strategic result. A full set of draft Charter results for Loretto against targets is provided in **Appendix 1**.

Tenant Satisfaction

4.3 The Board discussed at its February meeting the results of our tenant satisfaction survey. The Board reflected that we have exceeded our strategic target of 90% overall tenant satisfaction with a figure of 93%, which was underpinned by very high satisfaction levels in specific areas including:

- 96% of tenants surveyed said we were good at keeping them informed about services and decisions;
- 98% were satisfied with the opportunities we provide to them to participate in our decision making processes;
- 95% were satisfied with our contribution to the management of neighbourhoods; and
- 93% feel that the rent for their property represents good value for money.

Gross Rent Arrears

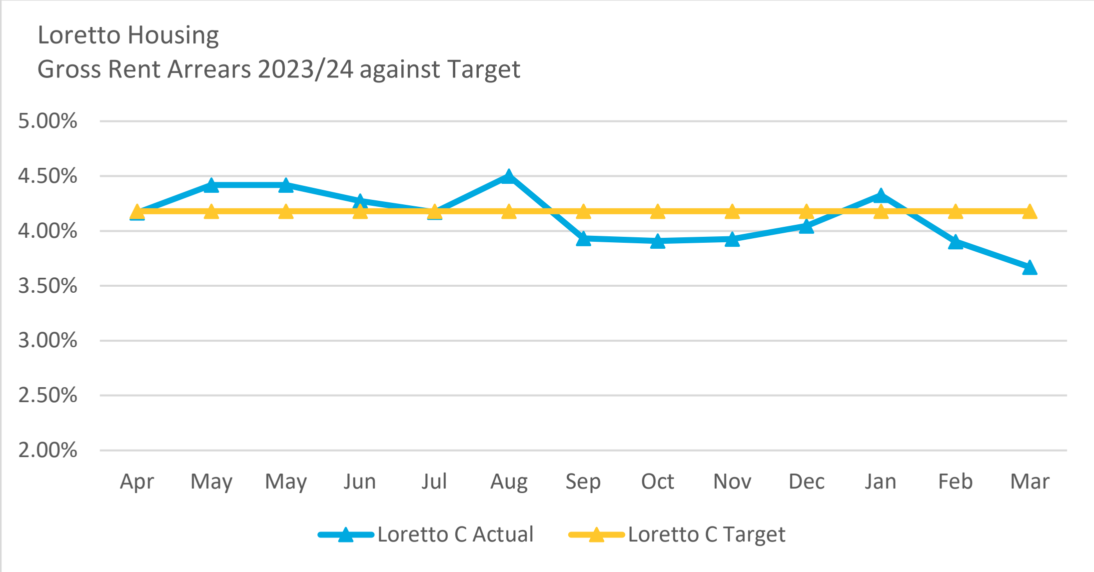
4.4 Our gross rent arrears for 2023/24 was 3.67%, significantly better than our 4.18% target and an improvement on 4.28% from last year. We continue to have the best arrears performance amongst the Group's RSLs. The housing team have had an intense focus on arrears whilst providing support to customers struggling with the cost-of-living crisis. As well as using our internal wrap around support, we have built up strong relationships with external partners across our local authorities to support customers financially in our communities.

Table 1

Gross Rent Arrears (Charter)	2023/24 Results	2023/24 target		2022/23 Result
Loretto A	4.07%	N/A	-	4.58%
Loretto B	3.12%	N/A	-	3.92%
Loretto Combined	**3.67%**	**4.18%**		**4.28%**

4.5 The following chart shows the trend in our gross rent arrears against target throughout the year.

Chart 1



<u>Turnover</u>

4.6 Our percentage of lettable homes that became vacant – known as turnover – is at 5.52% in 2023/24, better than our 8% target and a reduction from 2022/23 of 6.17%.

<u>Average Days to Re-Let</u>

4.7 Our average days to re-let properties for 2023/24 was 10.22 days, well within the 16-day target and an improvement on the 15.98 days average from last year. This is set within the context of the Scottish Housing Regulator publishing a sector average of 55.6 days for 2022/23. Housing officers have been working closely with City Building who attend our weekly void meetings to ensure we are getting properties turned around quickly to a good standard to relet.

Table 2

Average days to re-let (Charter)	2023/24	Target		2022/23
Loretto	10.22	16		15.98

4.8 It should be noted that our performance in 2023/24 takes into account days lost to health and safety related meter issues where we consider the property unsafe/unfit to occupy. Without these days amended, our average days to re-let increases to 15.8. This is an area we expect the Regulator to revisit and formally clarify in the forthcoming 2024/25 Charter review.

4.9 We continue to liaise with power companies, in particular Scottish Power, to address existing barriers to energy supply and tampered meter resolution. Therefore, ensuring our staff can turn around voids quickly and efficiently, ensuring we can allocate properties and support tenants in need of a home to move in at the earliest opportunity. We are also working to maximise the benefit of our new Utilita contract, which provides a void switching service and smart meter rollout.

Tenancy Sustainment

4.10 Our tenancy sustainment improved this year with the Charter measure at 93.88% and the revised measure (excluding deaths and transfers to another home within the Group) at 94.52%, both surpassing target.

4.11 As defined by the Regulator, Charter tenancy sustainment relates to new lets made in the previous year and requires these lets to be sustained for more than one year.

Table 3

RSL Tenancy Sustainment	Charter 2023/24	Target		Charter 2022/23	Revised 2023/24	Target		Revised 2022/23
Loretto	93.88%	90%		92.23%	94.52%	91%		94.18%

Repairs

4.12 Repairs remain a key priority, with work ongoing to drive service improvements based on customer views.

4.13 The average time taken to complete emergency and non-emergency repairs for the full year is detailed in the table below. Our averages have improved since last year but have not met target. Our emergency repair timescale is just outside the target time of three hours at 3.07 hours, albeit is a slight improvement on 3.16 hours last year. Our average time to complete non-emergency repairs is over target at 8.61 days, having improved from 9.13 days last year. We continue to work closely with City Building to identify areas of improvement to reduce the timescale.

Table 4

Average time to complete repairs (Charter)	Emergency (hours)		Non-emergency (days)	
	Target	2023/24	Target	2023/24
Loretto	3.00	3.07	7.00	8.61

4.14 As the following table shows, our repairs right first time is below the 93% target at 89.92%, a reduction from last year. It is anticipated that the areas of improvement identified will improve this and tenant satisfaction.

Table 5

Percentage of repairs completed right first time (Charter)	2022/23	2023/24	Target	
Loretto	92.58%	89.92%	93.0%	

4.15 We received 214 completed repairs satisfaction surveys in the last 12 months, reflecting 8.2% of occupied tenancies. 85.51% were satisfied, below the 90% target and a reduction on last year.

Table 6

Satisfaction with repairs – rolling survey	2022/23	2023/24	Target
Loretto	89.83%	85.51%	90%

Gas Safety

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

SHQS

4.17 Our Charter 2023/24 results for SHQS and EESSH are shown in the table below, alongside figures for the previous year.

Table 7

RSL	% of properties meeting the SHQS		% of properties meeting the EESSH	
	2022/23	2023/24	2022/23	2023/24
Loretto	99.58%	99.92%	100.00%	100.00%

4.18 Properties which do not meet SHQS and/or EESSH can be either because they fail the criteria or are subject to exemption or abeyance. We have no EESSH fails. Exemptions and Abeyances for SHQS and EESSH are detailed in the table below:

Table 8

RSL	SHQS Exemption 2023/24	SHQS Abeyance 2023/24	% of total stock with SHQS Exemption or Abeyance 2023/24	EESSH Exemption 2023/24	% of total stock with EESSH Exemption 2023/24
Loretto	0	2	0.08%	0	0.00%

4.19 Two properties are in Abeyance where we have been unable to gain access, following multiple visits, to carry out electrical fixed installation testing (EICR). The Housing team are working closely with the tenants to gain access to complete the work as soon as possible.

The Regulator now asks that landlords include contextual details of how many incidences occurred throughout the year where the five year EICR was renewed after the five year anniversary date of the previous one, even where they have subsequently been completed before 31st March, during the reporting year. This will now be reported for 2024/25.

Medical Adaptations

4.20 During 2023/24, we have completed 80 adaptations, 20 less than the number completed in 2022/23. We delivered an improvement in average days, which reduced to 18.09 days from 21.49 days last year. The table below shows the number of households waiting, completions and the average time to complete adaptations:

Table 109

Medical Adaptations	Households Waiting 2022/23	Households Waiting 2023/24	Number Completed	Average Days to Complete	Target
Loretto	4	3	80	18.09	25

Other measures

4.21 Lowther Homes undertook a baseline owner satisfaction survey during the year and considered in detail at its recent strategy workshop how it responds to the findings. It is a technical requirement of the ARC that because we remain the legal factor the results of the survey require to be included in our return and they are therefore included within Appendix 1.

Summary Charter Performance

4.22 Within the context of a challenging, ever evolving environment we have achieved 18 of 24 targeted measures (75%), a breakdown is provided in Appendix 1. Actions are being taken to address the areas that we did not meet this year.

Other Key Performance Measures

4.23 The following section presents draft year-end performance against non-Charter strategic and compliance measures by strategic theme. The dashboard for Board level measures is shown at **Appendix 2**.

Delivering Exceptional Customer Experience

Customer First Centre

4.24 The CFC is now firmly established as a core part of our operating model, with the key measure for the CFC recognised as the recently introduced CSAT score. Our overall CFC CSAT score for Loretto is 4.3/5 at the end of quarter 4 and remaining static from quarter 3.

4.25 It is important to note that this performance was achieved during a period when we delivered the most significant technology change in the CFC in a decade, ahead of schedule and with no disruption to service.

4.26 The wider year-end results to the end of March - presented in the table below – show the CFC met one of four key targeted measures for 2023/24.

Table 11

Measure	2022/23	2023/24		
	Value	Value	Target	Status
Loretto - CSAT score (customer satisfaction)	New	4.3	4.5/5	
Loretto - % calls answered <30 seconds (Grade of Service)	76.93%	69.33%	Not Targeted	
Loretto - Average waiting time (seconds)	49.95s	56.32s	Not Targeted	
Loretto - Call abandonment rate	4.29%	5.33%	5%	
Group - % first contact resolution at CFC (Customer Service Advisors)	88.99%	86.41%	90%	
Group – Percentage of CFC customer interactions that are passed to Housing and Lowther staff for resolution	6.15%	6.92%	<10%	

4.27 The CFC aim is to provide quality solutions for our customers, negating the need for them to call again or for enquiries to have to be dealt with elsewhere. We are mindful that a balance has to be struck between our ability to provide a first contact resolution through an appropriate length of call and the time customers are waiting for their call to be answered.

4.28 For 2023/24, 69.3% of our customers waited less than 30 seconds to have their call answered (Grade of Service) and the average wait time was only 56.3 seconds, fairly stable from quarter 3 when 68.8% and 56.2 seconds. Overall, the call abandonment rate for our customers is off target at 5.3%, slightly higher since quarter 3 when it was 5.2%.

4.29 Our CFC Customer Service Advisors ("CSAs") resolved 86.41% of Group-wide calls handled at first contact, a reduction from the 90% last year. In addition, the CFC continue to support Housing and Lowther staff with only 6.92% of customer interactions passed to them for resolution, better than the 10% target.

<u>Complaints Handling</u>

4.30 Our complaints handling timescale performance has continued to improve over 2023/24 as shown in the table below. Our Stage 1 complaints are now responded to in less than 3.5 days on average while Stage 2 complaints take over 2 days less on average than last year at 15.17 days. Both achieved their respective targets.

Table 12

Charter - average time for a full response to complaints (working days)				
Subsidiary	2022/23		2023/24 – Stage 1 - 5-day target, Stage 2 – 20-day target	
	Stage 1	Stage 2	Stage 1	Stage 2
Loretto	3.51	17.72	3.48	15.17

4.31 Our full complaints Charter measures are included alongside other Charter measures in Appendix 1.

4.32 In addition to the Charter measures, we also report SPSO measures. The key complaints performance measures to the end of 2023/24 for SPSO are summarised below.

Table 13

SPSO Indicator 2 - number and % of complaints at each stage that were fully closed within timescales of 5 and 20 working days

Subsidiary	Stage 1 - responded to within 5 working days	Stage 2 - responded to within 20 working days	Escalated complaints - responded to within 20 working days
Loretto	96.82%	100%	96.15%

4.33 This strong performance in complaint handling – across both Charter and SPSO measures – is despite an increase in the volume of complaints. Our contact with the SPSO confirms that most organisations within their remit have seen a similar trend of increasing complaints. Housemark – the UK benchmarking body – has also recently reported a significant increase has been recorded in 2023/24.

4.34 Repairs, as our highest volume service, continues to result in the most complaints (58%). Last year we carried out well over 14,000 reactive repairs, however complaints amount to only 1.4% of the volume of repairs. We continue to improve our repairs service and our investment planning. Complaints analysis is informing this wider customer insight driven approach to service delivery.

4.35 An immediate focus during 2023/24 has been to improve the customer experience and quality of responses for stage 2 complaints. Only one of our customers referred a complaint response to SPSO, who did not accept it for investigation.

4.36 This action will support further improvements in Charter and SPSO measures in the future.

Making the Most of Our Homes and Assets

New Build Programme

4.37 We completed 24 handovers within the financial year against a business plan target of 24. The table below shows the project.

Table 14

Sites	Handovers 23/24	Target 23/24	Diff.
Loretto Housing	**24**	**24**	**0**
Main Street, Maddiston	24	24	0

4.38 As our commitment to progressing our new build pipeline and regeneration work progresses, prominent updates during 2023/24 are summarised below:

- Funding approval was received for 89 homes, comprised Constarry Gardens Croy (15 units), Forfar Avenue (30 units) and South Crosshill Road (44 units);
- Croy and South Crosshill Road started on site. In addition, construction work started at East Lane in Paisley following tender approval and contract award in late 2022/23. Site start at Forfar Avenue is expected in Q1 2024/25 subject to planning approval; and
- A funding application for 17 units at Bank Street was submitted to the Scottish Government in March 2024 and is undergoing assessment.

Investment in Improvement, Modernising and Maintaining Homes

4.39 This year we have completed a total of 89 investment projects covering new kitchens, bathrooms, windows and heating. Actual capital core programme total spend was £1.8m against a budget of £2.5m. This was mainly due to the reprofiling of work to early 2024/25 while awaiting statutory consents.

4.40 When considering repairs spend, total investment in improving, modernising and maintaining homes is even higher.

Volume of Emergency Repairs

4.41 The table below shows our position against the strategic result to reduce the volume of emergency repairs by 10% by 2026, based on 2022/23 as the baseline year. The volume of emergencies completed has reduced by 7.85% compared to the previous year, and is better than this year's target of 3.34%.

Table 15

Area	Completed Emergency Repairs		
	2022/23	2023/24	Variance to 2022/23
Loretto	4,571	4,212	-7.85%

Rate It

4.42 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, providing an opportunity for customer feedback on repair appointments.

4.43 The Rate It score for the West in 2023/24 is 4.5/5 (from 22,785 responses, representing 21.2% of the feedback links generated to all customers with contact information).

Responsive repairs: Damp and mould

4.44 We continue to monitor repairs related 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.

4.45 Since introducing our refreshed process and implemented system recording enhancements during 2023/24, to the 31 March 2024 68.1% of mould inspections and treatments in our tenants' homes were attended within 2 working days and 98.4% completed within 15 days. In 27.7% of inspections no mould was found. Where mould was present, 92.4% were categorised as mild and 7.6% moderate (17). There were no severe cases. Through our new reporting, we'll monitor the reasons inspections are taking place out with 2 working days, we will categorise which were due to no access, customer choice or lack of appointment availability and where it is within our control, take steps to address this.

4.46 Mild cases reflect a small area of mould spores, such as around a window ledge or bath, and require a fungicidal wash down and decoration (completed in one appointment). Moderate cases cover a larger physical area and therefore a longer appointment to complete (albeit still completed in one appointment). Severe cases reflect more extensive mould with an underlying issue which will require more than one appointment or a more structural fix following the treatment of the mould.

Peaceful Neighbourhoods

4.47 The Group five-year strategic target is that 70% or more of our Group tenancies should be classified as "Peaceful" by 2026. Peaceful communities are defined as communities where customer reported incidents of anti-social behaviour to Police Scotland are reducing.

4.48 The most effective way to achieve this target is by reducing the incidence of customer reported anti-social behaviour by our customers to Police Scotland.

4.49 As the table below shows, the Group achieved the 2023/24 strategic objective of 76.16% of tenancies classified as 'Peaceful', an increase from 68.50% from last year.

Table 16

Percentage of Wheatley Group tenancies classified as (year to date average):	2022/23	2023/24	
	Percentage	Number	Percentage
Safe	11.6%	3,559	5.98%
Calm	19.9%	9,706	17.83%
Peaceful	68.5%	47,956	76.16%

4.50 Overall, the number of Anti-Social Behaviour ("ASB") incidents reported in the Charter return increased slightly from 246 last year to 267 this year, with 100% resolved.

4.51 During 2023/2024 we reviewed our approach towards safer communities, including the:

- Review of our ASB Framework;
- Creation of RSL specific ASB and Neighbourhood Management Policies;
- Introduction of our new improved ASB recording system, Safer Communities Antisocial Behaviour Intervention and Prevention Officers and CIP Police Officers are now aligned to a geographical area; and
- Enhanced ASB training for frontline housing officers, shaped by staff feedback.

Accidental Dwelling Fires

4.52 We have had one accidental dwelling fire in 2023/24, a reduction from six last year. The profile during 2023/24 is set out in the table below.

Table 17

Number of recorded accidental dwelling fires	2023/24			
	Q1	Q2	Q3	Q4
Loretto	1	0	0	0

4.53 This reduction contributes towards a Group strategic result to reduce RSL accidental dwelling fires by 10% against an upper limit of a total of 210 fires across RSLs in 2020/21. As of the end of March 2024, 120 accidental dwelling fires have been recorded across the Group RSLs against the upper limit for this year of 200 to be on-track to achieve the strategic result.

Reducing Homelessness

4.54 We made 99 lets to homeless applicants in 2023/24. We provided 60.2% of relevant lets to homeless applicants (this non-Charter measure excludes lets such as mutual exchanges and LivingWell where we have limited control on the source of tenancy).

Table 18

RSL	2023/24 Number of lets to homeless applicants (ARC)	% relevant lets made to homeless applicants	2022/23 Number of lets to homeless applicants (ARC) – full year
Loretto	99	60.20%	166

Jobs and Opportunities

4.55 Foundation programmes focus on supporting our customers and those in our communities, accessing jobs, training, and apprenticeship opportunities, support vulnerable children, and alleviate poverty. Overall, we have exceeded the 23/24 targets for all three foundation measures.

4.56 The Group Welfare Benefits Advice and Fuel Advice service also supported over 13,000 group customers this year with an overall financial gain of around £14m.

Table 19

Strategic Results	2023/24 Target	Year-end performance 2023/24	
4,000 jobs, training and apprenticeship opportunities delivered for customers and communities	3 – Loretto	14 – Loretto	
10,000 vulnerable children benefit from targeted Foundation programmes in Wheatley communities	25 – Loretto	42 – Loretto	
20,000 Wheatley Customers accessing services which help alleviate poverty in Wheatley communities	293 – Loretto	371 - Loretto	

Developing our Shared Capability

Sickness Absence

4.57 We lost 0.45% of working time due to staff sickness absence in the year 2023/24 (compared to our target of 3%) an improvement from 5.65% reported at the end of 22/23. The in-month sickness rate has remained under the 3% target throughout 23/24.

Table 20

Sickness Rate	Target	2023/24	2022/23
Loretto	3%	0.45%	5.65%

4.58 The main reason for absence in Q4 was Minor Illness – accounting for 86% of all absence in Q4.

4.59 Assistance for staff members experiencing issues and managers supporting staff members was provided in Q4 via a variety of new workshops including Supporting Staff Through Bereavement, Financial Wellbeing and Stress & Anxiety workshops.

4.60 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.

Summary of Strategic Project Delivery

4.61 The full list of our strategic projects is attached to this report as **Appendix 4**. One project had already completed with Five projects completed during quarter 4 of 2023/24:

- Repairs technical enhancement programme;
- My Voice – real time customer feedback reporting;
- Migration to new cloud telephony platform;
- Implement Group sustainability framework; and
- Develop a new, integrated Neighbourhood Planning Approach.

4.62 While most of our strategic projects have now concluded, one did not fully conclude within the anticipated milestones. More information on this project can be found below:

- **Interest cover covenant revision** - EIB credit approval now in place. Legal documentation now underway (estimated completion end-May 2024).

5. Customer Engagement

5.1 We have several strategic projects that facilitate opportunities 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 One of our strategic projects for 2023/24 focused on the implementation of the Group sustainability framework. This included a refined sustainability performance framework and delivery plan which is overseen by the Wheatley Solutions Board.

7. Digital transformation alignment

7.1 Our strategy is underpinned by digital transformation. The strategic projects for 2023/24 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.

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 Despite an ever-evolving landscape, we continue to perform strongly in a wide range of areas, including relative to wider sector benchmarking. This includes areas such as overall tenant satisfaction, keeping tenants informed, satisfaction with opportunities provided to participate and contribution to the management of the neighbourhood, arrears, SHQS, gas safety checks, turnover, void lost rent, average days to re-let, tenancy sustainment, time to complete medical adaptations, time to respond to complaints and sickness absence.

12.2 Areas we continue to focus on improving include emergency and non-emergency repairs timescales, satisfaction with repairs, the percentage of complaints responded to in full at stage 2 and factored owner satisfaction.

13. Recommendations

13.1 The Board is asked to:

1) Approve the draft Annual Return on the Charter results for submission to the Scottish Housing Regulator;
2) Delegate authority to the Group Managing Director of RSLs, or any member of the Group Executive Team, to make any non-material updates to finalise the results prior to submission; and
3) Note the outturn year end performance against non-Charter measures and strategic projects.

LIST OF APPENDICES:

Appendix 1 – Draft Annual Return on the Charter 2023-24
Appendix 2 – Board Measures Dashboard 2023-24
Appendix 3 – Complaints SPSO and ARC - Q4 2023-24
Appendix 4 – Strategic Projects Dashboard 2023-24

Appendix 1	Loretto			SHR Scottish Average
Charter Indicators	2022/23 Results	2023/24 Draft Results	2023/24 Target	2022/23
Annual survey questions - results pre 2023/24 are from 2019/20.				
Percentage of annual tenants satisfied with the overall service	84.06%	92.75%	>90%	86.70%
Percentage of annual tenants who feel their landlord is good at keeping them informed about their services and decisions	75.59%	97.89%	90%	89.70%
Percentage of complaints responded to in full at Stage 1	96.60%	96.38%	95%	95.30%
Percentage of complaints responded to in full at Stage 2	96.15%	96.67%	100%	92.50%
Average time in working days for a full response at Stage 1	3.51	3.48	5	5.80
Average time in working days for a full response at Stage 2	17.72	15.17	20	19.30
Percentage of annual tenants satisfied with the opportunities given to them to participate in their landlord's decision making processes	63.58%	98.49%	90%	85.90%
Percentage of stock meeting the Scottish Housing Quality Standard (SHQS)	99.58%	99.92%	99.74%	79.00%
Percentage of annual existing tenants satisfied with the quality of their home	88.78%	94.26%	>90%	84.20%
Average time to complete emergency repairs (hours)	3.16	3.07	3	4.20
Average time to complete non-emergency repairs (working days)	9.13	8.61	7.0	8.70
Percentage of reactive repairs completed right first time	92.58%	89.92%	93%	87.80%
Number of times in the reporting year that you did not meet your statutory obligation to complete a gas safety check within 12 months of a gas appliance being fitted or its last check.	0	0	0	N/A
Percentage of tenants satisfied with repairs or maintenance carried out in last 12 months	89.83%	85.51%	90%	88.00%
Percentage of annual tenants satisfied with the landlord's contribution to the management of the neighbourhood they live in	75.39%	94.56%	90%	84.30%
Percentage of tenancy offers refused during the year	8.12%	5.49%	Contextual	30.90%
Percentage of anti-social behaviour cases reported in the last year which were resolved	100%	100%	98%	94.20%
Percentage of new tenancies sustained for more than a year - overall	92.23%	93.88%	90%	91.20%
Percentage of lettable houses that became vacant	6.17%	5.52%	8%	7.40%
Percentage of rent due lost through properties being empty	0.39%	0.18%	0.6%	1.40%
Number of households currently waiting for adaptations to their home	13	3	Contextual	N/A
Total cost of adaptations completed in the year by source of funding (£)	£159,406	£104,208	Contextual	N/A
Average time to complete approved applications for medical adaptations (calendar days)	21.49	18.09	25	46.80
Percentage of court actions initiated which resulted in eviction - overall	18.75%	50.00%	Contextual	17.20%
Percentage of referrals under Section 5, and other referrals for homeless households made by the local authority, that resulted in an offer	113.38%	60.81%	Contextual	37.80%
Percentage of offers made to LA Section 5 and other referrals for homeless households that result in a let	103.11%	110.00%	Contextual	82.50%
Percentage of annual tenants who feel that the rent for their property represents good value for money	77.36%	93.05%	85%	81.80%
Rent collected as % of total rent due	98.74%	99.79%	Contextual	99.00%
Gross rent arrears (%)	4.28%	3.67%	4.18%	6.90%
Average annual management fee per factored property.	£194.48	£208.40	Contextual	£107.59
Percentage of annual owners satisfied with the factoring service	66.67%	41.06%	60%	61.80%
Average length of time taken to re-let properties (calendar days)	15.98	10.87	16.00	55.60

Appendix 2 - Loretto Housing Board - Delivery Plan 23/24 - Strategic Measures

1. Delivering Exceptional Customer Experience

Measure	2022/23	2023/24		
	Value	Value	Target	Status
Average time for full response to all complaints (working days) - overall	5.09	4.39	Contextual	
Average time for full response to all complaints (working days) - Stage 1	3.51	3.48	5	
Average time for full response to all complaints (working days) - Stage 2	17.72	15.17	20	
CFC CSAT	NEW	4.3/5	4.5/5	
Group - % of first contact resolution at CFC	88.99%	86.41%	90%	
Group - Call abandonment rate	4.72%	5.45%	5%	
Loretto Housing - Call abandonment rate	4.29%	5.33%	5%	
Group - Percentage of CFC customer interactions that are passed to Housing and Lowther staff for resolution	6.15%	6.92%	10%	
Group - % calls answered <30 seconds (Grade of Service)	76.79%	69.35%	Contextual	
Loretto Housing - % calls answered <30 seconds (Grade of Service)	76.93%	69.30%	Contextual	
Group - Average waiting time (seconds)	57.64	59.33	Contextual	
Loretto Housing - Average waiting time (seconds)	49.95	56.34	Contextual	
% new tenancies sustained for more than a year - overall	92.23%	93.88%	90%	

2. Making the Most of Our Homes and Assets

Measure	2022/23	2023/24		
	Value	Value	Target	Status
Reduce the volume of emergency repairs by 10% by 2025/26 (target -3.34% for 2023/24)	4,571	4,212	-7.85%	✓
New build completions - Social Housing	205	24	24	✓
Average time taken to complete emergency repairs (hours) – make safe	3.16	3.07	3	⚠
Average time taken to complete non-emergency repairs (working days)	9.13	8.61	7	●
% reactive repairs completed right first time	92.58%	89.92%	93%	⚠
Number of gas safety checks not met	0	0	0	✓
% of tenants who have had repairs or maintenance carried out in last 12 months satisfied with the R&M service	89.83%	85.51%	90%	⚠
Average time to complete approved applications for medical adaptations (calendar days)	21.49	18.09	25	✓
% Planned repair spending	55.9%	42.1%	60%	●
% Reactive repair spending	44.1%	57.9%	40%	●
Number of HSE or LA environmental team interventions	0	0	0	✓
Number of accidental fires in workplace	0	0	0	✓
Group - Number of open employee liability claims	13	13	Contextual	
Group - Number of days lost due to work related accidents	464	649	Contextual	
Number of new employee liability claims received	0	0	0	✓

3. Changing Lives and Communities

Measure	2022/23	2023/24		
	Value	Value	Target	Status
% ASB resolved	100%	100%	98%	
% Lets Homeless Applicants - overall (ARC)	43.36%	62.26%	Contextual	
% Relevant lets to Homeless Applicants	45.85%	60.20%	Contextual	
Number of lets to homeless applicants (10,000 for Group by 2025/26)	166	99	Contextual	
Loretto Housing - Total number of jobs, training places or apprenticeships created including Wheatley Pledge	1	14	3	
Group - % of our customers live in neighbourhoods categorised as peaceful	68.50%	76.16%	69%	
Group - 100% of relevant properties have a current fire risk assessment in place	100%	100%	100%	
Group - The percentage of non-relevant properties that have a current fire risk assessment in place	100%	100%	100%	
Number of accidental fires in workplace	0	0	0	
Number of accidental dwelling fires recorded by Scottish Fire and Rescue	6	1	Contextual	

4. Developing Our Shared Capacity

Measure	2022/23	2023/24		
	Value	Value	Target	Status
Sickness Rate	5.65%	0.45%	3%	

5. Enabling Our Ambitions

Measure	2022/23	2023/24		
	Value	Value	Target	Status
% lettable houses that became vacant	6.17%	5.52%	8%	✔
% court actions initiated which resulted in eviction - overall	18.75%	50.00%	Contextual	
Average time to re-let properties	15.98	10.87	16	✔
Loretto C - Gross rent arrears (all tenants) as a % of rent due	4.28%	3.67%	4.18%	✔
Loretto A - Gross rent arrears (all tenants) as a % of rent due	4.58%	4.07%	Contextual	
Loretto B - Gross rent arrears (all tenants) as a % of rent due	3.92%	3.12%	Contextual	

Appendix 3 – Q4 2023/24 - ARC and SPSO measures

1.1 This appendix provides ARC and SPSO measures for Q4 2023/34.

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

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

Charter (ARC) Measures

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

1.5 The table below outlines the average time for a full response (working days) for Stage 1 and Stage 2 complaints. All targets are being met for this measure. This is a significant improvement from 2022/23.

