




**LORETTO HOUSING ASSOCIATION
BOARD MEETING**

**Monday 9 February 2026 at 2pm
Wheatley House Glasgow**

AGENDA

1. Apologies for absence
2. Declarations of interest
3. a) Minute of meeting held on 24 November 2025 and matters arising
b) Action list
4. Chair and Managing Director update

Main Business Items

5. Awaab's Law in Scotland
6. 2026-2031 Strategy
7. Rent and service charges 2026/27
8. Financial Projections
9. 
10. Strategic governance review

Other business

11. Finance report
12. Performance report
13. Group Assurance update
14. AOCB

Meeting:				
Agenda item	Action	Owner	Due	Status
2026-31 Strategy update	Final draft to February Board meeting.	Laura Henderson	February 2026	Complete
Wheatley Care Strategic partnership	Update to Board on progress/impact on delivery of services for Loretto Housing.	Laura Pluck	February 2026	Complete

Report

To: Loretto Housing Board

By: Laura Henderson, Managing Director

Approved by: Alan Glasgow, Group Director of Housing

Subject: Awaab's Law in Scotland

Date of meeting: 6 February 2026

1. Purpose

- 1.1 This report updates the Board on the Scottish Government's introduction of the Scottish equivalent of Awaab's Law through The Investigation and Commencement of Repair (Scotland) Regulations 2026, and on our preparedness for the new statutory requirements.
- 1.2 It also sets out the proposed next steps for updating the Group's Managing Dampness, Mould and Condensation Policy.

2. Authorising and strategic context

- 2.1 Under the Board's Terms of Reference, it has a number of responsibilities which directly relate to managing damp and mould, including:
- Approval of our 5-year investment programme, including how this is targeted at specific stock condition issues and meeting all compliance obligations;
 - Oversight of the performance of our repairs service, including performance indicators relating to damp, mould and condensation required under the Scottish Housing Regulator Annual Return on the Charter;
 - Approval of our corporate risk register and monitoring the effectiveness of risk mitigations; and
 - Oversight of the implementation of Group policies, within the context of our own operating environment and service delivery model.
- 2.2 In considering our 2026-2031 strategy, we identified damp and mould as a top priority within the wider strategic theme of 'homes and neighbourhoods to be proud of'.

- 2.3 As part of this, we make a number of commitments that we will deliver as part of our strategy under ‘Homes where our customers can feel safe’, including to:
- Proactively address damp and mould as a top priority, including through integrating smart monitoring devices and workforce training to support early identification, effective treatment and sustainable, lasting solutions;
 - Update our policy approach to damp and mould to reflect requirements from Awaab’s Law and enshrine specific Tenants’ Rights within the policy, including the right to request further investigation; and
 - Enhance our assurance checks and customer follow-up to ensure customers are satisfied with how we handled damp, mould or leaks in their home and that no issues remain.

3. Background

- 3.1 Managing damp and mould has been a key priority for us for a number of years. We recognise the risk it poses to the health of our customers if not treated timeously and effectively. It is formally recognised as a key risk in our corporate risk register.
- 3.2 We established a Dampness, Mould and Condensation Policy in late 2021, and we have continuously evolved our approach since then, including through:
- Introducing severity categorisations for every damp and mould inspection;
 - Developing and refining performance measures, which were in place prior to this being a regulatory requirement under the ARC;
 - Increasing the level of resource dedicated to damp and mould, bringing in additional expertise and enhancing training for our staff;
 - Utilising technology such as sensors to better understand the circumstances within homes and ‘TIC’ machines, which kill both visible mould and the airborne spores which are not visible in under an hour; and
 - Leaving a report with customers after every inspection.
- 3.3 In March 2025, the Scottish Government announced its intention to introduce amendments to the Housing (Scotland) Bill to give powers to require social landlords to investigate and begin repairs within set timeframes—effectively their mechanism to bring Awaab’s Law into Scottish legislation.
- 3.4 The Board was provided with an update on the development of the Scottish Government’s plans as part of the Housing (Scotland) Bill 2025 update at its last meeting. At that stage, our expectation was that the new requirements would come into effect from March 2026.
- 3.5 At that time, the Board was advised that we were undertaking a detailed review of our damp and mould processes, supported by a recent review by Internal Audit, alongside preparing for the expected requirements of Awaab’s Law. This preparation included engaging with a number of large English Housing Associations to identify any lessons or good practices for their preparation for the English equivalent.

4. Discussion

Awaab's Law in Scotland

- 4.1 The Scottish Government has laid draft regulations, *The Investigation and Commencement of Repair (Scotland) Regulations 2026* ("**the Regulations**"), the instrument for introducing Awaab's Law in Scotland, before the Scottish Parliament on 21 January.
- 4.2 The introduction of the Regulations represents a significant shift, elevating damp and mould from a regulatory and guidance-based issue to an explicit statutory requirement. This increases legal, regulatory and reputational risk for us and the wider sector and places greater emphasis on robust processes, clear decision-making and demonstrable compliance.
- 4.3 The Regulations amend the 'Right to Repair', a legal scheme under the Housing (Scotland) Act 2001. The treatment of damp and mould will become a qualifying repair under the Right to Repair.
- 4.4 The Regulations/Right to Repair will introduce new requirements in relation to damp and mould in four key areas:
- **Timescales** - The timescale within which a Registered Social Landlord must respond to reports of damp and mould;
 - **Property condition** - The condition a property must be in and what constitutes 'safe'
 - **Competence** – a minimum expected set of skills and experience to treat damp and mould
 - **Compensation** - Payment of specified compensation levels

Timescales

- 4.5 The Right to Repair timescales and requirements of the Regulation will broadly replicate the UK Government's version of Awaab's Law and require:
- Investigations to be commenced within 10 working days of an issue being reported or identified;
 - A written summary to be provided within 3 working days of the investigation;
 - Work to be commenced within 5 working days; and
 - A maximum period of 20 days to complete damp and mould repairs (subject to some exemptions).
- 4.6 The practical effect of this includes a requirement for us to advise tenants in all reported cases of damp and mould whether it is a qualifying repair and where it is, the maximum timescale allowed to complete it under the Right to Repair.
- 4.7 The maximum of 20 days has the potential to be challenging in more complex cases, where specialist work is required. However, in such cases, we would still anticipate being able to complete repairs which leave the home 'substantially free from damp and mould' and anything exceeding 20 days is likely not to be 'reasonably practical'.

Property condition

- 4.8 Under the draft Regulations a home will require to be:
- a) 'substantially free from damp and mould' following a qualifying repair; and
 - b) 'so far as is reasonably practicable, continue to be substantially free of damp and mould'.
- 4.9 Under the Regulations, "*relevant safety work*" is defined as work required to ensure that the house meets both a) and b). A key issue we expect the guidance to consider is how there is consistency in assessing what constitutes 'substantially free' and "so far as reasonably practicable" across the sector.
- 4.10 We currently assess the property condition using a range of measures, including the coverage of any mould and/or damp and depending on the nature of the property and case, we may use air quality testing, mould spore testing and the deployment of sensors to monitor conditions likely to cause a recurrence such as humidity.
- 4.11 We do also encounter circumstances where it may not be reasonably practical to ensure a home will remain substantially free. Examples of this include where a home is occupied at a higher rate than expected, where the tenant has a history of no access/non-engagement, or where the causation is not related to a property related factor.

Competence

- 4.12 The draft Regulations specify that works must be completed by a '*competent person*' and define this as "*a person who, in the reasonable opinion of the landlord, has the skills and experience necessary to determine*" whether the aforementioned property condition requirements are met. In practical terms, this translates to assessing whether any '*relevant safety work*' is required.
- 4.13 Further clarification will, however, be required about how other implications of this will work in practice, given the complexity of identifying the root cause of some cases of damp and mould.

Compensation

- 4.14 If an RSL fails to carry out a qualifying repair within the specified time, tenants may appoint an alternative contractor (from an approved list) and may be entitled to compensation. The compensation is set at £15 for not completing the repair within the specified deadline and £3 per day for any delay thereafter up to a maximum of £100.

Other – circumstances beyond an RSL's control

- 4.15 The Regulations do, however, recognise that there will be circumstances outwith an RSL's control and under such circumstances the requirements to investigate within 10 days and commence work within 5 working days can be suspended. The scope of such circumstances is currently undetermined. We expect this would include issues such as no access, but clarity will be required in circumstances where there is no property defect, such as whether a tenant's inability to ventilate or adequately heat their home will be considered outwith the RSL's control.

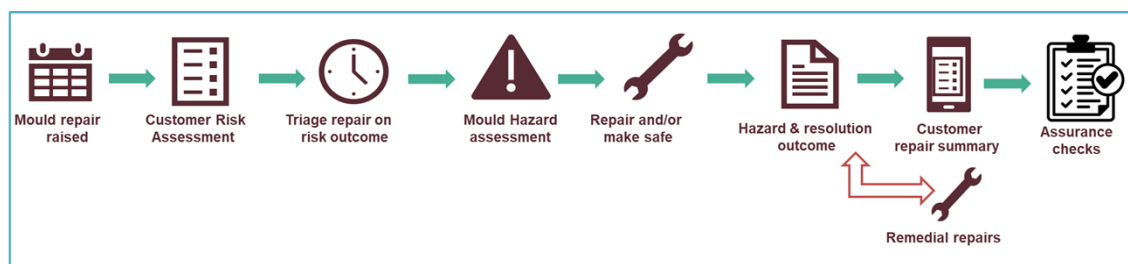
- 4.16 For any such suspensions, RSLs will be required to give notice to the tenants, stating why they are unable to comply with the specified period and why; the period within which they consider they will be able to comply; and ‘take reasonable steps’ throughout to minimise damp and mould.

Next steps

- 4.17 The Regulations are scheduled to come into effect from **6th October 2026** rather than March 2026 as initially indicated. This is in recognition of the need to allow a lead-in time for the sector.
- 4.18 The Scottish Government has indicated that guidance will be issued on the implementation of the Regulations. Given the need for further clarity in a number of areas as set out above, this will be important in understanding how we fully comply with the Regulations and reflect them in our own policy. We will be engaging with the Scottish Government alongside other stakeholders on the development of the guidance.

Preparation for Awaab’s Law

- 4.19 We consistently review and refine our approach to damp and mould and the introduction of the Regulations in October will trigger a need to further evolve our approach. A comprehensive review of our end-to-end process for handling damp and mould cases is underway, being overseen directly by the Group Executive team.
- 4.20 Our review takes into account heightened regulatory and public scrutiny, the draft Regulations, lessons from complaints and case reviews, and the need for robust data. We anticipate the future process containing the following key elements:



Customer risk assessment

- 4.21 Our current approach treats all reports of cases of damp and mould uniformly based on our targets of an initial inspection within two working days and completing any associated remedial repairs within 15 working days where feasible. However, we are planning to transition from a blanket “urgent” response model to a risk-based, customer-centred approach.
- 4.22 For any cases reported or identified, we will undertake a Customer Risk Assessment which takes into account individual and/or household circumstances such as tenant vulnerabilities, health conditions, and other key risk factors e.g. a repeat report of damp and/ or mould. This will allow us to prioritise and triage cases and:
- Provide faster and more targeted interventions for households most at risk;
 - Allocate resources more effectively; and
 - Deliver a personalised service to our customers.

- 4.23 It is intended that our response time will be based on the outcome of the customer risk assessment, for example, high risk cases remaining at four hours as an emergency; moderate risk being two working days and low risk being 5 working days. All of these would comfortably be within the 10-day requirement proposed under the Regulations.

Mould hazard assessment

- 4.24 Within the context of the Regulations and the system currently in operation in England, assessing the damp and/or mould, as well as the causes or consequences thereof, is on the basis that it is a 'hazard' to the safety of the home.
- 4.25 Whilst we currently undertake this via the tradesperson attending and a summary report, we are developing a more refined approach. This will include a consistent, structured hazard assessment process undertaken, commencing at the first point of contact and being completed in the property. As part of the assessment there will be a supporting process which clearly sets out what action/escalation should be taken based on the assessment outcome.

Written summary

- 4.26 The existing written summary we provide will require to be updated to reflect the requirement of the Regulations, in particular to assess the test of a home being made 'substantially free' of damp and mould. Work is underway to redesign this, with the hazard assessment information providing the key elements of our findings.
- 4.27 The written summary will also require setting out clearly what steps we intend to take next to resolve the issue where further action is required. This will also need to take into account our assessment of the likelihood the repair can be completed with the overall 20-day time limit.

Quality assurance

- 4.28 Following the completion of mould related works a Housing Officer will complete a house visit within 1 week of the work completing. This will also be an opportunity to update the annual tenant visit and ensure any wrap around support is progressed, ie financial wellbeing support.
- 4.29 All customers will be sent a Healthy Homes specific My Voice survey following completion of the work seeking their feedback on their experience, the customer experience team will manage this feedback, contacting customers and collating customer insights performance packs for operational team meetings to inform improvements.
- 4.30 We will also complete 8-week customer care calls, ensuring the mould has not returned and if it has, escalate the case to the most appropriate team for action. We will also issue a survey 4 months after the work has completed, asking customers for their feedback on their experience and to confirm if the mould has returned, if it has, we will escalate accordingly.

Staff development

- 4.31 The introduction of the 'competent person' will require us to clearly define, or, if guidance specifies, adopt, what qualifies as 'competent'. We are refining our training programme to ensure we can evidence that all tradespeople involved are 'competent'.

Damp, mould and condensation policy

- 4.32 Given the extended timescale, the Regulations have only just been issued and await parliamentary approval and the clarity required from the associated guidance, we propose to formally update our policy once the Regulations are approved and the guidance is issued, so it can fully reflect them.
- 4.33 It should, however, be noted that under our current policy, we state we seek to visit a customer's home within two working days of reported or identified cases of damp and mould, or within three hours if it is likely to be a category 1 severity. We also aim to complete repairs within a maximum of 15 working days. Although not currently required under our policy, we also provide a summary report on the day of the inspection to the tenant.
- 4.34 It is intended that upon the guidance being finalised, we will update our policy and present it to the next Board meeting thereafter for review alongside how we plan to implement the revised policy.

5. Customer Engagement

- 5.1 It is proposed that we consult tenants on our Managing Damp, Mould and Condensation Policy when it is updated. This will be particularly important in areas such as how we propose to apply the expected Scottish Government guidance on what is outwith the Landlord's control and their rights under the policy.

6. Environmental and sustainability implications

- 6.1 There are no environmental or sustainability implications associated with this report.

7. Digital transformation alignment

- 7.1 A key focus in how we are evolving our approach to managing damp and mould, as well as how we comply with our obligations under the Regulations, will be well-defined processes that allow us to have robust data, which in turn provides us with actionable insight.
- 7.2 We have a project team, drawing from our repairs, data, IT and performance teams, including City Building (Glasgow), working on our preparation for the Regulations and delivering refinements to our current approach as set out earlier in the report.

8. Financial and value for money implications

- 8.1 There are no financial or value for money implications associated with this report.

9. Legal, regulatory and charitable implications

- 9.1 The Regulations will apply a legal duty on all RSLs in how they manage damp and mould as set out in the report. This will be in addition to the existing obligations we have to report specific damp and mould-related performance information under the ARC to the Scottish Housing Regulator.
- 9.2 There have been instances of legal firms canvassing in our communities for potential clients to lodge legal claims for damp and mould compensation. We anticipate that the introduction of the Regulations will give rise to a further increase in legal claims being lodged, through legal firms operating on no win no fee basis.
- 9.3 Evidence from England has shown a rise in cases as a result of the Housing Ombudsman's work and this is expected to continue with Awaab's Law now live. This has manifested in law firms now using Google Ads to seek clients and actively competing for clients.

10. Risk Appetite and assessment

- 10.1 Our corporate risk register includes a risk specifically relating to damp and mould, where our risk appetite is minimal. This risk was updated by the Board at its November 2025 meeting, alongside the introduction of an additional risk 'Responsibilities under Awaab's Law'.
- 10.2 We seek to mitigate the risks via a combination of controls, including a clearly defined policy, having relevant staff appropriately trained and informed on what actions to take, being sufficiently resourced to respond to reports of damp and mould quickly and ongoing performance monitoring. The report also sets out planned enhancements to our approach, which will serve as further controls.
- 10.3 The Regulations introduce heightened litigation risk. Our strongest mitigation is a demonstrably compliant end-to-end process: risk-based triage; documented investigations by competent persons; time-stamped tenant communications; tracking 10/3/5/20-day milestones; and an auditable trail including suspension notices where invoked.

11. Equalities implications

- 11.1 We recognise that how we respond to reports of damp and mould requires an approach which can take into account specific customer circumstances, such as language barriers, flexible appointments which fit with their personal commitments, or mobility issues.

12. Key issues and conclusions

- 12.1 Effectively managing damp and mould is a key organisational priority. This is reflected in our corporate strategy, our risk register, how we prioritise our resources across the organisation, including through Wheatley Solutions, and our day-to-day engagement and communication with staff.

12.2 Under our existing approach, we are well placed to meet the core requirements of the Regulation, such as responding quickly to reports and commencing work quickly after the initial investigation. There does, however, remain a number of areas where greater clarity is necessary from future guidance to allow us to ensure our policy reflects the requirements of the Regulations.

13. Recommendations

13.1 The Board is asked to:

- 1) Note the contents of the report and the implications of the Regulations; and
- 2) Provide feedback on the proposed approach to preparing for implementation and updating the Group Managing Dampness, Mould and Condensation Policy.

LIST OF APPENDICES:

None.

Report

To: Loretto Housing Board

By: Laura Henderson, Managing Director

Approved by: Alan Glasgow, Group Director of Housing

Subject: 2026-2031 Strategy, Making homes and lives better

Date of meeting: 9 February 2026

1. Purpose

- 1.1 The Board is asked to approve the 2026–2031 strategy, *Making homes and lives better*, and provide feedback on the proposed approach to launch and implementation.”

2. Authorising and strategic context

- 2.1 Under our Terms of Reference, we are responsible for approving our five-year strategy, within the strategic context of the overarching Group strategy. We agreed our Loretto Housing (“LHA”) five-year strategy in February 2021.

3. Background

- 3.1 At our November meeting, the Board was updated on the responses of our phase 2 customer engagement on our strategic priorities, how this shaped our plans and provided feedback on the proposed 5-year strategy. The Board agreed that the strategy reflected our priorities, its previous discussions and feedback, and no material updates were requested.
- 3.2 At its Board meeting in December, the Group Board then considered this and the wider Wheatley strategy. No material changes were requested from the Group Board, with one area which will be strengthened in the wider Wheatley strategy being how we will continue to focus on sustainability.

4. Discussion

Phase 3 engagement

- 4.1 Following the Board in November 2025, we took the opportunity at the Group Scrutiny Panel (“the Panel”) in December to discuss the results of phase 2 of our customer engagement and our draft strategy to gain a further customer perspective.

- 4.2 The Panel were positive about the draft strategy and agreed that it covered the right priorities. In particular, the Panel supported the emphasis on communication and partnership working, both internally and with external partners, recognising that this is pivotal to delivering an excellent customer experience. Panel members also supported the prospect of embracing Artificial Intelligence to deliver efficiencies for the benefit of our customers.
- 4.3 The Panel were supportive of our plans to design customer-friendly versions of our strategies, supported by video content, to bring the documents to life and help ensure understanding. The Panel emphasised the need for customer communication to be straightforward and jargon-free.
- 4.4 The final strategy therefore reflects feedback from customers, staff and the Board. Refinements have focussed on clarity of language, alignment across themes and strengthening delivery commitments, rather than altering priorities. Our strategy will be accompanied by a video summarising our plans which will support the strategy launch.

2026-2031 Strategy

- 4.5 The final draft strategy will be presented at Appendix 1. Our strategy will continue to follow the key themes, objectives and priorities that the Board agreed in November:

Strategic theme	Strategic Objectives			
Homes and neighbourhoods to be proud of	<i>Maintain and enhance homes to meet the Wheatley standard</i>	<i>Create thriving neighbourhoods, collaborating with customers and partners</i>	<i>Lead the way in expanding supply of affordable, quality homes</i>	
Personalised services	<i>Connect with customers through proactive, tailored communication</i>	<i>Enhance and apply what we learn to drive customer focused services</i>	<i>Deliver seamless services to meet customer needs</i>	
Better Lives	<i>Contribute to ending homelessness in Scotland</i>		<i>Shape powerful partnerships to alleviate poverty and open doors to new opportunities</i>	
Delivering sustainable value	<i>Nurture and invest in our people, recognising their contribution</i>	<i>Drive effective solutions, harnessing digital capabilities and data assets</i>	<i>Ensure financial efficiency today, prepared for tomorrow</i>	<i>Grow our reputation as an ethical, trusted business</i>

The strongest themes and headline areas of focus throughout the strategy remain:

- **Tenant Satisfaction** – customer insight driving our services and customer satisfaction as the key barometer of our success;
- **Defining a Wheatley Standard for our homes** which embodies our determination to improve the quality of our homes beyond published Scottish Government requirements;
- **Tackling damp and mould** a clear commitment to exceed the requirements of Awaab's Law;
- **Partnership working** our commitment to play our part, in partnership with others, in helping to address the underlying drivers of poverty in our homes; and
- **Contributing to ending homelessness** - our continuing ambition to contribute and support Wheatley to lead in addressing homelessness.

Launch and implementation

- 4.6 Subject to any final feedback from the Board, following approval of the strategy we will move into launch and implementation. Our leaders have been engaged to shape the plans for launch and implementation, with the key objectives being:
- Ensuring visibility of our strategic direction, objectives and outcomes;
 - Understanding of key priorities, as informed by customers;
 - Ensuring links with strategy launch and aligned key people / organisational development activities;
 - Making themes and commitments real for staff, discussing their role in delivery; and
 - Understanding the support staff need from the business to effectively deliver.
- 4.7 Our launch will focus on engaging staff about what this strategy means for them and the important role each staff member will play in delivering it. This supplements the engagement undertaken to date and will include the use of our Chief Executive's Friday message, interactive content via the Shaping our Future WE Connect strategy site, local team-based workshops and engagement with Communities of Excellence.
- 4.8 Moving into launch and through implementation, there is an appetite from our people for a mix of both Wheatley-wide organisational and subsidiary-level activity. We will use our leadership engagement and communication structures, to embed of our new leadership principles and bring the 2026-2031 strategy to life.
- 4.9 During March, we will then undertake a Wheatley-wide organisational staff communication campaign, using video content to raise awareness about each theme, counting down to the wider launch from April.
- 4.10 Through to May, local teams will be engaged in what our 2026-31 plans mean for them, supported by localised strategy packs to help team leaders facilitate conversations. This will prompt discussion on how staff will deliver each theme, including opportunities and change which may be required. This will help ensure strategy content is clear and understandable to our people

- 4.11 To help bring our strategy to life, we will use strategy games, such as challenges and problem solvers, to get our people connecting the strategy to real life scenarios, enabling cross-team dialogue, and reinforcing key terms and concepts. We will use games that best fit the skills of our different roles to focus discussion. We will capture feedback and use this to inform delivery plans and projects as we implement our objectives during the life of the strategy.
- 4.12 During this period, we will also utilise planned Organisational Development activities, including new staff inductions, the Right Conversation, Right Time manager and staff one-to-ones, and Think Yes Recommit sessions to ensure alignment of messaging.
- 4.13 This also supports our Investors in People (IIP) roadmap as we seek reaccreditation as a platinum-level organisation, which provides us with independent assurance that our people management approach is effective and about our organisational culture. This activity particularly helps focus on theme 4 content, including our objective 'nurture and invest in our people, recognising their contribution', a key area of focus following our recent IIP survey.
- 4.14 From April, we will also launch the strategy with our customers and stakeholders, taking into consideration our stakeholder engagement approach. Again, we will utilise planned engagement activity, such as with Customer Voices, and promote our plans through video content on our social media and website, with an online, customer-friendly version of our strategy published. Through our stakeholder mapping we have identified several stakeholders for whom we will offer specific briefings.
- 4.15 We will promote a summarised version of our strategy, so staff, customers and stakeholders are clear about our big aims. Threaded through all our communication will be reinforcing **Tenant Satisfaction** as the key barometer of our success.
- 4.16 Through May to July we will move into implementation of our strategy, for example, by spotlighting year one projects and publishing a quarterly performance round-up for staff. We will ensure our new strategic themes are realised and embedded, being driven for instance, by refreshed Communities of Excellence (CoEs) which bring staff together from across Wheatley to collaborate and proactively seek solutions in specific areas such as repairs.
- 4.17 Our proposed launch and implementation plan is therefore summarised as follows:

February – ‘Launching our future’

Leaders Connect in February will launch and provide an opportunity for our extended leadership to discuss the new strategy, in advance of wider staff launch

March – ‘Launching our future’

Counting down to launch. Staff communication campaign using Steven’s Friday messages, including video and blog content around each theme (Group level)

Late March to May – ‘Launching our future’

Internal – Local / team-based staff sessions using strategy launch packs, calling out alignment to ThinkYes and Right Conversation, Right Time

External – Web content utilising videos and proactive key stakeholder engagement

May to July – Embedding ‘Making homes and lives better 26-31’

Spotlight on year one projects and first quarterly performance round up
New themes lived through refreshed structures e.g. CoEs, CV panels.

5. Customer engagement

5.1 Customer engagement has been at the heart of the development of our 2026-2031 strategy. The level of engagement has exceeded our expectations and provided us with important insight as we review our customer engagement framework. Engaging customers through the launch of our strategy is a key focus for us.

6. Environmental and sustainability implications

6.1 We understand that investment, particularly to ensure energy-efficient homes, is a priority for customers, reaffirmed by the phase 2 engagement. Our 2026-31 strategy prioritises this with a focus on improving the energy efficiency of our homes.

7. Digital transformation alignment

7.1 Our 2026-31 draft strategy aligns with our digital transformation plans. We understand that there are opportunities to reshape Wheatley for the future with better use of data, artificial intelligence and digital technology. Increased digital and data maturity will therefore support us in making decisions and improving services through to 2031 as detailed under theme 4 of our strategy.

8. Financial and value for money implications

8.1 We understand that keeping rents fair and transparent is a priority for customers, so our 2026-31 strategy details how we will maintain financial security and deliver value for money for customers, particularly in delivering investment. This is specifically detailed in theme 4 of the strategy.

9. Legal, regulatory, and charitable implications

9.1 The Scottish Housing Regulator (“SHR”) Regulatory Standards of Governance sets out a number of requirements which are relevant for the development of our strategy, including that:

- “[the] governing body sets the RSL’s strategic direction”;
- “The RSL gives tenants, service users and other stakeholders information that meets their needs about the RSL, its services, its performance and its future plans”; and
- “The RSL actively seeks out the needs, priorities, views, concerns and aspirations of tenants”.

10. Risk appetite and assessment

- 10.1 As part of the strategy development process we are considering how the strategy both reflects our existing risks and our future risk appetite in relation to how it is delivered.

11. Equalities implications

- 11.1 As part of our engagement, including with staff, customers and wider stakeholders, and the development of our strategy we will take into account the key principles in our Group Equity, Diversity and Inclusion (“**EDI**”) and Human Rights policy and associated action plan. In particular, our extensive engagement helps ensure a diverse range of customer voices and perspectives has been considered.
- 11.2 Our strategy is also being informed by key partners and stakeholders. In terms of EDI, this includes best practice guidance from Business in the Community to ensure our strategic plans align with EDI sector expectations.
- 11.3 Our strategy will be equality impact assessed to inform its implementation, we have strengthened our EDI messaging in this strategy, especially supporting our aims around creating pride in neighbourhoods, delivering a personalised service and being a responsible business.

12. Key issues and conclusions

- 12.1 We have undertaken extensive engagement with our people, customers and the Board to ensure, and reaffirm, that our next strategy reflects the priorities and aspirations of these groups. Our draft 2026-2031 strategy has been developed and aligned to international frameworks of excellence.

13. Recommendations

- 13.1 The Board is asked to approve the 2026–2031 strategy, *Making homes and lives better*, and provide feedback on the proposed approach to launch and implementation.

Appendix 1: Loretto Housing 2026-2031 Strategy, Making homes and lives better

Making homes and lives better

Our five-year strategy 2026-2031

April 2026





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Building on strong foundations – Highlights from our 2021-2026 strategy

New ways of working

Successfully introduced a new operating model

A workforce that feels valued

Retained Investors in People (IiP) Platinum, the highest level of accreditation for people management

High tenant satisfaction

92%+
tenant satisfaction

Delivering much-needed new homes

Nearly 400
new affordable homes developed

Reducing homelessness

Nearly 500
homes to homeless households

Financially resilient

A+ Credit
rating retained

A customer-focused culture

Retained Customer Service Excellence

A strong customer voice

A redefined, reshaped approach to customer engagement

Strategic context

Our 2026-2031 strategy is set against the backdrop of the Scottish Government declaring a National Housing Emergency in May 2024. The legislative context is also changing through the Housing (Scotland) Act 2025, which introduces new duties for landlords, in particular in relation to homelessness and a Scottish equivalent of Awaab's Law. Housing is recognised as a key policy priority at both the national and local levels.

Demand for affordable homes in Scotland continues to outstrip supply and homelessness services are under acute pressures with over 31,500 homelessness cases and over 17,000 households in temporary accommodation across the country. This pressure will continue and building new homes alone will not be enough. Acquisitions, investing to bring long term voids back to a lettable standard and converting buildings to housing will also need to be part of the solution.

The introduction of Awaab's Law highlights our responsibility to maintain comprehensive stock condition and repairs data. This data is vital for understanding the condition of our customers' homes and guiding investment decisions. It also reminds us of the importance of putting customers at the heart of everything we do.

The forthcoming Social Housing Net Zero Standard (SHNZ) will replace the post 2020 Energy Efficiency Standard for Social Housing ("EESH2"), requiring a fabric-first approach, clean heating systems, and improved

ventilation. Delivering this transition at scale will demand significant capital investment, supply chain capacity, and tenant engagement. There remains a lack of certainty over what, if any, grant support will be available to support local authorities and housing associations with capital investment to achieve the standard.

At the same time, rising costs, inflation, and interest rates impact our ability to invest in new homes, existing homes and services. These pressures also impact our customers, with the costs of running a home, from food to heating, putting additional strain on household finances.



The need to recognise the challenges our customers face and be able to respond to their needs has never been in sharper focus. That goes beyond the basics of treating customers with dignity and respect and demands that landlords have services which can truly respond to

individual needs. Breaking cycles of disadvantage and truly providing person-centred support means better data, customer-focused policies and processes, listening to customers and acting.

This context underlines the need for a strategy that balances building new homes, investment in existing homes, customer experience, and financial resilience, while having a clear focus on meeting regulatory obligations and supporting Scotland's long-term transition to a greener housing system.

How we developed our strategy

Our strategy is a product of extensive engagement and consultation with our customers, staff, governing bodies and key stakeholders.

Over 230 customers engaged with us about what their priorities are for this strategy, ranging from small, independently facilitated focus groups, through our existing

engagement and scrutiny structures and a survey open to all customers and prospective customers.

The priorities identified by our customers were echoed by our staff, governing bodies and partners and have directly influenced the priorities within the strategy. We held local strategy workshops with staff, with

feedback showing the top priority for our people is investment in our neighbourhoods, with repairs and value for money also being the most discussed themes.

Beyond this, we also recognise and reflect the needs of our people and partners in this strategy.

Key customer priorities:

Safety and security

Customers want to feel safe in their home and neighbourhood

Invest in existing homes

Customers want quality, comfort, and energy efficiency

Transform communication and customer contact

Excellent communication creates trust and satisfaction

Continue to improve the repairs experience

Customers want consistent, high-quality, and timely repairs completed right first time

Create pride in place

Enhance local environments, which matter to wellbeing

Keep rents fair and transparent

Customers want to feel their rent is affordable and value for money

Our purpose

Making homes and lives better.

Our vision

Our homes and neighbourhoods are places we, and our customers, are proud of. We listen, we learn, and we deliver what matters most to them.

Our values

Excellence: we proactively pursue the highest standards.

Inclusion: every voice matters and is treated with respect.

Trust: we take pride in always doing the right thing.

Ambition: we are bold, innovative and challenge ourselves.

Our strategic plan...in a page

2026-2031 strategy – Making homes and lives better

Our purpose

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Our purpose, vision and strategic priorities

Homes and neighbourhoods to be proud of

Personalised services

Better Lives

Delivering sustainable value

Our values

Excellence
we proactively pursue the highest standards

Trust
we take pride in always doing the right thing

Inclusion
every voice matters and is treated with respect

Ambition
we are bold, innovative and challenge ourselves

Execution and enabling

Data

Investment in existing homes

People

Development and regeneration

Funding

Partnerships

Customer engagement

Performance Management Framework and Governance

Results

Our strategic themes and objectives to 2031

Our strategy is structured across four themes, reflecting the priorities of our customers, staff and key stakeholders.

Within each strategic theme, we have identified specific objectives that we want to achieve. This strategy sets out how we will achieve these objectives and how we will measure our progress.

Strategic theme	Strategic objectives		
Homes and neighbourhoods to be proud of	Maintain and enhance homes to meet the Wheatley Standard	Create thriving neighbourhoods, collaborating with customers and partners	Expand supply of affordable, quality homes
Personalised services	Connect with customers through proactive, tailored communication	Enhance and apply what we learn to drive customer-focused services	Deliver seamless services to meet customer needs
Better lives	Contribute to ending homelessness in Scotland	Shape powerful partnerships to alleviate poverty and open doors to new opportunities	_____
Delivering sustainable value	Nurture and invest in our people, recognising their contribution	Drive effective solutions, harnessing digital capabilities and data assets	_____
	Ensure financial efficiency today, prepared for tomorrow	Grow our reputation as an ethical, trusted business	_____

Key strategic results

- 90%+ customer satisfaction
- 500 homes allocated to homeless households
- At least 400 new homes
- Exceed all requirements on addressing damp and mould under Awaab's Law
- iIP Platinum retained with staff satisfaction over 90%





Theme 1

01 Homes and neighbourhoods to be proud of

Loretto Housing in 2026: Our customers continue to tell us that investment in their home and a repairs service which maintains their home to a high standard remain key priorities. Our customers also tell us it is not just about inside their home, that investing in common areas and the local environment contributes to them feeling proud, safe and secure in and around their home.



South Crosshill, Jim Callaghan



South Crosshill



Our objectives over the next five years:



01: Maintain and enhance homes to meet the Wheatley Standard



02: Create thriving neighbourhoods, collaborating with customers and partners



03: Lead the way in expanding supply of affordable, quality homes

We now want to build on the investment spent during the life of our last strategy to improve and modernise our existing homes. Our Asset Strategy and Strategic Asset Investment Plans set out the key drivers for asset investment and management, but we want to go further and set a minimum standard all customers can expect, a Wheatley Standard.

As part of the largest social landlord organisation in Scotland, we recognise our responsibility to continue to step up and play an important role in addressing the housing crisis and increasing the supply of homes of different tenure types.

Loretto Housing in 2031: Through the Wheatley Standard, our customers will be clear on the quality of home they can expect from us. By having a single view of each property, we are clear on where every customer's home is relative to the Wheatley Standard and have a clear plan for all homes to achieve it. Warm, safe, and decent homes, in thriving neighbourhoods where customers feel proud and secure, will be synonymous with Loretto.

This will be achieved through targeted investment, strategic asset management, extensive new-build, a proactive approach to repairs, community engagement, and leveraging our relationship with local authority partners.

Establish the Wheatley Standard and enhance homes to meet it



We recognise that Scottish Government standards for social housing do not align with our customers' expectations of a home to be proud of. That is why we will create an ambitious Wheatley Standard. For a home to meet the Wheatley Standard it must:

- ▶ be free from disrepair, meet the SHQS (Social Housing Quality Standard) and future SHNZ requirements.
- ▶ be compliant with all building safety requirements.
- ▶ until SHNZ is in place, be energy efficient with an EPC of at least 'C', unless this is technically or economically impractical.
- ▶ have modern internal components including kitchens, bathrooms, windows, heating systems etc.
- ▶ have external fabric, hard surfaces, back courts, bin areas, external doors, soffits, fascias and rainwater goods, and internal stairwells that are in a good condition.
- ▶ have an external environment which achieves the five-star Keep Scotland Beautiful (KSB) standard.



East Lane, Paisley



Croy Hill, Croy



Beardmore Street, Clydebank



Kippen Gate, Glasgow



Maintain and enhance homes to meet the Wheatley Standard	
Wheatley Standard baseline	<ul style="list-style-type: none"> • Design an assessment framework and criteria, reflecting the Wheatley Standard against which each property can be assessed. • Systematically assess each property – furthering our surveying capability we will utilise data from various sources, including repairs history, stock condition assessments and energy performance to provide a ‘single view of each property’ - against the Wheatley Standard, and develop a road map for each property to achieve and maintain the standard. • Publish in the first year of the strategy our assessment of the number of properties that meet the standard, and details of areas where investment is needed to bring those that do not to meet it. Use this assessment as the baseline for measuring progress and more efficiently direct our Strategic Asset Investment Plan. • Aim to reduce the number of homes not meeting the Wheatley Standard from the baseline each year. • Reflecting the investment requirements to meet the Wheatley Standard in the Business Plan.
Homes where our customers can feel safe	<ul style="list-style-type: none"> • Continue to deliver our building safety requirements including annual gas safety checks, five-yearly electrical inspections, checks to common areas such as, lifts and water tanks, and specialist condition and fire safety inspections. • Proactively address damp and mould, as a top priority, including through integrating smart monitoring devices and delivering workforce training to support early identification, effective treatment and sustainable, lasting solutions. • Update our policy approach to damp and mould to reflect requirements from Awaab’s Law and enshrine specific Tenants Rights within the policy, including the right to request further investigation. • Enhance our assurance checks and customer follow-up to ensure customers are satisfied with how we handled damp, mould or leak in their home and that no issues remain. • Work with the Scottish Government as it develops its approach to Single Building Assessment, and implement these requirements in a structured and phased manner.
Energy efficient homes	<ul style="list-style-type: none"> • Unless it is technically or economically not possible, deliver investment to ensure all our homes meet the minimum fabric requirements in SHNZ once finalised, and, in advance of this, ensure our homes are at least EPC C by 2031. • Where it is not technically or economically feasible to meet the SHNZ requirement or in advance of this EPC C, maximise the delivery of achievable fabric improvement works. • Explore modern, affordable future heating options, including district heating and links to wider heating networks. • Ensure the heating systems in our homes are easy to operate and cost, effective for our customer, while recognising constraints such as availability of suitable alternative heating options, future net-zero requirements and energy market considerations.
Investing in customers’ homes	<ul style="list-style-type: none"> • Develop and deliver targeted investment strategies for specific property types or issues, properties in mixed tenure blocks and specific property issues such as damp, mould and leaks. • Make sure we strike the right balance between investment and keeping rents affordable through a needs-based investment approach, based on up-to-date information on stock condition. • Deliver upgrades so no properties have internal components beyond what a stock condition assessment would consider to be their reasonable economic life. • Develop and consistently deploy cyclical maintenance programmes, including gutter, soffit and fascia cleaning, fence, door and outdoor painting, and explore models that maximise impact for the money available. • Ensure customer engagement continues to inform priorities, and that our asset investment, aligns with Neighbourhood Plans which we will publish and deliver with partners as required.



Create thriving neighbourhoods, collaborating with customers and partners	
Pride in place and community	<ul style="list-style-type: none"> • Develop, with customers and partners a common understanding of ‘neighbourhood’, recognising this will differ according to localities or property type. • Enhance our neighbourhood approach by developing standards informed by local priorities, customer engagement and data with every neighbourhood achieving the Keep Scotland Beautiful (KSB) five-star standard. • Work in partnership with key stakeholders to reduce anti-social behaviour within our neighbourhoods • Reduce fly-tipping and revitalise underused green spaces in partnership local authorities and community groups
Safe and welcoming communities	<ul style="list-style-type: none"> • Review our anti-social behaviour approach and Community Improvement Partnership (CIP) to ensure it is delivering sustained impact in our neighbourhoods for the benefit of customers. • Through partnership, CIP and local policing, work closer than ever to share knowledge and intelligence, co-ordinate services and provide support so our customers feel safe and secure. We will do this through enhanced structures and sharing resources including through Neighbourhood Forums and through Communities of Excellence. • Expand environmental service offering and support community-led initiatives, with priorities driven by customer-led walkabouts, engagement and real time feedback. • Explore and expand the support we can provide together with local partners, being particularly mindful of customers who require extra help, recognising the diversity of our customer base and their needs. • Strengthen multi-agency partnerships including with local government and community groups, to address waste management, green space maintenance, and vacant land. • Evolve community safety partnerships, including with Scottish Violence Reduction Unit, to better understand issues affecting our neighbourhoods and co-create solutions. • Look to extend sharing and use of neighbourhood data with key partners and undertake experiments to trial new approaches to solve issues faced by our customers. • Take a resolute approach to preventing and addressing discrimination and harassment in our neighbourhoods, fostering environments where everyone feels respected and safe.
Empowered customers	<ul style="list-style-type: none"> • Increase engagement with customers, including new and younger household members, through education awareness raising exercises to ensure understanding and fulfilment of shared responsibilities to upkeep surroundings and maintain welcoming communal spaces. • Deepen our understanding of customer behaviours utilising and enhancing our customer insight mechanisms and develop key messaging to provide clarity around our services and responsibilities. • Work closely with Police Scotland and Local Authorities to promote and support good neighbourliness and responsibility for maintaining welcoming and safe communal spaces.



Expand supply of affordable, quality homes

<p>Deliver new, high quality homes to help alleviate the housing crisis</p>	<ul style="list-style-type: none"> • Strengthen strategic relationships with council partners and private developers to expand the development pipeline, seeking to develop a programme level agreement for new homes which provides efficiency and certainty of delivery. • Diversify funding sources and explore innovative housing models and acquisitions to unlock capacity for new-builds, which is aligned with the Scottish Government's commitment to £4.9bn funding of the Affordable Housing Supply Programme over four years. • Evaluate pilot projects, including from elsewhere in Wheatley, and integrate lessons learned and voice of the customer into future development construction and delivery approach. • Use customer feedback to review our design guide and specification. • Work with local government and the Scottish Government to purchase suitable homes on the open market to supplement our available housing stock.
<p>Regenerated, rejuvenated communities</p>	<ul style="list-style-type: none"> • Develop, as part of our organisation-wide approach, new and underutilised funding models, such as Partnership Support for Regeneration, to deliver affordable home ownership in areas where there is currently vacant land. • Explore opportunities with our partners for wider regeneration projects, which support the delivery of mixed tenure housing and address wider community needs and aspirations.
<p>Homes fit for the future</p>	<ul style="list-style-type: none"> • Enhance our understanding of future trends and customer needs, further embedding the analysis of the demographics of our prospective customers to inform our development programme such as, for example, building larger family homes. • Development and regeneration efforts will emphasise the need for improved amenities such as playparks, recreational spaces, and local infrastructure which we know are important to customers. • Use the learnings from organisation-wide demonstrator projects, customer satisfaction feedback, trends analysis and legislative requirements to inform future updates to our design guide.

Outcomes

Customer priorities met:

- Safety and security
- Invest in existing homes
- Create pride in place



Strategic result

90% customer satisfaction with the quality of their home

We will measure success through:

- At least 99.9% of our homes meeting SHQS.
- The percentage of homes that meet the Wheatley Standard.
- All our homes, except where it is not technically or economically possible, being EPC C by 2031 unless this measure is replaced through the SHNZ.



Overall result:

90% of customers are satisfied with our contribution to the management of their neighbourhood by 2031

We will measure success through:

- 90%+ of our customers that feel safe and secure in their home.
- 100% neighbourhoods maintaining KSB five-star rating.



Overall result:

Net increase of affordable homes by at least 425 by 2031

We will measure success through:

- Annual progress with our development programme against both social and mid market targets.
- Completion of the Duke Street Conversion, bringing a historic building back into use.
- Satisfaction with new homes annually with a target of 95%.

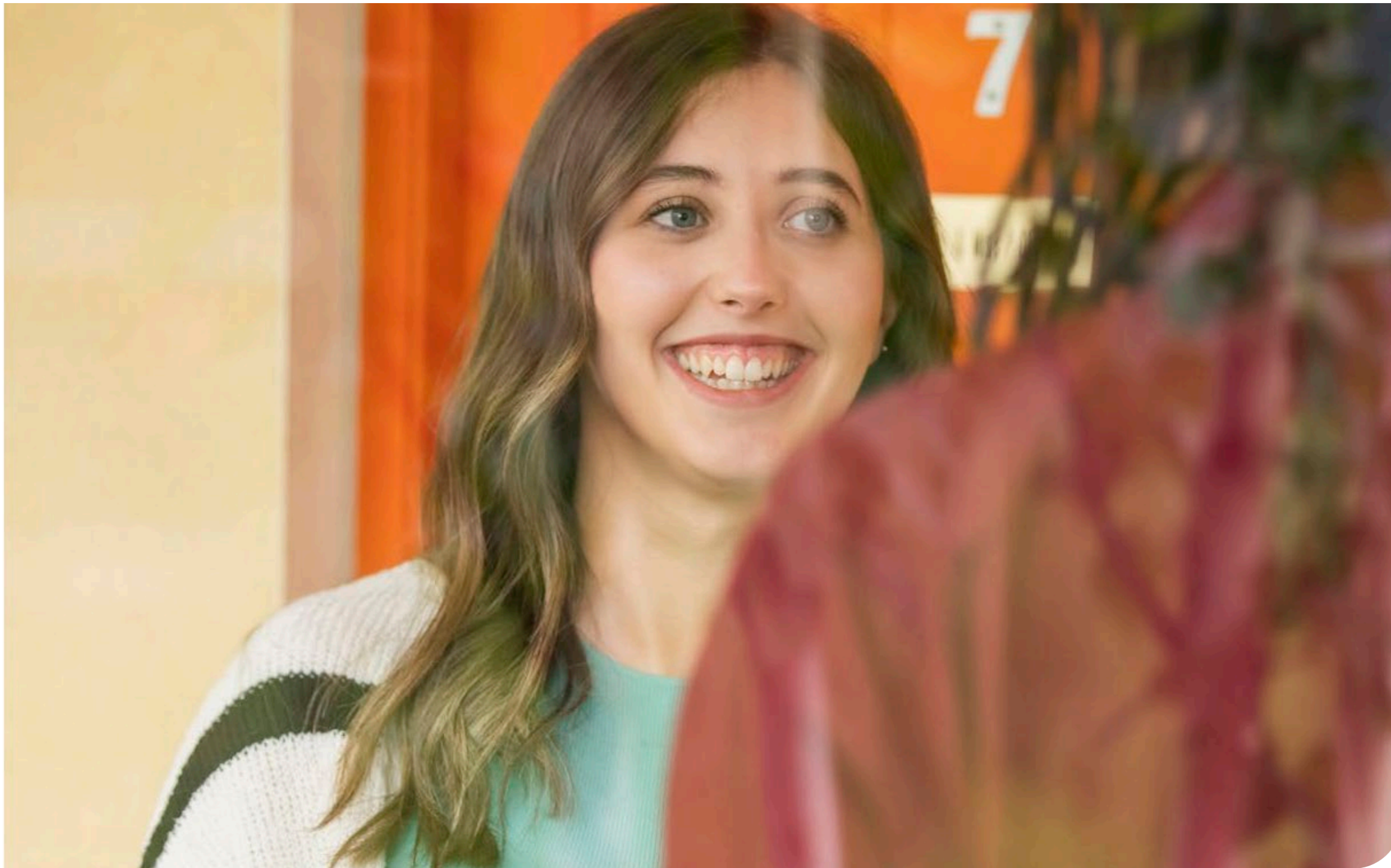
02

Theme 2

Personalised services

Loretto Housing in 2026: Our previous strategy focused on tailoring services for an exceptional customer experience, using local teams and a geographic approach. We strengthened wraparound services, launched the Customer First Centre, and enhanced repairs through specialist teams and partnership with our repairs provider, City Building (Glasgow).





Our objectives over the next five years:



01: Connect with customers through proactive, tailored communication



02: Enhance and apply what we learn to drive customer-focused services



03: Deliver seamless services to meet customer needs

We aim to further personalise services, with a strong emphasis on communication and contact, making every interaction timely, relevant, and accessible, as these are top customer priorities.

We recognise that customers value quick resolution over the channel used and are open to digital and Artificial Intelligence solutions if human support remains accessible. We are now leveraging our rich data and

expanded real-time feedback to drive continuous improvement, ensuring customers feel heard and see action taken.

‘Thinking Yes’ to deliver seamless, accountable, and innovative services - especially in repairs - with a focus on minimising hand-offs, building trust and driving overall customer satisfaction.

Loretto Housing 2031: Through a step change in the personalisation of our services, every customer receives support and communication tailored to their needs. We do this by embedding a culture of proactive engagement, harnessing data and digital tools, and strengthening local delivery and accountability.