Charter - average time for a full response to complaints (working days)				
Subsidiary	2022/23		2023/24	
	Stage 1	Stage 2	Stage 1 (5-day target)	Stage 2 (20-day target)
Loretto	3.51	17.72	3.48	15.17

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

Charter - average time for a full response to complaints (working days)		
Subsidiary	2022/23- Target 6 days	2023/24 – Not Targeted
Loretto	5.09	*4.39

*Not targeted for this measure

1.7 The additional ARC complaints measures – The percentage of all complaints responded to in full at Stage 1, Stage 2 and overall – are calculated at year end and the results for 2023/24 are displayed below. This simply shows the number that were still in the process of being responded to at the end of the year (i.e., they came in during March and were still within timescale rolling over into April).

Charter – percentage of complaints responded to in full				
Subsidiary	2022/23		2023/24	
	Stage 1	Stage 2	Stage 1 (95% target)	Stage 2 (100% target)
Loretto	96.60%	96.15%	96.38%	96.67%

Charter – percentage of complaints responded to in full		
Subsidiary	2022/23 – Target 96%	2023/24 - Target 96%
Loretto	96.55%	96.40%

SPSO Measures

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

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

1.2 Stages of complaints are defined as:

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

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

Indicator 1 - total number of complaints received.

1.4 Complaints numbers have increased from 2022/23. At the end of Q4 2023/24 WHG had received 355 Stage 1 and four Stage 2 complaints. In the year-to-date, compared to the same period in 2022/23, complaints numbers for Loretto have increased by around 76%.

SPSO Indicator 1 - total number of complaints received		
Subsidiary	**Stage 1 (this includes escalated complaints as they were first received at Stage 1)**	**Stage 2 (directly received as Stage 2, i.e. not escalated from Stage 1)**
Loretto	355	4

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

SPSO Indicator 2 - number and % of complaints at each stage that were fully closed within timescales of 5 and 20 working days –2023/24			
Subsidiary	**Stage 1 - responded to within 5 working days**	**Stage 2 - responded to within 20 working days**	**Escalated complaints - responded to within 20 working days**
Loretto	96.82%	100.00%	96.15%

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

SPSO Indicator 3 - the average time in working days for a full response to the complaints at each stage –2023/24			
Subsidiary	Stage 1 - responded to within 5 working days	Stage 2 - average time in working days to respond to complaint	Escalated complaints - Average time to respond to complaints after escalation from Stage 1 to Stage 2
Loretto	3.48	15.67	15.12

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

SPSO Indicator 4 - the outcome of complaints as a % of overall complaints				
Subsidiary	Stage 1 - upheld	Stage 1 - partially upheld	Stage 1 - not upheld	Stage 1 - resolved
Loretto	42.77%	11.27%	21.68%	24.28%
	Stage 2 - upheld	Stage 2 - partially upheld	Stage 2 - not upheld	Stage 2 - resolved
Loretto	33.33%	33.33%	33.33%	0.00%
	Escalated complaints - upheld	Escalated complaints - partially upheld	Escalated complaints - not upheld	Escalated complaints - resolved
Loretto	53.85%	11.54%	30.77%	3.85%

Appendix 4 - Loretto Housing Board - Delivery Plan 23/24 - Strategic Projects

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
Repairs technical enhancement programme (b)	31-Mar-2024		100%	01. Programme of research and engagement with customers on online repairs service to further refine functionality and usability	30-Sep-2023	Yes	DRS updates now implemented in both CBG and WHE. This project is now complete.
				02. CBG IT integration – Boxi reporting system implementation	31-Oct-2023	Yes	
				03. WHS DRS upgrade	31-Oct-2023	Yes	
				04. CBG DRS upgrade	31-Oct-2023	Yes	
				05. Servitor and DRS fully implemented in WHE	31-Mar-2024	Yes	
Group wide implementation of Roll out Book it, Track it, Rate it (b)	31-Aug-2023		100%	01. Pilot commencement in Wheatley Homes East	30-Apr-2023	Yes	Project complete as previously reported
				02. Pilot finalised in with City Building delivered repairs	31-May-2023	Yes	
				03. Pilot commencement in Wheatley Homes South	31-May-2023	Yes	
				04. Pilot evaluation, including customer feedback, and agreement to go live - City Building	30-Jun-2023	Yes	
				05. Pilot evaluation, including customer feedback, and agreement to go live - Wheatley Homes East	31-Jul-2023	Yes	

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				06. Pilot evaluation, including customer feedback, and agreement to go live - Wheatley Homes South	31-Aug-2023	Yes	
My Voice – real time customer feedback reporting (b)	31-Mar-2024	✓	100%	01. MY Voice CFC pilot concluded	30-Apr-2023	Yes	All milestones now met - this project is now concluded
				02. CFC customer insight operational framework implemented	31-May-2023	Yes	
				03. Implementation plan for key service pillars developed and approved by ET	31-May-2023	Yes	
				04. On-board key service pillars to MY Voice customer insight platform	30-Nov-2023	Yes	
				05. Implement operational frameworks	31-Mar-2024	Yes	
Migration to new cloud telephony platform (b)	31-Mar-2024	✓	100%	01. Group Board approval of contract award	30-Apr-2023	Yes	Project now complete
				02. Vendor Contract Award	31-May-2023	Yes	
				03. Full project delivery plan developed and commenced	31-Jul-2023	Yes	
				04. Phase 1 launch	31-Dec-2023	Yes	
				05. Phase 2 launch	31-Mar-2024	Yes	
Implement Group sustainability framework (b)	31-Dec-2023	✓	100%	01. Sustainability delivery workshop with nominated group leads	30-Apr-2023	Yes	Group Board agreed to remove the final milestone from this project (Annual sustainability progress report via PNAG to Group Board). As a result, this
				02. Refine sustainability performance monitoring framework	31-May-2023	Yes	

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				03. Develop sustainability delivery plan	30-Jun-2023	Yes	project has now completed.
				04. Quarterly sustainability updates to ET	30-Jun-2023	Yes	
Develop a new, integrated Neighbourhood Planning Approach (b)	28-Feb-2024		100%	01. Deliver workshop with key people involved in Neighbourhood tools and scoring mechanisms to map out roles and remit	31-May-2023	Yes	All RSL Boards presented with neighbourhood approach at February Boards. Final milestone completed.
				02. Develop a technical guidance document around application of tools and the scoring mechanisms within the neighbourhood assessment	30-Jun-2023	Yes	
				03. Trial and test the neighbourhood assessment, including customer engagement, in one neighbourhood within WHG	31-Jul-2023	Yes	
				04. Based on the neighbourhood assessment, propose an example neighbourhood plan	30-Sep-2023	Yes	
				05. Provide worked example to WHG Board to review and agree as a model going forward	30-Sep-2023	Yes	
				06. Draft Neighbourhood approach for wider group to RSL Boards	28-Feb-2024	Yes	
[redacted]							

Loretto Housing

Report

To: Loretto Housing Board

By: Laura Henderson, Managing Director

Approved by: Laura Pluck, Group Director of Communities

Subject: 2024/25 Delivery Plan and performance measures

Date of Meeting: 20 May 2024

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1. Purpose

1.1 This report sets out for Board approval the draft 2024/25 Delivery Plan, comprising:

1) Strategic projects to be reported to the Board during 2024/25; and
2) Board-level performance measures and corresponding targets.

2. Authorising and strategic context

2.1 The Group Board approved the approach to monitoring the implementation of our strategy via our Group Performance Management Framework ("PMF") at its meeting in June 2021. In August 2023, the Group Board agreed amendments to the original strategy, reflecting that our strategic context has changed since the strategy was first agreed. The Group Board recently agreed the Group level of strategic projects and performance measures and targets for 2024/25, which reflect those strategy updates.

2.2 Under the Group Standing Orders the Group Board has an ongoing role in monitoring the performance of subsidiaries across the Group against the agreed measures. Individual RSL Boards are responsible for approving their Annual Return on the Charter ("Charter") returns and are also responsible for monitoring our performance against agreed targets.

2.3 We last approved our strategic projects and measures and targets in May 2023 and approved our own renewed strategy in August 2023.

3. Background

3.1 As part of agreeing the original PMF in June 2021 the Group Board recognised that the strategic projects, strategic measures and targets would evolve throughout the life of our strategy as we refreshed and renewed it.

3.2 As such, strategic projects and our measures and targets are subject to annual review to take into account what has been delivered to date, our business operating context and the external operating environment.

3.3 For the same reasons, we also review and update our 5-year strategy each year. As part of this process, each partner Board within the Group considers its 5-year strategy and what refinements are appropriate within this context.

4. Discussion

Strategic and business context

4.1 The Board reflected on the changes in our operating environment during the May 2023 strategy workshop and when subsequently approving our renewed strategy in August 2023. This included the much-changed economic operating environment and customer priorities since the original version of our strategy was approved and implemented in 2021.

4.2 This impacted several areas of our strategy and our plans between now and 2026, including keeping the right balance between rent increases, the delivery of repairs, maintenance and capital investment in existing homes and our continued focus on delivering value for money within our operating model.

4.3 Over the last twelve months, in particular, our strategic and business context has continued to evolve, including:

- Consumer Price Index inflation rates fell from over 10% to under 3.5% while inflation in areas of large spending for us such as repairs and maintenance and construction did not fall at a corresponding rate;
- Further increases in the Bank of England Interest rates to over 5% for the first time in over 15 years;
- A significant reduction in the Scottish Government budget for the Affordable Housing Supply Programme;
- The Scottish Government's consultation for the Social Housing Net Zero Standard to replace the requirement for existing homes to reach EESSH2 was published, with no certainty on how achieving it will be funded;
- Three local authorities where we operate declared a Housing Emergency in recognition of acute challenges in homelessness and supply;
- High demand for repairs persisted for all RSLs across the Group, a situation mirrored across the wider UK sector; and
- The implications of the Cost of Living (Tenant) Protection (Scotland) Act 2022 for our rent setting across all tenures.

4.4 Our achievements over the last 12 months represented another significant step towards delivering the key elements of our five-year strategy as we concluded Year 3. We delivered or commenced a wide number of major strategic projects and activities linked to key themes and targets within our strategy, including:

- Independent tenant satisfaction surveys with us **already achieving 90%+**;
- **Successfully migrated to a cloud telephony platform** within our CFC **ahead of schedule and on budget**. The platform has enhanced our ability to communicate with tenants in responding to events such as severe weather, increased our business continuity and resilience and provides the potential for major service refinements;

- **Continued to refine our repairs service**, including introducing better customer insight and scrutiny through implementing the Book It, Track It, Rate It real-time customer feedback and a Group Scrutiny Panel thematic review, and refined service delivery through My Repairs becoming fully operational;
- **Significantly expanding the level of real-time customer feedback** through our My Voice and Localz platforms to provide instant customer satisfaction ratings within the CFC, NETs and Allocations and repairs. As a Group, these tools have enabled the collection of over 40,000 feedback responses during 2023/24 which are now regularly reviewed by frontline teams and managers to drive continuous improvement in service delivery;
- Developed **a new, integrated Neighbourhood management approach** to allow us to get even closer to our communities; and
- Continued to lead the way nationally in alleviating homelessness, exceeding our Group target by **providing homes to 2000+ homeless households**.

4.5 Reflecting on the achievements over the last 12 months, in terms of delivering the key priorities of our five-year strategy we are well placed as we conclude year three and enter the penultimate year of our strategy. We have delivered or significantly progressed the majority of the major elements of our strategy such as our Stronger Voices, Stronger Communities Engagement Framework, well-advanced homelessness and sustainability strategic frameworks in place, and significant investment in our technology platforms.

4.6 As we and our partner Boards across the Group hold strategy workshops in May and June, we will each reflect on progress to date and the key priorities for the remainder of their strategies. The proposed priorities for 2024/25 are set out in further detail below; this includes proposals for those strategic projects that will be included in the quarterly performance paper strategic project dashboards.

<u>Delivery Plan 2024/25</u>

4.7 As we build the progress over the first three years of the strategy, with many key priorities well advanced or already delivered, the focus for the year ahead is on the areas that will enable us to complete the delivery of our strategy over the next two years.

4.8 The proposed Delivery Plan strategic projects focus on three key themes:

- **Delivering excellent, personalised services** – through customer insight and enhancing our understanding of customer needs continuing to reshape how we deliver services to make them even more customer-driven and personal and enable us to achieve our tenant satisfaction strategic targets;
- **Investing and regenerating our neighbourhoods and communities** – a continued focus on regenerating, building and maintaining the visual appearance of new and sustainable communities, working in partnership with key partners.
- **Data, automation and self-service** – exploring, enabling and improving our use of new and emerging technology and data to transform how we deliver services, enhance our business efficiency, upskill our staff and, in turn, improve our customer and staff experience;

4.9 For completeness, the full list of proposed projects and milestones across Group is set out in **Appendix 1**. The strategic projects which we will receive updates on through quarterly performance paper updates are noted. For each project, we have also included the specific elements of the strategy that the projects will support or enable the delivery of. There is also one stand-alone project included, a review of defined benefit contribution schemes, based on the pension strategy being a matter reserved to the Group Board.

4.10 As with previous years we have identified projects where there are external interdependencies that mean the delivery of those projects is not entirely within our control. A more detailed update on each of the three streams is set out below.

Delivering excellent, personalised services

4.11 A key priority in our strategy is the delivery of excellent services with an overarching objective of sustaining our 90+% tenant satisfaction. An important element of how we sustain this is ensuring that our services are personalised to the needs of our customers and driven by engagement with and feedback from our customers.

4.12 The first project in this area is focused on defining and agreeing our approach to vulnerability and personalised services. This will focus on developing **a strategy which sets out the type of information we will seek to collect and importantly how we will use it to deliver increasingly personalised services**. For example, what information would a CFC agent or repairs operative benefit from having at their fingertips to deliver a more personalised service.

4.13 We will engage customers as part of this process to understand the type of information they would feel comfortable with us holding, the types of information they expect us to know and critically how they would expect us to use it to deliver personalised services.

4.14 Following our satisfaction surveys and the expansion of real-time feedback in 2023/24 we will **continue to expand our focus on how customer insight drives our services**. This will include, in collaboration with customers, customer journey mapping. We will identify the areas for customer journey mapping based on analysis of our complaints, My Voice and key satisfaction drivers identified in our satisfaction surveys.

Investing and regenerating our neighbourhoods and communities

4.15 Building new homes and continuing to invest in the homes of existing customers are central elements in our strategy. Delivering new homes, making our neighbourhoods places where our customers feel safe and secure and live in desirable and peaceful communities, and making our properties energy efficient remain key elements of our strategy.

4.16 At our strategy workshop we will discuss principles for our future asset strategy, with a focus on how we continue to invest in existing tenant's homes. The strategic project sets out the milestones for **the development of an asset strategy**.

Data, automation and self-service

4.17 Since we commenced our strategy in 2021 the importance of data alongside the capability automation has increased significantly. The collection and analysis of the right data is also increasingly recognised as an essential element of understanding the experience of customers. The right data is also an essential enabler to being able to take advantage of the capability of AI and automation.

4.18 The projects in this stream will focus on **harnessing the potential of our data and automation to redesign our approach to a core business area**, building compliance, **carefully exploring the potential of AI** and automation to deliver increased productivity and enhancing services, and ensuring that **our staff are appropriately skilled for and benefit** from better data and automation.

4.19 The first proposed project will see the Group explore these capabilities in three areas. We will assess the options for these three areas based on criteria such as where there is currently a high level of manual activity e.g. invoice processing, areas where we could extract actionable customer insight e.g. complaints, where we have large data sets e.g. physical assets, or where we currently have a high level of expenditure e.g. repairs. Loretto will inform this decision and it is anticipated the areas selected could positively impact Loretto as a business and/or our customers' experience.

4.20 As part of this, we will agree on measures of success that will be monitored throughout the project. Any future investment will require to be supported by a business case which clearly sets out and quantifies the predicted benefits. For example, we could deliver efficiencies that allow money to be reinvested in our communities or customer feedback indicates that it would enhance service delivery.

4.21 Our compliance obligations and the associated delivery programme have significantly expanded in recent years and the timing is appropriate to undertake a review of our approach. Distinct from the pilot areas proposed in the project above, this is an area where we have ongoing legal obligations and as such needs a dedicated focus.

4.22 The nature of the programme involves a high degree of scheduling, both appointments and trade capacity, managing customer communications, the flow of data from external contractors and a need to have data in a reportable format. Whilst we have managed our programme very well, the nature of the programme means **there is significant potential to use our data and to manage our compliance differently**.

4.23 Our Group-wide focus in 2023/24 was to go live with our CFC cloud telephony platform and ensure that it was operationally effective and resilient for the core activity of handling customer calls. For 2024/25, having achieved this stability, we now plan to **explore how we can leverage the capabilities of our cloud telephony platform to deliver a better, more efficient service**.

4.24 As well as drawing on the platform's capability to smartly automate the routing of calls based on the caller's geographic location we will harness the opportunities of automation and AI in areas such as call transcription. This will create the potential to undertake analysis of calls significantly beyond what is viable through call listening and support quality assurance by, for example, identifying calls with trigger words, such as damp and mould, where we want to target quality checks. There is also potential to automate elements of our call handling, such as security checks, and basic enquiries such as when is my repair appointment.

4.25 In order for us to realise the potential of data and automation we know that our staff need to be appropriately skilled and engaged. Staff engagement, skills and culture are an essential element of becoming a data-enabled organisation.

4.26 In recognition of this, a specific project will focus on how we engage and upskill our staff to support building a culture where staff understand and value the importance of data.

Measures and Targets 2024/25

4.27 When initially agreeing measures and targets in June 2021, it was recognised these would be subject to ongoing review as well as formal review annually. Despite the continuing business and strategic change during 2023/24, we have once again made significant progress in this period and remain on track to deliver the vast majority of key outcomes and performance measures in our strategy.

4.28 Particular highlights include:

- Loretto providing homes to homeless households, contributing over 330 to the **over 7,000 across the Group during the first three years.** Our contribution will support the overall Group target to provide a home to 10,000 homeless people or households by 2026;
- **Exceeding 90% tenancy sustainment**, demonstrating the success of our wraparound services and contribution to national targets to end homelessness and rough sleeping;
- **Efficiently managing properties** which became empty, making these available for those waiting on a home, and also minimising void loss, with days to let performance further improving across year three; and
- **On track to reduce the number of accidental dwelling fires by 10%**, being significantly under our upper limit profile in years one, two and now three to be in a position to achieve this, and potentially to far exceed it by 2025/26.

4.29 The list of proposed measures and targets to be reported to the Board quarterly and bi-annually from Year 4 of the strategy, 2024/25, is set out in **Appendix 2**.

4.30 It should be noted that this appendix does not include the annual measures e.g. customer satisfaction measures as our ongoing quarterly reports focus on measures which are measured on an ongoing basis. Our annual measures are drawn directly from our strategy and any updates are agreed as part of the annual strategy review as they necessitate a strategy update. It is also noted that it no longer includes several core financial measures which are covered in our financial reporting.

4.31 All other proposed changes are captured in **Appendix 2**, with the key updates summarised below:

- **New build**: Targets are currently based on the Business Plan, as per the 5-year plans approved at our last Board meeting. We delivered over 230 new homes in the first two years of the strategy and have delivered a further 24 last year. Our updated targets are for a further 48 in year 4 and 127 in year 5, which would bring our total to around 450 new homes during our strategy period;

- **Replacement sustainability measures**: It is proposed that we replace now out-of-date measures, such as those linked to the former EESSH2, with those being consulted by the Scottish Government in its proposed Social Housing Net Zero Standard (albeit subject to ongoing review) *Fabric efficiency, measured in kWh/m2/year and 'clean' low-carbon heating*. We will use 2024/25 as a baseline year with targets to be agreed thereafter;

- **Customer First Centre ("CFC")**: We propose a relatively small number of measures to capture and explain performance across the CFC. Customer satisfaction with the CFC (known as CFC CSAT) would remain the key measure, ensuring we place our customers' voices at the heart of performance management. It provides a much greater level of insight into customer perception of the service and inherently reflects all aspects of the experience such as time to answer and the call handler. We would also maintain Board visibility over how well the CFC delivers as part of our wider operating model through the % of contacts resolved within the CFC. Finally, we will report the abandonment rate and a revised abandonment rate, that accounts for our continuing 30s grade of service. Other measures such as grade of service would continue to be monitored operationally;

- **Average non-emergency repairs timescales**: We remain committed to working towards a 7-day average by the final year of our strategy. To support incremental change, it is proposed we set a target of 7.5 days average during 2024/25 and **a supplementary target** of achieving a 7-day in-month average by March 2025;

- **Damp, mould and rot**: Reporting will move to contextual for the key measures, however, be supported by a much greater degree of supporting analysis. For appointments out with 2 working days we will categorise which were due to no access, customer choice or lack of appointment availability. For repairs not completed within 15 working days, we will provide categories of all cases out with e.g. by timescale and type such as major repair or investment required. It should be noted that whilst repairs may not be completed within 15 working days we would still expect in the vast majority of cases that any mould in the property has been treated. A more detailed update on the future damp, mould and rot reporting will also be included in the quarter one performance report;

- **ASB resolved**: To reflect the importance of neighbourhoods to our customers, and supported by our new ASB framework, an increase to 100% (from 98%) is proposed for the % of ASB cases resolved;

- **Peaceful neighbourhoods**: While the methodology for this measure is fixed, given it is sourced from Police Scotland, it is proposed that based on our strong performance to date we increase the target to (from 70%) 75% for 2024/25 and 80% for 2025/26;

- **Environmental services**: Formalise inclusion of the NETs MyVoice measure into the PMF, with a target CSAT score of 4.3 / 5. This is currently based on ad-hoc services and will be expanded to close cleaning during 2024/25; and
- **Building compliance**: We have increased the number of building compliance measures that will be reported to the Board every quarter including legionella testing programme progress, EICR testing compliance and fire safety system servicing.

5. Customer Engagement

5.1 Our Delivery Plan reflects our strong focus on our customers influencing and co-creating with us. Customer engagement is embedded as specific milestones of strategic projects which will directly impact the way we deliver services or the way they can be drawn down by customers.

5.2 Real-time customer satisfaction-based measures, and independent customer satisfaction surveys, also reflect the importance of customer feedback driving how we measure the quality of a service and inform future service improvement.

6. Environmental and sustainability implications

6.1 One of our strategic projects for 2023/24 focused on the implementation of the Group sustainability framework. The sustainability performance framework is now being updated to better reflect the change of priorities, focused on the SHNZS consultation.

7. Digital transformation alignment

7.1 Our strategy is underpinned by digital transformation. The strategic projects for 2024/25 have once again been fully reviewed to ensure we have the appropriate technical and resource capacity alongside our Digital Programme.

8. Financial and value for money implications

8.1 There are no direct financial implications associated with this report, which are covered via the approved 2024/25 business plan.

9. Legal, regulatory and charitable implications

9.1 There and no specific legal or regulatory implications however we continue to collect all measures required for the Annual Return on the Charter.

10. Risk Appetite and assessment

10.1 We do not have a single risk appetite in respect of strategy. Our risk appetite seeks to take into account a range of factors which may impact the delivery of our strategy.

10.2 In considering our Group Delivery Plan and KPIs for 2024/25 we have considered the continued level of uncertainty associated with the continuing impact of the pandemic and the current operating context of the Group.