Our services are shaped by the customer voice, delivered through empowered local teams, and supported by robust data and digital tools. Through a deeper understanding of our customers we will continue to adapt to changing needs and expectations, ensuring that every customer feels listened to, respected, and well served. This supports us to achieve 90+% customer satisfaction and demonstrate value for money with our services.



Connect with customers through proactive, tailored communication	
<p>Transform customer connection - every interaction timely, relevant, and accessible</p>	<ul style="list-style-type: none"> • Transform our customer-facing communications by redesigning our websites to be fully Artificial Intelligence-ready, strengthening our social media presence, and expanding our use of modern digital channels. • Move away from outdated approaches such as local newspaper press releases and instead delivering personalised, relatable and hyper-local content that showcases our staff and the work they do in our communities. • Launch a refreshed communication framework, co-designed with customers and staff, ensuring all contact is personal, local, and relevant. • Evaluate our service journey maps and communication touch points to keep customers informed at every step and ensure consistent messaging. • Refresh our approach to reasonable adjustments and understanding vulnerabilities, informed by our data, taking steps to ensure customers understand our information and can access our services in a way that suits their needs. • Continue to set-out transparently the investment we plan to make so we can be accountable for the promises we make and publish annual progress reports and performance metrics.
<p>Proactively communicate, actively listen - be open and transparent on what we can deliver</p>	<ul style="list-style-type: none"> • Be more proactive in communicating progress where things cannot be resolved straight away such as follow-up repairs and anti-social behaviour. • Provide direct contact options, regular updates, and acknowledgment of queries to ensure customers are clear about what contact they can expect from us about their home, such as a visit from a housing officer or a compliance check. • Expand digital self-service options, while maintaining accessible human support for those who need or prefer it.
<p>Ensure approach is shaped by customer preferences, balancing digital and face-to-face options committed to clarity and transparency</p>	<ul style="list-style-type: none"> • Ensure all staff are trained and confident in delivering our communication framework, with clear accountability for follow-up and resolution. • Balance digital offering with personal contact, such as through annual tenant visits, our Stronger Voices engagement approach or face-to-face discussion. • Offer quality services that are empathetic and knowledgeable, regardless of method of contact (online, phone, email, in-person) channel, underpinned by visible community presence.

Enhance and apply what we learn to drive customer focused services	
<p>Listen, learn and act - customer insight driven service improvement</p>	<ul style="list-style-type: none"> • Continue to refine and expand the ways we garner customer insight through a combination of real-time digital feedback, annual tenant visits, complaints, satisfaction surveys and customer engagement. • Independently track satisfaction with our services over the life of this strategy to gain insight into how satisfaction is trending and any changes in key satisfaction drivers. • Deepen understanding of future needs including through analysis of consumer trends and engagement with our potential future customers, including younger household members or younger people living in our communities, acknowledging the potential for lifetime association through Wheatley tenures. • Enhance information flows and review our people processes to help test and pilot learning, supported by a 'culture of curiosity' and innovation. • Integrate all forms of customer feedback into a single insight platform, enabling learning, targeted interventions and personalised engagement. • Communicate the impact of customer input through 'You said, we did' reporting and regular storytelling. This will support us to demonstrate value for money. • Use data to inform the architecture of a 'single view of the customer' empowering staff to respond to customer insight and embed every day, continuous learning. • Explore segmentation mapping to ensure services are responsive to the needs of all customer groups, including those who are hard to reach or particularly disadvantaged or vulnerable.
<p>A strong, engaged, influential tenant voice</p>	<ul style="list-style-type: none"> • Launch our refreshed engagement framework including in collaboration with community partners, to expand opportunities for customers to participate in shaping services, including digital and in-person engagement, with a focus on accessibility and inclusion. • Continue to identify and engage with hard to reach and disadvantaged groups, including specific approaches to support homeless customers, New Scots, and those supported by Wheatley Foundation.
<p>Customers will see clear evidence that their voices are heard and acted upon</p>	<ul style="list-style-type: none"> • Communicate the impact of customer input through 'You said, we did' reporting and regular storytelling. This will support us to demonstrate value for money. • Use data to inform the architecture of a 'single view of the customer' empowering staff to respond to customer insight and embed every day, continuous learning.

Our roadmap to achieving our objectives:



Deliver seamless services to meet customer needs	
<p>Reliable, joined up services, easy to access, particularly repairs and wraparound support</p>	<ul style="list-style-type: none"> • Prioritise enhancing repairs experience to deliver first-time completion, accurate and flexible appointments, and clear communication. • Explore customer reporting channels for example through our Customer First Centre platform and web self-service, and the introduction of photo or video sharing technologies. • Consider the needs of different customer groups, such as those in mixed tenure blocks, and working with our partner Lowther Homes and others to develop models to better meet their needs.
<p>Integrated, joint working with City Building (Glasgow)</p>	<ul style="list-style-type: none"> • Standardise and enhance repairs processes across Loretto Housing and City Building (Glasgow), leveraging the approaches and systems of our wider Wheatley partners. • Enhance repairs diagnostic accuracy and optimise parts availability to increase first-time repair completion. • Introduce new ways to monitor that repairs are completed properly and to a high standard. • Keep customers informed around what will happen next and indicate the likely overall time to achieve completion before we leave their home. • Further embed customer focus and a commitment to excellence among all staff who provide our repairs service, supported, for example, through training, customer insight forums and a Community of Excellence.
<p>Minimise hand-offs well defined processes and staff ownership</p>	<ul style="list-style-type: none"> • Empower staff to resolve issues at the first point of contact, supported by training and clear escalation routes. • Strengthen collaboration including with colleagues within Wheatley to deliver our range of wraparound support and signpost customers to support achieving sustainable, long-term solutions. • Use analytics and enhance use of data to identify potential issues and resolve them before they impact the customer or lead to dissatisfaction. • Innovate and trial new approaches, using technology and partnerships to improve efficiency and customer experience, allowing staff to deliver services with all the information they need at their fingertips through a single view of the customer.

Outcomes

Customer priorities met:

- Transform communication and customer contact
- Continue to improve the repairs experience



Strategic result

90% of customer satisfaction with how we communicate with them

We will measure success through:

- 90%+ of customers agree it is easy to get in touch.
- 90% first contact resolution at Customer First Centre.



Strategic result

90%+ customer satisfaction with listening to views and acting upon them

We will measure success through:

- 90%+ of customers agree there are clear opportunities to participate.
- 100% of customer-facing policies and strategic projects informed by customer insight.
- 10% reduction in complaints escalated to stage 2 from a 2026 baseline.



Strategic result

90%+ overall customer satisfaction in key services including repairs, allocations, Customer First Centre and Wheatley Foundation

We will measure success through:

- 90%+ of customers feel treated fairly and with respect.
- 90%+ customer satisfaction with the repairs experience.
- 100% receive an Annual Tenant Visit.



03

Theme 3
**Better
lives**

Loretto Housing in 2026: We support Wheatley to play a leading role in addressing Scotland's housing crisis, having, during our last strategy period, exceeded targets for new homes and support for homeless households, all while maintaining high tenancy sustainment. We are not just a landlord - we provide wraparound support from the outset, working with partners to convert temporary accommodation to permanent, incentivise downsizing, and deliver targeted help for vulnerable groups.

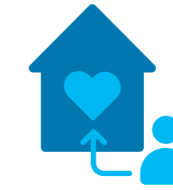


Supported by Wheatley Foundation and external partnerships, including with local authorities, we prioritise initiatives that tackle poverty, improve wellbeing, and create opportunities such as jobs, training, community ladders, and education bursaries.

Customer engagement has highlighted affordability as a key priority, reinforcing our commitment to sustainable support that genuinely improves lives.

Loretto Housing 2031: Through our strengthened role as a collaborative leader - working with partners to tackle homelessness, alleviate poverty, and drive social mobility - we provide proactive, tailored support to help customers sustain successful tenancies and foster resilient communities. Our approach is underpinned by measurable outcomes, continuous improvement, and a commitment of building trust.

Our objectives over the next five years:



01: Contribute to ending homelessness in Scotland



02: Shape powerful partnerships to alleviate poverty and open doors to new opportunities





Contribute to ending homelessness in Scotland	
Work with national and local government to deliver solutions	<ul style="list-style-type: none"> • In collaboration with sector partners and councils, influence national funding and policy and implement the next phase of Housing First. • Bring empty homes back into use and expand housing options, while delivering value for money. • Promote downsizing and resettlement initiatives to meet demand for larger family homes.
Enhance wraparound services	<ul style="list-style-type: none"> • Review homelessness and allocations policies, informed by customer insight. • Support funding models for enhanced wraparound support, pilot advocacy and enhance financial wellbeing services, using data and co-production to target support with a focus on prevention, early intervention, and sustaining tenancies. • Collaborate internally and externally to expand wraparound support and building enhanced services to support tenancy sustainment.
Emphasis on community resilience	<ul style="list-style-type: none"> • Promote our Stronger Voices engagement programme to boost neighbourhood connections. • Build staff awareness and capacity around utilising local networks and partners to help foster a sense of belonging and resilience in neighbourhoods.



Shape powerful partnerships to alleviate poverty and open doors to new opportunities	
Create pathway out of poverty	<ul style="list-style-type: none"> • Participate in key local forums and directly engage stakeholders to drive progress with strategic ambitions that align with our objective to alleviate poverty. • Enhance tenancy sustainment efforts using insights from annual tenant visits to understand how customers live and use this to shape the support we receive from Wheatley Foundation around tackling poverty, particularly for families. • Work with Wheatley Foundation to leverage data to underpin the development of an anti-poverty strategy and pilot 'crisis support' approach. • Utilise the 'single view of the customer' and enhanced socio-economic data to tailor resources and monitor outcomes around supporting those in poverty.
Focus on employability, income, and social mobility	<ul style="list-style-type: none"> • Strategically track employability and income outcomes to inform our social mobility support. • Explore new external partners to collaborate and partner with to deliver skills, jobs, and training ensuring we deliver accessible, person-centred, and impactful support. • Engage with decision makers to influence policy on social mobility, education, and skills. • Further embed use of community benefit in procurement and strengthen monitoring of supplier contributions. • Promote our work through customer testimonies and work together with Wheatley Foundation to explore digital initiatives to help customers get online and build digital skills and confidence.
Build and sustain the strategic partnerships we need to deliver for our customers	<ul style="list-style-type: none"> • Make the most of our partnerships with local councils, and establish these where required, to align our efforts for the benefit of our tenants and local communities. • Further develop our existing partnership with Scottish Fire and Rescue as part of continuing to reduce fire risk in our homes. • Work with care organisations to ensure the needs of our customers are supported. • Continue to foster closer, and new, partnership working arrangements with organisations who have an interest in providing opportunities to our customers and neighbourhoods.

Outcomes

Customer priorities met:

- Create pride in place



Strategic result

Housing at least 500 homeless households

We will measure success through:

- 90%+ tenancy sustainment.



Strategic result

125 jobs, apprentice and training places created for our customers and communities

We will measure success through:

- Reduce the value of arrears and number of customers in debt with us.
- On average, keeping our rent levels below 30% of disposable income.

04 | Delivering sustainable value

Loretto Housing in 2026: We are committed to delivering exceptional services, empowering our people and communities, and driving innovation through a strong financial and cultural foundation. Through our last strategy, we introduced flexible, home-based models for key teams while maintaining strong community presence. We support a diverse workforce through digital, remote, and in-person networks. We have broadened our focus to become a responsible, ethical business, embedding sustainability, equity, diversity, inclusion (EDI), and social mobility into our operations.





Our objectives over the next five years:



01: Nurture and invest in our people, recognising their contribution



02: Drive effective solutions, harnessing digital capabilities and data assets



03: Ensure financial efficiency today, prepared for tomorrow



04: Grow our reputation as an ethical, trusted business

Our 'Think Yes' ethos encourages staff to make decisions that best serve individuals and communities. As a platinum-accredited Investors in People organisation, we prioritise staff development, nurturing skills, and people-centred support.

We are embracing technology and data to enhance service delivery. With the launch of our data strategy and integration of Artificial Intelligence tools like CoPilot and Large Language Models, we've improved decision-

making, streamlined operations, and supported staff development. These innovations position us to deliver smarter, more efficient services while maintaining a human touch.

We ensure we strike the right balance in allocating our financial resources, maximising reinvestment of surpluses in our tenants' homes and services while retaining sufficient capital to remain resilient in the face of change. We will continue to prioritise value for money to meet customers' needs. Financial efficiency underpins our ability to build trust, deliver strategic goals and promises, and maintain affordability for customers.

Loretto Housing 2031: We've deepened our Think Yes culture by investing in workforce skills, dynamic learning, and strong internal relationships, and reinforced our leadership principles so these drive our behaviours. Strengthened change management ensures staff understand their impact and the importance of action that realises benefits. We fully leverage secure digital platforms and automation to enhance efficiency and experiences. A strong culture of innovation supports impactful transformation, while advanced analytics

improve forecasting and strategic planning. Our Group A+ credit rating continues to unlock investment potential - particularly in new-build development - and reassure our partners and stakeholders that we are financially stable, committed to sustainability and equity, and embedding responsible business practices across all we do.



Nurture and invest in our people, recognising their contribution	
Enable growth through our development	<ul style="list-style-type: none"> • Implement a refreshed people strategy that integrates learning and development, strategic workforce planning, reward and recognition, and leadership development so people are equipped, empowered, and celebrated for the vital role they play. • Enhance our approach to learning by refocusing annual reviews to support the right conversations at the right time between managers and staff, ensuring meaningful interactions. • Improve reporting to inform people development plans across Loretto Housing and the wider organisation, embedding a culture of 360-degree feedback and continuous improvement. • Conduct a comprehensive analysis of learning needs and training methods, developing a roadmap to strengthen organisational capability. Prioritise skills essential to our strategy, including stock condition assessment and data-informed decision-making, while exploring new learning opportunities through external networks, funding, and contractor partnerships.
Build leadership at every level, embedding Think Yes	<ul style="list-style-type: none"> • Embed a renewed, values-driven framework aligned with our Think Yes culture, supporting leaders at all levels to model behaviours that drive change, remove obstacles and foster innovation. • Nurture internal talent and attract external expertise to enrich our leadership pipeline and strengthen succession planning. • Reinforce our Think Yes ethos through cross-functional learning and revamped induction programmes at both corporate and local levels. Staff will feel trusted and empowered to make decisions that deliver the right thing for customers. • Strengthen Different Together, our EDI brand, ensuring leaders champion it internally and externally. Leaders will foster connections across teams to build capability and reduce social isolation. • Think Yes will be visible in our branding and communications, supported by consistent leadership messaging.
Amplified staff voice and innovation	<ul style="list-style-type: none"> • Diversify training methods and opportunities such as through mentoring, shadowing, development days, and bitesize learning to build confidence, clarify roles, and encourage innovation. • Enhance people functions and increase staff self-service, supported by data and automation, to help staff access knowledge and apply Think Yes in real time. • Expand opportunities for staff to contribute to decision-making and service design through refreshed Communities of Excellence and strategic staff networks. These platforms will ensure diverse voices deliver innovation and drive customer satisfaction. • Promote intrapreneurship and evaluate engagement with our customer-focused culture. • Health and wellbeing of our people will remain a priority. Staff will help shape benefits that support them to deliver meaningful customer outcomes and meet diverse needs. • Innovate in wellbeing support, addressing both physical and mental health through our Different Together approach. We will continue to evolve our support for staff, placing employee experience at the centre of our emotionally intelligent organisation.



Drive effective solutions, harnessing digital capabilities and data assets	
Single view of the customer and home, consolidating systems and streamlining processes	<ul style="list-style-type: none"> • Prioritise the development of integrated data and technology platforms that enable a unified view of our customers and assets to support smarter decision-making and allow staff to deliver services more efficiently and effectively. • Bespoke digital and data roadmaps will be co-developed for each major service area, setting out clear pathways to better data accessibility and stronger, digitally enabled processes. These will be delivered through robust project and change management programmes to ensure meaningful transformation. • Actively consolidate our technology platforms to establish a single source of core data and consistent ways of working. • Deeper digital and data integration with City Building (Glasgow), transitioning to common platforms where appropriate. • A comprehensive view of our assets and customers and overarching data analytics platform will lay the foundation for enhanced analytics and Artificial Intelligence integration.
Embed Artificial Intelligence ethically and sustainably, focusing on enhanced experiences	<ul style="list-style-type: none"> • Adopt Artificial Intelligence selectively and ethically, targeting manual workflows that can be automated to free up staff for customer-focused, value-added work. Initial focus areas will include teams in Wheatley Solutions and the Customer First Centre, with learning shared across Loretto Housing and the wider organisation. • Initially Artificial Intelligence will be limited in areas requiring significant human judgment until we are confident there is low risk; smart data applications such as in-home sensors, diagnostic tools, and real-time communications will be explored to manage our portfolio more effectively. • Work with external partners we will deliver our digital maturity roadmap aligned with the organisation's data strategy. This will focus not only on systems but also on developing staff skills and fostering a culture of data ownership, stewardship, and literacy. • Enhanced data capability and understanding of our customers will inform and influence the activities of Wheatley Foundation, to support our communities and better equip us to measure impact.
Safely cultivate innovation, for the benefit of our communities	<ul style="list-style-type: none"> • Develop programmes to encourage and support innovation thinking and approaches, as part of developing and improving the services we provide. • Collaborate with acknowledged leaders, including from industry and academia, in the field of emerging technologies and innovation to develop new solutions that meet our and our customers' needs. • Embed accountability for innovation in the leadership principles of our senior staff. • Take an open and ambitious approach to exploring new ways of working, while also applying robust frameworks to ensure there is evidence that such innovation will deliver benefits for our customers and our business before large scale deployment. • Prioritise strong data governance to ensure ethical use including as new technologies, including Artificial Intelligence, evolve. • Support customers who may be disadvantaged by the increasing shift to digitisation, such as through the potential introduction of digital identities in welfare and public services. • Achieve Cyber Essentials accreditation across Loretto Housing, demonstrating our commitment to safeguarding systems, protecting customer data, and maintaining business continuity.



Ensure financial efficiency today, prepared for tomorrow	
Maintaining financial strength and flexibility	<ul style="list-style-type: none"> • Retain our externally accredited A+ credit rating and adhere to our financial ‘Golden Rules’, ensuring Loretto Housing remains a trusted organisation in the eyes of funders, stakeholders, and customers. • Evaluate governance and funding models to unlock new capacity-particularly for new-build development-through joint ventures and non-traditional finance approaches. • Mobilise through a flexible working model to allow us to respond quickly to emerging opportunities, adapting our financial strategy to meet changing market conditions through to 2031.
Championing transparency and customer trust	<ul style="list-style-type: none"> • Keep our rents fair and transparent. • Demonstrate financial transparency by publishing clearer information on how rent is spent, including through our annual rent consultation. Customer feedback will continue to shape decisions before any rent increase is applied. • Explore expanding financial support wellbeing for tenants, tailoring assistance to meet diverse needs and helping customers navigate the cost-of-living crisis.
Future proofing through data and insight	<ul style="list-style-type: none"> • Increase our use of analytics to support business continuity planning, improve supply chain resilience, and anticipate future risks. • Our data-driven finance approach will help us make informed decisions, optimise resource allocation, and ensure long-term sustainability.



Grow our reputation as an ethical, trusted business	
Recognised as a responsible, ethical leader-embedding sustainability, equity, diversity, and inclusion (EDI)	<ul style="list-style-type: none"> • Refresh and deliver our Group EDI action plan, supporting our staff and customers to feel respected and included. • Benchmark and improve our Onvero ‘Talent Inclusion and Diversity Evaluation’ rating supporting an inclusive workplace, and annually retain our Customer Service Excellence accreditation to assess our service delivery to our diverse communities. • Refresh our Group Sustainability Framework, focusing on net zero, understanding climate impacts on our business, and work with partners to deliver a just transition and value for money for customers.
Embed continuous improvement across our organisation and value chain	<ul style="list-style-type: none"> • Adopt the Business in the Community ‘Responsible Business Health Check’ to drive change and support thriving communities and workplace. • Engage leaders in responsible business and systems thinking to pilot new approaches and measure impact with leading and lagging indicators. • Prepare for external assessment and aim for top recognition by EFQM and other quality frameworks.
Deepen stakeholder collaboration with networks and partners	<ul style="list-style-type: none"> • Embed a comprehensive stakeholder engagement and communication plan reflecting preferences and influence to help us focus efforts on the most pressing social and environmental challenges for our customers. • Undertake stakeholder engagement that is dynamic and inclusive, seeking input from our broad ecosystem to inform decisions. • Deepen collaboration on national and international forums to identify gaps and share best practice. Utilise memberships, undertake joint studies and research to demonstrate value beyond our workplace, particularly in EDI, sustainability, and social impact. • Where appropriate, challenge existing best practices to develop innovative solutions. • Leverage our scale as part of Wheatley to build strategic procurement partnerships, attract private sector expertise into the public domain, and support local businesses and create job and training opportunities for our customers. Reinvest financial efficiency from purpose-driven procurement into communities.

Outcomes (Wheatley Level):

Customer priorities met:

- All



Strategic result

Retain platinum IIP accreditation

Measure progress through:

- 90%+ staff satisfaction that Loretto is a good employer.
- 90% fulfilment of individual development goals in the prior year.
- Increasing the diversity of our workforce.



Strategic result

Increase our data maturity score

Measure progress through:

- Achieve Cyber Essentials accreditation.
- 90% staff confident using data and Artificial Intelligence to support continuous improvement.
- Number of staff who engage with our innovation activities increases annually from a 2026 baseline.



Strategic result

Maintaining our A+ credit rating

Measure progress through:

- Raising £1.2bn of private finance to invest in new homes (Group).
- Launch Scotland's first Housing Bond programme.
- We will comply with our 'Golden Rules'.



Strategic result

Recognised by the EFQM as a top organisation, achieving six stars or above

We will measure success through:

- Retaining our Customer Service Excellence accreditation.
- Improving our Business In The Community 'Responsible Business' and 'Onvero' Talent Inclusion and Diversity Evaluation' ratings.
- Reducing harmful emissions from our homes and businesses.

Report

To: Loretto Housing Board

By: Laura Henderson, Managing Director

Approved by: Alan Glasgow, Group Director of Housing

Subject: Rent and service charges 2026/27

Date of Meeting: 9 February 2026

1. Purpose

1.1 This report:

- Provides feedback from our consultation on the 2026/27 rent, service and other charges increase; and
- Seeks Board approval for the 2026/27 rent, service and other charges increases.

2. Authorising and strategic context

2.1 Under the Group Standing Orders, the Group Board are responsible for agreeing the overarching parameters for rent setting. Thereafter each RSL Board agrees their own rent increase within the agreed parameters. The Group Board agreed rent setting parameters at their meeting on 17 December 2025. The Group Board agreed that increase options of 6.9% and 7.4% should be the basis of consultation with tenants and that this Board be delegated authority to apply either of these rent increase levels having considered the tenant consultation feedback.

3. Background

3.1 The rent increase assumptions in our financial projections are subject to annual review. The annual review takes into account the key principles set out in our Group rent setting framework:

- 1) Financial viability;
- 2) Affordability;
- 3) Comparability; and
- 4) Consultation with tenants and service users.

3.2 The Board considered the first three principles as part of agreeing the baseline consultation levels.

4. Discussion

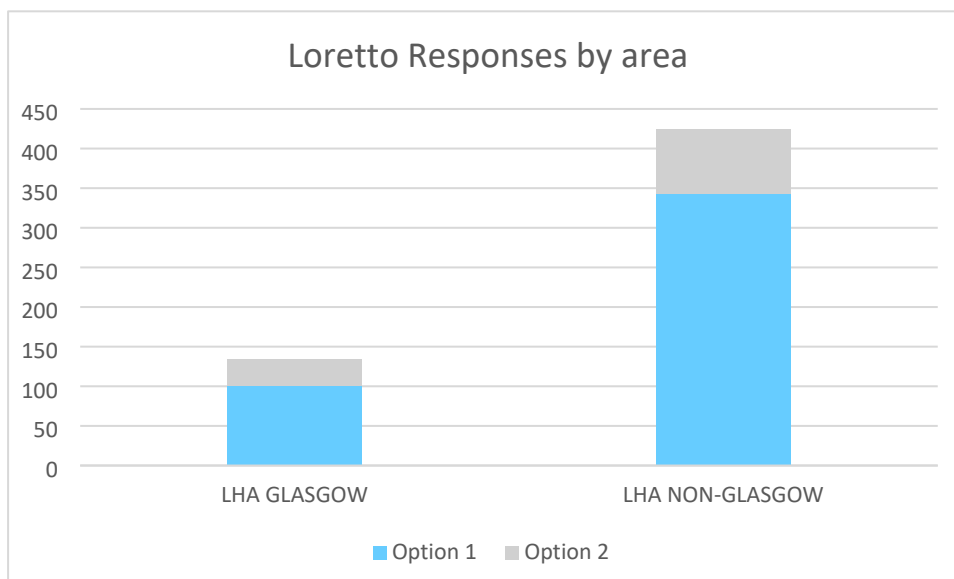
- 4.1 We formally consulted tenants on our rent setting proposals from 12-28 January 2026. Our formal consultation was independently managed by Civica as in previous years.
- 4.2 Following the high uptake level from tenants in previous years we maintained the extended means to respond from mail to digital channels or by telephone via a dedicated code. We promoted and encouraged customers to respond to the consultation through our social media, website and by promoting via messaging in our Customer First Centre.
- 4.3 The consultation received a higher response rate from last year, with **over 500** valid responses received:

Table 1: Loretto results

Rent options	Responses
6.9%	444 (79.5% of returns)
7.4%	115 (20.5% of returns)
Total	559 (2025 – 375)

- 4.4 A further breakdown of the results by comparing response levels between our customers within and outside Glasgow is below:

Chart 1: Loretto responses by area



- 4.5 This response showed stronger support for the 6.9% option but again demonstrated that there remains some appetite for an even higher rent increase where it will be focused on additional investment and neighbourhoods.

Qualitative feedback

- 4.6 We invited respondents to provide feedback on why they chose the option they did. Alternatively, if a tenant did not wish to support any options, they could provide feedback via post as to why (we received 6 returns of feedback only). For those who supported one of the options, we received written feedback from over 130 customers regarding the proposals.
- 4.7 We are continuing to analyse the open text feedback in depth. The key themes remain consistent with previous years, however the prioritisation of this has shifted somewhat, specifically:
- **Affordability** is the strongest theme raised by our tenants. Many referenced the relative increase of wages and benefits, highlighting the challenging cost-of-living environment for households;
 - The next most common theme was **investment in existing homes**. Tenants frequently commented their desire for upgrades particularly around kitchens, bathrooms, windows, doors and heating systems; and
 - Feedback also emphasised the importance of a **reliable repairs and improvements to the local environment**.
- 4.8 We also considered feedback received through alternative routes, such as directly provided to Loretto for instance through our social media, email, Customer First Centre, complaints and member services and to our staff. We received a very small level of feedback through these routes.
- 4.9 As with previous years customers provided feedback on individual issues. Where sufficient information was provided we have already routed this to the relevant service area to take action.

Summary

- 4.10 Taking into account the feedback from the consultation, it is proposed that we apply a 6.9% rent and service charge increase. As previously discussed by the Board this increase is in line with the expected increase, based on consultation proposals, of a number of social landlords across Scotland.

5. Customer engagement

- 5.1 Our final consultation brochure was informed by customer engagement via rent focus groups prior to the formal consultation. Every tenant was provided with the opportunity to respond to the consultation.

6. Environmental and sustainability implications

- 6.1 There are no environmental or sustainability implications associated with this report.

7. Digital transformation alignment

- 7.1 The rent consultation itself was managed by independent provider Civica; a postal copy of the rent brochure was issued, as well as an email/text (depending

on contact preference) with a link to an online copy. This means tenants were able to participate in the consultation through a wide range of digital means.

8. Financial and value for money implications

8.1 The level of rent increase proposed during the consultation included a detailed analysis of areas such as affordability and comparability, as well as the financial challenges we face. We know that overall rent levels are an element of how tenants perceive value for money. This is however set within the context during a period of pressure on household budgets, the preservation of appropriate levels of investment in our homes, services to tenants and the financial viability of the business.

8.2 Our financial projections confirm that, based on the proposed rent uplifts, we will have robust financial plans which will have the necessary 30-year provisions to continue to invest in our stock as part of Strategic Asset Investment and Maintenance Plan, including maintaining our stock in line with all legal and regulatory requirements such as Scottish Housing Quality Standard, electrical inspections and fire safety.

9. Legal, regulatory and charitable implications

9.1 Consultation with tenants on any increases in rent or service charges is a requirement of the Housing (Scotland) Act 2001. The approach set out in this paper therefore discharges our requirement to consult under the Act.

9.2 The 2022 Scottish Housing Regulator Thematic Review of Rent Setting detailed a number of recommendations, including the provision of options to tenants during rent setting consultations. Our approach responds to these recommendations.

10. Risk appetite and assessment

10.1 Our risk appetite in relation to business planning assumptions such as rent increases is open, defined as *“willing to choose the one that is most likely to result in successful delivery while also providing an acceptable level of reward”*.

10.2 In relation to the statutory requirement in consulting and engaging tenants on any rent increase, our risk appetite is averse, that is *“avoidance of risk and uncertainty is a key organisational objective”*.

10.3 The decision on rent increases involves striking a balance between the need to continue investing in our stock, including compliance requirements, continuing to deliver services our customers tell us they want, and keeping rents affordable. Setting rents lower than the assumption in the business plan could – in the absence of mitigating cost savings – risk the financial viability of the Group or the delivery of services we are legally obliged to provide. However, we are also required under statute to take into account the views of customers before making final decisions on rent levels.

11. Equalities implications

11.1 Our customer engagement prior to formal consultation helps ensure a wide range of customer perspectives informs our final consultation approach. Civica issued our consultation material as per communication requirements including large print, braille and audio CD.

- 11.2 To support customers whose first language is not English to request a translation, we also included a translation note in the Group's 5 top languages, informed by our translation/interpretation request data and results from the 2022 customer EDI survey.

12. Key issues and conclusions

- 12.1 Consultation with tenants is a key element of our rent setting process. Our consultation attracted over 500 valid responses from tenants in terms of expressing a preference for one of the options. The proportion of respondents, at over 20%, indicating a preference for the higher rate of 7.4% on the basis of additional investment was consistent with the qualitative feedback indicating investment is a key priority for tenants .

13. Recommendations

- 13.1 The Board is asked to:
- 1) Consider the feedback received through the consultation process with tenants on our 2026/27 rent, service and other charges increase; and
 - 2) Approve a 6.9% rent, service charges and other charges (including garages and lock ups) for 2026/27 for all tenants effective from the first Monday in April and from 28 March 2026 for ex-Cube properties.

LIST OF APPENDICES:

NONE

Report

To: Loretto Housing Board

By: Lyndsay Brown, Director of Financial Reporting

Approved by: Pauline Turnock, Group Director of Finance

Subject: Financial Projections 2026/27

Date of Meeting: 9 February 2026

1. Purpose

1.1 The purpose of this report is:

- To set out the updated financial projections for investment in assets and services over the period to 2031, in support of our strategy, *Making Homes and Lives Better*;
- To provide an overview of our five-year Capital Investment Plan and our five-year new build Development Programme; and
- To seek approval of the updated financial projections, Capital Investment Plan and Development Programme, with the first year of the financial projections forming the budget for 2026/27.

2. Authorising and strategic context

2.1 Under the terms of the Intra-Group Agreement between Loretto and the Wheatley Group and the Terms of Reference for this Board, the Loretto Board is responsible for the on-going monitoring of performance against agreed targets, including the on-going performance of its finances. The Board is also responsible for approving the five-year Capital Investment Plan and five-year Development Programme.

2.2 The key themes and aims of the 2026-31 strategy *Making Homes and Lives Better* support the context for the preparation of the financial projections, Capital Investment Plan and the Development Programme. The Capital Investment Plan provides the mechanism through which the Strategic Asset Management and Investment Plan is delivered and ensures that investment decisions are aligned to customer priorities, compliance requirements and long-term asset sustainability.

2.3 Following approval of the five-year Development Programme, Wheatley Developments Scotland Board (“WDSL”) has responsibility for scrutinising and approving individual contract awards, in line with its Terms of Reference including the application of our agreed development criteria and the allocation of the Group Development Fund.

3. Background

- 3.1 Keeping rents affordable for customers remains a strategic priority however we need to balance this with the cost to deliver services and to provide for the appropriate level of investment in our homes to ensure the ongoing financial viability of the business. In line with many businesses our costs have continued to rise with inflation at 3.4% at December 2025, remaining above the Bank of England's 2.0% target. In addition, cost increases for key areas of housing expenditure such as repairs, driven by increased labour costs, material prices and service demand are continuing to run higher than general inflation. The most recent forecasts suggest that it will be late 2026 before rates return nearer to the 2% target.
- 3.2 Over the past year, persistent inflation and uncertainty over the future economic outlook have increased the cost of UK government borrowing over the longer term with the return investors demand for lending to the government being substantially higher; recent rates having been at their highest level since 1998. As a result, the Bank of England has taken a cautious approach to rate reductions with the base rate at 3.75% at December 2025. As inflation remains higher than the 2.0% target, market expectations for further interest rate cuts remain but are spread over a longer period. The cost of our borrowing is linked to the cost of UK government borrowing with a margin added on our business plan assumptions have been updated to reflect expectations for future interest rates on new funding.
- 3.3 Our business plan assumptions also reflect changes in the legislative landscape through the Housing (Scotland) Act 2025, which introduces new duties for landlords, including in relation to homelessness and a Scottish equivalent of Awaab's Law in the Investigation and Commencement of Repairs (Scotland) Regulations 2026 which come into effect from October 2026. With a National Housing Emergency declared by the Scottish Government in May 2024, Housing is recognised as a key policy priority at both the national and local level.
- 3.4 The financial projections include funding provision for our five-year Capital Investment Plan, the detail of which is informed by our Strategic Asset Management and Investment Plan. The Capital Investment Plan is the third strand of our annual investment planning framework, alongside the Asset Strategy, the Strategic Asset Management and Investment Plan and our Neighbourhood Plans, ensuring that investment decisions remain coordinated, evidence-led, funded and customer focused. The 2025/26 financial year represented the first full year of delivery of this new strategic asset investment approach. Our focus is on embedding new ways of working, strengthening our partnership with City Building Glasgow and aligning investment planning more closely with customer priorities.
- 3.5 Our five-year Development Programme links directly to our 2026-31 strategic theme of *Homes and Neighbourhoods to be Proud of*, with an objective of, Leading the Way in Expanding the Supply of Affordable, Quality Homes. Our Programme is supported by the Scottish Government commitment to £4.9 billion for housing over the next four years with the recent 2026/27 Scottish Budget confirming funding of £926m for the Affordable Housing Supply Programme and increase of £158m compared to 2025/26.

4. Discussion

- 4.1 Our strategy for 2026-31, *Making Homes and Lives Better*, forms the basis of the financial projections, Capital Investment Plan and the Development Programme. The financial projections address how the four key themes of the strategy will be achieved, and in turn, ensures adequate financial provision is directed to our key customer priorities.
- 4.2 Detailed financial statements, including Statement of Comprehensive Income, Statement of Financial Position and cashflow, are provided in Appendix 1. A summary statement of Comprehensive Income is shown in Figure 1.

Figure 1: Statement of Comprehensive Income

Statement of Comprehensive Income	2026/27	2027/28	2028/29	2029/30	2030/31
	£'000	£'000	£'000	£'000	£'000
Net Rental Income	19,035	20,729	22,410	24,263	26,180
Other Income (including MMR lease income)	125	146	348	388	407
Grant Income	11,914	14,238	15,673	18,341	8,961
	31,074	35,113	38,431	42,992	35,548
Service Costs	(403)	(412)	(420)	(433)	(444)
Management Costs	(4,591)	(4,669)	(5,256)	(5,438)	(5,007)
Repair and Maintenance Costs	(4,948)	(4,924)	(5,222)	(5,433)	(5,688)
	-				
Wider Role and Strategic Initiatives	(37)	(235)	(275)	(260)	(268)
Bad Debt	(334)	(416)	(438)	(462)	(485)
Depreciation	(7,902)	(8,515)	(9,374)	(10,241)	(11,098)
Operating Expenditure	(18,215)	(19,277)	(20,985)	(22,378)	(22,990)
Investment Property Valuation Movement	27	(3,300)	(834)	57	(2,123)
Operating Surplus	12,886	12,536	16,612	20,671	10,435
Operating Margin (%)	41%	36%	43%	48%	29%
Finance Costs	(4,461)	(5,019)	(5,983)	(6,880)	(7,895)
Housing Property Valuation Movement	(2,380)	(8,295)	(8,620)	(13,827)	1,539
Total Comprehensive Income	6,045	(778)	2,009	(36)	4,079

- 4.3 Over the five-year period presented, Loretto's Total Comprehensive Income fluctuates due to property valuation movements and grant recognition on completed new build units. Total comprehensive income of £11.3m is projected over the five years. The deficit reported in 2027/28 of £778k is after accounting for the housing property valuation that includes the conversion at Duke Street therefore the downward accounting valuation on completion has a greater impact due to the grant funding available for the conversion (noting that the project meets the target internal rate of return). The deficit reported in 2029/30 of £36k is also after accounting for the housing valuation due to the higher number of completions in the year 199 social and mid-market units.
- 4.4 Our annual rent and service charge consultation exercise is reported to the Board separately. The financial projections incorporate the proposed 6.9% increase in rent and service charge levels. The projections also assume a reduction to our operating cost base of 8.6% in real terms, with efficiency savings in the cost per unit over the five-year period.

- 4.5 Our Statement of Financial Position, set out below, shows a strong net asset position which improves over the first 5 years of the projections. The delivery of 555 new build housing properties as outlined in the five-year Development Programme will help to strengthen Loretto's net asset base. Figure 2 shows the projected change in the Statement of Financial Position over the five-year period to 2030/31.

Figure 2: Statement of Financial Position

Statement of Financial Position	2026/27	2027/28	2028/29	2029/30	2030/31
	£'000	£'000	£'000	£'000	£'000
Housing Properties	199,940	222,531	237,108	253,682	280,197
Other Fixed Assets	3,153	3,617	4,138	4,247	4,341
Investment Properties	1,397	4,778	5,732	5,789	7,928
Total Fixed Assets	204,490	230,926	246,978	263,718	292,466
Current Assets	2,300	2,300	2,300	2,300	2,300
Current Liabilities	(13,750)	(23,692)	(27,751)	(19,273)	(32,164)
Net Current Liabilities	(11,450)	(21,392)	(25,451)	(16,973)	(29,864)
Long-Term Liabilities	(115,762)	(133,034)	(143,018)	(168,272)	(180,050)
Net Assets	77,278	76,500	78,509	78,473	82,552
Retained Earnings	77,278	76,500	78,509	78,473	82,552
Total Reserves	77,278	76,500	78,509	78,473	82,552

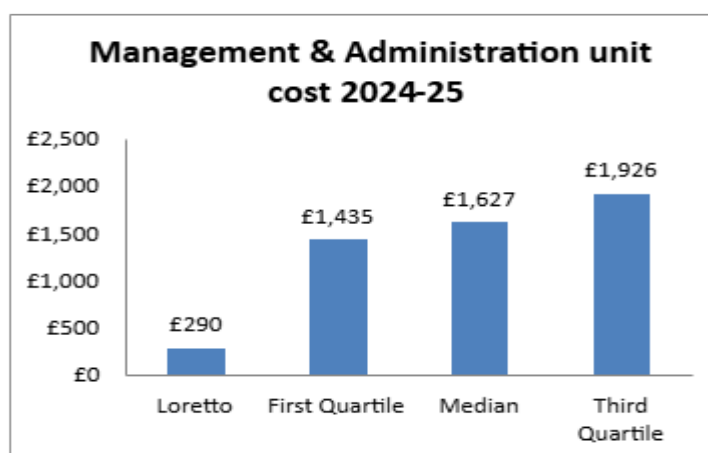
- 4.6 The value of housing properties increases by £100.7m over the five years from 1 April 2026 and investment in properties increasing by £6.6m. The new build programme is funded by debt (and grant subsidy) with Loretto's net debt increasing by £76.4m over the same period. This additional debt and asset value results in a growth in net assets of £11.3m (equal to total comprehensive income) over the period.
- 4.7 Figure 3 shows the cash position over five years – the net movement in cash reflects Loretto's borrowing requirements from WFL1 with new borrowing used to fund the development of new build housing and not day-to-day expenditure. Our borrowing levels are sustainable and fully funded within our financial projections.

Figure 3: Cash flows generated

Cash Flow	2026/27	2027/28	2028/29	2029/30	2030/31
	£'000	£'000	£'000	£'000	£'000
Net Rental and Other Income	18,948	20,585	22,450	24,321	26,237
Operating Expenditure	(9,978)	(10,346)	(11,176)	(11,676)	(11,407)
Net Cash from Operating Activities	8,970	10,239	11,274	12,645	14,830
Core Capital Expenditure	(3,653)	(3,894)	(4,175)	(6,126)	(5,233)
Net Trading Cash	5,317	6,345	7,099	6,519	9,597
New Build Expenditure	(26,627)	(41,434)	(29,144)	(33,410)	(33,974)
Grant Income	14,008	24,564	12,092	22,156	15,176
Other Capital Expenditure	(885)	(867)	(1,020)	(657)	(615)
Net Cash used in Investing Activities	(13,504)	(17,737)	(18,072)	(11,911)	(19,413)
Finance Costs	(4,346)	(5,037)	(6,154)	(7,047)	(8,074)
Net Movement in Cash	(12,533)	(16,429)	(17,127)	(12,439)	(17,890)

- 4.8 The table shows how income generated from our letting and other activities is used to deliver services, deliver our five-year Capital Investment Plan and service our financial obligations. The financial projections shows cash from operating activities increasing by 46% in five years. This demonstrates our commitment to providing an appropriate level of funding for repairs and investment over the next five years. In total we will invest over £52m in the next five years across repairs and investment to improve the quality of our homes, or 45% of our total income across the same five-year period.
- 4.9 While interest costs increase over the next five years as borrowings are drawn to fund the development of 555 new homes in Loretto (including the conversion of 19 units at Duke Street), they remain steady as a proportion of income. Interest is paid during the development period as new homes are completed and become available for letting, with rental income then growing over the period after the units are completed. This in turn generates a higher level of cash to meet the associated funding costs and in time generates excess cashflows to help towards funding future development. Further discussion on interest cover is provided at 4.23.
- 4.10 As shown in Figure 3, Loretto's increase in funding requirements is directly linked to the Development Programme with the capital investment in tenants' homes being covered by operating trading cash. Compared to the 2025/26 plan funding from rent increases and VAT efficiencies increases the amount of our core investment programme in our homes by £2.0m over the next five years.
- 4.11 Efficiency savings in our management costs, in real terms, delivered through the achievement of value for money, robust procurement exercises and operational efficiencies helping mitigate the additional costs associated with the increased number of units over the period. Our management costs, when compared with other general needs providers in the Scottish sector show that for 2024/25, the latest data available, we are among the most resilient and consistently in the top quartile, benefitting from the sharing of overheads and the provision of group services by Wheatley Solutions.

Figure 4: Management and Administration unit costs



The financial highlights under each theme of the 2026-31 strategy are set out below.

Homes and neighbourhoods to be proud of

- 4.12 The financial projections reflect our Capital Investment Plan to invest approximately £26m in improvements to our customers' homes in the first five years of the plan, with a further £26m in repairs. Over the 5 years this is equivalent to £18,669 per property. Our investment plan has been developed to reflect discussions with customers on their investment priorities, our compliance obligations and improved insight from asset management and repairs data. The investment plan and provision of sufficient funding to support it will ensure our properties remain in a good state of repair and all compliance requirements are met.
- 4.13 Our financial provision for capital investment increases over the five year period as we define and establish the Wheatley Standard for our properties. We also include provision for planned compliance including keeping our properties free from damp and mould continuing to meet our duty to our customers which from October 2026 will be formally set out in the new Investigation and Commencement of Repairs (Scotland) Regulations 2026.
- 4.14 We will continue to focus on enhancing our neighbourhoods to help create thriving communities, supported by the Neighbourhood Environmental Improvement Team. Details of the five-year Capital Investment Plan are provided in Appendix 2 and it reflects our customers' consistent message on how important the overall quality of their home and neighbourhood is to them.
- 4.15 A key part of our ongoing strategy is to continue to develop quality affordable homes for people in the areas in which we operate with a particular focus on the regeneration of our communities. Over the period to 2031, our financial projections reflect the five-year Development Programme and the delivery of 555 additional new build homes for both social rent (496 units) and mid-market rent (56 units), including the conversion of 18 existing social rent units and office spaces into 19 homes at Duke Street. Further details of the five-year Development Programme are presented in Appendix 3.
- 4.16 While the Scottish Government has announced a multi-year Affordable Housing Supply Programme (“**AHSP**”) funding commitment of up to £4.9 billion over the next four years intended to support the delivery of approximately 15,000 new homes per year across Scotland, the detailed allocations are still to be confirmed in the Scottish Government Spending Review. We are working with our funders to agree covenant changes to enable us to extend and increase our affordable housing programme to support the Scottish Government's strategic aims. These projections are based on our existing debt per unit covenant of £35,000. If we are successful in agreeing an increase an updated development programme will be prepared for approval later in 2026/27.

Personalised services

- 4.17 Our strategy seeks to further develop the provision of exceptional customer experience with a focus on services that feel personal and tailored for the customer. Our services will be delivered by connecting with customers through proactive, tailored communication. This will include a blended approach of face to face and digital, will be easy to access and feel personal to customers to ensure we deliver services to meet our customer needs. Our financial projections include funding for:

- IT investment to support changes to our services to increase the scope of our digital communications and the expansion of our digital self-service channels funded within the overall IT capital provision of £1.4m;
- Innovative projects to develop new ways of working to drive service improvement and gather customer insight to enhance the way that our repairs services are delivered;
- The development of our systems to structure our data in a way that provides a “single view of the customer”;
- Our wraparound services with provision of £1.1m in Loretto, in addition to the other RSLs, to provide ongoing funding. We provide additional support and services to our customers such as housing advice, homelessness and customer support.

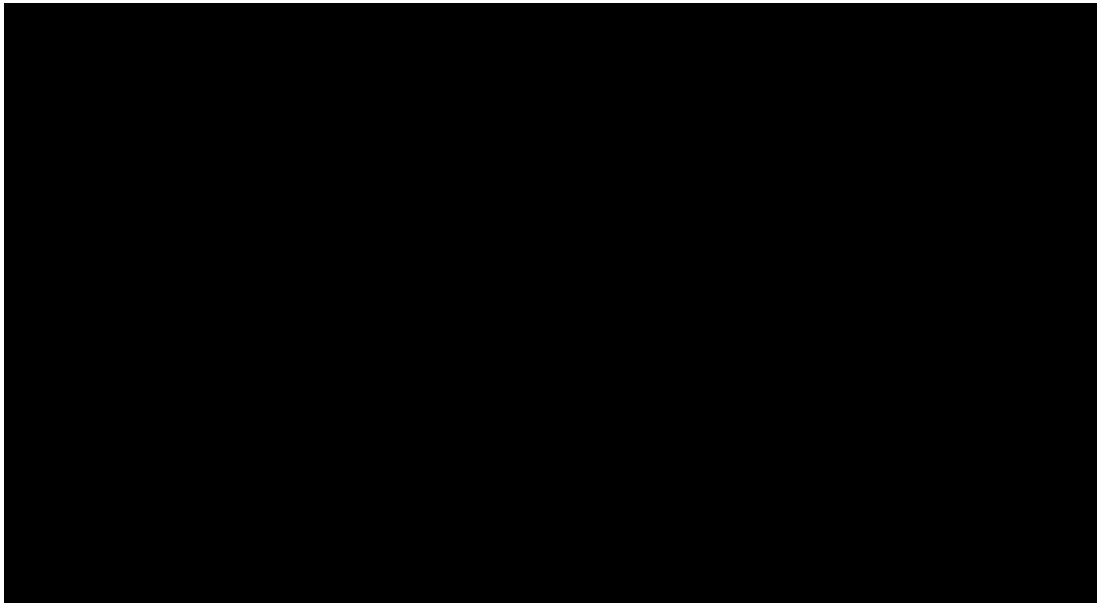
Better Lives

- 4.18 To support the strategic objectives within the Better Lives theme and our commitment to improving the lives of our customers and the wider communities in which we operate, the financial projections include:
- The extension of £1m funding across the Group for the Helping Hand Fund to March 2028, which provides assistance to our customers who are facing financial hardship with rent; and
 - Funding of £1.1m to support other areas including Think Yes.