10.3 Our strategy is highly ambitious and contains a high degree of interdependencies. The proposed approach seeks to mitigate the risk that the complexity associated with the level of interdependencies is not managed through a structured approach.

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 made significant progress over the first three years of our strategy and are well-placed to deliver the key elements by 2026. The proposed strategic projects focus on enabling us to sustain customer satisfaction measures, having a well-defined strategic approach to asset management and neighbourhoods that allows us to invest in tenants' homes and make our neighbourhoods great places to live, and enhancing our use of data and automation to deliver productivity and service enhancements.

12.2 The projects will leave us well placed as we enter into the final year of our strategy and begin to set a path for areas of strategic focus such as AI and personalised services which will straddle into our next five-year strategy. The progress to date during the first three years of our strategy and pathway to achieving our key objectives by 2026 will be a focus at the Board strategy workshop.

12.3 Our measures and targets have been informed by our performance in 2023/24 and where appropriate wider sector analysis. We will continue to focus on delivering operational excellence to provide us with a foundation for investing in and achieving high customer satisfaction levels.

13. Recommendations

13.1 The Board is asked to:
1) Provide feedback on the proposed strategic projects which will be reported in the quarterly performance paper strategic project dashboards as indicated in Appendix 1; and
2) Approve the proposed measures and corresponding targets for 2024/25.

LIST OF APPENDICES:

Appendix 1: Strategic Projects 2024/25
Appendix 2: Strategic Results and KPIs with associated targets for years 4

Appendix 1 - Group Board Strategic Projects 2024/25

Project	Milestones	Milestone dates	Strategy deliverable (s) supported
Theme - Delivering excellent, personalised services			
Defining and agreeing our approach to vulnerability and personalised services **(propose included in quarterly strategic project performance reports)**	Vulnerability strategy and plan developed	30/06/24	▪ Our ambition is for an increasingly tailored service that meets the particular needs and expectations of different customer groups ▪ Ensure **no one is left behind** and our services are appropriately tailored to meet the specific needs of particular customer groups. ▪ Our staff will continue to deliver highly personal services ▪ By 2026 our approach to delivering reactive repairs will be tailored by and for our different customer segments
	Customer engagement concluded	31/08/24	
	Board approval of strategy and implementation plan	30/09/24	
	Implementation plan commenced	31/10/24	
	Update to Board on implementation	31/03/25	
	Review and refine plan phase 2	31/03/25	
Customer insight driven services **(propose included in quarterly strategic project performance reports)**	Agree the top 3 priority areas for customer journey mapping based on analysis of customer insight on key satisfaction drivers	31/05/24	▪ Overall customer satisfaction is above 90% ▪ Better understand where we can improve or tailor our services and ensure they are customer insight and priority driven ▪ Enabling customers to have more control over their service journey and the organisational policies and priorities
	Agree our pulse and thematic survey programme	31/05/24	
	Undertake customer journey mapping, including through direct engagement with customers	31/08/24	
	The Executive Team agree service, process and technology changes required to improve the customer journey and respond to the pulse survey findings	30/09/24	
[redacted]			
Theme - Investing and regenerating our neighbourhoods and communities			
Asset strategy **(propose included in quarterly strategic project performance reports)**	Asset strategy featured as a key theme in Group partner Board strategy workshops	31/05/24	▪ Investing in existing homes and environments ▪ Invest £390 million for improving and modernising homes across the Group ▪ Investment will be designed to help **reduce running costs** in the home wherever possible ▪ Targeted investment to deal with more systemic causes of damp and mould. ▪ Develop an archetype-based approach to investment planning and prioritisation focusing on what most benefits our tenants
	Customer and staff engagement session	31/05/24	
	Internal review and sign-off	31/05/24	
	Group Board approval of Group Asset Management Strategy	30/06/24	
	Group partner asset management plans approved	30/09/24	
	Staff launch of group asset management strategy and group partner asset management plans	31/10/24	
	Agreed approach through strategy informs 2025 investment plans	28/02/25	
Wyndford regeneration *(External interdependency)*	Contractor Procurement completion	30/12/24	▪ Increasing the supply of new homes ▪ Invest £740m of new public and private finance in new build housing ▪ Replacement of unpopular poorer quality homes with new, high quality, energy-efficient homes
	Land Transfer completion	31/03/25	
	Planning Application Submission	31/03/25	
Lochside regeneration *(External interdependency)*	Masterplan Phasing & Capacities Agreed	31/05/24	
	PPiP Submission	31/08/24	
	Contractor Procurement Complete	30/01/25	
	Land Transfer Max High Completion	31/03/25	
Work with our Transforming Communities: Glasgow partner to develop a renewed strategy	TC:G Board strategy workshop to consider key strategic priorities	30/08/24	
	TC:G strategy refreshed to reflect feedback from Board strategy workshop	31/12/24	

(Wheatley Homes Glasgow Board) *(External interdependency)*	TC:G Board agree updated strategy	28/02/25	▪Enhancing our regeneration outcomes to be about more than bricks and mortar
	WHG Board updated on key strategic priorities for 2024/25	31/03/25	
Review of charging - district heating and heat with rent schemes	Review of existing policy and approach	31/05/24	▪Tackling fuel poverty and mitigating long-term increases in energy costs for our customers continues to be a strategic driver ▪RSL tenant satisfaction with value for money increased to 85%
	Proposed update(s) to policy and approach reviewed and agreed by the Executive Team	14/06/24	
	Group Board consider and approve updated district heating charging arrangements	30/06/24	
	Customer engagement and communication on updates to charging arrangements	30/08/24	

Theme - AI, data and automation

Automation & Artificial Intelligence - pilot to explore the potential for productivity gains and service enhancements through MS Co-Pilot and automation	Three priority areas for automation/use of AI (MS Co-Pilot) agreed and associated measures of success identified	31/05/24	▪We will invest in technologies to **optimise automation**, standardise core processing and drive efficiency in key areas ▪We will exploit technological innovations to enhance the efficiency and convenience of our investment and maintenance services ▪Achieve management costs per unit that remain in the lowest quartile
	Deployment plan developed and commenced for each priority area	31/07/24	
	Deployment plan progress update to the Group Executive team	30/12/24	
	Pilot evaluation and lessons learned review completed and recommendations, including a business case if appropriate, presented to the Executive team	31/03/24	
Develop a data driven approach to managing and monitoring building compliance **(propose included in quarterly strategic project performance reports)**	Review our existing compliance cycles, data management, integration and management information arrangements	31/07/24	▪ Data and information will play an increasingly important role in enabling the delivery of all aspects of our services ▪ We will become **experts in managing and exploiting our data** and information ▪ We will exploit technological innovations to enhance the efficiency and convenience of our investment and maintenance services ▪ Become digitally enabled and helping create the conditions to deliver our challenging efficiency targets.
	Build our future building compliance model including desired compliance cycles, key data, data flows, degree of integration, required management information and desired customer touchpoints and functionality.	31/10/24	
	Undertake a gap analysis and options appraisal including costs and benefits of the change between current arrangement and desired future model	30/11/24	
	Develop detailed implementation proposal and plan and update Executive Team including on timescales and anticipated benefits	31/12/24	
Improving and evolving our multi-channel customer first centre **(propose included in quarterly strategic project performance reports)**	Customer Engagement on service improvement opportunities via the Stronger Voices team	30/06/24	▪Customer Satisfaction with the Customer First Centre is 90% ▪Overall customer satisfaction is above 90% ▪As we evolve the CFC, we will increasingly focus on the use of data, system automation and intelligent, personalised and tailored services ▪Achieve management costs per unit that remain in the lowest quartile
	Agree approach and workplan for geographical subsidiary service delivery	31/07/24	
	Pilot customer call transcription and automated quality assurance	31/10/24	
	Scope and develop an approach for automation of identification and verification (IDV)	31/12/24	
	Year 1 update to the Executive team including customer feedback and Year 2 enhancement plan	28/02/25	
Develop data-enabled organisational capability, leadership and culture *(Wheatley Solutions Board)*	Establish staff Communities of Practice across the Group to increase organisational engagement	31/05/24	▪Our staff will be skilled in deriving insight from data ▪We will become **experts in managing and exploiting our data** and information ▪Through improved **analytics capabilities**, including new skills in data science and interpretation, we will create dynamic and real-time reporting environments
	Develop a staff communication and engagement plan promoting the value of data	31/07/24	
	Develop a tailored suite of training for staff who engage with data, tailored to their organisational role, including a bespoke programme for Senior leaders	30/08/24	
	Undertake a baseline staff data awareness and capability survey	30/10/24	

	Annual review of the Group Data strategy undertaken and updates considered, including a business case as appropriate, and agreed by the Group Executive team	31/03/25	▪ Learning programmes will be designed and targeted to equip staff with the specific skill sets they need ▪ Explore opportunities to measure the progress in our **digital maturity** ▪ By 2026 mature data intelligence will support us to deliver services in the right places, to the right people at the right time.
Improving the employee experience through self-service *(Wheatley Solutions Board)*	Staff self-service enhancements - managing annual leave and personal details via a mobile device/laptop	30/09/24	▪ Transition our staff make to self-managed services based on offerings that fundamentally **improve services beyond that which is possible in an off-line environment**. ▪ Achieve management costs per unit that remain in the lowest quartile ▪ We will create dynamic and real-time reporting environments
	Manager self-service enhancements - Managers will have access to new, automated reports and monitoring dashboards for staff absence	30/11/24	
	System integration - automated information integration on new starts, movers and leavers to other systems that use people data	30/11/24	
	Staff-self service enhancements - Staff will be able to process expenses and overtime claims digitally via the CIPHR platform	28/02/25	
Other			
Review of Defined Contribution Pension Schemes	Review and benchmarking of current schemes	31/08/24	▪ Recruit and retain talented staff by offering competitive terms and conditions ▪ Staff turnover remains at less than 7%
	Develop proposals and proposed implementation approach	31/10/24	
	Executive Team review and agreement of recommended approach	30/11/24	
	Recommendations agreed by the Group Board as part of the approval of refreshed Group pensions strategy	31/12/24	

Loretto Board Strategic Results and KPIs 2024 to 2026

Proposed Changes from 2024/25 detailed under 'Update' and relevant change shown in red text

1. Delivering Exceptional Customer Experience

Indicators	Update	Year 4 (2024/25)	Year 5 (2025/26)
"Rate it" score from the book it, track it, rate it repairs approach	Target proposed as a CSAT score of 4.5/5, rather than +10% improvement	4.5/5	~~Baseline + 10% improvement~~ 4.5/5
Percentage of tenants who sustain their tenancies for more than 12 months (ARC)	No change	90%	90%
New - Percentage of tenants who sustain their tenancies for more than 12 months - revised	Formalising as part of the PMF	91%	91%
New - Percentage of tenants who sustain their tenancies for more than 12 months (ARC) - homeless	Formalising as part of the PMF	Contextual	Contextual
Customer satisfaction with the CFC is 90% - CFC CSAT	No change	4.5/5 (90%)	4.5/5 (90%)
% of contacts to CFC resolved within CFC	New	93%	95%
CFC call abandonment rate	Year 5 target proposed as being updated to <4%	5%	~~5%~~ <4%
Revised call abandonment rate - those waited over 30secs and abandoned	New	4%	3%
Average number of working days to respond to stage 1 complaints (ARC)	No change	5	5
Average number of working days to respond to stage 2 complaints (ARC)	No change	20	20
Average number of working days to respond to all complaints – Stage 1 and 2 (ARC)	No change	Contextual	Contextual
Percentage of stage 1 complaints responded to within 5 working days (SPSO)	No change	95%	95%

Appendix 2 - Strategic Results and KPIs with associated targets for years 4

Indicators	Update	Year 4 (2024/25)	Year 5 (2025/26)
Percentage of stage 2 complaints (direct to stage 2) responded to within 20 working days (SPSO)	No change	100%	100%
Percentage of escalated complaints (from stage 1 to stage 2) responded to within 20 working days (SPSO)	No change	100%	100%
Stage 2 repair complaints as a percentage of Stage 1 repair complaints	No change	Contextual	Contextual
Satisfaction with the process of getting my new home is improved to 90% ~~by 10%~~ - Allocations CSAT	Proposed change from 10% improvement to 4.5 / 5 (90%)	4.5 (90%)	~~Improved by 10%~~ 4.5 (90%)

2. Making the Most of Our Homes and Assets

Existing Indicators	Update	Year 4 (2024/25)	Year 5 (2025/26)
Achieve 95% customer satisfaction with their new build home	Methodology to be developed, and baseline established, during 2024/25	Baseline established	95%
Group - Develop ~~4,000~~ 3,200 new homes across all tenures	Targets updated to reflect delivery in Years 1-3 and the revised 5-year development programme agreed by the Board in February 2024. Based on the business plan, our anticipated total is around 450 during the strategy period, and the anticipated Group total is 3,168. The strategic targets shall be updated as part of the 2024 strategy refresh process.	Loretto – 48 (all SR) Group - 772 (Includes 65 market acquisitions)	Loretto – 145 (all SR) Group - 996 (Includes 19 units at Duke Street)
New - % of our stock meeting the lower limit targets in the SG consultation for Fabric efficiency, measured in kWh/m2/year	This is a new measure based on SHNZS consultation and as such will be subject to review. It is however included to provide the Board with visibility.	Baseline established	
New - % of our stock meeting the 'clean' low-carbon heating target in the SG consultation	This is a new measure based on SHNZS consultation and as such will be subject to review. It is however included to provide the Board with visibility.	Baseline established	
Reduce the volume of emergency repairs by 10%	No change	3.5% (cumulative 6.5%)	3.5% (cumulative 10%)
Percentage of customers who have had repairs or maintenance carried out in last 12 months satisfied with the repairs and maintenance service (ARC)	No change	90%	90%
Percentage of reactive repairs carried out in last year completed right first time (ARC)	No change	90%	90%

Appendix 2 - Strategic Results and KPIs with associated targets for years 4

Existing Indicators	Update	Year 4 (2024/25)	Year 5 (2025/26)
Average length of time taken to complete emergency repairs (ARC)	No change	3	3
Average length of time taken to complete non-emergency repairs (ARC)	Target proposed as 7.5 days for Y4, with supplementary target for in-month to be 7 days by P13/March 2025	~~7~~ 7.5	7
% of damp, mould and rot cases attended within 2 working days	This has changed to a contextual measure and will be supported with additional information on the reasons why any are out with 2 working days e.g. customer choice, a no access or no available appointment	Contextual	Contextual
% of damp, mould and rot cases resolved within 15 days	This has changed to a contextual measure and will be supported with additional information on the reasons why any are out with 15 working days e.g. customer choice, a no access, no available appointment, major repair required or investment required e.g. a roof repair/renewal	Contextual	Contextual
Number of times during the reporting year we did not meet our statutory obligations to complete a gas safety check within 12 months of a gas appliance being fitted or its last check (ARC)	No change	0	0
The average time to complete medical adaptations (ARC)	To note this is contingent on the availability of funding to undertake the work	25	25
No of households waiting for adaptations to their home (ARC)	No change	Contextual	Contextual
Number of RIDDOR reported	Proposed change to contextual	Contextual	Contextual
Number of Health and Safety Executive or local authority environmental team interverenntions	No change	0	0

Appendix 2 - Strategic Results and KPIs with associated targets for years 4

Existing Indicators	Update	Year 4 (2024/25)	Year 5 (2025/26)
Number of new employee liability claims received	No change	Contextual	Contextual
Group - Number of open employee liability claims	No change	Contextual	Contextual
Number of days lost due to work related accidents	No change	Contextual	Contextual
Number of accidental fires in workplace.	No change	0	0
New - Legionella - percentage of applicable properties with a valid risk assessment in place	Formalising as part of the PMF, to provide additional assurance	100%	100%
New -% of electrical installation inspections completed and number due to be completed	Formalising as part of the PMF, to provide additional assurance	100%	100%
New -% of properties with an EICR certificate up to 5 years old	Formalising as part of the PMF, to provide additional assurance	100%	100%
New - % of applicable fire safety systems with a valid annual servicing in place (Fire Safety - Sprinkler Systems, Emergency Lighting and Fire Suppression Systems)	Proposed additional reporting to provide additional assurance	100%	100%

3. Changing Lives and Communities

Indicators	Update	Year 4 (2024/25)	Year 5 (2025/26)
Percentage of lets to homeless applicants (ARC)	No change	Contextual	Contextual
Percentage of relevant lets to homeless applicants	No change	Contextual	Contextual
Group - House an estimated 10,000 homeless people or households over 5 years	No change	Group - 2,000	Group - 2,000 (total >10,000)
Group - Over 70% of our customers live in neighbourhoods categorised as peaceful	While the methodology for this measure is fixed, given it is sourced from Police Scotland, it is proposed that we change the strategic target to 80%, with 75% in year 4.	~~69.5%~~ 75%	~~>70%~~ 80%
Group - Reduce the number of accidental dwelling fires by 10%	No change	8% reduction from baseline figure (Upper limit: 195)	10% reduction from baseline figure (Upper limit: 193)
100% of applicable properties have a fire risk assessment (HMOs)	No change	100%	100%
>10,000 vulnerable children benefitting from targeted Foundation programmes	Proposed change to Y4-5 targets to reflect current funding. The Group strategic target remains on track, with an end of strategy forecast of >11,000. Our annual target is proposed as being slightly adjusted to 35 and our strategic target to 160. Wherever possible we will secure additional funding to allow us to exceed this.	Loretto – ~~25~~ 35	Loretto – ~~25~~ 35
		Group – ~~1,200~~ 1,000	Group – ~~1,200~~ 1,000
>20,000 Wheatley customers accessing services which help alleviate poverty	Our own target is now shown	Loretto – 315	Loretto – 315
		Group – 9,000	Group – 9,000
4,000 jobs and training and apprenticeship opportunities delivered	Our own annual targets are proposed to change to 8.	Loretto – ~~3~~ 8	Loretto – ~~3~~ 8
		Group – 800	Group – 800

Appendix 2 - Strategic Results and KPIs with associated targets for years 4

Indicators	Update	Year 4 (2024/25)	Year 5 (2025/26)
New – Group – 75% of jobs, training places or apprenticeships created which are secured by our customers	Formalising as part of the PMF	75%	75%
Achieve 85% satisfaction with Wheatley Environmental Services	MyVoice CSAT for ad-hoc services was launched during 2023/24. During 2024/25, MyVoice will also be launched for Close Cleaning. Target proposed as a MyVoice CSAT score of 4.3 / 5	~~Target to be agreed following baseline~~ 4.3 /5	4.3 / 5 (85%)
% ASB cases resolved (ARC)	Proposed change of target from 98% to 100%	~~98%~~ 100%	~~98%~~ 100%
New – Group – Reduce the number of repeat complaints of ASB by 20%	Formalising as part of the PMF this existing commitment in the ASB Framework. Baseline year is 2022/23, when there were 985 repeat addresses.	15% cumulative reduction (Upper limit 766)	20% cumulative reduction (Upper limit 721)

4. Developing Our Shared Capacity

Indicators	Update	Year 4 (2024/25)	Year 5 (2025/26)
Staff absence is maintained at 3%	No change	3.0%	3.0%

5. Enabling Our Ambitions

Existing Indicators	Update	Year 4 (2024/25)	Year 5 (2025/26)
Group - Reduce gross rent arrears to ~~4.5%~~ 5% (ARC) **Loretto - Reduce gross rent arrears to 4.5% (ARC)**	This has been updated in line with the agreed change during last year's Group strategy renewal to have a target of 5% by 2026. Our own Y4 target is proposed at 3.6% and Y5 at 3.55% to reflect incremental improvement in current climate, therefore anticipated to exceed our strategic target of 4.5% by Y5.	Loretto – ~~4.06%~~ 3.6%	Loretto – ~~3.25%~~ 3.55%
Average days to let a home maintained at 16 days (ARC)	No change	RSLs - 16	RSLs - 16

Loretto Housing

Report

To: Loretto Housing Board

By: Frank McCafferty, Group Director of Repairs and Assets

Approved by: Laura Pluck, Group Director of Communities

Subject: Fire Prevention and Mitigation update 2023/24

Date of Meeting: 20 May 2024

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1. Purpose

1.1 The purpose of this report is to provide the Loretto Housing Board with an update on:

- The number of Person-Centred Fire Risk Assessments (PCFRAs) carried out across Group and in Loretto;
- The number of Accidental Dwelling Fires (ADFs) completed across Group and in Loretto;
- Progress with our Fire Risk Assessment programme; and
- Updates to the Group Fire Prevention and Mitigation Framework following its annual review and as approved by the Wheatley Housing Group Board on 24 April 2024.

1.2 This report shall focus specifically on the performance of our Fire Prevention and Mitigation Framework for the period of 1st April 2023 to 31st March 2024.

2. Authorising and strategic context

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

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

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

3. Background

3.1 Fire safety and keeping our customers and communities as safe as they possibly can be is of paramount importance to us. This is recognised within our 2021-2026 Strategy: Your Home, Your Community, Your Future, in which we clearly state that fire safety will remain a top priority.

4. Discussion

4.1 In the last 12 months between April 2023 – March 2024, the Group Fire Safety Team have completed 614 PCFRAs across the Group. Of these visits, 44 were carried out in Loretto properties.

4.2 In addition to the group Fire Safety Team conducting PCFRAs, there has been a further 19 Home Fire Safety Visits undertaken for Loretto customers by the Scottish Fire and Rescue Service between April 2023 – March 2024.

4.3 In our efforts to reduce the fire risk for our most vulnerable customers, the Fire Safety Team provide fire safety advice, guidance, and fire safety products to help reduce the risk of ADFs. As a result of the 44 PCFRAs carried out this year in Loretto Housing properties, the Group Fire Safety Team have arranged for:

- 10 LD1 fire alarm systems to be installed which includes detection in all rooms except the bathroom;
- 8 stove guards to be installed;
- 1 customer to receive specialised detection; and
- 25 customers to receive fire safety products;

4.4 As well as PCFRAs, the Group Fire Safety Team undertake post Fire Investigation Visits to assess the extent of the damage within a property and to identify if any lessons can be learned to reduce the risk of ADFs re-occurring. Between April 2023 - March 2024, 35 post Fire Investigation Visits have been undertaken by the Group Fire Safety Team. None of these visits were in Loretto Housing properties.

Accidental Dwelling Fires (ADFs)

4.5 The preventative work, such as PCFRAs undertaken in the last 12 months by the Group Fire Safety Team, continues to be an important factor in reducing the number of ADFs in our customers' homes.

4.6 The number of ADFs experienced in customers' homes across the Group between 2020/21 was 215, which acted as a baseline for a targeted reduction. The Group then set a target to reduce the number of ADFs by a further 10% between 2021 and 2026.

4.7 Between April 2023 and March 2024, there were 121 ADFs in customers' homes across the Group. This is a reduction of 26 ADFs in comparison to April 2022 – March 2023 (147). There was only 1 ADF in a Loretto property between April 2023 and March 2024 which is a reduction in 5 ADFs in comparison to April 2022 – March 2023.

Fire Risk Assessments (FRAs)

Relevant Premises (HMOs, Care Premises, Offices, Depots etc.)

4.9 The completion of FRAs in our relevant premises extends currently to our Corporate Estate that includes, HMOs, Care Premises, Offices Workshops and Depots.

4.10 Between April 2023 and March 2024, 8 FRAs in Loretto Housing relevant premises had been undertaken to ensure their recommended frequency of review had been met and thereby ensuring ongoing legal compliance.

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

4.12 No significant issues were identified within our relevant premises during the course of the FRA programme as they have well established, mature fire safety arrangements in place overseen by competent staff and management teams.

Non-Relevant Premises (Livingwell)

4.13 Between April 2023 and March 2024, there was 1 Fire Risk Assessment completed for a Loretto Housing non-relevant premises i.e. Livingwell premises.

4.14 The completion of fire risk assessments in non-relevant premises is not a legal requirement but one, that is considered best practice in guidance issued by the Scottish Government.

4.15 In recognition of Practical Fire Safety Guidance Specialised Housing (Livingwell), the Wheatley Group Board have previously agreed a 3-year recurring cycle of FRAs, in line with the recommendations outlined in said guidance.

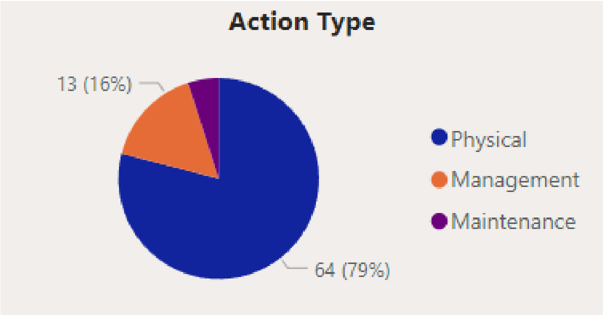
4.16 However, where any significant change to our Livingwell premises is identified by our repairs team, environmental teams, or locality housing directors, such as refurbishment or increase in fire incidents, our fire risk assessments will be reviewed more frequently to ensure fire safety arrangements continue to be robust and effective.

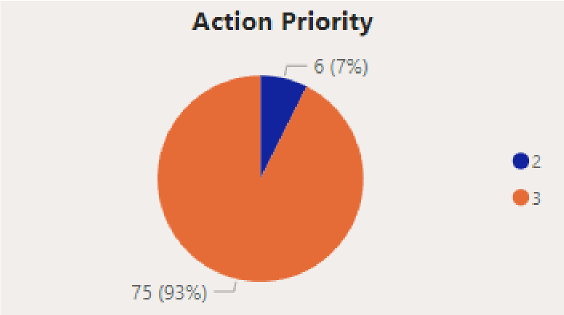
Actions Arising from FRAs

4.17 Between April 2023 and March 2024, there were 9 FRAs completed for both Loretto Housing relevant and non-relevant premises.

4.18 The composition of fire safety actions can be broken down into Management (Procedural, Training, Housekeeping Checks etc), Physical (Repairs, Signage, Door Upgrades etc) and Maintenance (Fire Alarms, Extinguishers, Lighting etc) actions that can be associated with various fire safety measures and / or procedural arrangements.

4.19 The majority of actions can be categorised as:
Priority 1 – action required within 24 hours (0%)
Priority 2 – action required within 4 weeks (7%)
Priority 3 – action required within 6 weeks (93%)





4.20 The Fire Risk Assessments across Relevant and Non-Relevant Premises generated the following number of actions in between April 2023 and March 2024:

- All Actions – 81(100%)
- Closed Actions – 81 (100%)
- Open / Ongoing – 0 (0%)

4.21 Any open and ongoing actions are routinely monitored through to full completion from March 2023 to April 2024.

Fire Prevention Mitigation Framework Review

4.22 We have taken this opportunity to update the Fire Prevention and Mitigation Framework and have made several minor amendments. In particular, the definition of 'vulnerability' has been updated to match the definition used by the Scottish Fire and Rescue Service.