Delivering sustainable value

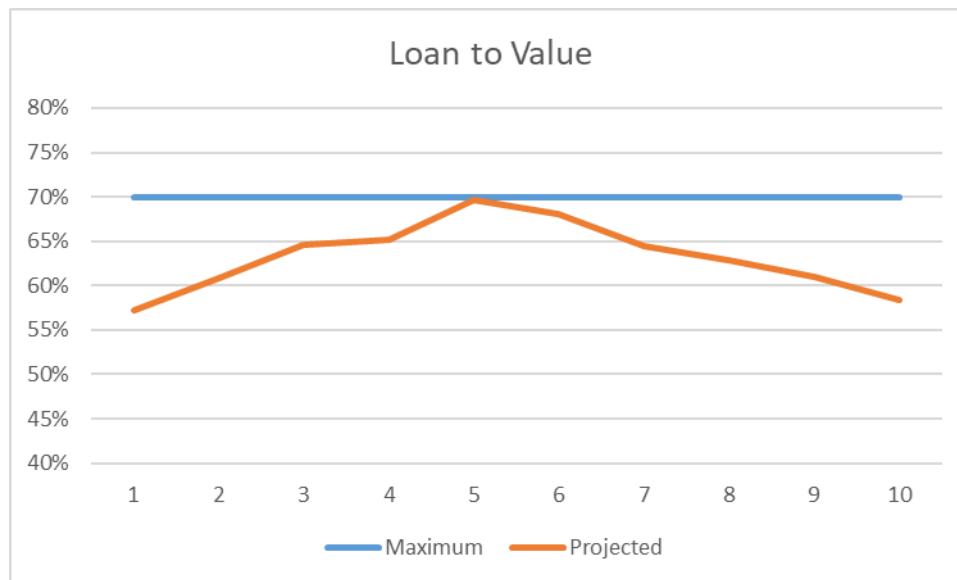
- 4.19 Over the next five years, we will continue to invest in our staff to ensure they have the skills, attitude, engagement and influence to excel in this hybrid working environment. Our financial plan helps fund a continued focus on staff development in a technology enabled workplace and, in our leadership, apprenticeship opportunities and graduate programmes. Provision has been included to invest in apprenticeships for the environmental service staff (“**NETS**”) and apprenticeships in Foundation.
- 4.20 Within Loretto planned investment of £1.4m in IT is included in our financial projections ensuring all staff are provided with the technology and facilities they need to work effectively and efficiently in our hybrid environment.
- 4.21 The Group’s IT capital programme, is aligned to seven strategic workstreams, delivering key business strategy outcomes enabling organisational change, and supporting ongoing investment across staff and customer digital services and platforms, as well as supporting our services provided to our customers.
- 4.22 In order to achieve our ambitious strategy, we must demonstrate a strong and stable financial performance. This will ensure we continue to achieve a strong credit rating and attract funding at the most preferential rates of interest.
- 4.23 We must ensure that Loretto together with the other RSL subsidiaries within the Group meet certain financial parameters. These include ensuring that a sufficient operating margin is generated and that there is sufficient cash flow strength and asset cover to support the level of debt. This ensures WFL1, as the RSL treasury vehicle, can meet its external funding conditions. There are two key ratios that we consider:

- Trading cash - Revenue Surplus less Capital Investment (earnings before interest, tax, depreciation and amortisation with capital investment spend taken into account) over net interest payable is the ratio used by the Group to assess whether sufficient surplus is generated to fund our activities, maintain the housing stock and cover interest payments. This interest cover ratio should be >1 which ensures that we do not borrow to funding our day to day expenditure; and
- The loan to value ratio (outstanding loans net of cash divided by value of completed housing and investment properties) is used to assess whether there is sufficient asset cover to support the level of debt, with new debt used to fund new build housing development.



- 4.24 As new build units are completed, and handed over, more rental income is generated which along with efficiency savings more than offsets the higher interest costs with interest cover remaining comfortably above 1. The level of cover fluctuates over the period due to the timing of new build activity with interest costs increasing before the benefit of rental income is earned from completed new build properties. Increases in rental income and continuing management of the cost base during this period are of importance.
- 4.28 Figure 6 shows the proportion of our loans to the value of the properties they are borrowed against. Although loan to value increases from 57.3% in 2026/27 to 69.6% in 2030/31, due to the timing of new build development and associated borrowing, it remains below our 70% golden rule maximum level of loan to value and subsequently it decreases down to 58.4%. This demonstrates that Loretto continues to have sufficient asset cover to support loans.

Figure 6: Loan to Value:



5. Customer Engagement

5.1 In the delivery of our investment programme, our customer engagement has been strengthened in the last 12 months, with clearer communication on planned investment and improved local visibility of works. Looking forward, a key priority is to revitalise the way we engage and communicate with customers, and key stakeholders who we know also engage with our tenants, on our investment plans. It is intended that we will develop a range of new or enhanced measures, including:

- A microsite within our website where customers can access information on investments plans in their own locality;
- Localised newsletters, a combination of physical and digital, providing customers with regular updates on ongoing and future investment work in their locality;
- Engaging with local community councils and elected members, with regular briefings on our investment plans; and
- Customer Voice teams spending more time engaging with local communities updating them on our local investment plans as well more targeted local focus groups.

5.2 Local communities are engaged in the planning process at a neighbourhood level in all our new build development projects as part of the statutory consent process. Additionally, as the programme is delivered, we undertake customer satisfaction surveys from our customers. As part of our development process, we seek feedback from customers on the design their new homes, satisfaction with their neighbourhood and the quality of defect services. The Wheatley Design Guide and Specification has been developed to ensure that all new build projects meet the required standards and customer expectations. The development of the Design Guide was underpinned by a consultation process involving key stakeholders and customers.

6. Environmental and sustainability implications

- 6.1 The capital investment programme supports the Group's sustainability ambitions through a pragmatic focus on improving fabric efficiency and heating performance, primarily delivered through component replacement and targeted neighbourhood investment.
- 6.2 New build properties will be developed to meet Aspects 1 and 2 of the Silver Sustainability Standards which covers reduction in carbon dioxide emissions and energy use for space heating. The EPC levels of our developments will be B and our specification includes the use of zero emissions heating systems.

7. Digital transformation alignment

- 7.1 The use of digital asset management information continues to underpin investment planning, enabling more accurate forecasting, prioritisation and delivery of large-scale programmes.
- 7.2 All properties in the programme will be digitally enabled, supporting social inclusion. Providing this infrastructure will allow our customers to access high speed internet services quickly at point of entry, without additional works having to be conducted by their internet service provider.

8. Financial and value for money implications

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

9. Legal, regulatory and charitable implications

- 9.1 There are no specific legal or regulatory implications arising from the revised financial projections. The first five years of the financial projections are shared with the Scottish Housing Regulator as part of their ongoing monitoring of financial viability. The investment plan supports compliance with all relevant legal and regulatory requirements, particularly in relation to safety and housing standards.
- 9.2 Legal support for the development programme is provided via both our in house and Framework Solicitors as required. This includes provision of advice supporting procurement, contracts, and site acquisition.

10. Risk Appetite and assessment

- 10.1 The Board's agreed risk appetite for business planning and budgeting assumptions, investing in existing homes and environments and increasing the supply of new homes 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 As part of our assessment of risk we have subjected our financial projections and capital investment programmes for both existing and new homes to sensitivity analysis to show the potential impact on the plan of key risk factors such as increased costs, lack of delivery capacity or a reduction in the availability of new build grant as well as general risks which apply to core assumptions of inflation and interest rates.
- 10.3 In relation to the five-year development programme there is an established risk management framework overseen by the WDSL Board and monitored at each meeting.

11. Equalities impact

- 11.1 We have a robust approach to the identification and assessment of customer requirements as part of our project planning activities. Individual customer needs are considered on a project-by-project basis, and this helps to inform the project design and specification.
- 11.2 Within our new build programme, all homes are designed to Housing with Varying Needs. The inclusion of wheelchair units is also included in consultation with local authorities to meet their strategic objectives. are no equalities implications arising from this report.

12. Key issues and conclusions

- 12.1 This report presents the financial projections, the Capital Investment Plan and the Development Programme for the five-year period to 31 March 2031. Once approved, these will be submitted as components of the Group to the Wheatley Group Board for approval on 25 February 2026. The figures in the first year of the financial projections, 2026/27, will then form the basis of the annual budget which will be presented to the Board for approval in March.
- 12.2 With more detail provided in appendix 1, the financial projections provide sufficient funding to support the achievement of the aims and objectives contained within our new 2026-31 Strategy, *Making Homes and Lives Better*. They also demonstrate that Loretto continues to be financially resilient and as part of the wider RSL Borrower Group we remain within our financial golden rules and loan covenants.
- 12.3 Performance against the budget will then be monitored via the management accounts provided to the Board throughout the year.
- 12.4 More details of the five-year Capital Investment Plan and five-year Development Programme are included at Appendix 2 and 3 respectively. These plans demonstrate a clear link between customer priorities, asset condition, investment decisions and the supply of new housing to help address homelessness.

13. Recommendations

13.1 The Board is requested to:

- 1) Approve the updated projections for investment in assets and services over the five-year period to 2031;
- 2) Approve the five-year Capital Investment Plan summarised in Appendix 2;
- 3) Approve the five-year Development Programme summarised in Appendix 3;
- 4) Note that the financial projections, five-year Capital Investment Plan and five-year Development Programme will form the Group Plan and Programme and be presented in February 2026 to the Group Board; and
- 5) Agree that the projected 2026/27 figures form the basis of next year's annual budget which will be presented to this Board for approval in March 2026.

LIST OF APPENDICES:

Appendix 1: 2026/27 Detailed Financial Projections

Appendix 2: Five-year Capital Investment Plan

Appendix 3: Five-year Development Programme

Appendix 4: [REDACTED]

Loretto Housing Financial Projections 2026/27

1. Headlines

The UK economy has continued to face challenges with weak growth and persistent inflationary pressures. General CPI inflation is at 3.4% at December 2025, above the Bank of England's 2.0% target. In addition, cost inflation is continuing to run higher than general CPI for key areas of housing expenditure such as repairs, driven by increased labour costs, material prices and service demand. The persistence of core inflation indicates that underlying inflationary pressures have not yet fully unwound with longer term forecasts suggesting it will be late 2026 before rates return nearer to the 2% target.

Over the past year, inflation and high government borrowing have caused interest rate volatility. The increase in 30 year gilts means the return investors demand for lending to the UK government for 30 years is substantially higher. As a result, the Bank of England has taken a cautious approach to rate reductions with the base rate at 3.75% at December 2025. With inflation remaining higher than the 2.0% target, market expectations for further interest rate cuts remain but are spread over a longer period. We have updated our business plan assumptions to reflect expectations for future inflation and interest rates on existing and new funding.

Keeping rents affordable remains a key strategic aim but it is important that we strike an appropriate balance between affordability for our tenants whilst ensuring the ongoing financial viability of our operations and the appropriate levels of investment in our homes and services to customers.

Our rent increases implemented over the past couple of years have focused on growing the financial capacity in our business plan to ensure sufficient funding is available to meet investment in lifecycle replacements and our legislative obligations in our homes. Informed through our tenant engagement, Group Asset Strategy and our more detailed Loretto Strategic Asset Investment and Management Plans and Neighbourhood Plans, we have considered the level of funding required to increase investment in our homes and neighbourhoods. We also have a requirement beyond compliance and lifecycle replacements to start to create more capacity to fund energy efficiency improvements in our homes which will be needed to meet the expected requirements of the Scottish Housing Net Zero Standard ("SHNZS").

We recognise that economic factors are continuing to put pressure on household income, and we have retained a prudent provision in our rent arrears assumptions and have also assumed that all working age tenants on benefits will have moved to Universal Credit by March 2026. As part of the focus on tackling poverty and the cost-of-living challenges facing our customers, funding has been set aside in the Wheatley Foundation to support customers. This includes Welfare Benefits and Fuel Advice, Home Comforts (our furniture upcycling service) and a provision in 2026/27 for the Helping Hand Fund. This fund helps our customers who are facing financial hardship manage their rent accounts.

Our new build programme has aligned our development capacity within our current approved financial covenants to grant availability, especially in the early years of the plan.

While the Scottish Government has announced a multi-year Affordable Housing Supply Programme (AHSP) funding commitment of up to £4.9 billion over the next four years intended to support the delivery of approximately 15,000 new homes per year across Scotland, the detailed allocations are still to be confirmed in the Scottish Government Spending Review. We are working with our funders to agree covenant changes to enable us to extend and increase our affordable housing programme to support the Scottish Government's strategic aims.

With strategic focus on the delivery of affordable housing, Loretto has plans to deliver 555 new homes over the period of the new strategy 2026-2031 with 499 Social and 56 MMR properties. This includes 19 properties from the conversion of flats and office space at Duke Street.

Over the next five years, we will continue to invest in our staff to ensure they have the skills, attitude, engagement and influence to excel in this hybrid working environment. Our financial plan helps fund a continued focus on staff development in a technology enabled workplace and, in our leadership, apprenticeship opportunities and graduate programmes.

The updated financial projections for 2026/27 and beyond include (including inflation):

- Provision to deliver 555 new build homes for both social rent (496 units) and mid-market rent (56 units). This includes the conversion of 18 existing social rent units and office space into 19 homes at Duke Street.
- £26.2m of repairs spend in our existing housing stock in the first 5 years.
- £25.6m of investment in our existing housing stock in the first 5 years of the projections.
- Provision of £1.4m for investment in our digital transformation and centres of excellence strategies.
- £1.1m of funding for donations, including the Wheatley Foundation, and Think Yes across the first 5 years of the plan.
- Efficiency savings in our management costs, in real terms, delivered through the achievement of value for money and operational efficiencies helping mitigate the additional costs associated with the increased number of units over the period.

During the development period, our financial forecasts are driven by the profile and relative size of our development programme and the value of grant income and valuation adjustments on completion of new build properties. The forecast total comprehensive income, net assets, cashflow and ratios reflect the higher level of borrowing to support our new build programme. Loretto's peak net debt of £176.3m is forecast to be reached in 2031/32 (year 6). It is important to note that continued control of costs are an important aspect of managing our financial position.

2. Key assumptions

The key financial assumptions in the 2026/27 Business Plan are highlighted below. All figures include VAT and inflation, unless stated otherwise.

2.1 Stock

a) Opening stock numbers

Opening stock numbers in the plan reflect the actual stock reported in the statutory accounts as at 31 March 2025, updated for forecast new build completions in 2025/26. The stock number at 31 March 2025 includes 47 units which are managed by Loretto HA on behalf of other providers.

Table 1 – Split of stock by type

Unit Type	Units 31.3.25	Forecast Completions 2025/26	Units 31.3.26
General Needs and Supported	2,805	61	2,866
Shared Ownership	17	-	17
Total Social Rent	2,822	61	2,883
Market Rent	17	-	17
Total	2,839	61	2,900

In 2025/26, 61 social rent properties are forecast to complete by the end of the year, at South Crosshill, Bishopbriggs and Bank St, Coatbridge.

Our mid-market rent properties offer a low-cost alternative to people in employment who receive a low to moderate salary. These units are built and owned by Loretto but are leased to and managed by the Wheatley Housing Group’s commercial subsidiary, Lowther Homes Limited. On-going capital works costs remain the responsibility of Loretto and these costs are reflected within the business plan assumptions.

b) Projected new build completions and closing stock numbers

The 2026/27 projections assume a provision to deliver 555 additional new build homes for social rent (499 units) and mid-market rent (56 units) in the first 5 years. This includes 19 properties from the conversion at Duke Street. This will provide significant growth in stock numbers of 18.5% over the 5 years.

The Loretto new build pipeline considers where new opportunities may emerge, driven by local authority housing strategy and the Strategic Housing Investment Programme that flows from it. The focus is on local authorities in the West of Scotland. The Loretto five-year plan allows for development activity across 5 local authority areas, particularly Renfrewshire and Falkirk along with North Lanarkshire and East Dunbartonshire, increasing housing supply, and our presence in these areas. We will also conclude our programme in Glasgow during this period with our development at Forfar Avenue, Cardonald and the refurbishment of Loretto’s building at Duke Street, Glasgow. Table 2 below shows the planned profile of both social rent and mid-market rent housing stock over the period of the projections.

Table 2 – Housing Stock Numbers

Stock Numbers	2026/27	2027/28	2028/29	2029/30	2030/31
Opening Units – Social Rent	2,883	2,968*	3,053	3,170	3,314
New build	85	85^	117	144	50
Closing Units – Social Rent	2,968	3,053	3,170	3,314	3,364
Opening Units – Market Rent	17	17	47	55	55
New build	-	30	8	-	18
Closing Units – Market Rent	17	47	55	55	73

** stock numbers Includes existing 18 units at Duke Street*

^includes 1 new unit at Duke Street added to stock numbers

2.2 Income

a) Rent and Service Charge Income

The rent and service charge increase supports the continued investment in our existing homes and our services while remaining comparable with the Sector.

The plan assumes an average weekly rent based on the current average rent and, subject to Board approval, a 6.9% rent increase in April 2026. In addition to rental income, Loretto receives income from service charges. Based on current charges, forecast income is £1,471k per annum (net of amounts transferred to Wheatley Care) with supported accommodation service charges being significantly higher than general needs. Table 3 shows the rent and service charge growth assumptions over the next five years noting that future years' rent increase levels are considered annually by the Board

Table 3 – Rent increase assumptions

Rent Increase %	2026/27							
Loretto	6.90%							

b) Other Income

Other income includes service charges for garage lock ups and lease income from Lowther Homes for our MMR properties.

Table 4 – Other income summary

Source	Other Income £'000	2026/27	2027/28	2028/29	2029/30	2030/31
Internal	Garage income (net of voids)	19	20	21	23	23
External	MMR lease and other income	106	126	327	365	384
	Total Other Income	125	146	348	388	407

A further £125k is expected to be generated by Loretto in 2026/27 from other income streams, rising to £407k by year 5 of the projections (2030/31), an increase of 225.6% in annual income. This is driven by the completion of 56 new build MMR units (currently 17 units) which will be leased to Lowther Homes contributing to increased leased income of £278k over the five years.

2.3 Cost Inflation Assumptions

The financial planning assumptions for 2026/27 have been set against a backdrop of stabilising inflation following significant volatility in prior years. Recent market forecasts and Bank of England projections indicate inflation will remain above the long-term 2% target until at late 2026. In addition, key cost drivers for housing expenditure including repairs and utilities continue to exert upward pressure on operating costs.

The financial projections have been aligned to focus activities to benefit our customers most in need with provision made to strengthen the support provided through the Helping Hand Fund. The general cost inflation rate assumed for running costs/overheads within the financial projections are shown in the table below.

Table 5 – Inflation assumptions

Inflation Assumption %	2026/27					
General cost inflation	3.00%	2.50%	2.50%	2.50%	2.50%	
Pay uplift	4.00%					

2.4 Operating performance

The percentage of rent lost to voids and bad debts has been based on historical performance together with our performance expectations going forward. The high rate of voids for our supported housing properties reflects the specialist nature of this stock and the need to work in partnership with local authorities to fill void properties, rather than referring to an established waiting list.

Table 6 – Void rent loss, bad debt and arrears assumptions

Performance Assumptions	Current Year	2026/27	2027/28	2028/29	2029/30	2030/31
Routine voids (%)	1.97	2.42	2.37	2.33	2.28	2.24
Bad debts (%)	0.85	1.71	1.96	1.91	1.86	1.81
Arrears (£'000) - gross	700	621	621	621	621	621

Current void performance to December 2025 is 1.97%. The plan assumes a steady reduction in voids over the five year period, noting that our assumptions remain prudent in the business plan are comparable to historical rates. The business plan assumptions on the movement in arrears continue to recognise the economic challenges facing our customers, together with our experience to date with Universal Credit. The 2026/27 business plan assumes that all working age tenants on benefits move to Universal Credit by March 2026.

2.5 Management costs

Loretto’s employee cost assumptions reflect costs in relation to delivering the direct staff structure. Additionally, Loretto pays an appropriate share of the salaries of the Compliance and Investment, MyRepairs, New Build, Environmental Service (NETs) and Wheatley 360 staff teams. The year on year movements in staff costs reflect the business planning assumptions for pay uplifts and the timing of work force planning savings. Strathclyde Pension Fund employer pension contributions of 17.5% (26/27) returning to 19.3% from 27/28 onwards have also been included in the projections. In addition, following a reduction in the funding level of the SHAPS defined benefit scheme at the last triennial valuation of the scheme in September 2024, employee costs in 2028/29 and 2029/30 include deficit contributions payable as a member of the scheme.

Running costs include day to day expenditure and an appropriate share of the Environmental Service and wraparound services running costs. Running costs include cost efficiencies and following a robust and competitive retender of the Group’s Property Insurance, 2026/27 costs include a c35% reduction in Property Insurance premiums, with Loretto’s share of savings £41k. Overall, running costs are projected to increase linked to the growth in the number of new build properties, but on an individual cost per unit, will reduce over the five year period. The plan assumes recharges from Group, which includes employee and running costs for central services such as the Customer First Centre, Employee Relations, IT, Finance. Table 7 sets out the overall management costs that are assumed in the plan.

Table 7 – Management cost assumptions (including inflation)

Management Costs £’000	2026/27	2027/28	2028/29	2029/30	2030/31
Employee costs	1,749	1,798	2,306	2,364	1,804
Running costs	1,060	1,055	1,090	1,172	1,258
Recharges from Group	1,782	1,816	1,860	1,902	1,945
Total Management Costs	4,591	4,669	5,256	5,438	5,007
Average Cost per Unit £	1,569	1,551	1,689	1,677	1,500
Average Cost per Unit £ (excl. Inflation)	1,569	1,513	1,599	1,546	1,357

Overall, in real terms, management costs per unit are expected to reduce by 2030/31, reflecting additional costs associated with the increased number of units can be managed through continued improvements in efficiency in the operating model. The average cost in year 3 and 4 increases linked to the SHAPS deficit contributions. Keeping costs within these limits is required to be able to re-invest in our business and grow our asset base.

2.6 Asset management and growth

Scottish legislation for social housing includes the Housing (Scotland) Act 2014 and the recently passed Housing (Scotland) Bill which introduces new statutory duties for landlords across the social rented sector.

This includes new powers for Ministers to set enforceable expectations around damp and mould remediation (Awaab's Law provisions), a clearer responsibility for social landlords to help prevent homelessness and strengthens tenants' rights against eviction for rent arrears. For social landlords, these changes represent a move from discretionary good practice to mandatory compliance.

a) Repair Costs

Repair costs remain a central part of our projections with our customer satisfaction surveys consistently showing a direct link between the repairs service customers receive and their satisfaction levels. A significant proportion of the planned maintenance budget (£2.2m) is to enable us to comply with legislative requirements as a landlord (e.g. fire door safety, gas servicing, electrical inspections, emergency lighting, window safety catches, TMVs, HIU inspections).

The provision for routine maintenance recognises the demand and cost pressures that we have experienced in 2025/26. The provision for planned maintenance recognises the life cycles, growth from the additional stock and legislative requirement. Table 8 summarises the routine and planned maintenance assumptions.

Table 8 – Planned and Routine Maintenance costs (including inflation)

Repair Costs £'000	2026/27	2027/28	2028/29	2029/30	2030/31
Routine Maintenance	2,650	2,748	2,863	2,989	3,126
Planned Maintenance	2,298	2,176	2,359	2,444	2,562
Total repair costs	4,948	4,924	5,222	5,433	5,688

b) Capital Investment

The Core Investment Programme includes provision to deliver the 5 Year Strategic Investment Plans and meet the tenant commitments in the first two years specific approaches to key stock types to extend their useful lives. Our projections also recognise the growing statutory duties, and they continue to maintain the delivery of our neighbourhood plans and a programme of environmental improvements and build capacity to fund a programme of energy efficiency improvements to meet the zero targets in the new SHNZS.

Table 9 summarises the capital investment programme for the next five years. Investment in existing stock in 2025/26 is forecast to be £4.7m. Over the next five years investment will continue with a further £25.6m including inflation, of planned investment in existing stock. The capacity to increase in our investment programme over the five year plan is possible due to VAT savings generated from City Building Glasgow joining the Wheatley VAT Group from April 2026, operational efficiencies in management costs and operational cashflows generated from rental income.

Capitalised void costs include the costs of carrying out the programme of void works as well as the costs of clearing the properties carried out by a specific voids team in our Group Environmental service. The in-house service gives us greater control over the void turnaround process.