4.23 The ADF figures have been updated for 2023/2024 and the most recent local authority comparison figures have been included.

4.24 Reference has also been made to a new bespoke Fire Risk Recognition training course that has been designed by the Group Fire Safety Team which will be launched in quarter one. This course will be a mandatory course for all Housing and Care staff.

4.25 A copy of the updated Fire Prevention Mitigation Framework is attached at Appendix 1

5. Customer Engagement

5.1 The Group Fire Safety Team works with our Housing colleagues to conduct PCFRAs to customers who are particularly vulnerable to fire, due to physical, cognitive, mental impairments, substance misuse issues or the condition in which they are maintaining their home. At the time of the visit, an assessment of the property and the customer's needs is carried out to determine suitable fire prevention control measures.

5.2 As well as PCFRAs, the Group Fire Safety Team undertake post Fire Investigation Visits to assess the extent of the damage within a property and to identify if any lessons can be learned to reduce the risk of further fires occurring. The majority of fires across the Group started in the kitchen and were cooking-related. As a result, recommendations for stove guards were made and the customers were issued with air fryers and fire safety advice and guidance around safe cooking practices.

5.3 Between April 2023 and March 2024, the Group Fire Safety Team carried out 14 fire safety engagement events across our communities. At these events, the team issued fire safety advice and guidance to our customers and assisted 38 customers with signing up to Home Fire Safety Visits carried out by the SFRS.

6. Environmental and sustainability implications

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

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

6.3 Negative consequences of a building fire on the environment can also endanger the health and well-being of our customers' their neighbours and our communities.

6.4 Targeting PCFRAs for vulnerable customers and ensuring our fire safety arrangements remain effective in the implementation and review of a robust fire risk assessment programme, shall contribute to the overall commitment of the group to positively impact our environmental and sustainability responsibilities.

7. Digital transformation alignment

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

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

8. Financial and value for money implications

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

8.2 In driving a positive fire safety culture across the group, that impacts the number of ADF's in our homes and workplace, there are significant cost savings associated with the cost of fires, which are not immediately visible.

9. Legal, regulatory and charitable implications

9.1 The approach to FRAs in a legal context is one of a statutory nature for relevant premises and best practice for non-relevant premises, that protects the group from unwanted enforcement action, potential prosecution, and reputational risk.

9.2 The Fire Safety Scotland Act 2005 and Fire Safety Scotland Regulations 2006 place legal obligations on Duty Holders' to conduct FRAs in Relevant Premises (Non Domestic Premises).

9.3 Relevant Premises are those premises that are covered by fire safety legislation and enforced under current legislation by Scottish Fire and Rescue. Premises such as HMOs, Care Premises, Offices, Workshops and Depots are legally required to have a current FRA in place.

9.4 Livingwell Premises (Practical Fire Safety Guide for Specialised Housing) are recognised as domestic premises and the recommendation to conduct FRAs is one of best practice and not a legal requirement.

10. Risk Appetite and assessment

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

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

11. Equalities implications

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

12. Key issues and conclusions

12.1 The Group Fire Safety Team achieved their target of 600 PCFRAs in the year (50 per month).

12.2 Accidental dwelling fires are lower than that of the same period last year (between April and March).

12.3 FRAs in both our relevant and non-relevant premises in accordance with Scottish Government guidelines or best practice maintains the Group's position on fire safety.

12.4 All relevant premises and Livingwell premises continue to have in place a valid FRA where a high percentage of recommendations have been actioned and closed.

13. Recommendations

13.1 The Board is asked to:

1) note the update and progress of our Fire Prevention and Mitigation Framework for April 2023 – March 2024; and
2) note the changes to our Fire Prevention and Mitigation Framework.

LIST OF APPENDICES

Appendix 1: [redacted] available here

Loretto Housing

Report

To: Loretto Housing Board

By: David Milligan, Group Health and Safety Manager

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

Subject: Health and Safety: year-end performance report

Date of Meeting: 20 May 2024

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1. Purpose

1.1 The purpose of this report is to provide the Board with an update on health and safety performance for the year ending 31 March 2023/24.

2. Authorising and strategic context

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

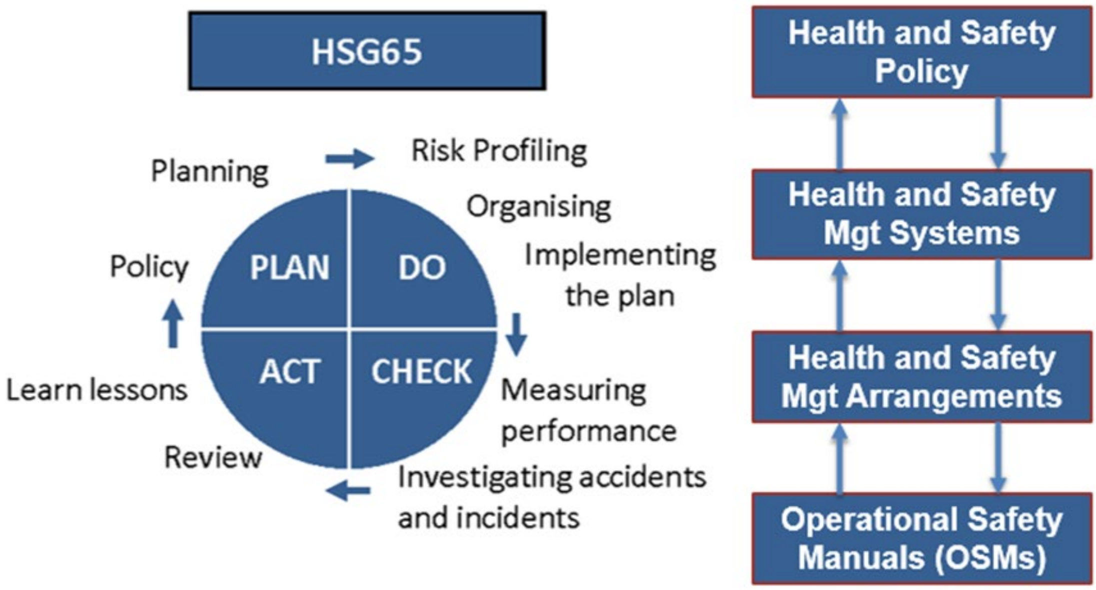
2.2 Group health and safety management arrangements and their contribution to enhancing our health and safety culture are clearly aligned with our Group Strategy for developing our capability that provides a platform for delivering excellent customer service.

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

3. Background

3.1 The Group Board approved the current Group Health and Safety Policy ("the Policy") in December 2021. Whilst a legal requirement, the Group Health and Safety Policy also provides the foundations for our health and safety management system and a positive health and safety culture.

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



3.3 Monitoring arrangements are in place to maintain the validity and accuracy of the Policy and associated Health and Safety Management Arrangements (HSMAs). This includes considering the implications for the policy of any organisational changes that are taking place, service evolution and any new and emerging legislation or best practice guidance that may impact the Group.

4. Discussion

Group Health and Safety Policy

4.1 The Policy was last approved by the Group Board in December 2021 and the next formal review will take place in December 2024. In addition to this, interim reviews of the Policy also take place regularly.

4.2 The Policy is available to all members of staff and is located on our staff intranet, WE Connect, in a digital format.

Group Health and Safety Management System (HSG65)

4.3 We have a legal duty to put in place suitable arrangements to manage health and safety. These arrangements go beyond our Policy and incorporate a wider and more holistic approach to managing health and safety.

4.4 Our Group Health and Safety Management System is one that follows HSE Guidance for Successful Health and Safety Management (HSG65). It is based on a continuous improvement model that will lead the Group to recognised accreditation in ISO45001: Occupational Health and Safety Management.

Group Health and Safety Management Arrangements (HSMAs)

4.5 The Group Health and Safety Team is progressing with the integration and harmonisation of existing health and safety procedures across all group subsidiaries, in the form of HSMAs, to ensure a consistent approach is achieved for legal compliance and managing health and safety, across all business areas where there is a statutory requirement.

4.6 Whilst there are well-established procedures in place across our business and that of our other Wheatley partners, the development of HSMAs allows us to share our best practices and maintains consistency in our approach to health and safety management that captures the roles and responsibilities of management and staff for doing so.

4.7 A legal register as it relates to health and safety legislation has been established to demonstrate our legal compliance and best practice approach in health and safety management.

4.8 Working groups have been established with cross-wide representation to drive the continuous improvement across the business in key areas of health and safety practice. These groups help drive our health and safety culture forward, which includes fire safety, lone working, trades, and safety compliance.

4.9 To date, the following HSMAs have been established and implemented for key health and safety risks, following a process of consultation:

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

4.10 It is anticipated that the integration and harmonisation of existing health and safety procedures across all subsidiaries will be complete in a group-wide format by the end of the financial year 2024/25.

Operational Safety Manuals (OSMs)

4.11 The final part of our health and safety architecture, are the OSMs. These document risk assessments, safe systems of work, local procedures, guidance, and best practice, specific to the nature of the business.

4.12 OSMs are kept under review on a 2-year rolling cycle, to maintain risk assessments and safe systems of work for all business areas and ensure that any new and emerging risks are evaluated and assessed for staff and customer safety.

4.13 OSMs are developed in line with the nature of the business and have been established for five key business areas across the Group, to include:

- Care;
- Housing;
- Neighborhood and Environmental Teams (NETs);
- In House Trades;and
- Corporate Services.

4.14 OSMs were subject to a full review in July 2022 and will be updated on an ongoing basis where, their review shall not exceed 2 years or more frequently where, a significant change in legislation, best practice or safe systems of work are identified.

Health and Safety Training for Managers

4.15 The Group Health and Safety Team has developed a one-day Health and Safety for Managers course. All Managers, Supervisors, Team Leaders, and Directors must attend the training that provides oversight of the Group H&S Management System.

4.16 The training shall provide an understanding of our legal obligations, roles and responsibilities and the arrangements in place for safeguarding the health, safety and wellbeing of staff and customers.

4.17 Health and Safety Management Training will be refreshed every 3 years.

Health and Safety Training (Mandatory)

4.18 To ensure the safety of our staff and customers and meet our legal obligations under the Health and Safety at Work Act to provide Information, Instruction and Training, we have adopted a blended approach to training.

4.19 Notwithstanding any face-to-face training or practical training for the use of workplace tools and machinery, we have in place an E-Learning Platform for the delivery of mandatory health and safety training across all subsidiaries.

4.20 Mandatory e-learning for all groups of staff has been established and implemented across all subsidiaries to supplement role-specific training. This training is monitored by Line Managers and reported quarterly at the Health and Safety Committee for where further action may be required. Our Housing team have a 100% completion rate on mandatory e-learning.

Construction Design and Management Regulation (Dutyholders)

4.21 In conjunction with Glasgow Caledonian University, we have also provided training to respective duty holder roles across the business to ensure there is a clear understanding of the application of the CDM Regulations.

4.22 Training was delivered in our Academy, to managers and staff managers and staff from our Property New Build Team, Facilities Management, Procurement and Health and Safety Teams.

4.23 We have implemented a Group-wide CDM Health and Safety Management Arrangement (HSMA) following a process of consultation with the Leadership Team and Trade Unions.

4.24 The Group HSMA: CDM has also resulted in the development and introduction of revised contractor vetting procedures to ensure that Client duties are upheld for the appointment of competent contractors.

4.25 Contractor Vetting is incorporated into the procurement process with the Group Health and Safety Team evaluating the health and safety submission of potential suppliers at the tendering stage.

4.26 Going forward, all contractors involved in the delivery of services that attract the application of CDM Regulations, shall be assessed annually as a function of the Contract Management System (CMS).

Homeworking

4.27 We have well established homeworking arrangements. Homeworking Training, Information, Instruction and Training is monitored regularly by the Group Health and Safety Team.

4.28 There is currently a 100% compliance rate with our Homeworking arrangements for Agile Home-Based Staff. None of our Homeworking Self Assessments have been returned to Management or the Group H&S Team as showing unsatisfactory.

Accident and Incident Reporting

4.29 There is a legal requirement for the Group to investigate and report accidents and incidents involving staff, contractors, and customers in accordance with the Reporting of Injuries, Disease and Dangerous Occurrences (RIDDOR Regulations).

4.30 In the last financial year, Loretto Housing reported no RIDDOR related incidents to the Health and Safety Executive.

Employee Liability Claims Experience

4.31 We have no open Employer's Liability Claims being investigated and considered by our Insurer for accidents and incidents at work.

Digital Incident Reporting System (WE Notify)

4.32 Historically, the Group Health and Safety Team has overseen the development and implementation of a paper-based incident reporting system, that did not provide for real-time notifications, alerts, or the raising and tracking of corrective actions.

4.33 Following a market appraisal and supplier engagement, the Group Health and Safety Team has appointed a preferred supplier for a digital incident reporting system (WE Notify) that enhances our incident reporting procedures and specifically, for those staff working remotely and from home.

4.34 The digital incident reporting system shall provide access and means to report a wide variety of incidents remotely from laptops, tablets, and mobile phones, providing real-time notification and alerts to Group H&S Team and Management of incidents occurring across all business areas.

4.35 The Notify Incident Reporting System has gone live following a process of consultation, engagement, and training across all business areas. It is anticipated that the system will enhance our reporting procedures and improve our level of reporting and subsequent investigation to prevent recurrence and mitigate the risk of enforcement and liability claims.

ISO45001: Occupational Health and Safety Management

4.36 The architecture of our Group Health and Safety Management System is one that will lead the Group to Accreditation in ISO45001: Occupational Health and Safety Management, which demonstrates a real statement of intent with regard to our health and safety culture and the arrangements in place for safeguarding the health, safety and wellbeing of our staff and customers.

4.37 ISO Standards are a best practice approach and recognised at an international level amongst industry experts. In the case of health and safety management, ISO45001 demonstrates a best practice approach that is widely recognised amongst regulators and governing bodies.

4.38 The Group Health and Safety Team is on a journey to achieving that accreditation status with a targeted timescale for award by April 2025.

4.39 Accreditation to ISO45001 as a recognised and effective Health and Safety Management System shall further enhance, the standard and profile of our health and safety management system, leadership commitment, safety culture and reputation as Scotland's leading Housing and Care organisation.

Benefits of ISO45001 Accreditation:

5. Customer Engagement

5.1 The Policy and supporting Management Arrangements are subject to consultation with recognised Trade Unions in line with our statutory obligations. No adverse comments were received from those consulted in the review of the Policy and subsequent HSMAs.

5.2 More generally, discussions have taken place with colleagues and Trade Unions on the development of health and safety management arrangements and the review of OSMs, discussed in this report.

5.3 Quarterly Health and Safety Committee meetings take place involving senior staff from across the Group and Trade Union officials. These meetings provide a route for discussing health and safety-related matters, their escalation and means of resolution, as required.

5.4 The Group Health and Safety Committee structure ensures that we comply with the requirements for consultation and more specifically, our legal obligation under the Safety Representative and Safety Committee Regulations and Health and Safety (Consultation with Employee) Regulations

6. Environmental and sustainability implications

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

- reducing unnecessary travel to an office location;
- encouraging staff to meet, when necessary, in our new hub locations that include measures to reduce our carbon footprint such as solar PV; and
- increasingly looking to encourage the use of electric vehicles and power tools, and active travel, where appropriate, to the work being carried out.

7. Digital transformation alignment

7.1 Technology is used where appropriate to support safe working arrangements. E-Learning training is also being developed beyond our Health and Safety Awareness and Fire Awareness courses, to reflect our new operating model.

7.2 Over the last 12 months we have introduced many new courses to support staff such as Homeworker, Personal Safety and Introduction to First Aid which also demonstrates our commitment to our legal obligations for the provision of Information, Instruction and Training under the Health and Safety at Work Act.

7.3 The Group Health and Safety Team is currently in the process of implementing a digital incident reporting system, that will enhance our current reporting procedures and further safeguard the safety and well-being of staff in addition to strengthening our compliance and mitigation for liability claims.

8. Financial and value for money implications

8.1 The financial implications associated with this report are recognised in the procurement of a Digital Incident Reporting System.

9. Legal, regulatory and charitable implications

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

10. Risk Appetite and assessment

10.1 Our risk appetite relating to issues of regulatory, legal and compliance is cautious and is balanced against our operational delivery where we have an open approach to pursue opportunities that support improvement in the customer experience**.**

10.2 The introduction of our WE Notify system will support us in demonstrating benefits to our customers through digital services and platforms that will improve the customer experience and further safeguard the safety and well-being of staff in addition to strengthening our compliance and mitigation for liability claims.

11. Equalities implications

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

12. Key issues and conclusions

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

12.2 The Health and Safety Management System currently in place is recognised as a best practice approach by the Health and Safety Executive for continuous improvement. There are many components to our Health and Safety Management System including our Policy, HSMAs, OSMs, Health and Safety Training and the collaboration of our dedicated Working Groups, led by the Group Health and Safety Team.

12.3 Our efforts to improve incident reporting procedures that will drive a positive safety culture and mitigate our liability claims experience are moving at pace with the proposed introduction of a digital incident reporting platform. This will improve our current paper-based approach that is no longer fit for purpose in our current operating model where we have staff working remotely from home and in our communities.

12.4 Awareness of Health and Safety Management is being heightened in the delivery of our health and safety management training amongst all managers, supervisors and team leaders.

12.5 In developing our Health and Safety Management Arrangements to ensure legal compliance in all areas of health and safety legislation, we are driving the Group towards recognised Health and Safety Accreditation in ISO45001 that will further demonstrate and enhance, the standard and profile of our health and safety management system, leadership commitment, safety culture and reputation as Scotland's leading Housing and Care organisation.

13. Recommendations

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

LIST OF APPENDICES:

NONE

To: Loretto Housing Board

By: Lyndsay Brown, Director of Financial Reporting

Approved by: Pauline Turnock, Group Director of Finance

Subject: Finance Report to 31 March 2024

Date of Meeting: 20 May 2024

1. Purpose

1.1 The purpose of this paper is to:

- provide an overview of the management accounts for the year to 31 March 2024;
- provide an update on the 2024/25 financial performance to 30 April 2024; and
- seek Board approval to submit the Five Year Financial Projection and Loan Portfolio returns to the Scottish Housing Regulator.

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 year to 31 March 2024 are summarised below.

	Year to March 2024		
£000	**Actual**	**Budget**	**Variance**
Turnover	18,116	18,618	(502)
Operating expenditure	(15,853)	(15,987)	134
Operating surplus	**2,263**	**2,631**	**(368)**
Net operating margin	*12.5%*	*14.1%*	*(1.6%)*
Donation to Wheatley Foundation	(150)	-	(150)
Net interest payable	(3,861)	(3,779)	(82)
Statutory Deficit	**(1,748)**	**(1,148)**	**(600)**
Net Capital Expenditure	**1,236**	**13,788**	**12,552**

4. Discussion

4.1 Year to 31 March 2024

A statutory deficit of £1,748k has been reported for the year to 31 March 2024, which is £600k unfavourable to budget and broadly in line with the recent Q3 forecast out-turn. The key driver of the variance is being lower than budgeted gift aid from WDS with lower corresponding costs in the new build programme.

Key variances against budget include:

4.2 Within income, net rental income is reporting a £175k favourable variance to budget due to a strong void performance with a void rate of 1.83% compared to the budgeted rate of 2.88%. Other income is £646k unfavourable to budget due to reduced gift aid from WDS, with lower corresponding costs in the new build programme.

4.3 In operating expenditure, total costs are £134k favourable to budget with higher spend in revenue repairs and maintenance, offset by lower ER/VR costs and a favourable bad debt position.

4.4 Revenue repairs and maintenance spend is £364k higher than budget. The improvement plan which has been put in place to monitor the drivers of repairs costs, improve efficiency has kept repairs spend within the forecast spend.

4.5 Bad debts are £286k favourable to budget. A prudent approach is taken when setting the budget.

4.6 Net capital expenditure is £12,552k lower than budget, mainly due to East Lane site start being delayed, Dargavel Ph3 not progressing and the full grant for South Crosshill being received in full in March.

Period to 30 April 2024

4.7 Overall Loretto reports performance favourable to budget at the end of P1 and statutory deficit of £264k, £47k favourable to budget. The main drivers being the favourable void performance and expenditure position compared to budget.

4.8 Net rental income is £10k favourable to budget. Void losses in the period are £12k favourable with a rate of 1.69% against a budgeted rate of 2.47%.

4.9 Total expenditure is £34k favourable at P1 with responsive repairs seeing a favourable variance of £17k. Running costs are £14k favourable mainly due to the timing of spend compared to budget.

Five-Year Financial Projections

4.10 The Five-Year Financial Projections is a web-based return designed by the Scottish Housing Regulator (“SHR”) to collect the financial projections and related information of all RSLs in Scotland in a standard format. The information provided is used to calculate several financial ratios and is used by the SHR as part of its annual review of the financial viability of RSLs and in making decisions on the level of engagement. It is also used to allow developing trends, patterns, and emerging issues to be identified and considered across the sector.

4.11 The return provides the actual results for 2023/24 and the financial projections for the next five years. The SHR require covenant information to be returned and for our RSLs have asked that this information is provided for the WFL1 Borrower Group in the Wheatley Housing Group parent RSL return, an approach that is similar to the Loan Portfolio Submission and in line with last year’s submission. At other points in the year, we submit our long-term financial projections i.e., our 30 year business plan which was presented to the February Board and the annual accounts which will be presented to the August Board meeting.

4.12 The return includes out turn and forecast Statements of Comprehensive Income, Financial Position and Cashflow together with other key assumptions such as movements in stock numbers and pension costs.

4.13 The five year forward financial projections reported within the return are based on the 2024/25 Financial Projections previously approved by the Loretto Board in February. The 2023/24 figures have been updated to reflect the 2023/24 year end management accounts.

4.14 The five year forward projections also include estimates for non-cash year-end accounting adjustments not included in the management accounts. The reconciling items between the management accounts in appendix 1 and the SHR return are shown below.

	£000	**Note**
Loretto P12 Draft Statutory Deficit	**(1,748)**	
Investment property valuation movement	38	Business plan estimated pending final JLL valuations
Social housing property valuation movement	8,270	
Surplus per before tax per SHR return	**6,560**	

4.15 The summary sheet and accompanying financial data and 5-year projections to be submitted to the regulator are attached at Appendix 2. The Board are requested to consider and approve these financial projections. Once approved, these will be submitted to the Scottish Housing Regulator.

Loan Portfolio Submission

4.16 We are required to submit its loan facilities and borrowing position, as at 31 March 2024, to the Scottish Housing Regulator via the regulators' online portal. The submission report appended contains the details which will be transferred to the portal, showing both the information and the layout.

4.17 The submission report contains the information relating to the intragroup funding from Wheatley Funding No. 1 Limited and on the debt position of the RSL as at the financial year end.

4.18 [redacted]

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

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

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 deficit for the year to 31 March 2024 is £600k unfavourable to budget, which is linked to lower than budgeted gift aid from WDS with lower corresponding costs in the new build programme. Delivery of our cost efficiency targets is a key element of continuing to demonstrate value for money. The underlying surplus for the year to 31 March 2024 is £921k favourable to budget driven by the reprofiling in the core investment programme.

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 year to 31 March 2024 and provides an update on the financial results to 30 April 2024.

13. Recommendations

13.1 The Board is requested to:

1) Note the Finance Report for the year to 31 March 2024 including the update on the financial results to 30 April 2024 at Appendix 1.
2) Approve the summary sheet and accompanying financial data and projections at Appendix 2 and authorise these to be submitted to the Scottish Housing Regulator and delegate authority to the Group Director of Finance to undertake any factual data updates required to the data in advance of the submission.
3) Approve the loan portfolio submission in Appendix 3 and authorise this to be submitted to the Scottish Housing Regulator and delegate to the Group Director of Finance authority to approve any factual data updates required to the data in advance of the submission.

LIST OF APPENDICES:-

Appendix 1: Year to 31 March 2024 Finance Report
Appendix 2: Five Year Financial Projections Submission
Appendix 3: [redacted]

Loretto Housing

Year to 31 March 2024
Finance Report

Wheatley Group

1a. Operating Statement – Year to 31 March 2024

	Year To 31 March 2024		
	Actual £k	Budget £k	Variance £k
INCOME			
Rental Income	15,869	15,859	10
Void Losses	(291)	(456)	165
Net Rental Income	**15,578**	**15,403**	**175**
Grant Income	**2,223**	**2,223**	**0**
Other Grant Income	**85**	**116**	**(31)**
Other Income	**230**	**876**	**(646)**
Total Income	**18,116**	**18,618**	**(502)**
EXPENDITURE			
Employee Costs - Direct	1,352	1,382	30
Employee Costs - Group Services	855	881	26
ER / VR	72	210	138
Direct Running Costs	1,791	1,813	22
Running Costs - Group Services	473	469	(4)
Revenue Repairs and Maintenance	3,562	3,198	(364)
Bad debts	121	407	286
Depreciation	7,627	7,627	0
TOTAL EXPENDITURE	**15,853**	**15,987**	**134**
OPERATING SURPLUS / (DEFICIT)	**2,263**	**2,631**	**(368)**
Net operating margin	*12.5%*	*14.1%*	*-1.6%*
Donation to Wheatley Foundation	(150)	0	(150)
Interest Payable	(3,861)	(3,779)	(82)
STATUTORY SURPLUS / (DEFICIT)	**(1,748)**	**(1,148)**	**(600)**

	Year To 31 March 2024		
	Actual £k	Budget £k	Variance £k
INVESTMENT			
Total Capital Investment Income	**6,760**	**11,196**	**(4,436)**
Investment Programme	1,783	2,514	731
New Build Programme	5,833	22,048	16,215
Other Capital Expenditure	380	422	42
TOTAL CAPITAL EXPENDITURE	**7,996**	**24,984**	**16,988**
NET CAPITAL EXPENDITURE	**1,236**	**13,788**	**12,552**

Income and Expenditure account – key points

Net operating surplus of £2,263k is £368k unfavourable to budget. Statutory deficit for the year is £1,748k and is £600k unfavourable to budget with the main driver being lower than budgeted gift aid from WDS with lower corresponding costs in the new build programme.