Table 9 – Capital investment programme (including inflation)

Capital Investment £'000	2026/27	2027/28	2028/29	2029/30	2030/31
Core Investment Programme	2,738	3,227	3,629	5,184	4,227
Capitalised Void Costs	377	386	396	406	416
Capitalised Repairs	398	408	418	429	439
Disabled Adaptations	123	126	129	132	135
CBG VAT saving	-	(112)	(115)	(118)	(121)
Sub-total	3,636	4,035	4,457	6,033	5,096
Capitalised Employee Costs	443	456	467	479	491
Total Capital Investment	4,079	4,491	4,924	6,512	5,587

c) New Build Programme

The new build programme as outlined in Section 1 reports 555 new units (499 for social rent and 56 for mid-market rent), inclusive of the conversion of 19 homes, to be delivered within the next five years. Table 10 outlines the investment in new build homes over the next five years. Note that in-year development costs and unit completions do not necessarily correlate, with costs being incurred over more than one year for many sites.

In 2026/27, a further provision of £50k has been included for a development fund. The development fund can go towards projects of strategic importance to help where there is a small funding gap. It has not been assigned to a project at the present time and if unused will be rolled forward.

Table 10 outlines the investment in new build homes over the next five years.

Table 10 – New build funding profile (including inflation)

New Build Programme £'000	2026/27	2027/28	2028/29	2029/30	2030/31	Total
	Year 1	Year 2	Year 3	Year 4	Year 5	Yrs 1-5
Development Costs	21,562	39,157	28,305	32,550	33,093	154,667
Grant Income	13,773	24,564	12,092	22,156	15,176	87,761
Net Development Cost	7,789	14,593	16,213	10,394	17,917	66,906
Duke St Conversion	3,987	1,459	-	-	-	5,446
Capitalised Employee Costs	793	818	839	860	881	4,191
Capitalised Interest Costs	185	352	541	558	608	2,244
Net Cost	12,754	17,222	17,593	11,812	19,406	78,787
Unit Completions (Social and MMR)	85	115*	125	144	68	537

**includes additional 1 unit from Duke Street conversion with existing 18 units already accounted for in stock numbers*

2.7 Donations to Wheatley Foundation/Think Yes spend

Loretto will contribute £0.9m to the Wheatley Foundation over the next 5 years. The Wheatley Foundation is a charitable trust established with the aim of delivering community benefits. Most of the Foundation’s income is received from the other subsidiaries within the Group in the form of donations from the RSLs and through gift aid contributions from Lowther Homes. Over the five year financial projections 87% of forecast income in the Foundation is from Group entities. The income recognised in the Foundation will be used to continue our commitment to the Community Improvement Partnership, working with police and fire services, in addition to Group Protection and to fund several projects that will benefit customers and communities across the Group. Projects include the Helping Hand Fund, Wheatley Works, educational bursaries, Home Comforts service as well as the provision of Welfare Benefit Advisers. These projects are considered an investment in creating strong and sustainable communities and providing better opportunities for our tenants. It is anticipated that this will contribute to the sustainability of the income stream for Loretto over the long term.

Loretto’s provision over the next five years is summarised in the below table. The projections assume funding for our contribution to the work the Foundation undertakes in 2026/27 and 2027/28, is partly met through use of Foundation cash reserves linked to the higher donations made to the Foundation to 2025/26. The donations include contribution to the Helping Hand Fund in 2026/27 and 2027/28. An allocation for Think Yes spend is also include in this category.

Table 11 – Wheatley Foundation donations and Think Yes

Initiatives £'000	2026/27	2027/28	2028/29	2029/30	2030/31
	Year 1	Year 2	Year 3	Year 4	Year 5
Donation to Wheatley Foundation	-	197	236	220	227
Think Yes	37	38	39	40	41
Total	37	235	275	260	268

b) IT Capital Investment

In total, across the Group the financial projections provide for a 5 year IT capital investment programme of £33.6m. This investment is in recognition of the key role technology has in the continuation in the delivery of the key strategic aims in delivery of the Group’s strategy for 2026-2031. Loretto makes a capital contribution towards the overall Group IT capital costs. The table below details Loretto’s contribution of £1.4m over the next 5 years.

Table 12 – IT Capital Contribution (including inflation)

IT Capital Programme £'000	2026/27	2027/28	2028/29	2029/30	2030/31
	Year 1	Year 2	Year 3	Year 4	Year 5
IT Capital Contribution	437	246	246	246	235

The 5 year IT Capital Investment programme is aligned to 7 strategic workstreams, delivering key business strategy outcomes, enabling organisational change, and supporting ongoing investment across staff and customer digital services and platforms. The programme will also enable the planned transition of Wheatley Care to an independent organisation, while maintaining continuity of service, regulatory compliance, secure data separation, and appropriate shared service and integration arrangements. A core cross cutting priority of the programme is the delivery of a Group wide Data Improvement programme, focused on strengthening core data quality, extending our current system integration, and the delivery of a single, trusted view of the customer and a single, trusted view of asset and compliance data to support regulatory assurance, service delivery, and decision making.

The investment will support a portfolio of projects aligned to transforming and improving service delivery models; enabling organisational change including Care independence; strengthening compliance, assurance and audit readiness; investing in core platforms and systems across business and technical resilience; maintaining and improving Group cyber security; and evolving our digital, voice and face to face channels of delivery.

Strategic Outcomes

The programme will:

- Simplify the Group’s technology estate through platform rationalisation and application consolidation, reducing complexity and cost.
- Improve customer, tenant and service user outcomes through clearer, more consistent end to end digital services.
- Strengthen regulatory compliance, audit readiness, and asset safety assurance.
- Enable organisational change, including Care independence, without compromising service delivery.
- Establish trusted, integrated data foundations to support decision making and performance management.
- Maintain secure, resilient and compliant core technology platforms.

Workstream Overview

Digital Workplace and Automation

- Improves staff productivity and service efficiency through modern workplace technology, automation, and AI enabled workflows. Supports compliance through automated processes, and secure workforce access, and a rolling programme of end-user device renewals and updates.

Customer Digital and Self Service

- Delivers improved online and multi-channel services aligned to customer journeys through investment in our core online services and platforms.
- Simplifies and consolidates customer facing platforms, aligning customer journeys across our voice, face-face and digital channels. Delivers a Single View of Customer across housing, repairs, payments and contact services, improving service consistency, insight and engagement for all staff and customers.

Housing and Care Transformation

- Modernises housing service delivery through Group platform consolidation and increasingly digitally enabled processes. Supports Wheatley Care's move to independence, including ongoing staff support and service delivery, secure data access & sharing, and continued compliance with care specific regulatory requirements.

Asset and Repairs Transformation

- Aligns repairs and asset management technology across the Group and delivers a Single View of Asset, integrating repairs, compliance, inspection and safety data to strengthen regulatory assurance and operational performance and enabling simpler, end to end repairs and compliance workflows.

Core Architecture

- Ensures the stability, security and compliance of the Group's core technology estate. Provides the integration, identity and access foundations required to support shared services, organisational separation, and cloud based delivery models.
- Underpins consolidation by reducing legacy infrastructure, completing cloud migration, and standardising core platforms. Enables shared services where appropriate, while supporting secure organisational separation and lower long term operating costs.

Cyber Security

- Strengthens cyber controls, monitoring and assurance to meet increasing regulatory and audit expectations, including Cyber Essentials certification and ongoing protection across Group.

Data, AI and Innovation

- Implementation of Group Data Strategy and supporting technology projects supporting the development and delivery of Single view of Customer, Asset and Compliance data and documentation. Consolidation of Group reporting, analytics, and data aggregation platforms. An AI (Artificial Intelligence) programme establishing Group AI strategy, governance and delivery roadmap across staff, manager and line of business platform A workflows.

Collectively, the programme ensures that IT investment directly enables service transformation, regulatory compliance, and organisational change, while establishing robust data and integration foundations that support confident decision making, improved outcomes, and long term sustainability.

2.7 Operating Cost per Unit

Our operating cost per unit, excluding depreciation and finance costs over the five year period as set out in Table 13 below.

Table 13– Projected operating cost per unit (including inflation)

Operating Costs £'000	2026/27	2027/28	2028/29	2029/30	2030/31
Operating Costs	10,313	10,763	11,614	12,138	11,893
Average no. of social rent units	2,926	3,011	3,112	3,242	3,339
Average operating cost per unit £	3,525	3,575	3,732	3,744	3,562
Average operating cost per unit £ (excl. inflation)	3,525	3,484	3,541	3,460	3,221

As with management costs per unit, operating costs per unit reduce by 2030/31, equating to an overall 8.6% reduction in real terms. Year 3 and 4 report an increase in the average cost per unit, linked to the SHAPS deficit contributions as outlined in section 2.5. Variations in the operating costs per unit can be attributed to specific costs while the additional costs associated with the increased number of units over the period are minimised by value for money and efficiency savings gained through service transformation and investment in technology.

2.9 Interest Rate assumptions

The new build programme planned requires debt finance to be drawn down over time. In line with the wider Group funding strategy, borrowing is advanced from Wheatley Funding No 1 Limited (“WFL1”) at an assumed blended average funding rate. The blended funding rate reflects a combination of existing bank, bond, and private placement funding and prudent assumptions on the cost of future funding, considering the proportion of funding at fixed and variable rates, and any monitoring or commitment fees payable by WFL1 to external funders. This is consistent across all Group subsidiaries.

Table 14 – Interest rate assumptions

Interest Rate Assumptions	2026/27								
	Year 1								
Interest Payable (Group Funding)	4.42%								
Interest Receivable	2.00%								

Loretto Housing Financial Projections | 2026/27

3. Financial projections – next 5 years

a) Statement of Comprehensive Income

Table 15 – Statement of Comprehensive Income

Statement of Comprehensive Income	2026/27	2027/28	2028/29	2029/30	2030/31
	£'000	£'000	£'000	£'000	£'000
Net Rental Income	19,035	20,729	22,410	24,263	26,180
Other Income (including MMR lease income)	125	146	348	388	407
Grant Income	11,914	14,238	15,673	18,341	8,961
	31,074	35,113	38,431	42,992	35,548
Service Costs	(403)	(412)	(420)	(433)	(444)
Management Costs	(4,591)	(4,669)	(5,256)	(5,438)	(5,007)
Repair and Maintenance Costs	(4,948)	(4,924)	(5,222)	(5,433)	(5,688)
ER/VR Costs	0	(106)	0	(111)	0
Wider Role and Strategic Initiatives	(37)	(235)	(275)	(260)	(268)
Bad Debt	(334)	(416)	(438)	(462)	(485)
Depreciation	(7,902)	(8,515)	(9,374)	(10,241)	(11,098)
Operating Expenditure	(18,215)	(19,277)	(20,985)	(22,378)	(22,990)
Investment Property Valuation Movement	27	(3,300)	(834)	57	(2,123)
Operating Surplus	12,886	12,536	16,612	20,671	10,435
Operating Margin (%)	41%	36%	43%	48%	29%
Finance Costs	(4,461)	(5,019)	(5,983)	(6,880)	(7,895)
Housing Property Valuation Movement	(2,380)	(8,295)	(8,620)	(13,827)	1,539
Total Comprehensive Income	6,045	(778)	2,009	(36)	4,079

Rental income

Investment in the new build programme and assumed rental increases will generate 37.5% growth in rental income over the next 5 years ensuring the preservation of appropriate levels of investment in our homes and services to customers while keeping rents affordable.

Other income

Other income relates to rental income for our garage lock ups, as well as lease income for our MMR properties from Lowther Homes. Other income is assumed to increase by £0.3m over the first 5 years of the projections, which relates to increased lease income.

Grant income

In line with SORP 2018, the projected Statement of Comprehensive Income shows recognition of grant income upon completion of the properties. The result of this is operating margin increasing or decreasing in line with the level of grant income. Depreciation will increase in line with an increased asset base.

Expenditure

Management costs, as detailed in section 2.5 of this paper, reflect SPF employer pension contributions of 17.5% (26/27) returning to 19.3% from 27/28 onwards in the projections and the SHAPS deficit contributions in 2028/29 and 2029/30. In real terms the management cost per unit decreases over the five year period, linked to ensuring value for money through our procurement process, and efficiency savings resulting from continued investment in back office services, particularly through the use of technology and improved working practices.

Non-recurring costs have been shown as a separate line as these are included in the projections for a finite length of time only. They primarily relate to ER/VR costs which are “non-recurring” business change expenditure.

As noted in section 2.7, wider role and strategic initiative spend refers to revenue funding for our wider role activities in the communities that we serve. Funding of £1.1m has been included in the first 5 years of the projections.

Investment Property Valuation Movement

Mid-market properties are held on the Statement of Financial Position as Investment Properties. These properties are valued annually, with any increase or decrease in valuation recognised within the Statement of Comprehensive Income.

Finance Costs

Interest payable on our borrowings increases over the five years as debt increases, to fund the new build programme.

Housing Property Valuation Movement

Social rent properties are held on the balance sheet at valuation. These properties are valued annually, with any increase or decrease in valuation recognised within the Statement of Comprehensive Income, below the operating surplus line. The year on year variation in the figure is driven by the profile of new build completions in any one year.

Total Comprehensive Income

The completion of new units has a significant impact on the reported total comprehensive income. Recognition of grant income in relation to completed units increases the reported operating surplus; however, this is offset by a downward valuation of housing properties in the year of completion. Under SORP 2018 new build grants are not considered when calculating valuation movements. In general, the gross development cost, i.e. excluding grant, of these newly completed properties will be higher than the EUV-SH valuation and results in a downward valuation. We have adopted a highly conservative approach to valuation adjustments in the projections and the downward valuation adjustments presented are a prudent scenario. The deficit reported in 2027/28 of £778k is after accounting for the housing property valuation that includes the conversion at Duke Street therefore the downward valuation on completion has a greater impact due to the grant funding available for the conversion. The deficit of £36k reported in year 4 is also driven by the impact on the valuation. This is due to the higher number of completed units (199 in total) which has led to the £13.8m decrease in valuation, resulting in an overall small deficit.

Over the five year period total comprehensive income is £11.3m.

b) Statement of Financial Position

Table 16 – Statement of Financial Position

Statement of Financial Position	2026/27	2027/28	2028/29	2029/30	2030/31
	£'000	£'000	£'000	£'000	£'000
Housing Properties	199,940	222,531	237,108	253,682	280,197
Other Fixed Assets	3,153	3,617	4,138	4,247	4,341
Investment Properties	1,397	4,778	5,732	5,789	7,928
Total Fixed Assets	204,490	230,926	246,978	263,718	292,466
Current Assets	2,300	2,300	2,300	2,300	2,300
Current Liabilities	(13,750)	(23,692)	(27,751)	(19,273)	(32,164)
Net Current Liabilities	(11,450)	(21,392)	(25,451)	(16,973)	(29,864)
Long-Term Liabilities	(115,762)	(133,034)	(143,018)	(168,272)	(180,050)
Net Assets	77,278	76,500	78,509	78,473	82,552
Retained Earnings	77,278	76,500	78,509	78,473	82,552
Total Reserves	77,278	76,500	78,509	78,473	82,552

Housing Assets

The plan assumes Housing & Investment Property assets to increase £80.3m over five years from 1 April 2026 due to the development of 555 new build homes and an assumed increase in the value of our existing stock as a result of investment.

Other Assets

This includes Lipton House and IT Capital assets. The increase in value reflects our continued investment in IT across the Group.

Net Current Liabilities

Current assets include rent arrears, trade debtors and cash. Current liabilities fluctuate over the period as a result of the inclusion of grant received in respect of the new build programme. New build grant received is held as deferred income in the balance sheet, either in current or long term liabilities, depending on the forecast completion date of the scheme. Once the units complete, it is released from liabilities and recognised in the Statement of Comprehensive Income. Due to the high number of completions over the five year period, the value of grant in current liabilities has increased, in particular in years 2,3 and 5, ahead of increased completions in years 3,4 and 6.

Long-Term Liabilities

Long-term liabilities relate to the loan due to Wheatley Funding Limited 1 (“WFL1”), pension liability and long term other deferred income. The balance due to WFL1, after deduction of cash balances, increases from £92.2m at March 2026 to £168.7m at March 2031, funding new build development. Peak net debt of £176.3m occurs in year 6 (2031/32).

Retained Earnings

During the five year period from 1 April 2026, retained earnings are projected to increase by the reported total comprehensive income of £11.3m. The increase to reserves reflect the performance over the five year period, as well as property valuation movements, partly offset losses linked to our borrowing costs during the development period.

c) Statement of Cash Flow

Table 17 - Statement of Cash Flow

Cash Flow	2026/27	2027/28	2028/29	2029/30	2030/31
	£'000	£'000	£'000	£'000	£'000
Net Rental and Other Income	18,948	20,585	22,450	24,321	26,237
Operating Expenditure	(9,978)	(10,346)	(11,176)	(11,676)	(11,407)
Net Cash from Operating Activities	8,970	10,239	11,274	12,645	14,830
Core Capital Expenditure	(3,653)	(3,894)	(4,175)	(6,126)	(5,233)
Net Trading Cash	5,317	6,345	7,099	6,519	9,597
New Build Expenditure	(26,627)	(41,434)	(29,144)	(33,410)	(33,974)
Grant Income	14,008	24,564	12,092	22,156	15,176
Other Capital Expenditure	(885)	(867)	(1,020)	(657)	(615)
Net Cash used in Investing Activities	(13,504)	(17,737)	(18,072)	(11,911)	(19,413)
Finance Costs	(4,346)	(5,037)	(6,154)	(7,047)	(8,074)
Net Movement in Cash	(12,533)	(16,429)	(17,127)	(12,439)	(17,890)

Net Cash from Operating Activities

The plan assumes cash from operating activities to increase by 38.5% in five years. Rent increases and the completion and handover of new build properties, creates additional rental and lease income; the positive movement being further assisted by value for money and efficiency savings gained through service transformation and investment in technology.

Net Trading Cash

This reflects the cash available after operating activities and investment in our existing homes and assets. As outlined in section 2.6b) core investment reflects the provision required to maintain the quality standard of our existing homes, meet the tenant commitments as well as meet the component replacement cycles together with building provision for our neighbourhood priorities and SHNZS works. The capacity to increase in our investment programme over the five year plan is possible due to operational efficiencies in management costs and operational cashflows generated from rental income.

Finance Costs

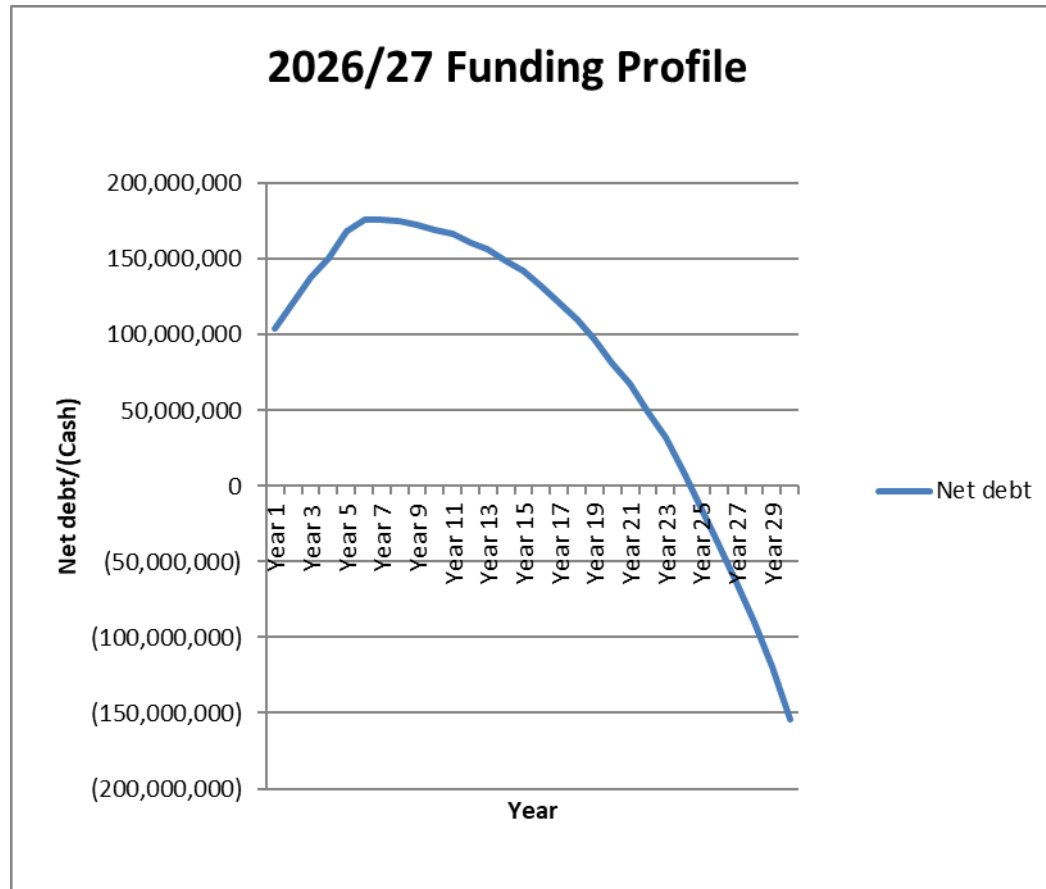
This reflects the interest due on our loan with WFL1. As expenditure is incurred to pay for our new build programme, Loretto will use existing cash resources, followed by drawing down money from Group. The projections assume the new build programme is completed in 2032/33, while core programme expenditure continues. Peak net debt is reached in 2031/32, which is year 6 of the plan. Beyond peak net debt year, as no further debt is expected to be drawn, debt levels gradually decrease. Annual finance costs are therefore strongly linked to any increase or decrease in debt.

Net Movement in Cash

In the first five years of the plan, we anticipate a £76.4m net cash outflow. The cash outflow reflects our investment in our new build programme.

4. Funding and debt profile

4.1 The debt profile for Loretto is as follows:



Debt indicator	Value
Peak net debt	£176.3m
Peak net debt year	6
Debt repayment year	25
Cash at Year 30	£154.3m

5. Key Parameters

5.1 Whilst covenants attached to WFL1 funding are assessed at Group level, rather than individual RSL level, there are important financial parameters which need to be met to ensure that Loretto remains financially sustainable in the long term and that its contribution to the RSL Borrowing Group, along with all the other RSLs in the group, allows WFL1 to meet its external funding conditions. Therefore, the following criteria need to be considered when assessing the impact of any risks or business decisions on projections.

5.2 Operating margin generation

In the long term, underlying operating surplus (excluding grant income and property valuation movements) needs to be sufficient to service debt, i.e. meet interest and capital payments on debt balances and achieve overall financial surplus every year. The business plan assumes that Loretto will generate the following operating margins over the next 5 years:

£'000	2026/27	2027/28	2028/29	2029/30	2030/31
Income (excluding grant income and property valuation movement)	19,283	21,001	22,887	24,783	26,722
Underlying Operating Surplus/(Deficit)	1,068	1,724	1,902	2,405	3,732
Underlying Operating Margin (%)	5.54%	8.21%	8.31%	9.70%	13.97%

The underlying operating margin is the measure used to test covenant compliance. It is lower than the operating margin reported in the Statement of Comprehensive income at 4.1, illustrating the significant impact that the recognition of grant income on completion of new build has on the results. The variation in margin over the five years is due to additional rental income generated from completed new build units and the operating costs as outlined in section 2.8, offset by efficiency savings.

5.3 Cash flow strength

Cash flows need to be sufficient to demonstrate that there is enough cash available to service intra-group debt each year and to repay funding within 30 years. Revenue surplus removes items that are non-cash and/or unrelated to underlying operations, such as grant income, depreciation and property valuation movements, to assess the funds available to meet interest payments and pay for all costs related to current stock. A ratio > 1 means that there is sufficient trading cash capacity to meet interest payments as they fall due. As the debt principal must also be repaid, long term, the interest cover ratio needs to be over 1 to demonstrate sufficient capacity to repay capital.

Loretto Housing Financial Projections | 2026/27

£'000	2026/27	2027/28	2028/29	2029/30	2030/31
Revenue surplus less Capital Investment (Trading Cash)	5,317	6,448	7,101	8,223	9,597
Interest Expense	5,317	6,248	7,101	8,223	9,597
Interest Cover	1.19	1.24	1.19	1.20	1.22

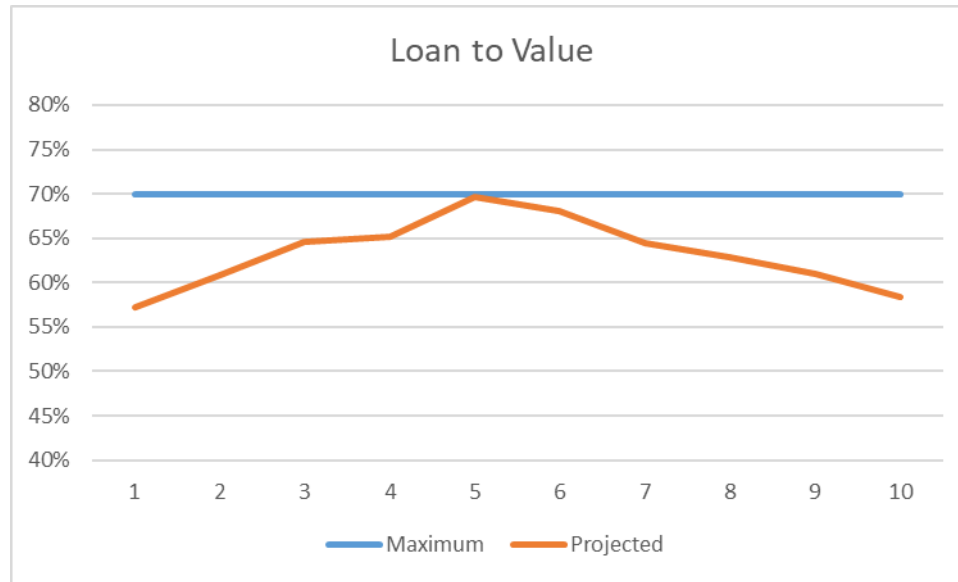
As new build units are completed, and handed over, more rental income is generated which along with efficiency savings more than offsets the higher interest costs. The fall in interest cover experienced in 2028/29 and 2029/30 is linked to the SHAPS deficit contributions in these years. Interest cover at the RSL borrower group level remains above 1 throughout the five year period.

Increases in rental income (as noted in paragraph 2.2) and continuing management of the cost base during this period are of importance.

The long-term financial projections show that debt can be repaid in year 25 of the plan with £154.3m of cash generated in year 30.

5.4 Asset cover

One of the metrics which governs overall borrowing limits is the value of the owned asset base. The Loretto investment and development programme is supported by intra-group borrowing from WFL1 which operates on a Group wide borrowing and asset security basis. Assets are typically based on the cash flows associated with these assets, business decisions, e.g. in relation to rent growth, will have an impact on asset values. The loan to value profile for Loretto is as follows:



Although loan to value increases from 57.3% in 2026/27 to 69.6% in 2030/31, it remains within our 70% golden rule maximum level and subsequently decreases down to 58.4%. This demonstrates that Loretto can deliver its new build programme and will have sufficient asset cover to support loans, noting that 2032/33 (year 7) is the final year of the current development programme, with debt decreasing from year 6. The loan to value at the RSL borrower group level remains within the golden rule.

6. Risk analysis

We have performed sensitivity analysis showing the potential impact on the plan of key risk factors. As well as general risks relating to inflation and the cost base. The response and mitigation actions will be considered on a Group-wide basis by the Group Board and Audit Committee.

No.	Risk Description	Revenue Surplus less Capital Investment - Interest Cover					Debt		Mitigation
		Yr1	Yr2	Yr3	Yr4	Yr5	Peak net debt £m Yrs 1-10	Max Loan to Value Yrs 1-10	
Base Case		1.19	1.24	1.19	1.20	1.22	£176.3m	69.6%	
Risks									
1	Cost inflation increases by 1% in years 2 and 3, with no offsetting increase in the rent uplift	1.19	1.22	1.14	1.15	1.17	£179.1m	70.5%	Review of procurement process to ensure VFM, contract negotiation, operational efficiencies and review service provision, including repairs, to offset the impact of inflation on costs.
2	Rent increase reduced to 4% (inflation +1.5%) in years 2-4	1.19	1.18	1.11	1.11	1.13	£179.7m	70.5%	Rent setting policy review, operational efficiencies and review service provision, including repairs, to offset the reduction in income.
3	Bad debts increased by 1% in years 1-5	1.15	1.20	1.14	1.15	1.17	£177.7m	70.2%	Review of rent setting policy, arrears policy and procedures, operational efficiencies and review service provision, including repairs, to offset the increase in bad debt costs.
4	Employee costs increase in year 2 increases to 4% (1.5% above inflation)	1.19	1.23	1.18	1.19	1.21	£176.7m	69.7%	Review of procurement process to ensure VFM, contract negotiation, operational efficiencies and review service provision, including repairs, to offset the impact of the additional staff costs.

Loretto Housing Financial Projections | 2026/27

No.	Risk Description	Revenue Surplus less Capital Investment - Interest Cover					Debt		Mitigation
		Yr1	Yr2	Yr3	Yr4	Yr5	Peak net debt £m Yrs 1-10	Max Loan to Value Yrs 1-10	
Base Case		1.19	1.24	1.19	1.20	1.22	£176.3m	69.6%	
5	Repair and maintenance costs are 5% higher from years 2-5	1.19	1.19	1.14	1.15	1.17	£177.6m	70.2%	Review of procurement process to ensure VFM, contract negotiation, operational efficiencies and review service provision, including CBG, to offset the impact of the additional R&M costs.
6	Additional compliance investment spend of £1m in each of the first two years	1.15	1.20	1.18	1.19	1.21	£176.8m	69.8%	In mitigation, any non-essential investment works would be delayed, and cost efficiencies would be sought within the operational cost base.
7	Increased grant availability in 2026/27 allows for acceleration of 3 new build schemes	1.20	1.27	1.19	1.20	1.22	£175.5m	69.3%	The development team maintain a regular dialogue with local authorities and forward plan.
8	New build contractor goes into administration with costs increasing by 15% and completion delayed at 3 sites	1.19	1.25	1.19	1.19	1.18	£181.6m	71.71%	In mitigation we would expect that this would be picked up by our monthly monitoring of contract exposure, allowing time for resolution before the contractor fell into administration. We would seek to absorb any impact from this within the investment programme funding allocation by reducing non-essential work within the capital investment programme.

Loretto Housing Financial Projections | 2026/27

No.	Risk Description	Revenue Surplus less Capital Investment - Interest Cover					Debt		Mitigation
		Yr1	Yr2	Yr3	Yr4	Yr5	Peak net debt £m Yrs 1-10	Max Loan to Value Yrs 1-10	
Base Case		1.19	1.24	1.19	1.20	1.22	£176.3m	69.6%	
9	The blended interest rate on borrowing increases to 4.80% in years 1 and 2	1.10	1.16	1.18	1.19	1.21	£177.2m	70.0%	In mitigation cost efficiencies would be sought elsewhere in the event of increased interest costs.
10	Rent increase reduced to 4% (inflation +1.5%) in years 2-4, bad debts increased by 1% in years 1-5, and the blended interest rate on borrowing increases to 4.80% in years 1 and 2	1.06	1.05	1.06	1.06	1.08	£182.1m	71.4%	Review of rent setting policy, arrears policy and procedures, operational efficiencies and review service provision, including repairs, to offset the decrease in rental income and increase in bad debt and interest costs.

**Appendix 2:
Five-Year Capital Investment Plan
2026-31**

Introduction

- 1.1 The plan has been developed reflecting:
- Discussion with customers on their investment priorities;
 - Our compliance obligations;
 - Improved insight from asset management and repairs data; and
 - Our strategic assets and investment neighbourhood plans.
- 1.2 Experience has demonstrated the benefits of moving from ad-hoc investment activity to larger, more targeted and structured programmes, particularly in relation to component replacement and neighbourhood investment programmes. This approach has informed the scale, targeting and sequencing of investment within this five-year plan. This is supported through the availability of up to date and accurate data on the condition of our housing assets. We will continue with our programme of surveys, with every home subject to both an internal and external survey at least once every five years supported by a combination of in-house surveyors and an external firm.
- 1.3 Once approved, the local investment plans that underpin this five-year programme will continue to provide the basis for engagement between customers, investment delivery teams and local housing management teams, ensuring that customer priorities are reflected in delivery. The investment outputs within this five-year plan will go towards meeting the criteria to support the delivery of the new Wheatley Standard.
- 1.4 Total investment of £25.6m is planned in improvements to our customers' homes in the next five years. Our capital investment plan includes a core investment programme budget of £19.0m with a further £4.1m invested in voids and capitalised repairs and £0.6m in adaptations. The total investment figure also includes fixed overheads and an allocation of on costs for our technical asset staff, who play a key role in delivering our core investment programmes. This investment will ensure we meet our compliance obligations, deliver neighbourhood improvements, significantly expand component replacement programmes, support our energy efficiency ambitions and address the needs of any particular stock types. The table below shows the breakdown of the £19.0m core investment.

Core Programme – Spend by Type	Total Spend £m
Compliance	0.9
Neighbourhood Priorities	4.1
Component Replacement	11.5
Particular Stock Types	1.2
Energy Efficiency	1.3
TOTAL	19.0

- 1.5 Building on the first year of delivery, during 2025/26 the plan reflects our ability to plan and deliver investment at scale, particularly in relation to customer-priority component replacement programmes. This represents a step-change from previous approaches and provides greater certainty for customers and our delivery partners.

Delivery of component replacement programmes against strategic output targets 2025/26

- 1.6 The 2025/26 financial year was the first year in which strategic output targets for component replacement were set and managed as part of the new strategic asset investment approach. These targets focussed on delivering customer priority component replacements at scale, while improving programme certainty, value for money and customer experience.
- 1.7 Delivery during 2025/26 demonstrated that the new approach is effective in translating strategic priorities into measurable outputs. Component replacement programmes were delivered in line with planned outputs, with strong performance across key 'customer value' programmes including kitchens, neighbourhood improvements and heating replacements.

Component Replacement	2025/26 Target	Projected Outputs
Renew Bathroom	49	4
Renew Kitchen	82	82
Renew Extractor Fans	121	82
Renew Dwelling Windows	50	50
Renew Entrance Doors	81	81
Pitched Roof Coverings	7	-
Renew Close Doors	18	18
Renew Common Windows	2	2
Heating Replacements	254	254
Major Tenement Fabric Improvements	3	3
Tenement Common Area Improvements	10	10

- 1.8 Bathroom replacements are forecast to be below the target profile at the end of March 2026. This is due to home technical surveys confirming that the planned bathrooms are in a good condition with partial upgrades, including new over bath showers, completed within the last five years. Our lifecycle planning assumptions have subsequently been updated for these addresses in our asset management system. Completions in 2025/26 are expected to be restricted to ad hoc tenant priority replacements.
- 1.9 Extractor fan replacements are forecast to be below the target profile as the majority of planned installations are intentionally coordinated with kitchen replacement programmes to minimise disruption to residents and achieve efficiencies in delivery. Any urgent or failed extractor fans continue to be addressed through ad hoc replacements via our responsive repairs service.
- 1.10 Delivery of roof replacements is also expected to be below target. Roofing investment is evidence-led and risk based, drawing on a combination of asset condition data, inspection outcomes and defect intelligence, rather than being solely by age or lifecycle assumptions. This approach ensures that roofing investment remains targeted at properties presenting the greatest risk and

need, supports better value for money and reduces the risk of unnecessary or premature replacement.

- 1.11 Our planned core investment activities over the next five years continues to reflect the five investment drivers previously agreed:
- **Compliance** including gas servicing and fire safety;
 - **Neighbourhood priorities** – investment to ensure our properties and their local environment meet customer needs and our aspirations for our communities;
 - **Component replacement** – investment to ensure facilities like kitchens, bathrooms, windows etc in our homes are to a good standard;
 - **Particular stock types** - reflecting the particular investment challenges associated with our diverse stock;
 - **Energy efficiency** – covering fabric efficiency and heating systems.

Compliance

- 1.12 Ensuring our homes remain safe and secure continues to be a fundamental priority. The Capital Investment Plan includes **£0.9m** of capitalised compliance improvements over the five-year period including electrical rewiring, fire safety and LD2 smoke and heat detector lifecycle replacements, supported further by ongoing cyclical compliance revenue programmes.
- 1.13 The first year of delivery has strengthened coordination across compliance programmes, improving efficiency, assurance and delivery at scale.

Neighbourhood Priorities

- 1.14 Investing in our neighbourhoods remains a key priority, reflecting strong and consistent feedback from customers. Delivery during 2025/26 has demonstrated the positive impact of a more coordinated approach to neighbourhood investment. This has included the improvement of common areas in 10 flatted developments across the portfolio, alongside major building fabric improvements and environmental improvements at Windsor Crescent in Clydebank. These improvements were coordinated with planned window replacements where applicable to drive value for money and programme efficiency and have contributed to safer and more attractive shared spaces and supported increased customer pride in the local environment.
- 1.15 Our neighbourhood investment approach has been further strengthened through collaboration with our new Environmental Improvement Team, which will see the coordination of follow-on environmental maintenance works such as gutter-cleaning, power washing paths, hedge maintenance and painting railings. This integrated approach has been designed to complement the improvement work, ensuring that our investment delivers maximum value and lasting impact for customers and neighbourhoods.
- 1.16 The plan proposes **£4.1m** of neighbourhood investment over the five-year period, building on delivery models tested and refined during 2025/26 and encompassing improvements to communal spaces, building fabric facelifts and environmental improvements.

Component Replacement

- 1.17 Component replacement programmes are a central feature of the new strategic asset investment approach and represents the largest element of customer-priority investment within the capital programme. 2025/26 demonstrated our ability to deliver at scale with 82 kitchens, 50 windows and 254 heating systems forecast to be installed across the portfolio through our planned and reactive replacement programmes.
- 1.18 The investment plan builds on that early success and includes provision of **£11.5m** for a further scaled-up programme of component replacements over the next five years, delivering significant volumes of kitchen, window and heating replacements that respond directly to customer priorities.

Component	2026/27 Planned Tenant Commitments	2026/27 to 2030/31 (five years covered by core investment plan)
Kitchens	82	410
Windows	50	250
Heating Replacement	254	1,270

- 1.19 Preparations for the planned scaling-up of the investment programme from 2026/27 are well advanced. Learning from the first year of delivery has been used to drive continuous improvement across communication, information sharing and joint planning with City Building and other delivery partners. This includes early provision of programme information, forward visibility of investment budgets and a more structured agreement of scope, costs and address list detail ahead of delivery. These improvements are enabling better sequencing of works, increased cost certainty and more effective communication. Together, these measures provide strong assurance that we are well positioned to manage increased investment volumes in a controlled, transparent and efficient manner, while maintaining a strong focus on value for money, customer experience and quality.
- 1.20 Our local delivery plans will provide visibility of both the location and timing of planned investment work. This approach will ensure customers and housing officers are better informed about planned investments in their area and will help to facilitate earlier engagement with customers in advance of planned improvements to their homes. Technical surveys will also be undertaken as part of the project development phase to help refine the scope of work. This visit provides an opportunity for customers to find out more details about the project and to select their choices for internal improvements such as kitchen renewals.

Particular stock types

- 1.21 Our stock base means we have stock types such as former care properties and flatted properties with particular investment requirements. While much of the investment needs in these properties are addressed through our other investment drivers, there are also more specific requirements because of the characteristics of the stock.

- 1.22 Our capital investment plan recognises the importance of our mechanical and electrical infrastructure in ensuring our homes function correctly and efficiently. This is particularly important in flatted complexes where vital services are required such as ventilation, water supply, CCTV and lifts. Our five-year plan includes **£0.7m** for planned improvements to M&E components.
- 1.23 The capital investment plan also includes improvements of **£0.5m** to our stock where Wheatley Care services are provided. This has been informed by a stock condition survey by our investment team and further supplemented through engagement with site-based care staff teams to understand staff and customer priorities and the sequence of the programme has been profiled on that basis. This work will predominantly focus on the improvement of common areas and community spaces including decoration, new flooring and furniture, improved lighting and the upgrade of communal kitchen and bathroom facilities. Environmental improvements will also feature with new bin storage provision and new fencing and paths.

Energy Efficiency

- 1.24 Energy efficiency improvements remain embedded throughout the investment programme. Scaled-up component replacement programmes, particularly windows and heating systems, play a key role in improving energy performance, comfort and affordability for customers.
- 1.25 Over the period 2026/27-2030/31, the capital investment plan includes **£1.3m** of provision for measures that will improve energy efficiency. This investment will be delivered primarily through targeted fabric improvements, further supported through our window and heating component replacement programmes, ensuring that energy efficiency gains are integrated into wider investment programmes rather than being delivered in isolation.
- 1.26 The investment plan includes provision for work required towards meeting the expected requirements of the fabric element of the proposed Social Housing Net Zero Standard (SHNZS). Scottish Government have yet to confirm a date for the implementation of the SHNZS, however we will continue with our planned programme continuing to prioritise measures that deliver tangible and immediate benefits for customers, particularly in terms of reduced energy consumption and improved home comfort.

**Appendix 3:
Five-Year Development
Programme
2026-31**

Five-Year Development Programme

Introduction

- 1.1 Our five-year development programme reflects the Loretto Strategy 2026-31 *Making Homes and Lives Better*, particularly in relation to the strategic theme of *Homes and Neighbourhoods to be Proud of*, with an objective of, *Leading the Way in Expanding the Supply of Affordable, Quality Homes*. We will deliver this by:
 - Providing at least 555 new affordable homes by 2031
 - Maintaining and building our working relationships with Scottish Government and our Council partners
 - Identify opportunities for City Building to deliver new homes as part of our wider development programme
 - Prioritise the delivery of regeneration areas
 - Enhance our understanding of future trends and customer needs
 - Identify the need for improved amenities such as playparks, recreational spaces, and local infrastructure which we know are important to customers.
- 1.2 On the 13 January 2026, Scottish Government confirmed the Affordable Housing Supply Programme (AHSP) budget of £926 million for 2026/27 across Scotland (20% increase from 2025/26).
- 1.3 The Scottish Government has also announced a new body, referred to as 'More Homes Scotland' which will bring together housing, land, planning support and delivery expertise; working jointly with local authorities and Ministers to improve capacity for new affordable homes, support regeneration and reduce duplication across government. Its work will be structured around four pillars:
 - Affordable housing delivery
 - Rural and island housing
 - Land and development
 - Investment
- 1.4 An initial two-month design phase will now begin with an update planned to be taken to Parliament in March 2026, shortly before the pre-election period ahead of the May Elections. We are engaged with Scottish Government on the establishment of the new body and further updates will be brought back to the WDSL Board.
- 1.5 We continue to be a key partner for the Scottish Government and local authorities in the delivery of an ambitious growth programme supporting the Scottish Government's *More Homes Scotland* programme.
- 1.6 During 2025/26 we have completed 44 new homes to the end of January. A further 17 new homes are expected to complete by end March 2026. We currently have 112 units on site under construction across 4 projects.
- 1.7 Our 5-year development programme assumes we will complete 555 units over the next five budget years from 2026/27, with 499 being for social rent and 56 for mid-market rent based on current financial capacity.
- 1.8 The proposed programme reflects a pragmatic forecast of completions aligned to the anticipated availability of grant across the local authority areas and based on the

Scottish Budget announcement of a 4-year multi-year settlement of £4.9bn for the Affordable Housing Supply Programme.

Grant availability

- 1.9 On 2 September 2025, the Scottish Government published its Housing Emergency Action Plan to tackle the housing crisis. The plan focuses on three key areas – ending children living in unsuitable accommodation, supporting vulnerable groups and supporting growth and investment in the housing sector.
- 1.10 There are a number of actions set out in the plan aimed at the delivery of new supply, including the national four year £4.9 billion commitment expected to deliver around 36,000 affordable homes in Scotland by 2030. For 2026/27 the commitment is to a total Affordable Housing Supply Programme (AHSP) of £925.9m, including Financial Transactions. This represents an increase of £158.1m (20.6%) in 2026/27 when compared to the 2025/26 AHSP of £767.7m.
- 1.11 The increased grant availability has allowed additional projects to be brought forward for delivery with an uplift from 425 units across the 2025 Business Plan to 555 units in 2026 (30%).
- 1.12 Our Development Programme has been aligned with our expectations of grant availability, the provision of family homes and regeneration of our communities. We will continue to progress priority sites to ensure that when funds become available, we are well placed to secure funding.

Five-Year Development Programme

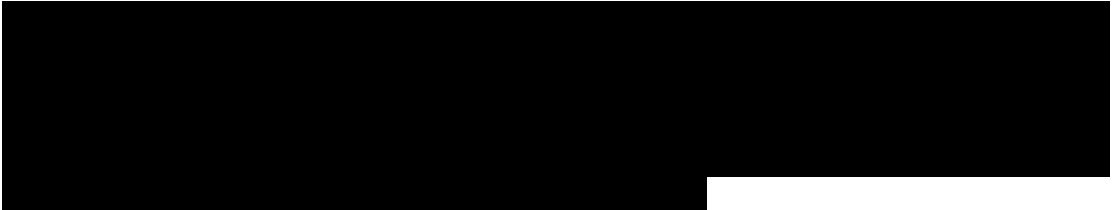
- 1.13 Our 5-year programme includes for completion of 555 new homes of which 499 are new build social rent homes and 56 are mid-market rent homes in the period to 2030/31. We continue to take forward our plans in the regions with our key strategic partners, principally Scottish Government and our local authority partners. The table below sets out our programme by year to 2030/31:

Programme

ITEM	2026/27	2027/28	2028/29	2029/30	2030/31	TOTAL
SR	85	103	117	144	50	499
MMR	0	30	8	0	18	56
TOTAL	85	133	125	144	68	555

- 1.14 Forecast completions in 2025/26 are 61 units against a Business Plan target of 85 units (the remaining 24 units completed ahead of programme in late 2024/25).
- 1.15 Details of the draft five-year development programme are provided in Appendix 4. The Programme identifies priority projects for grant funding featuring a mix of:
- Developer, s75 and framework led opportunities
 - Social rent and MMR proposals'
 - City centre and suburban development sites
 - Delivery of family homes
 - Delivery of regeneration priorities
 - Addressing vacant land, and
 - Different sizes and scales of site.

Development Footprint

- 1.16 Our future development pipeline is shaped by our understanding of the housing development opportunities that are currently agreed or may emerge and is based on our current financial capacity to deliver over the five-year period. The planning of our programme involves regular discussions with local authorities and Scottish Government More Homes Division, in addition to signalling of our interest in particular demand areas to our network of national house builders and private sector developer contacts.
- 1.17 2025/26 saw project site starts achieved at Forfar Avenue in Glasgow (29 homes) in July 2025 and at Dargavel North in Renfrewshire (20 homes) in December 2025. Forfar Avenue is expected to complete in late 2026/27 and Dargavel North is expected to hand over in 2027/28.
- 1.18 Our 44-home project with Barratt at South Crosshill Road in Bishopbriggs was completed in September 2025. The project with McTaggart Construction for 17 flats at Bank Street, Coatbridge is expected to be handed over in 2025/26.
- 1.19 A planning application was submitted in September 2025 for the structural improvement and refurbishment project at Duke Street in the East End of Glasgow that will see 19 new flats created from existing flats and an office space. An application for Building Warrant was submitted to Glasgow City Council in December 2025 and the tender process is now underway. Discussions are ongoing with GCC over grant availability, and GCC indicates it is keen to support the project if funding is available. We anticipate site start in June 2026.
- 1.20 We have been jointly working with McTaggart Construction on the Carron Road development in central Falkirk for a number of years. The project was brought to us by McTaggart as a developer-led opportunity, but the close partnership working has allowed a strong mix of housing to be incorporated into the plans. The development will provide 82 homes, comprised 66 units for Social Rent (including 32 Livingwell flats) and 16 units for MMR. Falkirk Council Planning have informed McTaggart that Planning Permission for the project has been approved although the paperwork is still to be released. Discussions on cost are progressing, with site start subject to finalisation of grant availability in 2026/27.
- 1.21 
- 1.22 The remainder of the development programme is detailed in appendix 4 and has been selected based on Key Criteria including:
- Delivery of homes for social rent as the priority
 - Provision of Family Homes
 - Supporting the delivery of Regeneration programmes and projects
 - Addressing Vacant Land
 - Agreement of priority projects
 - Delivering value for money

Development appraisal criteria

- 1.23 Our internal rate of return criteria used for project financial appraisal was updated in November 2025 to reflect market conditions and interest rates paid on new funding. These are 6.75% for social rent and 6.95% for mid-market rent and are used by WDSL in the assessment of new build projects as they are presented for approval. Any future amendments to the IRR for used by WDSL will be considered by this Board and be subject to Group Board approval.
- 1.24 The table below sets out the non-financial criteria used for project appraisal:

Criteria	Measure/Test
Local Housing Strategy	Contribute to the Local Housing Strategy of the local authorities in which we operate. The project appraisal should detail which of the LHS outcome(s) the project will contribute.
Building and strengthening strategic partnerships/ relationships	Contribute to strengthening our relationship with our 12 local authority partnerships and developers. The appraisal will identify the strategic partnerships and/or relationships to which the project will contribute.
Improving customer choice	The housing mix will be developed in consultation with Housing Management and respond to known and anticipated housing need for social and in conjunction with Lowther who manage our MMR stock.
Housing Market Areas	Within the agreed local authority area unless otherwise agreed with the Group Board and RSL Boards.
Internal Rate of Return	The Internal Rate of Return shall be a minimum of 6.75% over 30 years for Social Rented homes and 6.95% for MMR homes over the same period.
Debt	Borrowing required would not exceed total assets.
Borrowing	Borrowing will be repaid within 30 yrs.
Valuation Growth	Projects will be valuation positive on our balance sheet and assumed to deliver valuation growth within 3 years.