- Net rental income is £175k favourable to budget due to early completions at Maddiston and lower than budgeted voids. Void losses in the year are £165k favourable with a rate of 1.83% against a budget of 2.88%.
- Grant income relates to 24 units at Maddiston, which were completed ahead of the budgeted date of March 2024.
- Other grant income of £85k relates to medical adaptations grants.
- Other income is £646k unfavourable to budget due to reduced gift aid from WDS, with lower corresponding costs in the new build programme. This is a non cash intra group item.
- Direct employee costs are £30k favourable to budget attributable to the charging of additional landlord services to Lowther Homes and higher than budgeted capitalised salary for New build. Employees recharged from Group Services are for Loretto's share of Wheatley Solutions staff and are £26k favourable to budget.
- Revenue repairs and maintenance is £364k unfavourable to budget with responsive repairs spend £461k higher than budget. The improvement plan which has been put in place to monitor the drivers of repairs costs, improve efficiency has kept repairs spend within the Q3 forecast spend.
- Bad debts are £286k favourable to budget. A prudent approach was taken when setting the budget.
- Additional donations to Wheatley Foundation of £150k were made in late March to provide additional support for our customers during future years.
- Net Interest payable is £82k unfavourable to budget linked to a higher variable rate than assumed in the budget.

Net capital expenditure of £1,236k is £12,552k lower than budget.

- Capital investment income (grant) is £4,436k lower than budget due to Croy and East Lane site starts being delayed and Dargavel Ph 3 not progressing, in addition to the full grant for Main St Maddiston being claimed in 2022/23. The impact of this is reduced by receipt of the full grant for South Crosshill.
- New build spend is £16,215k lower than budget resulting from delays at Croy and East Lane, in addition to Dargavel Ph 3 not progressing.
- Investment programme expenditure of £1,783k relates to core programme works, capitalised repairs and voids. An underspend is reported due to the re-profiling of the core programme.
- Other capital expenditure of £380k relates to the Loretto contribution to Wheatley Group IT costs and capital works to offices used by Wheatley Care at supported accommodation.

1b. Underlying surplus – Year to 31 March 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.
- For the year ending March 2024, an underlying surplus of £1,892k has been generated using this measure which is £921k favourable to budget. The variance is primarily driven by lower investment programme spend, due to the re-profiling of the programme and lower bad debt costs.
- In planning for final quarter, a year end donation of £150k was made to the Wheatley Foundation.

Loretto Underlying Surplus/(Deficit) - March 2024			
	Actual £k	Budget £k	Variance £k
Net operating surplus	2,263	2,631	(368)
add back:			
Depreciation	7,627	7,627	0
less:			
Grant income	(2,223)	(2,223)	0
Net interest payable	(3,861)	(3,779)	(82)
Git Aid	(131)	(771)	640
Total expenditure on Investment Programme	(1,783)	(2,514)	731
Underlying surplus	**1,892**	**971**	**921**
Donation to Wheatley Foundation	(150)		
Reported underlying surplus	**1,742**		

Operating Statement – March 2024

	Period Mar 2024		
	Actual £k	Budget £k	Variance £k
INCOME			
Rental Income	1,324	1,331	(7)
Void Losses	(25)	(38)	13
Net Rental Income	**1,299**	**1,293**	**6**
Grant Income	**0**	**2,223**	**(2,223)**
Other Grant Income	**0**	**11**	**(11)**
Other Income	**140**	**780**	**(640)**
Total Income	**1,439**	**4,296**	**(2,857)**
EXPENDITURE			
Employee Costs - Direct	107	115	8
Employee Costs - Group Services	64	74	10
ER / VR	43	181	138
Direct Running Costs	183	142	(41)
Running Costs - Group Services	48	39	(9)
Revenue Repairs and Maintenance	306	324	18
Bad debts	(2)	35	37
Depreciation	651	651	0
TOTAL EXPENDITURE	**1,400**	**1,561**	**161**
OPERATING SURPLUS / (DEFICIT)	**39**	**2,735**	**(2,696)**
Donation to Wheatley Foundation	(150)	0	(150)
Interest Payable	(440)	(412)	(28)
STATUTORY SURPLUS / (DEFICIT)	**(551)**	**2,323**	**(2,874)**

	Period Mar 2024		
	Actual £k	Budget £k	Variance £k
INVESTMENT			
Total Capital Investment Income	**4,782**	**10**	**4,772**
Investment Works	231	106	(125)
New Build	1,809	1,625	(184)
Other Capital Expenditure	121	35	(86)
TOTAL CAPITAL EXPENDITURE	**2,161**	**1,766**	**(395)**
NET CAPITAL (INCOME)/EXPENDITURE	**(2,621)**	**1,756**	**4,377**

Loretto Housing

Income and Expenditure account – key points

Net operating surplus of £39k is £2,696k unfavourable to budget. Statutory deficit for the month is £551k, £2,874k unfavourable to budget. The main driver of the unfavourable variance is the early recognition of the Maddiston new build grant income.

- Gross rental income is £7k unfavourable to budget due to changes in service charges applied to a small number of rent accounts.
- The favourable variance on void losses in the month reflects on YTD performance.
- Grant income is £2,223k unfavourable to budget due to the full recognition of the Maddiston new build grant income by November 2023, following early completion of the units.
- Other grant income has an unfavourable variance of £11k as the medical adaptation award was recognised earlier in the year.
- Other income is £640k unfavourable to budget due to reduced gift aid from WDS. This is a non cash intra group item.
- Direct employee costs report a £8k favourable variances to budget due attributable to the charging of additional landlord services to Lowther Homes and higher than budgeted capitalised salary for New build. Employees recharged from Group Services are for Loretto's share of Wheatley Solutions staff.
- Running costs (direct and group services) are £50k unfavourable to budget, due to the finalisation of 23/24 costs by suppliers.
- Revenue repairs and maintenance expenditure is £18k favourable to budget, due to the finalisation of 2023/24 costs by CBG and Equans.
- Bad debts are £37k favourable to budget reflecting YTD performance.
- A donation of £150k was made to the Wheatley Foundation to provide additional support for our customers in future years.
- Gross interest payable of £440k represents interest on the loans due to Wheatley Funding Ltd 1.

The net capital position of income of £2,621k is £4,377k favourable to budget, following receipt of the full grant funding for the South Crosshill development being received in March.

2a. Repairs & Investment Programme – Year to 31 March 2024

Repairs & Maintenance Expenditure	1 April 2023 - 31 March 2024		
	Actual £k	Budget £k	Variance £k
Responsive Repairs	1,946	1,485	(461)
Cyclical (local)	40	87	47
Compliance Revenue	1,576	1,626	50
Total	**3,562**	**3,198**	**(364)**

Repairs and maintenance

- Revenue repairs and maintenance spend of £3,562k is £364k unfavourable to the budget of £3,198k.
- Responsive repairs are £461k unfavourable to budget. The improvement plan which has been put in place to monitor the drivers of repairs costs, improve efficiency has kept repairs spend within the Q3 forecast spend.
- Cyclical repairs report a favourable variance due to re-profiling of the programme.
- Overall compliance expenditure is £50k favourable to budget driven by lower communal utilities and compliance costs. The underspend on compliance costs is linked to the timing of the programme.

Investment Programme	1 April 2023- 31 March 2024		
	Actual £k	Budget £k	Variance £k
Investment Programme Grant Income			
Adaptations	85	116	(31)
Total	**85**	**116**	**(31)**
Investment Programme Expenditure			
Adaptations	130	116	(14)
Core programme	731	1,630	899
Capitalised repairs	335	370	35
Capitalised staff	289	123	(166)
Void repairs	298	275	(23)
Total	**1,783**	**2,514**	**731**

Investment Programme

- Investment Programme expenditure of £1,783k is £731k favourable to the budget, mainly due to the lower spend in the core programme.
- The cost of adaptations year to date is partially offset by grant income from GCC and Scottish Government.
- Core programme works are £899k lower than budget due to the reprofiling of the programme.

2b. New Build Programme – Year to 31 March 2024

Loretto Housing

			Year To March 2024		
	*Status	Contractor	Actual	Budget	Variance
Main St, Maddiston	Complete	Miller Homes	878	1,927	1,049
East Lane	On site	JR Group	2,697	8,130	5,433
Dargavel Ph3	Feasibility	Not Progressing	19	5,898	5,879
Duke St	On site	City Building	161	2,629	2,468
Constarry Road, Croy	On site	Miller Homes	107	2,164	2,057
Crofthead	Not Progressing	Not Progressing	0	1	1
Barrhill	Feasibility	Cala West	0	3	3
Forfar Avenue	Due on Site	McTaggart	172	0	(172)
South Crosshill	On site	BWD Trading	1,025	0	(1,025)
Bank Street	Approved	McTaggart	3	0	(3)
Feasibility	-	-	8	0	(8)
Prior year schemes	-	-	57	513	456
Total social Rent			**5,127**	**21,265**	**16,138**
Land Acquisition	-	-	0	100	100
Capitalised Insurance	-	-	10	0	(10)
Capitalised Interest	-	-	64	88	24
Capitalised Staff Costs	-	-	632	595	(37)
Total New Build Investment			**5,833**	**22,048**	**16,215**
Grant Income			**6,675**	**11,081**	**(4,406)**
Net New Build Costs			**(842)**	**10,968**	**11,810**
Grant Income Completions (Recognised in OPS)			**2,223**	**2,223**	**0**

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

Maddiston Fire Station: 24 units social rent. s75 with Miller Homes. Practical completion reached November 2023.

East Lane, Paisley: 48 units social rent. Approval received in November 2022 and an above benchmark grant from Scottish Government was awarded. The project started on site in May 2023 however work paused while our builder dealt with additional queries from the Council, which has resulted in underspend throughout the year. The contractor started back in November 2023 and works are progressing in line with programme.

Duke Street: 19 units social rent. Spend behind budget due to further works identified during enabling stage which commenced in January 2024.

Constarry Road, Croy: 15 units social rent. First Golden Brick agreed March 2024. Site start was budgeted to start Q2 2023/24. The project is being progressed with the original partner following delays.

Forfar Avenue: 30 units for Livingwell. Approval secured in November 2023. Planning and Building Warrant applications submitted in Q2 2023. Site started expected Q1 2024/25.

South Crosshill Rd, Bishopbriggs: 44 units social rent. s75 project with Barratt Homes. Approval received August 2023 and grant approval February 2024. First Golden Brick payment made mid-March with the second/final Golden Brick payment expected by end April 2024.

[redacted]

3. Balance Sheet

	31 March 2024 £k	31 March 2023 £k
Tangible Fixed Assets		
Housing Properties	145,228	144,956
Investment Properties	1,260	1,260
Other Assets	1,398	1,299
	147,886	147,515
Current Assets		
Rent and service charge arrears	724	597
less: Provision for rent arrears	(413)	(364)
Prepayments and accrued income	0	6
Intercompany balances	45	99
Other debtors	1,868	1,918
	2,224	2,256
Cash at Bank and in Hand	718	2,062
	2,942	4,318
Short Term Creditors		
Trade creditors	(676)	(53)
Accruals	(2,531)	(2,331)
Deferred income	(7,778)	(2,226)
Rent and service charges in advance	(1,294)	(1,060)
Intercompany balances	(3,116)	(3,360)
Other creditors	(510)	(535)
	(15,905)	(9,565)
Net Current Assets	(12,963)	(5,247)
Long Term Creditors		
Amounts due after one year	(77,928)	(82,425)
Deferred Income	(302)	(1,402)
Pension Liability	(1,758)	(1,758)
Net Assets	**54,935**	**56,683**
Capital and Reserves		
Share Capital	-	-
Revenue Reserve - b/fwd	58,441	46,881
Current year surplus/(deficit)	(1,748)	11,560
Pension Reserves	(1,758)	(1,758)
Association's Funds	**54,935**	**56,683**

Loretto Housing

Comments

The balance sheet reported at 31 March 2024 is subject to final audit and 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 £32k lower than the March 2023 position, due to the timing of intercompany settlements.
- **Short Term Creditors –** Amount due within one year are £6,340k higher than the March 2023 position, mainly due deferred grant income.
- **Deferred grants** – This relates to the 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 £78m of loans due to Wheatley Funding No 1 Ltd, excluding deferred loan fees.

4. Operating Statement – Period to 30 April 2024

	Period To 30 April 2024 Actual £k	Budget £k	Variance £k	Full Year Budget £k
INCOME				
Rental Income	1,422	1,424	(2)	17,103
Void Losses	(24)	(36)	12	(423)
Net Rental Income	**1,398**	**1,388**	**10**	**16,680**
Grant Income	**0**	**0**	**0**	**5,766**
Other Grant Income	**0**	**0**	**0**	**117**
Other Income	**9**	**9**	**0**	**815**
Total Income	**1,407**	**1,397**	**10**	**23,378**
EXPENDITURE				
Employee Costs - Direct	106	106	0	1,246
Employee Costs - Group Services	76	76	0	885
ER / VR	0	0	0	0
Direct Running Costs	153	159	6	1,905
Running Costs - Group Services	34	42	8	507
Revenue Repairs and Maintenance	385	402	17	4,464
Bad debts	11	14	3	172
Depreciation	588	588	0	7,156
TOTAL EXPENDITURE	**1,353**	**1,387**	**34**	**16,335**
OPERATING SURPLUS / (DEFICIT)	**54**	**10**	**44**	**7,043**
Net operating margin	*3.8%*	*0.7%*	*3.1%*	
Interest Payable	(318)	(321)	3	(4,157)
STATUTORY SURPLUS / (DEFICIT)	**(264)**	**(311)**	**47**	**3,124**

	Period To 30 April 2024 Actual £k	Budget £k	Variance £k	Full Year Budget £k
INVESTMENT				
Total Capital Investment Income	**0**	**316**	**(316)**	**14,933**
Investment Programme	124	126	2	3,496
New Build Programme	2,120	767	(1,353)	24,959
Other Capital Expenditure	20	32	12	387
TOTAL CAPITAL EXPENDITURE	**2,264**	**925**	**(1,339)**	**28,842**
NET CAPITAL EXPENDITURE	**2,264**	**609**	**(1,655)**	**13,909**

Income and Expenditure account – key points

Net operating surplus of £54k is £44k favourable to budget. Statutory deficit for the period is £264k and is £47k favourable to budget with the main drivers being the favourable void performance and expenditure position compared to budget.

- Net rental income is £10k favourable to budget. Void losses in the period are £12k favourable with a rate of 1.69% against a budgeted rate of 2.47%.
- Total running costs (direct and group services) are £14k favourable to budget. Group recharges are £8k favourable to budget due to several departments currently reporting lower costs across Wheatley Solutions, due to the timing of projects.
- Revenue repairs and maintenance is £17k favourable to budget, resulting from a lower than budgeted spend on responsive repairs.
- Bad debts are £3k favourable to budget. A prudent approach was taken when setting the budget.

Net capital expenditure of £2,264k is £1,655k higher than budget.

- Capital investment income (grant) is £316k lower than budget due to the timing of grant claims, linked to lower new build spend at Constarry Road.
- New build spend is £1,353k higher than budget due to the timing of spend for South Crosshill turnkey project, noting also that we received the full grant in the prior year. This is slightly offset with an underspend at Constarry Road.
- Other capital expenditure of £20k relates to Loretto's contribution to Wheatley Group IT costs.

Five Year Financial Projections (FYFP) 2023-2024

Landlord Name:	Loretto Housing Association Ltd
RSL Reg No.:	154
Report generated date:	09/05/2024 12:36:55

Approval

A1.1	Date approved	
A1.2	Approver	
A1.3	Approver job title	
A1.9	General Comment	

Scottish Housing Regulator

STATEMENT OF COMPREHENSIVE INCOME						
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
	£'000	£'000	£'000	£'000	£'000	£'000
Gross rents	14,610.6	14,905.7	15,987.9	17,552.3	18,837.3	20,265.0
Service charges	1,258.4	1,341.5	1,401.8	1,464.8	1,528.3	1,581.3
Gross rents & service charges	15,869.0	16,247.2	17,389.7	19,017.1	20,365.6	21,846.3
Rent loss from voids	291.0	422.5	507.1	535.5	560.7	584.8
Net rent & service charges	15,578.0	15,824.7	16,882.6	18,481.6	19,804.9	21,261.5
Developments for sale income	0.0	0.0	0.0	0.0	0.0	0.0
Grants released from deferred income	2,223.1	5,766.1	15,501.3	11,106.9	10,127.6	28,477.9
Grants from Scottish Ministers	85.0	116.7	119.6	122.6	125.7	128.8
Other grants	0.0	0.0	0.0	0.0	0.0	0.0
Other income	230.0	108.2	110.9	113.7	116.4	119.2
TURNOVER	18,116.1	21,815.7	32,614.4	29,824.8	30,174.6	49,987.4
Less:						
Housing depreciation	7,346.0	7,300.2	7,446.5	8,197.0	8,740.3	9,451.2
Impairment written off / (back)	0.0	0.0	0.0	0.0	0.0	0.0
Management costs	2,666.6	2,266.9	2,327.6	2,429.2	2,537.7	2,654.3
Service costs	1,130.0	1,163.9	1,193.0	1,222.8	1,253.4	1,284.7
Planned maintenance - direct costs	1,500.0	1,552.5	1,633.9	1,712.0	1,778.6	1,856.0
Re-active & voids maintenance - direct costs	1,986.0	2,526.4	2,214.4	2,332.2	2,433.0	2,550.0
Maintenance overhead costs	0.0	0.0	0.0	0.0	0.0	0.0
Bad debts written off / (back)	121.0	172.0	457.4	483.0	506.0	528.0
Developments for sale costs	0.0	0.0	0.0	0.0	0.0	0.0
Other activity costs	750.0	637.9	610.5	631.5	830.9	812.5
Other costs	503.0	255.6	418.5	423.0	471.7	489.9
	8,656.6	8,575.2	8,855.3	9,233.7	9,811.3	10,175.4
Operating Costs	16,002.6	15,875.4	16,301.8	17,430.7	18,551.6	19,626.6
Gain/(Loss) on disposal of PPE	0.0	237.5	0.0	0.0	0.0	0.0
Exceptional Items - (Income) / Expense	(38.0)	(13.0)	(13.0)	(13.0)	(13.0)	(13.0)
OPERATING SURPLUS/(DEFICIT)	2,151.5	6,190.8	16,325.6	12,407.1	11,636.0	30,373.8
Interest receivable and other income	17.0	5.0	7.5	10.0	10.0	10.0
Interest payable and similar charges	3,878.0	4,161.8	4,632.9	5,132.1	5,532.0	6,040.8
Increase / (Decrease) in Negative Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Other Gains / (Losses)	8,270.0	575.0	(13,550.0)	(4,766.0)	(3,509.0)	(24,054.0)
SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES BEFORE TAX	6,560.5	2,609.0	(1,849.8)	2,519.0	2,605.0	289.0
Tax on surplus on ordinary activities	0.0	0.0	0.0	0.0	0.0	0.0
SURPLUS/(DEFICIT) FOR THE YEAR AFTER TAX	6,560.5	2,609.0	(1,849.8)	2,519.0	2,605.0	289.0
Actuarial (loss) / gain in respect of pension schemes	0.0	0.0	0.0	0.0	0.0	0.0
Change in Fair Value of hedged financial instruments.	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	6,560.5	2,609.0	(1,849.8)	2,519.0	2,605.0	289.0

STATEMENT OF FINANCIAL POSITION						
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Non-Current Assets	£'000	£'000	£'000	£'000	£'000	£'000
Intangible Assets & Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Housing properties - Gross cost or valuation	153,498.0	175,975.0	181,910.0	200,489.0	230,202.0	223,122.0
Less:						
Housing Depreciation	0.0	0.0	0.0	0.0	0.0	0.0
Negative Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
NET HOUSING ASSETS	153,498.0	175,975.0	181,910.0	200,489.0	230,202.0	223,122.0
Non-Current Investments	1,298.0	1,311.0	1,324.0	1,337.0	1,350.0	1,363.0
Other Non Current Assets	1,398.0	1,599.0	2,527.0	2,804.0	3,027.0	3,623.0
TOTAL NON-CURRENT ASSETS	156,194.0	178,885.0	185,761.0	204,630.0	234,579.0	228,108.0
Current Assets						
Net rental receivables	311.0	313.8	313.8	313.8	313.8	313.8
Other receivables, stock & WIP	1,913.0	2,023.0	2,023.0	2,023.0	2,023.0	2,023.0
Investments (non-cash)	0.0	0.0	0.0	0.0	0.0	0.0
Cash at bank and in hand	718.0	500.0	500.0	500.0	500.0	500.0
TOTAL CURRENT ASSETS	2,942.0	2,836.8	2,836.8	2,836.8	2,836.8	2,836.8
Payables : Amounts falling due within One Year						
Loans due within one year	0.0	0.0	0.0	0.0	0.0	0.0
Overdrafts due within one year	0.0	0.0	0.0	0.0	0.0	0.0
Other short-term payables	15,905.0	21,790.7	17,935.0	18,366.0	37,016.5	14,145.5
TOTAL CURRENT LIABILITIES	15,905.0	21,790.7	17,935.0	18,366.0	37,016.5	14,145.5
NET CURRENT ASSETS/(LIABILITIES)	(12,963.0)	(18,953.9)	(15,098.2)	(15,529.2)	(34,179.7)	(11,308.7)
TOTAL ASSETS LESS CURRENT LIABILITIES	143,231.0	159,931.1	170,662.8	189,100.8	200,399.3	216,799.3
Payables : Amounts falling due After One Year						
Loans due after one year	77,928.0	91,904.8	102,616.0	111,931.6	127,944.8	139,385.3
Other long-term payables	0.0	0.0	0.0	0.0	0.0	0.0
Grants to be released	302.0	416.3	2,286.8	8,890.2	1,570.5	6,241.0
TOTAL LONG TERM LIABILITIES	78,230.0	92,321.1	104,902.8	120,821.8	129,515.3	145,626.3
Provisions for liabilities & charges	0.0	0.0	0.0	0.0	0.0	0.0
Pension asset / (liability)	1,758.0	1,758.0	1,758.0	1,758.0	1,758.0	1,758.0
NET ASSETS	63,243.0	65,852.0	64,002.0	66,521.0	69,126.0	69,415.0
Capital & Reserves						
Share capital	0.2	0.2	0.2	0.2	0.2	0.2
Revaluation reserve	0.0	0.0	0.0	0.0	0.0	0.0
Restricted reserves	0.0	0.0	0.0	0.0	0.0	0.0
Revenue reserves	63,242.8	65,851.8	64,001.8	66,520.8	69,125.8	69,414.8
TOTAL CAPITAL & RESERVES	63,243.0	65,852.0	64,002.0	66,521.0	69,126.0	69,415.0
Intra Group Receivables - as included above	45.0	100.0	100.0	100.0	100.0	100.0
Intra Group Payables - as included above	81,044.0	94,904.8	105,616.0	114,931.6	130,944.8	142,385.3

STATEMENT OF CASHFLOWS						
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Net Cash from Operating Activities	£'000	£'000	£'000	£'000	£'000	£'000
Operating Surplus/(Deficit)	2,151.5	6,190.8	16,325.6	12,407.1	11,636.0	30,373.8
Depreciation & Amortisation	7,627.0	7,555.8	7,757.4	8,620.0	9,212.0	9,941.1
Impairments / (Revaluation Enhancements)	(38.0)	(13.0)	(13.0)	(13.0)	(13.0)	(13.0)
Increase / (Decrease) in Payables	788.5	406.8	247.9	270.0	300.3	314.2
(Increase) / Decrease in Receivables	32.0	(113.0)	0.0	0.0	0.0	0.0
(Increase) / Decrease in Stock & WIP	0.0	0.0	0.0	0.0	0.0	0.0
Gain / (Loss) on sale of non-current assets	0.0	(237.5)	0.0	0.0	0.0	0.0
Other non-cash adjustments	(2,223.1)	(5,766.1)	(15,501.3)	(11,106.9)	(10,127.6)	(28,477.9)
NET CASH FROM OPERATING ACTIVITIES	8,337.9	8,023.8	8,816.6	10,177.2	11,007.7	12,138.2
Tax (Paid) / Refunded	0.0	0.0	0.0	0.0	0.0	0.0
Return on Investment and Servicing of Finance						
Interest Received	17.0	5.0	7.5	10.0	10.0	10.0
Interest (Paid)	(3,878.0)	(4,161.8)	(4,632.9)	(5,132.1)	(5,532.0)	(6,040.8)
RETURNS ON INVESTMENT AND SERVICING OF FINANCE	(3,861.0)	(4,156.8)	(4,625.4)	(5,122.1)	(5,522.0)	(6,030.8)
Capital Expenditure & Financial Investment						
Construction or acquisition of Housing properties	(5,833.0)	(26,075.4)	(22,744.4)	(27,764.1)	(37,434.7)	(21,100.5)
Improvement of Housing	(1,783.0)	(3,940.8)	(4,187.1)	(3,777.9)	(4,527.6)	(5,324.7)
Construction or acquisition of other Land & Buildings	0.0	0.0	0.0	0.0	0.0	0.0
Construction or acquisition of other Non-Current Assets	(380.0)	(456.1)	(1,238.9)	(700.0)	(694.7)	(1,085.9)
Sale of Social Housing Properties	0.0	237.5	0.0	0.0	0.0	0.0
Sale of Other Land & Buildings	0.0	0.0	0.0	0.0	0.0	0.0
Sale of Other Non-Current Assets	0.0	0.0	0.0	0.0	0.0	0.0
Grants (Repaid) / Received	6,675.1	12,172.8	13,268.0	17,871.3	21,158.1	9,963.2
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	(1,320.9)	(18,062.0)	(14,902.4)	(14,370.7)	(21,498.9)	(17,547.9)
NET CASH BEFORE FINANCING	3,156.0	(14,195.0)	(10,711.2)	(9,315.6)	(16,013.2)	(11,440.5)
Financing						
Equity drawdown	0.0	0.0	0.0	0.0	0.0	0.0
Debt drawndown	0.0	13,977.0	10,711.2	9,315.6	16,013.2	11,440.5
Debt repayment	(4,500.0)	0.0	0.0	0.0	0.0	0.0
Working Capital (Cash) - Drawn / (Repaid)	0.0	0.0	0.0	0.0	0.0	0.0
NET CASH FROM FINANCING	(4,500.0)	13,977.0	10,711.2	9,315.6	16,013.2	11,440.5
INCREASE / (DECREASE) IN NET CASH	(1,344.0)	(218.0)	0.0	0.0	0.0	0.0
Cash Balance						
Balance Brought Forward	2,062.0	718.0	500.0	500.0	500.0	500.0
Increase / (Decrease) in Net Cash	(1,344.0)	(218.0)	0.0	0.0	0.0	0.0
CLOSING BALANCE	718.0	500.0	500.0	500.0	500.0	500.0

Scottish Housing Regulator

ADDITIONAL INFORMATION	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Number of units added during year to:	£'000	£'000	£'000	£'000	£'000	£'000
New Social Rent Properties added	24	48	127	97	87	239
New MMR Properties added	0	0	0	0	0	0
New Low Costs Home Ownership Properties added	0	0	0	0	0	0
New Properties - Other Tenures added	0	0	0	0	0	0
Transfers in	0	0	0	0	0	0
Total number of new affordable housing units added during year	24	48	127	97	87	239
Units developed for sale:						
Number of units developed for sale to RSLs	0	0	0	0	0	0
Number of units developed for sale to non-RSLs	0	0	0	0	0	0
Development Assumption Indicator	No					
Number of units lost during year from:						
Sales including right to buy	0	1	0	0	0	0
Demolition	0	0	0	0	0	0
Transfers out	0	0	0	0	0	0
Other	0	0	0	0	0	0
Number of units managed at end of period (exclude factored units)	2,778	2,825	2,952	3,049	3,057	3,296
Units owned:						
Social Rent Properties	2,696	2,743	2,870	2,967	3,054	3,293
MMR Properties	17	17	17	17	17	17
Low Costs Home Ownership Properties	17	17	17	17	17	17
Properties - Other Tenures	0	0	0	0	0	0
Number of units owned at end of period	2,730	2,777	2,904	3,001	3,088	3,327
Financed by:						
Scottish Housing Grants	2,223.1	5,766.1	15,501.3	10,086.0	10,127.6	28,477.9
Other public subsidy	0.0	0.0	0.0	0.0	0.0	0.0
Private finance	493.6	3,174.4	8,183.8	7,354.3	7,403.0	15,666.1
Sales	0.0	0.0	0.0	0.0	0.0	0.0
Cash reserves	921.9	0.0	0.0	0.0	0.0	4,490.7
Other	0.0	0.0	0.0	0.0	0.0	0.0
Total cost of new units	3,638.6	8,940.5	23,685.1	17,440.3	17,530.6	48,634.7
Assumptions:						
General Inflation (%)	5.0	4.0	2.5	2.5	2.5	2.5
Rent increase - Margin above/below General Inflation (%)	(1.1)	3.5	2.0	2.0	1.4	1.4
Operating cost increase - Margin above/below General Inflation (%)	0.0	0.0	0.0	0.0	0.0	0.0
Direct maint cost increase-Margin above/below General Inflation (%)	2.0	0.0	0.0	0.0	0.0	0.0
Actual / Assumed average salary increase (%)	7.0	4.5	2.5	2.5	2.5	2.5
Average cost of borrowing (%)	4.9	4.9	5.0	5.0	5.0	5.0
Employers Contributions for pensions (%)	12.0	7.6	7.6	11.7	12.3	12.3
Employers Contributions for pensions (£'000)	80.5	52.9	54.2	80.2	86.5	88.2
SHAPS Pensions deficit contributions (£'000)	0.0	0.0	0.0	0.0	0.0	0.0
Min. headroom cover on tightest interest cover covenant (£'000)	0.0	0.0	0.0	0.0	0.0	0.0
Minimum headroom cover on tightest gearing covenant (£'000)	0.0	0.0	0.0	0.0	0.0	0.0

Minimum headroom cover on tightest asset cover covenant (£'000)	0.0	0.0	0.0	0.0	0.0	0.0
Total staff costs (including NI & pension costs) (£'000)	836.5	848.2	869.4	860.7	882.6	900.3
Full time equivalent staff	15.3	15.3	15.3	14.3	14.3	14.3
EESSH Revenue Expenditure included above (£'000)	0.0	0.0	0.0	0.0	0.0	0.0
EESSH Capital Expenditure included above (£'000)	78.0	1,730.0	628.0	431.0	867.0	1,360.0
Total capital & revenue expend on maint pre-1919 properties (£'000)	41.0	36.7	36.9	37.7	38.2	37.2
Total capital & revenue expend on maint all other properties (£'000)	5,302.9	6,972.6	7,860.9	7,105.3	7,801.0	8,935.6

Estimated decarbonisation cost indicator	Yes	
Estimated decarbonisation cost (£'000)	6,333.0	

Five Year Financial Projections (FYFP) 2023-2024

TRENDS & COMPARATORS

RATIOS	Year -2	Year -1	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	National
Financial capacity	Actual	Actual	Outturn	Forecast	Forecast	Forecast	Forecast	Forecast	Median
Interest cover	234.9%	170.1%	215.444%	192.917%	190.466%	198.500%	199.163%	201.103%	425.2%
Gearing	164.4%	141.8%	122.085%	138.803%	159.551%	167.513%	184.366%	200.080%	44.8%
Efficiency									
Voids	2.3%	1.6%	1.834%	2.600%	2.916%	2.816%	2.753%	2.677%	0.8%
Arrears	0.9%	1.8%	1.996%	1.983%	1.859%	1.698%	1.584%	1.476%	1.9%
Bad debts	1.0%	1.2%	0.777%	1.087%	2.709%	2.613%	2.555%	2.483%	0.5%
Staff costs / turnover	13.8%	9.1%	4.617%	3.888%	2.666%	2.886%	2.925%	1.801%	21.0%
Turnover per unit	£8,242	£13,453	£6,636	£7,856	£11,231	£9,938	£9,772	£15,025	£5,571
Responsive repairs to planned maintenance	3.1	2.2	1.7	2.2	2.6	2.4	2.6	2.8	1.6
Liquidity									
Current ratio	0.1	0.5	0.2	0.1	0.2	0.2	0.1	0.2	1.9
Profitability									
Gross surplus / (deficit)	112.4%	58.2%	11.876%	28.378%	50.056%	41.600%	38.562%	60.763%	16.2%
Net surplus / (deficit)	91.4%	35.2%	36.214%	11.959%	(5.672%)	8.446%	8.633%	0.578%	11.1%
EBITDA / revenue	122.0%	70.1%	42.584%	43.777%	60.050%	56.417%	52.523%	69.018%	28.8%
Financing									
Debt Burden	3.6	2.3	4.3	4.2	3.1	3.8	4.2	2.8	1.7
Net debt per unit	£29,862	£29,886	£28,282	£32,915	£35,164	£37,131	£41,271	£41,745	£7,062
Debt per unit	£29,862	£30,653	£28,545	£33,095	£35,336	£37,298	£41,433	£41,895	£10,191
Diversification									
Income from non-rental activities	27.1%	61.7%	14.010%	27.462%	48.236%	38.033%	34.366%	57.466%	17.4%
INDICATORS									
Turnover	14,103.0	34,246.0	18,116.1	21,815.7	32,614.4	29,824.8	30,174.6	49,987.4	
Operating costs	5,661.0	6,811.0	8,656.6	8,575.2	8,855.3	9,233.7	9,811.3	10,175.4	
Net housing assets	141,082.0	144,956.0	153,498.0	175,975.0	181,910.0	200,489.0	230,202.0	223,122.0	
Cash & current investments	0.0	2,062.0	718.0	500.0	500.0	500.0	500.0	500.0	
Debt	0.0	0.0	77,928.0	91,904.8	102,616.0	111,931.6	127,944.8	139,385.3	
Net assets / capital & reserves	45,123.0	56,683.0	63,243.0	65,852.0	64,002.0	66,521.0	69,126.0	69,415.0	

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Comments

Page	Field	Comment
SOCI	Gross rents	Year 3 increase in rent is due to the introduction of a full year of rent from the 127 completed units in year 2 as well as the handovers in year 3.
SOCI	Grants released from deferred income	grants released on completion and handover of the development
SOCI	Exceptional Items - (Income) / Expense	valuation adjustments for investment properties
SOCI	Other Gains / (Losses)	valuation adjustments for housing properties
SOFP	Housing depreciation	properties carried at valuation
SOCF	Increase / (Decrease) in Payables	movement in other creditors only
Additional Information	New Social Rent Properties added	year 2 includes conversion of 17 units + 1 office unit into 19 units => 1 extra unit noted but costs will be for the conversion of 19 units
Additional Information	Development Assumption	schemes have recently been included within the SHIP which were not available as part of the Business Planning stage. These development sites will be appraised for inclusion within the Budgets in future years.
Additional Information	Number of units owned at end of period	opening stock 01-04-23 is 2706. Plus 24 new units year 1 = 2,730 in year 0
Additional Information	Other public subsidy	No other public subsidy received in year 5
Additional Information	Private finance	year 5 use of private loans - this is the cumulative amount utilising loans to finance the development programme therefore using loans in year 3 and 4 as well as year 5
Additional Information	Rent increase - Margin above General Inflation (%)	variations in rental income in year 3 and year 5 is due to the number of units completed in year 2 (full rental income in year 3) and large development programme in year 5 so additional rental income received in year 5
Additional	Employers Contributions for	the employers contribution rate is the average rate

Page	Field	Comment
Information	pensions (%)	for staff in the DB & DC scheme. The DB rate dropped from 19.3% to 6.5% in year 1 and 2 before increasing to 17.5% in year 3 and back to 19.3% in year 4. This is an approved reduction on the required contribution from the employer to meet the financial commitment of the scheme
Additional Information	Employers Contributions for pensions (£'000)	drop in contribution in year 1 and 2 is due to the drop in employers rate required for the DB scheme before increasing back in year 3 and back to current % in year 4
Additional Information	Minimum headroom cover on tightest interest cover covenant (£’000)	covenants are calculated at RSL borrower group level
Additional Information	Minimum headroom cover on tightest gearing covenant (£’000)	covenants are calculated at RSL borrower group level
Additional Information	Minimum headroom cover on tightest asset cover covenant (£’000)	covenants are calculated at RSL borrower group level
Additional Information	Full time Equivalent Staff Curr Year	year 1 salaries increase - salary increase of 4.5% is partly offset by the reduced pension contributions. year 3 salaries - uplift in pension contributions is offset by reduction in FTE
Additional Information	Estimated decarbonisation cost	The decarbonisation cost represents the 6 years spend. EESSH spend is included within the decarbonisation spend due to the nature of the spend

Loretto Housing

Report

To: **Loretto Housing Board**

By: **Ranald Brown, Director of Assurance**

Subject: **Group Assurance Update**

Date of Meeting: **20 May 2024**

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1. Purpose

1.1 This report provides the Loretto Housing Board (the Board) with an update for noting of the following matters:

- internal audit work reported to the January and May Group Audit Committee meetings; and
- the rolling Internal Audit Plan.

2. Authorising and strategic context

2.1 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.

2.2 The Group Audit Committee is responsible for monitoring the Group's assurance activities. The Group Audit Committee has responsibility for instructing and keeping under review the rolling internal audit plan for the Group, and monitor results as presented in quarterly Assurance Updates. The current schedule of work within the rolling Internal Audit Plan will be considered the Group Audit Committee at its meeting on 15 May 2024.

3. Background

3.1 In November 2023 and January 2024, the Group Audit Committee approved delivery of the following reviews, as part of the rolling Internal Audit Plan. The reviews highlighted in **blue font** are those relevant to this Board:

Wheatley Homes – South Repairs	**Financial Efficiency Savings**	**Commercial Property Management (commercial units, garages, lock-ups)**

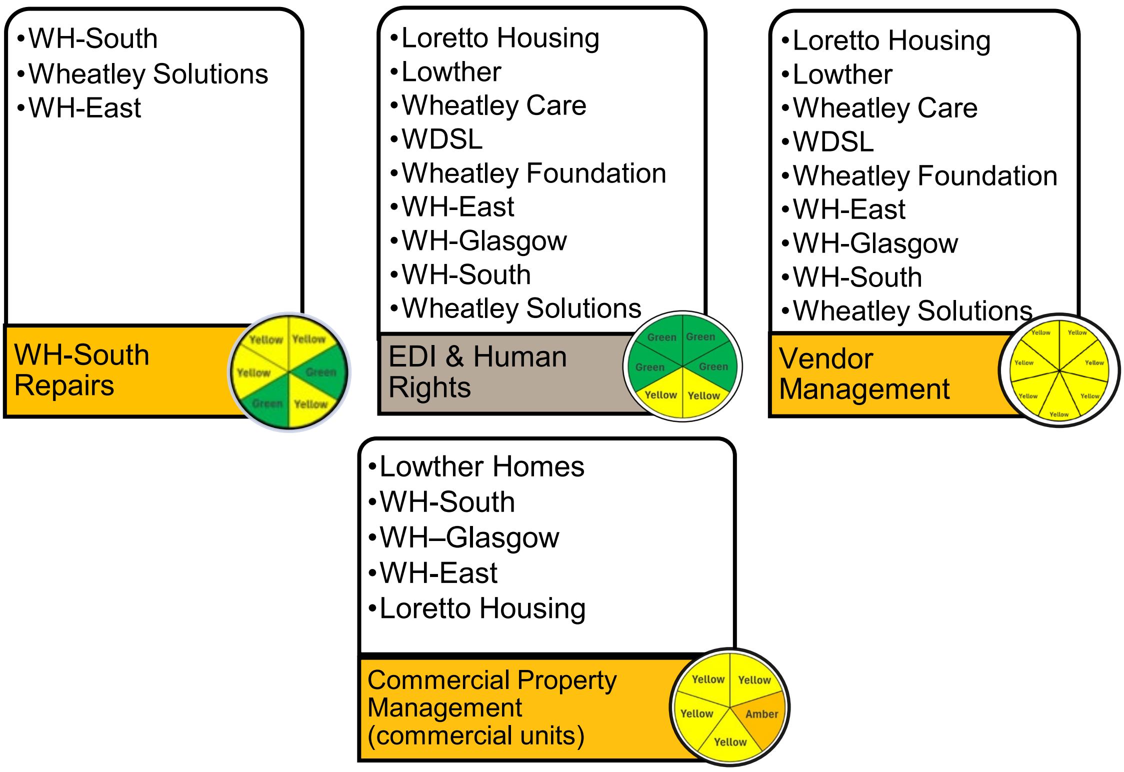
Equality, Diversity, Inclusion & Human Rights	**Vendor Management**	**Group Data Strategy**
Repairs Analytics	**CBG Working Group Support**	**Electrical Testing Certification**
Legislative Compliance Mapping: **Governance, Strategy & Performance, Human Resources & Organisational Development**	Legislative Compliance Mapping: **Financial Reporting, Asset & Sustainability, and Procurement, Fleet & Utilities**	**Data Analytics**

3.2 The Internal Audit team has now completed these reviews, and details of the relevant findings are set out in the report at **Appendix 1**.

4. Discussion

Summary of work in Q3 and Q4 of 2023/24

4.1 The diagram below summarises the results of internal audit work completed in the period since our last report. The coloured pie-charts represent our assessment of the extent to which the control objectives we audited were achieved.



4.2 The control objective ratings are defined below:

Red	Amber	Yellow	Green
• Control objective not achieved. • Control weaknesses identified could have a significant and immediate impact on the risks to achievement of the organisation's objectives.	• Control objective not achieved. • Control weaknesses identified could have a moderate impact on the risks to achievement of the organisation's objectives.	• Control objective achieved. • Control weaknesses identified could have some impact on the risks to the achievement of the organisation's objectives.	• Control objective achieved. • Any control weaknesses identified could have limited impact on the risks to the achievement of the organisation's objectives.

4.3 In addition, the following reviews have also been completed. We can confirm there were no significant issues arising in these reports that we would need to highlight to the Board:

Group Data Strategy

- Loretto Housing
- Lowther
- Wheatley Care
- WDSL
- Wheatley Foundation
- WH-East
- WH-Glasgow
- WH-South
- Wheatley Solutions

Financial Efficiency Savings Plans

- Loretto Housing
- Lowther
- Wheatley Care
- WDSL
- Wheatley Foundation
- WH-East
- WH-Glasgow
- WH-South
- Wheatley Solutions

Repairs Analytics

- Loretto Housing
- WH-Glasgow
- Wheatley Solutions

CBG Partnership Oversight Board

- Loretto Housing
- Lowther
- WH-Glasgow
- Wheatley Solutions

Legislative compliance mapping Phase 6 – 8

- Loretto Housing
- Lowther
- Wheatley Care
- WDSL
- Wheatley Foundation
- WH-East
- WH-Glasgow
- WH-South
- Wheatley Solutions

Electrical Testing Certification

- Loretto Housing
- Lowther
- WH-East
- WH-Glasgow
- WH-South
- Wheatley Solutions

Data Analytics

- Group wide– payroll
- Group wide – accounts payable
- RSLs and Lowther – Rent Credit balances

4.4 More detail on the key findings for each review are set out in the Group Assurance Update at Appendix 1. Full reports are available to all Board members upon request.

Rolling Internal Audit Plan to August 2024

4.5 The Group Audit Committee reviews the rolling Internal Audit Plan at each of its meetings, approving the work scheduled for the coming quarter. In May 2024, the Group Audit Committee will consider for approval the programme of work set out in Appendix 1.

5. Customer Engagement

5.1 No customer engagement implications arise 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 The report on Data Strategy provides assurance on the way digital transformation is delivered across the Group.

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 is designed to inform the Board members of specific risks arising from internal audit reviews, in order that members can make informed governance decisions. The relevant risk appetite statements are dependent on the nature of each specific risk arising from those internal audit reviews.

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 the listed reviews. No significant matters were noted to bring to the attention of the Board members and management have agreed actions to address the improvement actions identified during each review. The Internal Audit team will monitor completion of these actions and report progress to future meetings of the Group Audit Committee and this Board.

12.2 The Group Audit Committee has approved the Internal Audit team's current programme of work and will continue to oversee and approve the work programme on a quarterly basis.

13. Recommendations

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

LIST OF APPENDICES:

Appendix 1 – Group Assurance Update May 2024

Wheatley Group

Making homes and lives better
wheatley-group.com

Group Assurance Update
May 2024

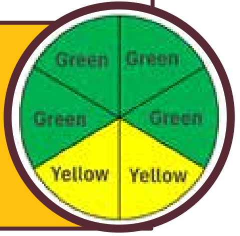
Ranald Brown
Director of Assurance

1. Internal Audit Plan Status

This report summarises the findings of the following Internal Audit activity, which was completed during this period.

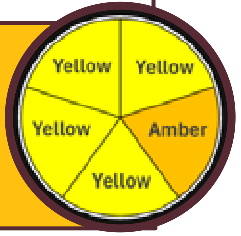
- Loretto Housing
- Lowther
- Wheatley Care
- WDSL
- Wheatley Foundation
- WH-East
- WH-Glasgow
- WH-South
- Wheatley Solutions

EDI & Human Rights – section 2



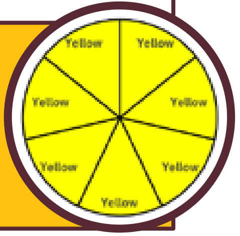
- Lowther Homes
- WH-South
- WH–Glasgow
- WH-East
- Loretto Housing

Commercial Property Management (Commercial units) – section 3



- Loretto Housing
- Lowther
- Wheatley Care
- WDSL
- Wheatley Foundation
- WH-East
- WH-Glasgow
- WH-South
- Wheatley Solutions

Vendor Management – section 4



The next slide captures additional work completed during the reporting period. A summary of the internal audit work approved for the next period is set out in section 13.

1. Internal Audit Plan Status

This report summarises the findings of the following Internal Audit activity, which was completed during this period.

Financial Efficiency Savings Plans – section 5

- Loretto Housing
- Lowther
- Wheatley Care
- WDSL
- Wheatley Foundation
- WH-East
- WH-Glasgow
- WH-South
- Wheatley Solutions

Group Data Strategy – section 6

- Loretto Housing
- Lowther
- Wheatley Care
- WDSL
- Wheatley Foundation
- WH-East
- WH-Glasgow
- WH-South
- Wheatley Solutions

Repairs Analytics – section 7

- Loretto Housing
- WH-Glasgow
- Wheatley Solutions

CBG Partnership Oversight Board – section 8

- Loretto Housing
- Lowther
- WH-Glasgow
- Wheatley Solutions

Legislative compliance mapping Phases 7 & 8 - Section 9

- Loretto Housing
- Lowther
- Wheatley Care
- WDSL
- Wheatley Foundation
- WH-East
- WH-Glasgow
- WH-South
- Wheatley Solutions

Electrical Testing Certification – Section 10

- Loretto Housing
- Lowther
- WH-East
- WH-Glasgow
- WH-South
- Wheatley Solutions

Data Analytics – section 11

- Group wide– payroll
- Group wide – accounts payable
- RSLs and Lowther – Rent Credit balances

In addition, the team has followed up the implementation of previously agreed management actions (section 12).

1. Internal Audit Plan Status

Wheatley Group

Control Objective Classification:

The audit approach involves assessing the risks to the achievement of the control objectives. Controls to mitigate these risks are then identified and tested in terms design, adequacy and operating effectiveness. Where those controls are considered insufficient to mitigate the risks to the achievement of the control objective, the classification will be "red" or "amber". Where the controls are adequate to mitigate the risks, the classification will be "yellow" or "green". The classification allocated is based on audit findings and the Director of Assurance's professional judgement, which will consider the strategic importance of the area under review.

Red	Amber	Yellow	Green
• Control objective not achieved. • Control weaknesses identified could have a significant and immediate impact on the risks to achievement of the organisation's objectives.	• Control objective not achieved. • Control weaknesses identified could have a moderate impact on the risks to achievement of the organisation's objectives.	• Control objective achieved. • Control weaknesses identified could have a minor impact on the risks to the achievement of the organisation's objectives.	• Control objective achieved. • Any control weaknesses identified could have very little impact on the risks to the achievement of the organisation's objectives.

2. Equality, Diversity, Inclusion and Human Rights

Report Conclusion

This audit assessed the extent to which the Group's procedures for the management of equalities, diversity, inclusion (EDI) and human rights have been developed and implemented since a review in 2021/22. The review included the collection and use of protected characteristics data to inform decision-making; management of EDI data held within the Group's systems; and use of Equality Impact Assessments (EIAs).

The Group has made significant progress towards embedding processes and procedures that provide assurance that the Group is meeting its EDI and human rights obligations. We found that training and guidance are available for staff, publications are available for sharing with customers, and there is regular reporting to senior management and Boards. In addition, the Group ran surveys to collect equalities data from customers, staff, and Board Members in 2023, which has improved the data sets available for use in equality impact assessments.

A small number of continuous improvement actions were identified during this review. The most important of which were the strengthening of existing controls around access to and retention of EDI data; and developing additional guidance to help staff determine when an equality impact assessment might be required. In addition, there is an opportunity to review staff Equal Opportunities and Dignity at Work policies, so they are consistent across all Subsidiaries.

Control Objective Classification

Green	All staff and management have been provided with accessible EDI and Human Rights training and guidance, including policies and procedures.
Green	The Group communicates its EDI and Human Rights commitments and activities to its existing customers, new customers, people on waiting lists, governing body members and staff.
Yellow	The Group has identified systems that routinely collect and hold data on protected characteristics and confirmed this data is held in compliance with the Data Protection Act 2018.
Yellow	The Group's guidance and approach to completion of Equality Impact Assessments meets legislative requirements and is applied consistently and in all applicable situations.
Green	The results of Equality Impact Assessments are reported to Boards and Senior Management in sufficient detail and in time to inform strategic decision making.
Green	Boards and Senior Management receive regular assurance on how the Group is meeting its EDI and human rights responsibilities, including updates on the implementation of actions detailed in the Group Equality, Diversity, Inclusion and Human Rights Action Plan.

2. Equality, Diversity, Inclusion and Human Rights

Wheatley Group

Areas of good practice identified

- ü The Group Equalities, Diversity and Human Rights Policy and formal Statement of Commitment, which advises that the Group is *'committed to ensuring Equality, Diversity and Inclusion (EDI) are reflected in everything they do.',* are available to staff and customers on the Group and subsidiary websites.
- ü An EDI training suite is available for staff which includes a variety of courses, podcasts and links to further external resources relating to equalities and human rights. Review of the content found it provided staff with information on appropriate behaviours in relation to protected characteristics when working with colleagues and customers.
- ü The EDI training suite includes an EDI awareness eLearning module that is mandatory for all staff. Completion rates are reported monthly to ET and Business Leads. The completion at the beginning of March 2024 was 89%.
- ü The Group has published its first annual Equalities Report. In addition, progress towards completion of the annual EDI Action Plan is reported quarterly to the Executive Team and the Wheatley Solutions Board; with annual reporting to the other Subsidiary Boards.
- ü The Group has surveyed staff, customers and Board members to obtain refreshed EDI data, which is available in anonymised form for use in equality impact assessments. Arrangements are in place to repeat the surveys, so the data continues to be refreshed and improved.
- ü A *Different Together* Community of Excellence (CoE) has been established to identify and implement actions to further embed EDI within the Group. The CoE is supported by six staff networks groups and a *Different Together* hub on WEConnect.
- ü Delivery of relevant human rights, such as the right to equality, freedom from discrimination, freedom of belief and religion, is well-established within Group policies and services. They are promoted within Group Equalities, Diversity and Human Rights Policy, the new Group Hate Crime Policy and the *Different Together* CoE and hub.

2. Equality, Diversity, Inclusion and Human Rights

Opportunities for Improvement

Management has reviewed and agreed the continuous improvement actions set out below.

Continuous Improvement Opportunities:

- People Services should review and update subsidiary policies on equal opportunities and dignity at work to provide staff with consistent information as far as terms and conditions allow. A Group-wide Equal Opportunities Policy and Dignity at Work Policy should be developed if possible.

  Management Response*: We will review subsidiary policies and create a standardised one for each subsidiary. (Due date 30/09/24)*

- Although training and guidance on how to complete an equality impact assessment (EIA) is available, this should be reviewed and further promoted with business leads to ensure they are clear on the criteria to determine when an EIA should be completed. The guidance should be used for reviews of policies, strategies and projects, with business leads asked to confirm they have concluded the criteria are not met when an EIA is not completed.

  Management Response: *We will review the EIA guidance and help ensure business leads are clear on the criteria for use in deciding whether an EIA is required for policies, strategies and projects. This will included requirement for business leads to confirm they have concluded the criteria are not met in instances where an EIA is not completed. (Due date 30/06/24)*

2. Equality, Diversity, Inclusion and Human Rights

Wheatley Group

Opportunities for Improvement - continued

Continuous Improvement Opportunities:

- The EDI data map produced by the Governance team should be updated to include retention periods for those business areas noted as holding protected characteristics data for service delivery purposes. The retention periods, along with the results of user access reviews should be shared with the Data and Information team so the results can be applied to the database used for Equalities PowerBi reporting.

  Management Response: *We will further develop the EDI data map to include retention periods and frequency of data review. The updated map will be shared with the Data and Information team to provide awareness of retention periods for data within the Equalities PowerBi reporting. We will remind Business areas holding protected characteristics data to review user access to the systems holding the data on a regular basis and include to inform the Data and Information team of changes to user access. (Due date 30/06/2024)*

- Governance should continue to remind Business leads with outstanding actions arising from Equality Impact Assessments to provide detailed updates on the status of all their EIA actions on a quarterly basis, to facilitate Executive Team and Wheatley Solutions Board reporting.

  Management Response: *We will continue to remind EIA and EDI Action Plan action owners to provide detailed updates on the status of all their EIA actions on a quarterly basis. Where action updates are not provided, this will be escalated to the business lead's line manager. (Due date 31/05/2024)*

3. [redacted]

3. [redacted]

3. [redacted]

3. [redacted]

3. [redacted]

3. [redacted]

4. Vendor Management

Report Conclusion

This review assessed the adequacy of vendor management activities across the end-to-end procurement and contract delivery lifecycle for IT and Digital technology solutions. This assessed policy and procedures relating to vendor management activity, particularly in relation to the service delivery part of the contract.

Overall, the control objectives were met. However, our review identified two areas where there was scope to improve controls. One related to supplier risk management processes. A requirement of the Contract & Supplier Management Guidance is that all projects and long-term contracts maintain a risk register. Our audit testing identified that risk registers were not present for any of the contracts in our sample. The risk registers are expected to allow risks to be monitored and managed throughout the lifecycle of the contract.

We also found that there was no formal guidance or criteria to support contract owners and ensure that they were meeting with suppliers with an appropriate frequency. Our audit testing identified inconsistency in the frequency of supplier meetings. Of the three contracts that have been assessed by the Executive Team as 'monitor closely', one had monthly meetings and the other two had annual meetings. The 'monitor closely' categorisation requires six-monthly risk assessments of suppliers, though does not specify meeting frequency.

Areas where controls can be enhanced include the development of a pre-procurement checklist to confirm organisational resilience issues are addressed before contracts are agreed; and development of a supply chain security policy which sets out requirements for cyber security KPIs.

Control Objective Classification

Yellow	Vendor management policy and procedures are in place and are aligned with the corporate risk management processes.
Yellow	Internal roles and responsibilities for the lifecycle of vendor management, including within IT and Digital Services as well as the business, are clearly identified and understood.
Yellow	Processes for identifying suppliers are established and these are prioritised by criticality.
Yellow	Records are kept of all contracts, including renewal information, review requirements and respective business owner.
Yellow	Risk-based pre-procurement due diligence and planning activities are undertaken prior to entering into formal supplier arrangements with any risks from these exercises identified, recorded, prioritised, managed and monitored over the course of the supplier arrangement.
Yellow	Risk-based measures are in place to obtain pre-procurement and ongoing assurance on supplier cyber and data security posture.
Yellow	Vendor performance assessment measures are in place to confirm that delivery is provided in line with the contract and SLAs, with actions taken when these are not met.

4. Vendor Management

Areas of good practice

- ü The implementation of the Contract Management System (CMS) provides a platform through which contracts can be better managed and monitored.
- ü Both the Procurement Strategy and Policy had been subject to recent review and update.
- ü Vendor Security Assessments are performed annually and subject to formal risk assessment

4. Vendor Management

Opportunities for Improvement

Management has reviewed and agreed both the priority actions and the continuous improvement opportunities set out below.

Priority Actions:

- Contract risk registers were not in place for any of the contracts in our sample. This is a requirement of the Contract & Supplier Management Guidance. Two of the five suppliers in our sample had not been subject to formal assessment of their business criticality. In addition, guidance and criteria is needed to support contract owners determine the frequency of supplier management activities.

  Management Responses: *The Contract & Supplier Management Guidance will be reviewed and this will include specific guidance on how to risk assess suppliers, manage suppliers based on their risk level and incorporate the categorisation approach agreed by the Group Executive team and whether a risk register is required. The revised guidance will be subject to agreement by the Executive team and thereafter deployed to contract and supplier managers. The supplier criticality assessment shall be subject to review by the Group Executive team on a quarterly basis. (Due date 31/07/24)*

- Current policy and guidance should be updated to address roles and responsibilities in scenarios where the service is provided across multiple teams/departments.

  Management Responses: *The Contract & Supplier Management Guidance will be reviewed and set out specific guidance on roles and responsibilities in relation to contracts which span multiple services. The revised guidance will be subject to agreement by the Executive team and thereafter deployed to contract and supplier managers. (Due date 31/07/24)*

4. Vendor Management

Opportunities for Improvement

Continuous Improvement opportunities:

- Ø There would be benefit in creating a pre-procurement checklist to demonstrate that all organisational resilience requirements are addressed by relevant leads/teams prior to contract award. A supply chain security policy should be created which sets out the security requirements suppliers must fulfil before contract award. This should include suggested cyber security KPIs for contracts.

  Management Responses: *We will develop a pre procurement checklist, which will also document which type of contracts it applies to. The checklist will be cross-referenced with our Vendor Security Assessment process which will set out our policy position in terms of minimum technical and security requirements. We will consider the use of cyber security KPIs as part of the final recommendation to the Group Executive team in relation to seeking Cyber Essentials accreditation. We will develop a pre-procurement checklist which will identify areas of resilience we wish to have minimum requirements for review and agreement by the Group Executive Team. (Due date 30/10/24)*

- Ø Whilst the CMS has been implemented, the Supplier Relationship Management module is not yet in operational use. There is also a need to implement documentation storage standards for the CMS.

  Management Responses: *We will develop and implement formal storage standards for contact documentation to be held within all CMS modules. This will include completed contracts, live operational information and post-contract documentation, including areas such as confirmation of deletion of relevant data at the end of the contract by the supplier. (Due date 31/03/2025)*

5. Financial Efficiency Savings Plans

Report Conclusion

This baseline assessment was conducted to understand arrangements in place for identifying recurring and non-recurring efficiency savings, including efficiencies arising from the delivery of strategic projects, pay and non-pay savings plans. We also considered how management assesses the impact proposed savings plans may have on service provision. Finally, we assessed the arrangements in place for implementing the savings measures and reporting on the savings achieved against target.

We found that, in general, the Group's approach to identifying and delivering financial efficiency savings supports management to assess and deliver required savings. Savings initiatives can be linked to strategic aims and the approach is led by the Executive Team. Specific business areas investigate options and present findings for consideration. Workforce planning is a key part of the process, and a three-year rolling plan is used to monitor potential savings opportunities. The People Services team supports business leads to complete options analyses of potential opportunities in advance of the savings targets being built into the annual Business Plan. This means there is time to develop detailed analysis of proposed changes to the workforce model, including consultation with relevant stakeholders such as staff members, unions and customers. Non-pay savings identification is more closely linked to the business planning and budget monitoring processes and savings opportunities are more linked to individual areas.

No priority actions were identified during this review. The continuous improvement actions relate the opportunity to evolve a broader, more "bottom-up" approach to identification of savings and income generation opportunities, and to further promote a "Value for Money" culture across the Group. This should include increasing collaboration across the Group to identify change and savings opportunities, sharing of good practice and more frequent reporting to management on the achievement of target savings.

5. Financial Efficiency Savings Plans

Control Objective

The control objectives shown below reflect the focus of the baseline assessment completed. We have not provided ratings against these control objectives, due to the nature of the review.

CO1 - The Group has arrangements in place for identifying recurring and non-recurring efficiency savings, including consultation with customers, staff and management;

CO2 - There is a clear approach for assessing the impact recurring and non-recurring efficiency savings may have on service provision, including any impact on current and future business plans;

CO3 - Potential saving measures are prioritised, and the risk of achievement of the full savings assessed, as part of the implementation process; and

CO4 - There is regular monitoring and reporting of recurring and non-recurring savings achieved against target to senior management and Boards.

5. Financial Efficiency Savings Plans

Areas of good practice

- ü The identification of savings is led directly by the Executive Team, with the Group Director of Finance leading a review of key areas of spend within current year's budget. Specific business areas are then asked to investigate options and present findings for consideration.
- ü The Group's 2023/24 Business Plan, approved by Group Board in February 2023, sets out savings options that have been prioritised in 3 tiers; with Tier 1 being highest priority. The Business Plan also includes a high-level risk assessment of the potential impact of options on customer satisfaction.
- ü There is regular financial reporting to Group and Subsidiary Boards, including position against in-year budgets, expected outturn against savings plans and mitigating actions where original targets appear unlikely to be achieved. There is also monthly reporting budget monitoring information available for budget holders, to promote achievement of planned savings targets.
- ü The majority of savings arise from workforce planning and there are well-established arrangements in place, including a 3-year rolling plan that allows People Services to plan future workforce reorganisation in advance. These arrangements include modelling of options; vacancy management; and consultation with management, staff, Trade Unions and customers.
- ü We noted examples of good practice in relation to the analysis of savings opportunities in different parts of the Group. These showed how business leaders examined options for changes to service delivery within their teams, including the assessment of how changes to their team might impact on other parts of the Group. For example, the analysis completed by one team demonstrated that potential savings from reduced staff costs were likely to be outweighed by reduced rental income.
- ü We also noted examples of teams across the Group analysing financial data to give further insight to performance measures, and then using this information to inform decision-making. For example, Wheatley Care has developed a model for assessing tenders for new and existing services to determine whether a bid should be submitted.

5. Financial Efficiency Savings Plans

Opportunities for Improvement

Continuous improvement opportunities

Management has reviewed and agreed the continuous improvement opportunities set out below.

- While there are well-established arrangements in place to identify potential savings and then assess these in detail to quantify likely savings for future years, this process is led by the Executive Team. There is an opportunity to develop a broader process to capture additional savings opportunities identified by staff, to supplement the existing process, with the refreshed Value for Money Group.

  Management Response: *We will refresh the Value for Money Group, including developing a new Terms of Reference and considering membership.* (*Due: 31/03/24*)

- We noted that as savings opportunities are assessed and progressed, the quantification of savings tends to capture direct costs only. By sharing information about savings opportunities at the Value for Money Group and thus more widely among the senior leadership team (recognising that some of the proposals are sensitive in nature), there may be opportunities to identify additional indirect savings arising from particular proposals (eg office accommodation, IT and vehicles costs, or application of automation designed in one team within other teams).

  Management Response: *We will prepare a workplan for the Value for Money Group that will include development of an approach for joint working to assess options for service redesign / savings opportunities.* (*Due: 31/03/24*)

5. Financial Efficiency Savings Plans

Opportunities for Improvement

Continuous improvement opportunities (continued)

Management has reviewed and agreed the continuous improvement opportunities set out below.

- We noted elements of good practice applied to some appraisals that could be shared across the Group to improve the overall level of appraisals of savings opportunities.

  ***Management Response**: The Value for Money Group will review a sample of previous projects to identify good practice to share with the Group's senior leaders.* (*Due: 31/03/24*)

- Although there is regular reporting to management and Boards on the position against budget during the year, there is an opportunity to develop more frequent and detailed reporting of overall progress towards achievement of pay and non-pay savings targets for inclusion in the following year's budget.

  ***Management Response**: We will develop additional reporting to summarise progress towards achieving the pay and non-pay savings targets that will be included in the following year's budget.* (*Due: 30/04/24*)

6. Data Strategy

Report Conclusion

Wheatley Group's Group Data, Knowledge and Information Strategy (the Strategy) was approved in late 2023 to create greater data and analytics functionality and capability. Since then, work on implementation of the Strategy has started with the establishment of a data team and the engagement of business leaders through Communities of Practice (COPs) and the Data Transformation Advisory Group (DTAG) in early 2024. Overall, at the time of our "critical friend" advisory review, processes in relation to implementation of the data strategy were in the early stages of their maturity and this report should be read in that context.

Implementation of a data strategy is a challenging, long-term commitment which relies on clarity on objectives and development of a positive change culture within the organisation. To be successful, data strategy requires strong leadership and engagement from all areas of the business. Our review and this report focuses on providing the Group with medium and longer-term recommendations that are geared towards building on the shorter-term actions set out within the current data strategy and preparing for its future iterations.

The report sets out our assessment of current controls and process to support delivery of the data strategy under three themes: *Identifying and Delivering Strategic Outcomes; Developing a Data Governance Framework;* and *Creating a data-enabled culture within the Group.* Recommendations address opportunities to develop the Group's approach to data throughout the end-to-end process (from data input, via data systems to data output).

We noted that the 2024-25 Delivery Plan includes plans that will address some of the findings within this report. In particular, the current Data Strategy includes actions to develop the capacity and capability created through recent recruitment within the data team; and to begin the work to establish a data governance framework. We acknowledge that, due to the complexity of change across the Group, completion of these actions may take in excess of one financial year. Key next steps for the organisation in implementing its digital strategy within each of the three themes are shown on the next slide.

6. Data Strategy

Key next steps for the Group in relation to each of the three themes are set out below.

Identifying and delivering Strategic Outcomes	Creating a data-enabled culture within the Group	Developing a Data Governance Framework
• Clarifying the core strategic outcomes and anticipated benefits for staff, customers, and stakeholders using visualisation and story-telling approaches. • Agreeing multi-year objectives aligned to the strategic outcomes and the current workstream /Communities of Practice (COPs) approach, which would allow the Data Transformation Advisory Group (DTAG) and ET to monitor progress against clearly defined deliverables.	• Developing a tailored suite of training for staff, and associated communications plan to underscore the importance of data to the organisation and how it is everyone's responsibility. • The respective roles, responsibilities and effectiveness of the ET, DTAG and COPs should be reviewed, evaluated and refined over the coming months, to confirm that the responsibilities and activities that are recommended by good practice are delivered in a way that is tailored to the Group.	• Developing a medium to long-term plan to implement a data governance framework that covers items such as: § Policies, Processes, Roles and responsibilities; § Master Data Management; § Data Life Cycle Management; § Data Architecture and technology; and § Data quality, ethics and compliance.

Management response: *These actions are agreed and will be completed as part of actions included within the Group Delivery Plan 2024/25.*

7. Repairs Analytics

Wheatley Group

Key Findings of feasibility study

In the period to January 2024, the internal audit team completed a feasibility study was to assess the extent to which the data analytics tool Caseware IDEA (IDEA) could be used by the repairs teams to develop new analytics. We determined that it would be possible to develop repairs analytics in IDEA using existing data. We recorded videos for management to demonstrate what these potential analytics would look like in IDEA and how the repairs team might use the tool to identify exceptions, confirm processes are being followed as expected, and draw out themes or trends in the data. We have received very positive feedback from management and repairs staff are now looking to purchase one or more licenses for use within their team.

Our key findings are summarised below:

- The analytics we produced were based on repairs data exported from iworld and within existing Boxi reports for repairs and complaints activity. This data is either already routinely available or could be collated within a standard Boxi report.
- As these Boxi reports contain standard fields and formatting, macros could be recorded within IDEA to automate the performance of any repeat analytics tests.
- We identified analytics that would be possible for management to run in IDEA using this existing data, either on an ad-hoc or routine basis, and tested these in IDEA. This included analytics to:

Generate statistics to highlight any trends or unexpected results in the source data (eg most common day work orders raised / completed)	Identify repeat repair work in the same property and extract these records in date order	Identify work orders which appear to have been cancelled and re-raised on their target completion date	Identify work orders containing multiple mould inspections	Identify SOR codes which do not appear to relate to the overarching work order description	Identify complaints with descriptions containing key word/s, such as ‘mould’ or ‘no access’

7. Repairs Analytics

Progress to deliver next steps identified in January 2024:

Since the initial work was completed in January 2024, the following actions have been taken:

- The Repairs Team reviewed licence options with Caseware and purchased one IDEA licence for a member of the MyRepairs Performance and Improvement Team in April 2024. While the Assurance Team will provide initial support and guidance on how to use the IDEA tool, management are also reviewing options for this officer to complete formal training with Caseware in order to make full use of its functionality.
- The Group is in the process of developing Business Object reporting which will come directly from CBG's Servitor system. These reports may include additional detail which could be analysed in addition to, or alongside, the data already held in iworld. The Data and Information team are working with CBG to progress this reporting. As this is still in development, we were unable to identify whether the reports will include any new data that could enhance the analytics we previously developed.
- Our initial feasibility study focused on repairs data available in the West. We have now considered whether any of the repairs analytics identified for Wheatley Homes Glasgow could be replicated for Wheatley Homes South, or whether different data is available in the South that could be analysed using IDEA, including repairs information held on Servitor. We found that there is already similar existing reporting in the South and while the IDEA tool may be useful to automate some existing manual tasks within this reporting, or for individuals to use to interrogate source data as required, there are more opportunities to use IDEA in the West.

8. [redacted]

9. Legislative compliance mapping advisory review

Summary of Findings

Prior to April 2020, management completed a series of local checks to confirm compliance with key procedures. The introduction of home-working across the Group as a result of COVID-19, resulted in some of the compliance checks being suspended. As the Group moved back to a full service-delivery model, the way in which services are now delivered has changed significantly for many teams across the Group. As a result, the compliance checks previously completed may no longer be the most effective way to assess compliance with current or planned procedures. The Internal Audit team was asked to review the status of legislative compliance ("compliance") checking across the Group. The team has developed a staged approach, rolled out in phases across the Group. There are 3 stages: 1) Internal Audit review of compliance areas; 2) Management review and identification of additional compliance checking; 3) Design and roll-out of updated compliance checking.

During the most recent phases, the Internal Audit team has worked with Governance, Strategy & Performance, Human Resources & Organisational Development, Financial Reporting, Asset & Sustainability, and Procurement, Fleet & Utilities management to complete Stage 1. This involved mapping areas in which the Group is required to comply with legislation or regulation; assessing the potential consequence of any failure to comply; and identifying existing or planned compliance checking that would provide assurance about the extent of compliance. The work completed to date has identified some areas in which management should consider whether additional detective controls need to be implemented to give management comfort that key processes are working effectively and identify any instances of non-compliance.

For **Strategy and Performance**, we found three areas in which the Performance & Strategy Management team should consider improving controls to detect any instances of non-compliance with legislative and regulatory requirements. The Performance & Strategy team provides oversight of ARC reporting to SHR annually, and the Group should consider whether this practice should be rolled out to other areas. The Performance & Strategy team should also continue working with the Data team to document reporting rules as part of the Group's Data Strategy development. This will ensure there is a clear understanding of data required for specific regulatory KPIs. The team should also include review of controls in place over retention of records.

9. Legislative compliance mapping advisory review

Summary of Findings continued

For **Governance:** We found that the Governance team has controls in place to detect any instances of non-compliance with legislative and regulatory requirements. We identified two areas for further improvement where the team should review and update existing controls. These relate to application of a consistent approach to obtaining appropriate references when recruiting future board members; and review and update of FCA related insurance guidance and training.

For **Human Resources and Organisational Development:** We found that in general the People Services team has controls in place to detect any instances of non-compliance with legislative and regulatory requirements where possible. We identified three areas that the People Services team should review to determine whether the detective controls in place can be strengthened. These include a review of controls in place to confirm: i) employees are following the working time regulations; ii) employees receiving a home working allowance are regularly working from home; and iii) all required actions for registration and supervision of Housing Modern Apprentices are completed. We also noted that for some processes, the nature of the work completed by the team means the controls in place to deliver compliance are typically directive (i.e. procedures/ guidance) and are reliant on individuals and line managers following procedures. For these processes, management have advised that they are satisfied that the directive controls in place are sufficient to mitigate the risk associated with non-compliance. This includes the Grievance Policy, which provides a mechanism for all staff to raise concerns. We have therefore excluded these areas from the compliance map.

For **Financial Reporting:** We found that the Finance team has controls in place to detect any instances of non-compliance with Financial Reporting legislative and regulatory requirements.

9. Legislative compliance mapping advisory review

Wheatley Group

Summary of Findings continued

For **Asset & Sustainability:** We found detective controls were in place to confirm compliance with legislation and regulation. We identified a small number of areas in which the Assets & Sustainability Management team should complete ongoing work to introduce additional detective controls. These included completion of the planned extension of H&S compliance checking services provided by Equans to WH-South, and review of the controls in place to confirm compliance with retention policies. We noted areas of emerging legislation, particularly from a sustainability perspective. Management is currently monitoring developments in these areas and sharing updates about relevant legislation with colleagues. Further work to update controls and their compliance map may be required to confirm the Group is able to comply with new legislative requirements as they come into force for the Group.

For **Procurement, Fleet & Utilities:** Overall, found detective controls were in place to confirm compliance with legislation and regulation. However, we identified one area where there are no controls in place to detect non-compliance with the requirement to have no-smoking signage in the Group fleet vehicles. The Fleet Manager has also identified planned controls to improve the Group's ability to proactively monitor that fleet vehicles' MOT and road tax are in date and to develop a new Group Speeding policy to support the existing Health and Safety Management Arrangements for Safe Driving.

10. Electrical Testing Certification

Summary of work performed:

Since April 2021, under the Housing (Scotland) Act 2014 (the Act) and the Scottish Housing Quality Standards (SHQS) RSL landlords are required to complete electrical safety inspections every 5 years. The previous requirement was for this to be completed every 10 years and, following the change in the regulations, the Executive Team sought assurance that internal reporting of Electrical Installation Condition Report (EICR) for the Group's RSLs and Lowther Homes was accurate and complete.

Work completed:

In the West, work to upload PDF certificates from Servitor into PIMSS started in 2022. We have been reviewing the progress made by CBG and the Repairs, Investment and Compliance team to obtain and upload outstanding electrical certificates in the West. As at 15 April 2024, there were 232 outstanding certificates, from the original 2,400 reported in November 2023.

These outstanding certificates relate to abeyances and properties with no access, which are now monitored on a weekly basis by the Repairs, Investment and Compliance team, Housing management, and support agencies to gain access where possible to complete the required checks.

Following the introduction of this weekly monitoring report for electrical certificates, we are satisfied there is an appropriate detective control in place to flag any properties requiring additional focus (in addition to the standard business process) in order to obtain the required electrical certificates. We therefore propose that this is no longer reported to the Group Audit Committee and is now considered "business as usual".

11. Data Analytics - summary of work performed

Payroll

There are no exceptions to highlight to Boards. Internal audit has previously confirmed the operation of the controls through a walkthrough test and developed continuous audit testing scripts. Using these scripts and the data available for Q4 2023/24 we used IDEA to confirm:

1. There are ***no duplicate employee numbers being used*** (across all payrolls)
2. We identified ***18 duplicate bank account numbers in use during Q4*** (across all payrolls). These were matched to the annual remuneration reports and HR spreadsheet of changes and most are clearly joint accounts, with the remainder relating to a change in role or employment status.
3. Our testing confirmed that ***none of the duplicate bank accounts belong to Payroll staff***.
4. There were 19 employees who received no Gross Pay in a payroll run during Q4. These relate to leavers, staff on maternity leave, staff on long term sick and some relief staff. We have confirmed with the payroll team that this is due to the nature of the contracts in place for these staff members.

Given the positive results of the testing in the last year, the Internal Audit team has reviewed its approach to payroll continuous auditing and will now complete the testing on an annual basis.

Accounts payable

During the last period, the Transaction Services team has obtained an IDEA license. The internal audit team has worked with the Transaction Services team to develop macros that facilitate automated assurance checks and has provided procedure notes and training on the use of the macros.

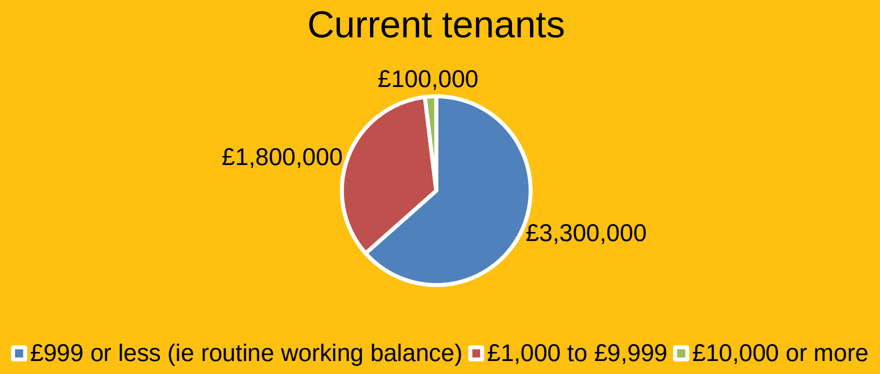
The Transaction Services team confirmed that the checks were completed as planned during March 2024, and will be completed each month as part of updated local procedures.

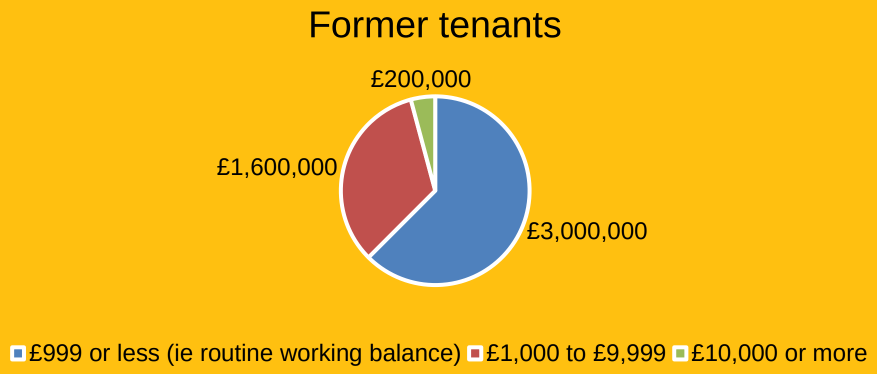
The Internal Audit team will continue to provide support when requested, and will reduce the frequency of accounts payable data analytics to an annual review. The next exercise will be completed in August for purchase card transactions and November for Faster Payment transactions.

11. Data Analytics- Rent Account Credit Balances

Update on progress

Further to the last update, work is ongoing to review the rent account credit balances. The position at March 2024, shows that there were 42,177 accounts with credit balances totalling £10m across all RSL subsidiaries and Lowther. These included 16,155 current tenant accounts with credit balances totalling £5.2m, and 26,022 former tenant accounts with credit balances totalling £4.8m. Analysis on numbers and value is detailed below:





Ongoing management actions relate to:

- Many of the current and former tenant balances are a result of either Universal Credit or Housing Benefits overpayments, and management is liaising with the DWP/Councils to return these balances. Return of these balances is reliant on engagement from DWP and Councils.
- A legal opinion has been obtained about the treatment of former tenant credit balances and proposals for a revised procedure are being developed, which will be rolled out for all new credit balances in due course.
- Work is also underway to develop reporting that will allow regular monitoring of credit balances from July 2024.

12. Follow Up

Group-wide action status at 31 March 2024

In Quarter 4 2023/24, 25 of the 40 actions followed up were confirmed by Internal Audit as complete. One action, relating to the review and retention of audit logs for iWorld and Astra was closed as No Longer Relevant. A further 6 actions are currently open – not yet due.

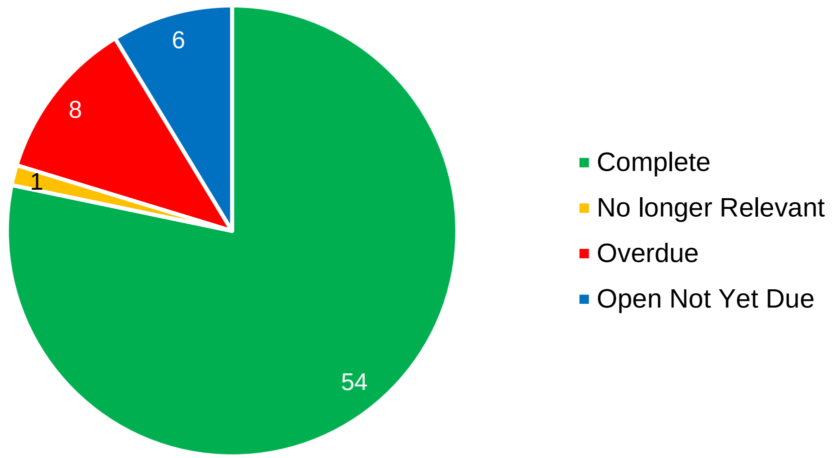
There are 8 overdue actions. The My Academy action is now due 31 May 2024, to allow the MyAppraisal evaluation to consider a full year of data. The 2 WH-South actions have been amended to fit timescales for work elsewhere in the Group. Similarly, the 3 ITGC actions have been realigned to wider IT system upgrades. The Accounts Payable action was dependent on a consultant's development of additional reports that have now been received. The RSL Records Management action relates to confirming retention periods are applied to documents due for deletion.

Review	Overdue actions	Revised due date
ITGC	3	31 October 2024
Accounts Payable	1	31 July 2024
WH-South Repairs	2	31 July 2024
My Academy	1	31 May 2024
RSL Records Management	1	30 June 2024

Status	Actions
Actions brought forward from 30 Sept 2023	31
New actions agreed	38
Total Actions followed up	69

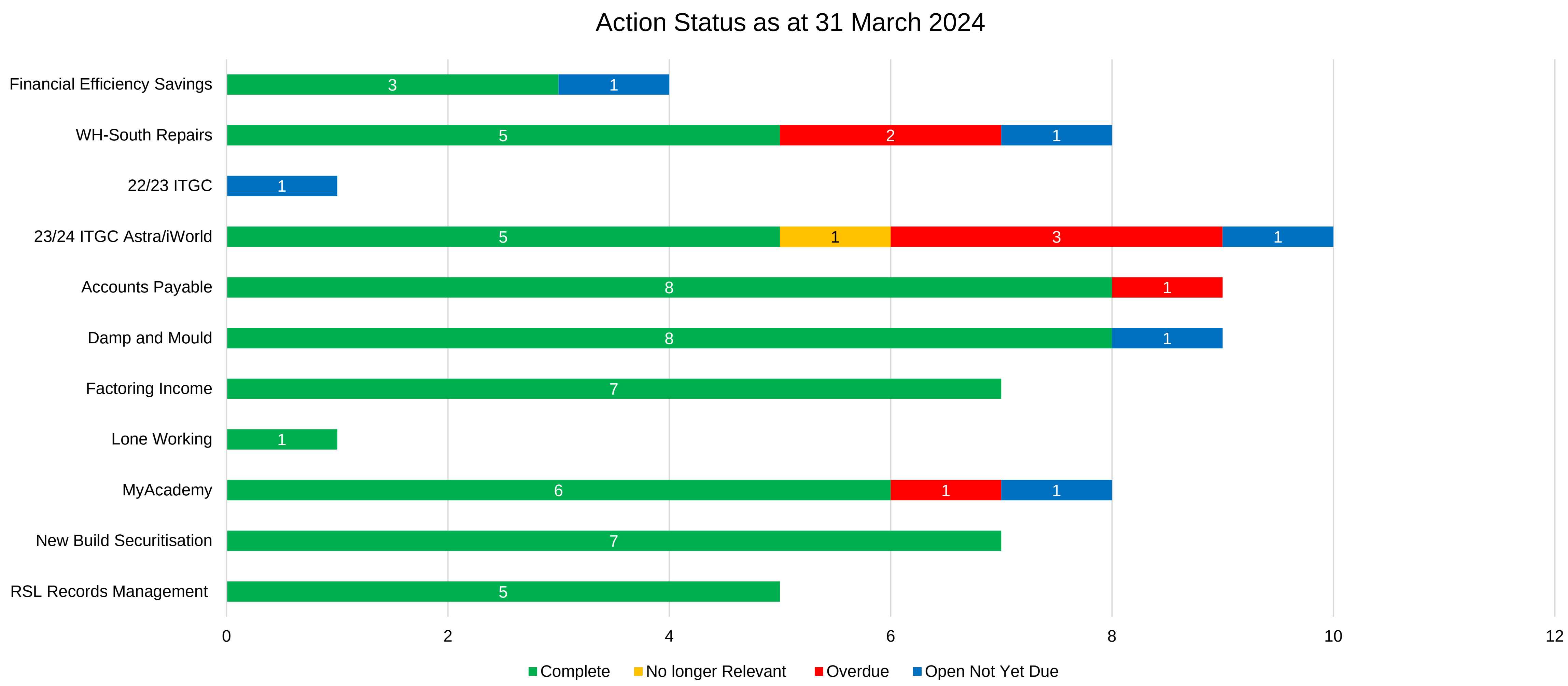
The chart below summarises our assessment of the status of the 69 actions followed up this quarter.

Action Status as at 31 March 2024



The graph on the next slide shows the status of the actions we followed up by review.

12. Follow Up



Action Status as at 31 March 2024
Financial Efficiency Savings
WH-South Repairs
22/23 ITGC
23/24 ITGC Astra/iWorld
Accounts Payable
Damp and Mould
Factoring Income
Lone Working
MyAcademy
New Build Securitisation
RSL Records Management
3
1
5
2
1
1
5
1
3
1
8
1
8
1
7
1
6
1
1
7
5
0
2
4
6
8
10
12
Complete
No longer Relevant
Overdue
Open Not Yet Due

13. Internal Audit Plan for the next period

Review	***Relevant Strategic Risk***	***Proposed scope***
Care Quality Framework (local visits)	RISK005 – Care and support services	We will review the extent to which the Care Quality Framework is now embedded within local care services. We will visit a sample of local services to assess the evidence available to support information recorded within Care Quality checks, and to assess the consistency of application of the expected controls across different services. There will be an interim update on this review at the next meeting. The full review will be reported thereafter.
New build completion and post completion arrangements	RISK180 – Ineffective Programme Management	We will review the processes in place for management of the completion and post-completion stages of new build projects. This will focus on confirmation of whether required documentation is available for other business areas in line with handover timescales, and will include the defect management process.
SHR Annual Assurance Statement	RISK016 – Laws and regulations	We will validate the results of the self-assessment exercise completed by the Governance team in order to prepare the Group's annual Assurance Statement.
Compliance checking advisory review	RISK016 – Laws and regulations	We will complete our mapping of existing legislative compliance checking across the Group, by reviewing all completed areas to identify any potential gaps, and to review options for embedding the results of the exercise within ongoing management review of local controls.
Audit Scotland: National Fraud Initiative	N/A	As noted in the Group Assurance Update, the Group remains keen to participate in this pilot. We will continue to work with Audit Scotland and other RSLs to determine whether concerns about the legal basis for participating can be resolved. If successful, we will also prepare a DPIA and consider the workload implications for teams that would be involved in the exercise. An update on this pilot will be provided at the next Committee meeting.

13. Internal Audit Plan for the next period

The Internal Audit team will also allocate resources to the following work; where applicable, reference to specific risks within the Strategic Risk Register are detailed.

Review	*Relevant Strategic Risk*	*Proposed scope*
CBG Partnership Oversight Board assurance	RISK006 – Customer satisfaction (tenants)	We will continue to set aside time to support the CBG Partnership Oversight Board and review the progress in implementing the agreed improvement actions.
Quarterly data analytics	N/A	We will complete the annual review of areas set out in slide 5, in accordance with the continuous auditing timetable. We will work with management to follow up on exceptions and to agree actions to address any control weaknesses identified.
Follow-Up review	N/A	Quarterly follow-up exercise.
Risk Management	N/A	Facilitation of the annual Board risk workshops in May and June and review of the Group's Strategic Risk Register for reporting to Group Audit Committee in August 2024.
Global Internal Audit Standards	N/A	Delivery of the actions set out in the Internal Audit Methodology Action Plan. We will report progress against the agreed timetable to the Group Audit Committee in August 2024.

Wheatley Group

To: Loretto Housing Board

By: Stephen Wright, Director of Governance

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

Subject: Governance update

Date of Meeting: 20 May 2024

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1. Purpose

1.1 This report provides an update to the Board on the following governance-related matters, seeking approval where required:

- The Scottish Housing Regulator's ("SHR's") revised Regulatory Framework ("the Framework") and associated Statutory Guidance and planned changes;
- Our Engagement Plan with the SHR;
- Tenant Board Member pathway programme; and
- Annual governance reporting: disposals and acquisitions; Code of Conduct, Register of Interests, Gifts and Hospitality, Expenses and Allowances.

2. Authorising and strategic context

2.1 The SHR is our primary regulator and the Framework under which the SHR does this helps to define the parameters for how we are governed.

2.2 We are required to operate under our Articles of Association as well as the Group Standing Orders, our Terms of Reference, intra-group agreement with Wheatley Group and the group-wide governance policies. Under these documents, we are responsible for overseeing our disposals and acquisitions and ensuring we comply with the Group policies.

2.3 Having tenants at the heart of our decision-making is one of our priorities. In addition to our extensive customer engagement, the appointment of tenant Board members supports us to achieve this. Under our Terms of Reference, we are responsible for the appointment of our tenant Board members. Our tenant Board member pathway programme has been developed to help ensure we have a pipeline of candidates for tenant Board member vacancies, as they arise.

3. Background

3.1 We keep our governance arrangements under review to ensure that they remain fit for purpose and effective. Our governance is also set within the context of the need to comply with the requirements of the Framework. As part of this, we are required to prepare an Annual Assurance Statement ("AAS") in line with the associated SHR Statutory Guidance on how it is prepared and its content.

3.2 The SHR consulted on its proposals for its revised Framework and Statutory Guidance at the end of 2023. The Board considered the updated Framework and Statutory Guidance and approved our consultation response at its meeting in November 2023. We supported the iterative nature of the changes.

3.3 Our Disposals and Acquisitions Policy includes a requirement to report to the Board annually on all disposals and acquisitions undertaken during the year. This allows the Board to maintain oversight over our property disposals and acquisitions and any decisions being taken under the delegated authority given to officers.

3.4 We are currently carrying vacancies for two tenant Board Members. An additional vacancy will arise when one of our current members retires at the AGM in September following the completion of nine years of service.

4. Discussion

<u>Scottish Housing Regulator – Regulatory Framework</u>

4.1 The new Framework is attached at Appendix 1. In addition to the new Framework, the SHR also updated some of its associated Statutory and Advisory Guidance and formally confirmed plans regarding the Annual Return on the Charter. An update on each of these areas and the implications for us are set out below:

Regulatory Framework

4.2 The SHR issued its consultation, including a copy of the proposed new Framework, in October 2023. The SHR's amendments focussed on enhancing the requirement for landlords to ensure their tenants have warm, safe and affordable homes. The amendments also focussed on requiring landlords to actively seek out the concerns and views of tenants, service users and stakeholders and to listen and respond effectively to these. The SHR's expectation of RSL governing bodies was also updated to include a role for them in ensuring their RSL provides tenants, residents and service users with easy and effective ways to provide feedback and raise concerns and ensure that the RSL considers this and provides a quick and effective response.

4.3 The SHR published the responses to its consultation which focused on three key areas*:*

- Whilst acknowledging that many landlords do already do so, confirmed it would be introducing a requirement that landlords provide tenants, residents and service users with appropriate ways to provide feedback and raise concerns, and ensure that they consider such information and provide quick and effective responses;

- Affirmed that it would retain three regulatory statuses and that it would make clear the second status (previously ‘*working toward compliance*’) was non-complaint (now “*Non-compliant – working towards compliance*”); and
- Confirmed it would significantly revise its Significant Performance Failure section within the Framework to enhance clarity on when and what tenants can raise with the SHR and how this fits with the other routes for tenants to complain to us as their landlord and the Scottish Public Services Ombudsman.

4.4 The remainder of the changes set out in the draft revised Framework considered by the Board in November were implemented. As indicated in the report to the Board at that time none of the changes will necessitate any change to our existing governance arrangements. This will be affirmed, with supporting evidence, in our 2024 Annual Assurance Statement.

4.5 The changes to the Significant Performance Failure section now see this terminology replaced with ‘*raising serious concerns*’. The revised wording is now much clearer and the SHR has also now issued *Complaints and serious concerns - Advisory Guidance - Information for social landlords*. A copy of the guidance is attached at Appendix 2. We have never had a Significant Performance Failure and would not expect to have a serious concern given our robust complaints process and commitment to resolving any issues for tenants.

Statutory Guidance

Annual Assurance Statement

4.6 The SHR has affirmed that it will, as proposed in the consultation, include a provision to enable it to require landlords to seek “*explicit assurance on a specific issue or issues*” in the Annual Assurance Statement (AAS). This is in recognition that during any given time there may be issues that arise and the SHR would wish to receive assurances they are being addressed and how. Recent examples have included mould and damp, smoke and heat detectors and Electrical Inspection Condition Reports (“EICRs”). Since these issues may be unforeseen, the SHR cannot set out in advance what assurance it will require and has therefore created flexibility so that it can adapt the requirements of the AAS to respond.

4.7 The SHR recognised feedback from the consultation in relation to:

- The importance of providing sufficient notice of any specific assurance requirements and some concerns about requests for new information that landlords had not previously been collecting; and
- The importance of guarding against a year-on-year accrual of specific assurance requirements.

4.8 The SHR has committed to providing RSLs with as much advance notice as possible of any specific assurance requirements and that it will communicate this to landlords by no later than the end of April each year. It has also indicated that it will aim to have each specific assurance requirement for one year only, unless there is a good reason to maintain the requirement.

4.9 We expect that any specific assurance requirements will relate to areas we already consider as part of our performance management or annual self-assessment. As such we do not anticipate this change giving rise to any material additional work.

Notifiable events

4.10 The SHR indicated that given the positive feedback, it would implement its planned changes to the Notifiable Events Statutory Guidance. The changes are focussed on ensuring that it is clear Notifiable events relate to 'the most significant issues'. In practice, we do not expect the changes to have any impact on our current arrangements as we engage regularly with the SHR including on what matters reach the threshold of a notifiable event.

4.11 The SHR reiterated that notifiable events are not indicators of poor performance, which reflects some notifiable events being more administrative such as RSLs granting leases for mid-market rent properties. The SHR has indicated it intends to publish an annual report on the type of Notifiable Events it receives.

Other

4.12 The SHR also made minor updates to its Statutory Guidance on: Tenant consultation and approval; Section 72 reporting events of material significance; Preparation of financial statements; Determination of accounting requirements for RSLs; Consultation where the Regulator is directing a transfer of assets; Determination of what is meant by a step to enforce a security over an RSL's land; and Group Structures. None of the changes, given their nature, will have any impact on our governance arrangements.

Annual Return on the Charter

4.13 The SHR has now committed to a comprehensive review of the Annual Return on the Charter and will follow this up with a consultation later this year. The new ARC would be introduced from 2025/26 therefore our first return would be submitted in May 2026.

4.14 The SHR confirmed that it will aim to include in this review the development of appropriate indicators for the Social Housing Net Zero Standard, following the Scottish Government's consultation on the proposed Standard.

4.15 The SHR has established a working group to consider all of the indicators in the ARC in which we are represented.

Engagement Plan

4.16 Under the Framework, the SHR agrees and publishes an engagement plan for every RSL. The engagement plan sets out how the SHR will interact with each RSL during the year. For those in a Group structure such as us, there is a single engagement plan that covers both us and our partner RSLs.

4.17 The SHR considers a small number of RSLs to be systemically important. This is because of their stock size, turnover or level of debt, or because of their significance within their area of operation. As part of the largest RSL group in Scotland, we are considered to be systemically important. As such, the SHR uses the engagement plan to set out the additional assurance it requires from us.

4.18 A copy of our engagement plan for 2024/25 is attached at Appendix 3. The requirements within the engagement plan are similar to those from previous years with the primary updates being in relation to the provision of information:

- A request for the annual update to our strategy by the end of April 2024, which we will provide;
- A copy of the report to the Board on our approach to risk management and mitigation; and
- The provision of evidence (by December 2024) about how we demonstrate affordability for tenants.

4.19 The information that is required to be provided to the SHR by 30 April 2024 has been submitted.

Tenant Board Member pathway programme

4.20 We initiated our tenant Board member pathway programme last year to provide a route for tenants who wish to consider joining our Board. The programme allows interested tenants an opportunity to develop their knowledge, join our scrutiny panel, receive individual coaching and shadow a Board meeting before they are required to formally join our Board. This helps to ensure that tenants have an opportunity to develop the skills and experience required to join our Board. It also provides insight into the work of the Board and allows pathway members to consider whether they wish to seek appointment to the Board.

4.21 We currently have two pathway members and one vacancy, with another vacancy due to arise in September. It is anticipated that we will be in a position to fill our current vacancy by September.

Disposals and Acquisitions

Annual policy update

4.22 Our Disposals and Acquisitions Policy was last approved by the Board in May 2023. Under the policy:

- A disposal includes any scenario in which we grant or transfer an interest in land or property such that it is may no longer available for us to use either temporarily or permanently;
- An acquisition includes the purchase of development sites or turnkey developments as part of a new build strategy or one-off or ad-hoc purchase of residential property; and
- Our disposal and acquisition approval limits are: up to £120k or over £120k with Board approval or delegation.

4.23 To ensure that the Board retains oversight of our disposal and acquisition activity, including activity undertaken under delegated authority, there is a requirement to provide an annual update to the Board.

4.24 Our disposals and acquisitions register for the period 01 April 2023- to 31 March 2024 is attached at Appendix 4. During this period, we recorded two acquisitions and no disposals.

4.25 There are no identified issues of non-compliance with the policy to report to the Board.

<u>Governance</u>

Code of Conduct

4.26 The Board received and considered the updated Group Code of Conduct (the Code), together with accompanying guidance, at its meeting on 07 February 2024.

4.27 The Code sets out the requirements and expectations that are attached to the role of a Board member. Board Members have a personal responsibility to uphold the requirements of this Code.

4.28 The Code was circulated to all Board Members for review and signature via our DocuSign system in March, ahead of the implementation date of 1 April 2024. The majority of our Board Members have now returned a signed copy of the Code with two remaining to be signed. Those outstanding will be asked to sign a copy at the Board meeting in May.

Register of Interests

4.29 Our Group policy on Board member conflicts of interest was approved by the Group Board in June 2022. The policy sets out our Group position and must be read in conjunction with the constitution of each entity in the Group, and our Group Code of Conduct.

4.30 Under our Group Code of Conduct, Board members are required to ensure they register any interests and update their entry whenever a new interest arises. Information on Board member interests is also published on our website, along with Board member profiles. In addition, we are required to provide information to our auditors concerning related parties.

4.31 A Register of Interests is maintained for Board Members and is available in our Reading Room in AdminControl.

4.32 Declaration of Interests form a standing agenda item at each Board meeting, where members are requested to declare any further interests, any amendments to the register of interests, or any conflicts related to specific agenda items.

4.33 As part of our year-end procedures we have also sought confirmation from Board members that they have no new declarations that require to be made. Any updates will be recorded in the register and notified to the Chair and the Board as required.

Gifts and hospitality

4.34 Our Group Policy (Payments, Benefits, Gifts and Hospitality Policy) was approved in June 2022. Under the policy, Board Members are required to declare any offers of gifts and hospitality they make or receive on our behalf. A register of the offer or receipt of any gifts or hospitality is maintained by the Governance team.

4.35 During the period 1 April 2023 to 31 March 2024, no declarations have been received from any of our Board members.

Governing Body Expenses and Allowances

4.36 The Group Policy on Governance Body Expenses and Allowances was approved by the Group Board in December 2022. The policy helps to ensure we have a clear framework for reimbursing Board members.

4.37 Board Members are asked to note under the policy claims should normally be made within one month of incurring the expense and should ideally be made within the tax year in which they are incurred, to allow individuals to make appropriate returns to HM Revenue and Customs. Board Members' expenses are also reported within our annual report and consolidated financial statements. All Board Members have been invited to submit any expenses for the period covering 1 April 2023 to 31 March 2024.

5. Customer engagement

5.1 There has been no customer engagement in relation 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 arising from this report.

7. Digital transformation alignment

7.1 There are no digital transformation implications associated with this report.

8. Financial and value for money implications

8.1 There are no financial implications arising from the recommendations contained within this report.

9. Legal, regulatory and charitable implications

9.1 This report provides an update on the SHR's new Framework and Statutory Guidance which we are required to comply with as well as our engagement plan with the SHR. We have arrangements in place to ensure that we meet the SHR's requirements.

9.2 As a matter of corporate law, it is important that we manage any potential conflicts of interest. We can support compliance with this by ensuring that we maintain a clear policy position and proactively manage gifts, hospitality and outside interests.

9.3 The SHR Regulatory Standards of Governance require that all RSLs uphold and promote standards of behaviour expected of Board members through 'an appropriate Code of Conduct'. By adopting the SFHA Model Code for RSLs we will comply with the requirements of the Regulatory Standards.

9.4 As a Registered Society, Registered Social Landlord and Charity we conduct our business in compliance with company and charity law.

10. Risk appetite and assessment

10.1 Our risk appetite in relation to governance is cautious, which is defined as "Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward".

10.2 We mitigate this risk by regularly reporting to the Board on governance-related matters and routinely reviewing our records to ensure that our governance records remain up-to-date and accurate.

11. Equalities implications

11.1 There are no equalities implications arising from this report.

12. Key issues and conclusions

12.1 The changes to the Framework and Statutory Guidance are consistent with the proposals within the SHR consultation. We have robust governance arrangements, which we regularly review and are subject to an annual self-assessment.

12.2 Our Board member pathway programme is progressing well and supports effective Board succession planning and skills balance, a requirement under the Framework.

12.3 We continue to be in a position where we can provide strong evidence to support our compliance with the Framework and Statutory Guidance.

12.4 From 1 April 2023 - 31 March 2024 we recorded no property disposals and two acquisitions.

13. Recommendations

13.1 The Board is asked to:

1) Note the update to the Scottish Housing Regulator's revised Regulatory Framework and associated Statutory Guidance
2) Note our Engagement Plan with the Scottish Housing Regulator
3) Note the update on our tenant Board member pathway programme
4) Note the disposals and acquisitions annual update;
5) Note the updates on our Code of Conduct, Register of Interests, Gifts and Hospitality and Expenses and Allowances.

LIST OF APPENDICES:

Appendix 1: [redacted] available here
Appendix 2: [redacted] available here
Appendix 3: Engagement plan
Appendix 4: Disposals and Acquisitions Register

Appendix 3 – Engagement Plan

Why we are engaging with Wheatley Housing Group Ltd (WHG)

We are engaging with WHG about its financial management, development plans and because it is a systemically important landlord.

WHG has four registered subsidiaries: Loretto Housing Association Ltd (Loretto), Wheatley Homes East Ltd (WHEast), Wheatley Homes Glasgow Ltd (WHGlasgow) and Wheatley Homes South Ltd (WHSouth).

We refer to a small number of RSLs as systemically important because of their stock size, turnover or level of debt or because of their significance within their area of operation. We need to maintain a comprehensive understanding of how their business models operate, and how they manage the risks they face and the impact these may have. So, we seek some additional assurance each year through our engagement plans. We consider WHG to be systemically important. We also consider Loretto, WHEast, WHGlasgow and WHSouth to be systemically important due to a combination of their size, turnover and level of debt.

WHG is the largest developer of new affordable housing in Scotland and plans to continue to grow by developing around 5,500 affordable homes over the next five years. WHG's development programme is spread across its subsidiaries and includes homes for social and mid-market rent. WHG will receive significant public subsidy and has told us it will also need to obtain new private finance to support its development programme. We will engage with WHG to get assurance about how it is managing the risks to the organisation including its levels of debt and development plans.

WHG must:

- Send us copies of its Board minutes, the RSL subsidiary Board minutes and its audit committee minutes as they become available;
- Send us by 30 April 2024 its annual update to its five-year strategy (2021-26) for WHG and its registered subsidiaries including:
    - Its updated risk register including details of its approach to development risk management and mitigation;
    - 30-year financial projections consisting of a statement of comprehensive Income, statement of financial position and statement of cash flow complete with assumptions and explanatory narrative;
    - A comparison of projected financial loan covenants against current covenant requirements;
    - Financial sensitivity analysis which considers the key risks, the mitigation strategies for these risks and a comparison of the resulting covenant calculations with the actual current covenant requirements; and
    - The report to the Board in respect of the approved 30 year projections, sensitivity analysis and covenant compliance.
- Send us by 30 April 2024 for its non-registered subsidiaries:
    - The approved business plans;
    - The financial projections consisting of statement of comprehensive income, statement of financial position and statement of cash flow complete with assumptions and explanatory narrative; and

- Financial sensitivity analysis which considers the key risks, the mitigation strategies for these risks and a comparison of the resultant covenant calculations with the actual covenant requirements.

- Meet with us three times during the year and send us an update prior to our meetings. The updates should include any emerging risks to the organisation and progress with delivery of its development plans. The development update should include its latest report to the Board or Wheatley Developments Scotland Ltd’s Board about development and details of the scale and tenure mix, timescales for delivery and any material delays or changes to the programme;
- Send us by July 2024 the report to the Board about its approach to risk management and mitigation;
- Send us by December 2024 evidence of how it demonstrates affordability for its tenants; and
- Tell us if there are any material adverse changes to its development plans which might affect its financial position or reputation, in line with our notifiable events guidance.

What we will do

- Review the minutes of the Board and audit committee meetings and liaise as necessary;
- Observe WHG's Board and WHEast’s Board;
- Review the business plans, financial and other supporting information including the development updates;
- Meet with WHG’s senior staff three times during the year to discuss the business plans, the financial and other supporting information and any risks to the organisation; and
- Update our published engagement plan in the light of any material change to our planned engagement with WHG.

Regulatory returns

WHG must provide us with the following annual regulatory returns and alert us to notifiable events as appropriate:

- Annual Assurance Statement
- Audited financial statements and external auditor’s management letter;
- Loan portfolio return;
- Five-year financial projections; and
- Annual Return on the Charter.

It should also notify us of any material changes to its Annual Assurance Statement, and any tenant and resident safety matter which has been reported to or is being investigated by the Health and Safety Executive or reports from regulatory or statutory authorities or insurance providers, relating to safety concerns.

Loretto Housing

Appendix 4: Annual disposal and acquisition (1 April 2023 – 31 March 2024)

Acquisitions

Land/property	Nature of acquisition	Value / Consideration	Date of acquisition
Tranche 1, Constarry Road, Croy	Purchase of Golden Brick plots	£90,000.00	28/03/2024
Site at Bishopbriggs	Development	£2,513,200.00	14/03/2024

Disposals

None