- 1.25 Accordingly, the WDSL Board will continue to have authority to approve projects where they meet the agreed criteria. This allows a balance between a strategic programme role, and the ability to set clear parameters for projects to proceed. Where any of these criteria are not met the project may be referred by the WDSL Board, where it considers there to be an exceptional reason for proceeding, to this Board for consideration.
- 1.26 In May 2025, WDSL approved a Gateway process for new sites which provides an approach for pre-approval stages of the programme and enhances the specific steps in assessing project and approval levels required at feasibility stage. The Gateway Process strengthens the financial oversight and expenditure reporting around projects in the feasibility stage which will improve oversight and provide transparency that projects continue to meet our strategic objectives at the various points of progression. This will also provide for regular review of our pipeline to ensure this remains the case and that any required feasibility spend is agreed and provided for within our financial projections. Any project where feasibility costs are anticipated to exceed £1m will be brought to WDSL for consideration.

Customer Engagement

- 1.27 Local communities are engaged in the planning process at a neighbourhood level in all our developments as part of the statutory consent process. Additionally, as the programme is delivered, we undertake customer satisfaction surveys from our customers. Online and face-to-face Customer Panels for Development have been taking place with customers, the Development Team, and Stronger Voice Officers.
- 1.28 As part of our development process, we seek feedback from customers on the design their new homes, satisfaction with their neighbourhood and the quality of defect services. The satisfaction rating for Loretto's new homes surveyed to date in 2025/26 is 85% for South Crosshill Road with 13 responses received from 44 homes. The quality of the homes and service achieved a 92% satisfaction rating but that rating dropped to 77% when considering the neighbourhood. Comments provided by respondents link this drop in satisfaction to ongoing construction work by the developer on the wider site. We ensure that customers have safe access to their homes in advance of taking handover of completed units, with safety also being considered by Building Control in advance of issue of completion certificates, achievement of which is a pre-requisite prior to handover. We will ensure that housing management is briefed on the status of ongoing works across wider sites to allow good communication to customers where access to some amenities may not be available from the outset.
- 1.29 The Wheatley Design Guide and Specification has been developed to ensure that all new build projects meet the required standards and customer expectations. The development of the Design Guide was underpinned by a consultation process involving key stakeholders and customers. The consultation was designed to review existing outline specifications and recent project completions to ensure the guide met the practical needs of those directly involved in both the design and living experiences of new homes. Feedback was gathered on various themes, including living conditions, sustainability, servicing, maintenance, and affordability.

Environmental, sustainability and digital

- 1.30 The properties will be developed to meet Aspects 1 and 2 of the Silver Sustainability Standards which covers reduction in carbon dioxide emissions and energy use for space heating. The EPC levels of our developments will be B and our specification includes the use of zero emissions heating systems.
- 1.31 The properties feature photovoltaic panels that convert sunlight into electricity. Along with a highly efficient thermal specification these solar generation systems help exceed the target emission rates required by building standards. Taken as a whole, the specification helps customers reduce their energy bills.
- 1.32 Provision for electric vehicle (EV) charging has now been adopted across local authorities. Local authority EV policies are requiring a mix of future ducting and increasingly, provision of charging facilities for private houses and in communal car parks from project completion. EV charging points are currently managed by Charge Place Scotland, with a procurement planned in 2026 for a new service provider.
- 1.33 In December 2024 amendments to The Building (Procedure) (Scotland) Regulations were laid in Parliament to meet the commitment made by Ministers in December 2022 for a proposed 'Domestic Building Environmental Standards (Scotland) Bill'. Following further consultation, the standards will set out the requirements for new homes through the Building Regulations. The Scottish Government is aiming to publish the revised standards in early 2026, but they will not become mandatory until early 2028. We will update in due course on the key outcomes of the working group.

- 1.34 The outcome of 12 months monitoring of our Shandwick Street project for Wheatley Homes Glasgow which will complete in March 2026, will inform our engagement in future working groups relating to Building Standards.
- 1.35 All properties in the programme will be digitally enabled, supporting social inclusion. Providing this infrastructure will allow our customers to access high speed internet services quickly at point of entry, without additional works having to be conducted by their internet service provider.

Contractual arrangements

- 1.36 Legal support for the development programme is provided via both our in house and Framework Solicitors as required. This includes provision of advice supporting procurement, contracts, and site acquisition.
- 1.37 A procurement exercise took place in late 2022 which led to a new Technical Consultancy Framework (ASM001-418) coming into effect from 1 February 2023. The Framework runs for 3 years with an option to extend by 1 year at the sole discretion of the Group. Alongside this a further procurement exercise was held for our Generation 3 Construction Framework (WHG/WDSL1000) which began on 3 April 2023 for a period of 2 years with the potential to extend by 2 separate periods of 1 year. It is our intention to extend both Frameworks to 2027.
- 1.38 Where projects are awarded directly through Section 75 agreement or developer led opportunities, we are taking advantage of a commercial opportunity that has been offered to us. Where developers are not called off the Group Framework Agreement our experience of the current market suggests that the likelihood of any procurement challenge is low and is mitigated by our willingness to consider opportunities presented by other developers. Taking advantage of new opportunities is in the best interests of our subsidiaries and contributes to our strategic growth plans.

Report

To: Loretto Housing Board

By: Anthony Allison, Group Director of Governance and Business Solutions

Approved by: Steven Henderson, Group Chief Executive

Subject: Strategic Governance Review

Date of meeting: 9 February 2026

1. Purpose

- 1.1 This paper provides the Board with an update on the findings of the independent strategic governance review and progress in implementing its recommendations, alongside an update on the transition to a Strategic Partnership with Wheatley Care.
- 1.2 The paper also seeks the Board's consideration and approval of the proposed Board Annual Planner for 2026.

2. Authorising and strategic context

- 2.1 The Group Board is responsible for the overall governance of the Group. This is codified through our wider governance framework, including the Group Standing Orders, subsidiary constitutions and Intra-Group Agreements.
- 2.2 At its meeting in August 2025, the Group Board agreed to initiate a strategic governance review and approved the Terms of Reference ("ToR"). The review considered the effectiveness of our governance and how it remains aligned with our strategic direction. The Group Board reviewed the draft report and agreed our approach to implementing its recommendations at its meeting in December 2025.
- 2.3 Under the Group Standing Orders, the establishment, disposal or dissolution of subsidiaries is reserved to the Group Board for approval. The individual legal entity constitutions are the principal governance instruments through which the necessary changes are required to alter the legal status of a subsidiary.
- 2.4 Change to existing contractual arrangements between subsidiaries within the Group is authorised based on whether the matter is reserved to a Board under its Terms of Reference, delegated to officers and/or the relevant Scheme of Financial Delegation.

3. Background

Strategic governance review

- 3.1 We keep our operational governance under review incrementally through well-established processes such as annual Board appraisal and Board effectiveness reviews. We have also undertaken periodic strategic governance reviews to consider how our governance operates in totality, how it reflects or should adapt to reflect our strategic direction and our governance framework as a whole. These two elements together have been the foundation of how we continue to comply with the SHR Regulatory Framework.
- 3.2 The ToR for the strategic governance review set out the following key areas for consideration:
- The overarching Group structure;
 - The role and remit of Boards and Group Committees within the Group;
 - Board compositions; and
 - Board practice.
- 3.3 We commissioned Campbell Tickell, a well-established consultancy which specialises in governance, to undertake the review based on the ToR.
- 3.4 A key element of the brief was that the review engaged Boards and governing body members across the Group to ensure their feedback was reflected in the findings and recommendations. This was achieved through a combination of an independent survey, facilitated workshops with a number of subsidiary Boards, including this one, and individual meetings with Group Board members.

Wheatley Care Strategic Partnership

- 3.5 At the Group Board's meeting on 12 November 2025 it agreed that we transition from a governance partnership of Parent/Subsidiary with Wheatley Care to a strategic partnership with Wheatley Care, which would also become an independent organisation outside the legal confines of the Group structure.
- 3.6 The key elements of the strategic partnership proposed were as follows:
- Wheatley Housing Group Limited ceases to be the Parent of Wheatley Care from April 2026;
 - RSLs individually contract with independent Wheatley Care to provide Livingwell services at a commercial rate;
 - Wheatley Solutions contracts with Wheatley Care to provide support services at a commercial rate;
 - RSL care-related contracts with local authorities are novated to Wheatley Care, with staff associated with these services subject to TUPE; and
 - Wheatley Care retains the Wheatley Care name, with a sunset clause on its usage.
- 3.7 We have reviewed all services across Loretto and have put in place relevant lease and management agreements as required; with no impact on service delivery.

4. Discussion

Strategic Governance Review

- 4.1 A copy of Campbell Tickell's report, setting out its findings and recommendations in detail, is attached at Appendix 1. The agreed actions we are taking to respond to each individual recommendation are set out in Appendix 2. The headline finding was as follows:

"In summary, our overall findings are highly positive. Wheatley demonstrates strong governance, effective leadership, and a culture of mutual respect: elements that collectively support its continued growth and impact."

- 4.2 A summary of the key findings and agreed implementation approach in each area is set out below:

Group structure

- 4.3 The report recognises that we have continued to reduce the complexity of our Group structure and that it is better understood, stating:

"Since our previous review, we observed clear progress in the understanding and operation of the Group structure."

- 4.4 The planned changes with Wheatley Care will continue in this direction. It also affirms that there is no appetite to consider collapsing the Group structure.

- 4.5 While the overall decision-making framework is operating effectively, the review identifies opportunities to improve clarity and consistency in how subsidiary Boards are engaged in Group-level decisions.

- 4.6 We have several well-established decision-making processes where items for approval by the Group Board reflect the views of subsidiary Boards. The Group level five-year investment plan, five-year development programme and five-year business plan are all driven from subsidiary variants reviewed and approved by subsidiary Boards prior to being consolidated and agreed by the Group Board. The Group Board has consistently agreed subsidiary Board proposals, taking assurance from the scrutiny already applied.

- 4.7 We also have some areas where we could be more consistent, for example, Group policies. In some cases, we seek subsidiary Board feedback in advance of Group Board approval, but in others, Group policies have already been approved by the Group Board when presented to subsidiary Boards. This inconsistency has primarily been driven by timing issues rather than by the nature of the policy.

- 4.8 We have agreed to define which decisions and decision types will be agreed at the Group level first (eg agreeing overall rent parameters) and which should be agreed at the Group level following subsidiary Board feedback (eg operational policies such as complaints). Feedback is sought from the Board on any specific areas they feel would benefit from further clarification.

- 4.9 The report reiterates the importance of keeping our Group structure under review. We have consistently undertaken such periodic reviews and will continue to do so. In addition, it has been agreed that the Group Remuneration, Appointments, Appraisal and Governance ("**RAAG**") Committee will review the Group structure at least triennially in the absence of any specific event or Board decision triggering an earlier review.

- 4.10 The report observes that we sit outside the wider Wheatley branding and suggests that this may warrant further consideration. Although not a specific recommendation, we will bring proposals to the Board about the potential for it to transition to the wider *Wheatley Homes* branding used in Glasgow, the East and the South. The Board's initial feedback is sought on alignment with the Wheatley Homes branding. It is intended that alongside this, we will give further consideration to our Wheatley Group branding more widely in advance of our 2026-2031 strategy coming into effect.

The role and remit of Group/ Subsidiary Boards/ Committees

- 4.11 The report recognises the improvements in communication within our governance structure and a shared sense of purpose. This area of the report reiterates the earlier content on the importance of clear information flows, key messaging for subsidiary Chairs and clarifying the role of subsidiary Boards.
- 4.12 A specific area where we will seek to be clearer in subsidiary Board reporting is where an item may not be for ultimate decision, such as a Group policy, but its input is an important element of the decision-making process. In this instance, we will seek the subsidiary Board's agreement that it progresses to the Group Board for ultimate approval to reflect this.
- 4.13 As has been the case in all previous governance reviews, in recognition of its importance, the role of Boards in overseeing risk management was a key theme. Campbell Tickell states in the report that:

"Our view overall is that the approach to risk currently works well".

- 4.14 The report and recommendations also identify areas for incremental improvement in relation to how risk is positioned in Board agendas and how we can refine communication and decision-making on Group-wide risks and the effectiveness of controls.

Board and Committee Composition

- 4.15 The report recognises the commitment of our governing body members across the Group and their passion for the roles. The report considers our approach of Board members having multiple 'hats', acknowledging that this is not unusual in a structure of our nature or currently considered a cause for concern. It also recognises, as has been our experience, that subsidiary Chairs being part of this Board supports effective governance.
- 4.16 It does, however, highlight some risks associated with this approach, namely that if an individual(s) undertakes too many roles, this represents a risk in terms of succession planning, the diversity of views across our Boards/Committees and maintaining objectivity. Campbell Tickell recommends a limit of three roles for any individual to mitigate these risks.
- 4.17 This recommendation has been accepted in principle, however the Group RAAG Committee has been asked to consider and make recommendations to the Group Board on how this should be applied. We do not propose that any changes be made during the intervening period.

- 4.18 The report also recommends that no Committee membership should be ex-officio and membership should be driven by skills and experience. In practical terms, this relates only to the Group RAAG Committee. We will consider this recommendation as part of the annual review of Committee memberships. At this point, the Group Board can also consider the related recommendation that the Chair of the Group Board should not also be the Chair of the RAAG Committee.
- 4.19 The report identifies an anomaly in subsidiary constitutions, including ours, regarding the governance process for appointing staff members who are related to governing body members or vice versa. It also suggests that this type of provision be extended to cover relatives of senior staff members. As the report suggests, the anomaly is an unintended consequence of incremental changes to subsidiary constitutions, and we will take steps to address this through updates to our constitution.
- 4.20 The report recognises the complexity of our succession planning and, in part, links this with the nature of having Board members with multiple roles. It also identifies that greater clarity than the existing annual review of the rolling three-year succession planning is required for Boards. Over the early part of 2026, we will refresh our Group Board recruitment and succession planning process and engage with the Board in more depth about our approach, its role and our existing succession plan.
- 4.21 It has been agreed that we will refresh both induction and development arrangements early next year, engaging Boards across the Group for their input, and implement changes immediately thereafter. Feedback is sought from the Board on any specific areas they wish us to incorporate in the refreshed induction or Board/Board member professional development.

Board practice

- 4.22 The report recognises a number of positives, in particular the following observation:

“our interviews and workshops revealed multiple strong examples of constructive and effective challenge, demonstrating that healthy scrutiny is very much present. There were no indications of groupthink; rather, challenge is delivered in a respectful and non-confrontational manner.”

- 4.23 The areas for refinement are mainly related to how we can achieve enhanced clarity and efficiency in Board papers. As a starting point for this, we will review the current Board reporting template and, in parallel, explore options to present information in ways other than text.

Wheatley Care Strategic Partnership

- 4.24 Following discussions at the Group Board and the Wheatley Care Board in November and December 2025, it has been agreed that, subject to commercial negotiations and due diligence, Wheatley Care will enter into a Strategic Partnership with the Group from April 2026.

- 4.25 As part of this, we are currently negotiating with Wheatley Care a refreshed contractual agreement for the provision of Livingwell services. This will include a detailed services specification, the responsibilities of each party, key performance indicators that Wheatley Care will be monitored against and reflect Wheatley Care being an independent organisation.
- 4.26 A key priority is that there will be continuity for and no impact on the day-to-day services currently received by Livingwell tenants.

Board Planner

- 4.27 Our Board planner provides the Board with visibility on the planned business and areas of focus for the year ahead and seeks its feedback on any areas it wishes to prioritise or amend.
- 4.28 The draft 2026 planner, attached at Appendix 3, seeks to reflect some of the Board's feedback over 2025 as well as reflect the findings from the governance review, in particular:
- Regular oversight of the Area plans, with a cycle of quarterly updates so progress with each plan is reviewed annually;
 - Group Policies are now scheduled to seek the Board's feedback and agreement prior to being scheduled for Group Board agreement; and
 - The planner maps where key risks on our strategic risk register are considered over the course of the year
- 4.29 The Planner will remain dynamic, recognising that plans change over the course of the year to respond to external triggers, emergent priorities and the need to have a balanced agenda at each meeting. Some items, such as our damp and mould policy, require external guidance before we can present them to the Board.

5. Customer engagement

- 5.1 There is no direct customer engagement associated with this report.

6. Environmental and sustainability implications

- 6.1 There are no direct environmental or sustainability implications associated with this report.

7. Digital transformation alignment

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

8. Financial and value for money implications

- 8.1 There are no direct financial or value for money implications associated with this report.

9. Legal, regulatory, and charitable implications

- 9.1 We are required under the Scottish Housing Regulator's Regulatory Framework to achieve Standards of Governance as well as ensure compliance with other statutory duties relating to effective governance, such as company and charity law where they apply across the Group. One way in which we meet these requirements is through commissioning independent reviews to gain assurance over the strength of our governance and to provide supporting evidence.
- 9.2 Legal advisors have been appointed to advise both the Group and Wheatley Care as the move to the Strategic Partnership progresses.

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". Undertaking periodic independent strategic governance reviews to gain assurance on the strength of our governance is one of our risk mitigations in relation to the risk of a governance failure.

11. Equalities implications

- 11.1 There are no direct equality implications associated with this report.

12. Key issues and conclusions

- 12.1 The independent Campbell Tickell report is a positive reflection on our governance arrangements, how they operate and the role our Boards and governing body members play in achieving strong governance. The overarching message is to avoid complacency and continue to refine our approach from the sound footing we have. The agreed approach to how we respond to the recommendations will support us in further strengthening our governance.
- 12.2 The transition to a Strategic Partnership is underway, with our key focus being on continuity for our Livingwell tenants.

13. Recommendations

- 13.1 The Board is asked to:
- 1) Note the agreed approach to implementing the Campbell Tickell recommendations as set out in Appendix 2;
 - 2) Note the status of the transition to a Strategic Partnership with Wheatley Care; and
 - 3) Approve the Board Planner for 2026.

LIST OF APPENDICES:

- Appendix 1: Campbell Tickell strategic governance review report
Appendix 2: Strategic governance review – implementation approach
Appendix 3: Board Planner 2026



Strategic Governance Review

FINAL Report

December 2025

www.campbelltickell.com

W Wheatley
Group

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1 Executive summary

- 1.1 Campbell Tickell (CT) was commissioned to carry out a review of governance effectiveness at Wheatley Group, with the work commissioned in August 2025 and reported in November 2025.
- 1.2 Using a tried and tested approach to gathering evidence, this report sets out triangulated findings. Overall these are notably positive: the result of efficient and effective governance structures, with a warm and open culture.
- 1.3 The Group structure is relatively complex, although we recognise it has simplified since CT's last review of governance. On balance, we heard that the structure has benefits which currently outweigh the risks.
- 1.4 Throughout our report, we reflect on a number of areas for further focus, with headline recommendations set out in section 8. Most notably these cover:
 - The need to avoid complacency.
 - Opportunities to reduce complexity.
 - Fine-tuning the approach to Board and committee composition through reducing the burden of multiple posts held by some individuals, by further improvements and consistency in succession planning and updating legacy arrangements to reflect more modern practice.
 - Improvements to the consistency of induction, learning and development to Board members.
 - Continuous improvements to Board reporting and minutes.

2 Introduction

- 2.1 Wheatley Housing Group consists of a range of entities including registered social landlords (RSLs), registered charities, registered care services and companies.
- 2.2 Wheatley's journey has been marked by thoughtful, strategic growth and transformation. Beginning with the transfer of Glasgow's housing stock, it has evolved into Scotland's largest housing association group. The creation of the Wheatley Group and its brand marked a bold and significant milestone in its journey. No longer defined by its origins in the housing stock transfer, Wheatley has expanded both geographically and in scope. It now owns or manages close to 96,000 homes and delivers services to over 210,000 people across 19 local authorities in Scotland.
- 2.3 Wheatley's governance has evolved alongside its group structure. A major review of the Group resulted in a simplified structure and brought most of the entities more clearly under the Wheatley umbrella. The group remains relatively complex due to the sheer number of entities. Whilst our review necessarily comments on the complexities around the governance of the Group, we recognise that this is driven by the structure, itself the subject of discussions from time to time by the Board.

- 2.4** The Group's last strategic governance review was commissioned in 2021 and was also undertaken by Campbell Tickell (CT). The review found sound governance arrangements supported by good quality documentation. The seriousness with which governance was taken within the Group was evident and was considered a good base for further continuous improvement.
- 2.5** The review made recommendations for further improvements including around group consolidation, control and oversight of the group's subsidiaries, committee arrangements responsibilities in relation to risk management, reduction in the size of the Group Board and improvements in succession planning.
- 2.6** Since the last strategic review of governance Wheatley has undergone substantial strategic change including the appointment of a new Chair in 2021, Chief Executive in 2022, and substantial changes to some subsidiary boards' membership. The next year will bring further changes with succession planning to the role of Wheatley Group's Chair. The current Chair, who has been with the Group since 2015, will step down in September 2026.
- 2.7** Campbell Tickell has carried out a strategic governance review for Wheatley Group in 2025, with a team that combines knowledge of the organisation, along with several fresh pairs of eyes. The scope of this current review covers four key areas set out in Wheatley's brief:
- The overarching group structure
 - The role and remit of the Group and subsidiary Boards and committees within the group structure
 - Board and Committee Composition
 - Board practice
- 2.8** To form our view of Wheatley's governance, we have conducted a full assessment of the relevant governance documentation, a survey with all Group Board members, Subsidiary Board members, and the Executive team, met with individual Group Board members and the Executive Team and held workshops with five subsidiary Boards on the key themes of the review. We did not observe a Board or committee meeting.
- 2.9** We would like to extend our thanks to everyone who participated in this review and especially to Wheatley's governance team, whose support and assistance has been much appreciated. We confirm that we have been given access to all documentation requested.

3 **Headline findings**

Overview of strengths

- 3.1** We found that Wheatley maintains strong governance practices, underpinned by clear and comprehensive documentation. Despite its large governance community of Board and committee members, there is a high level of engagement and commitment

across the group. Members clearly understand their individual roles and responsibilities and are deeply dedicated to Wheatley and its various entities.

- 3.2** Our review, conducted through surveys, workshops, and interviews, revealed consistently positive feedback, albeit with areas for further improvement identified. Stakeholders consistently expressed confidence in the organisation's governance arrangements, support and culture.
- 3.3** Since our last review, the governance structure has been simplified and changes have been widely welcomed. Participants reflected positively that this has brought greater clarity and improved decision-making processes across the organisation.
- 3.4** A key finding is the strength and comprehensiveness of the governance documentation. The suite of materials supporting Wheatley's complex governance structure is robust, well-organised, and fit for purpose. This strong foundation ensures clarity of roles, responsibilities, and procedures, enabling the organisation to function effectively at all levels.
- 3.5** The governance support function was widely praised as both efficient and effective. It plays a critical role in maintaining smooth operations and ensuring that Board and committee members are well-informed and supported in their work.
- 3.6** We heard consistently positive comments about the quality of relationships within the governance framework. Interactions among Board members, committees, and executives were described as respectful and constructive, fostering a collaborative and professional environment.
- 3.7** Consistent recognition was given to the executive team, with the Chief Executive receiving high praise for their leadership, vision, and engagement. This strong executive presence was seen as a key driver of the organisation's success and stability.
- 3.8** In summary, our overall findings are highly positive. Wheatley demonstrates strong governance, effective leadership, and a culture of mutual respect: elements that collectively support its continued growth and impact.

Overview of areas of focus

- 3.9** We inevitably identified a small number of areas where there is potential for improvements to be made, building on what has already been achieved and ensuring that governance arrangements remain optimally effective. These are set out in brief below and explored in more detail throughout the report.

Overarching question: how to avoid complacency

- 3.10** Whilst our review highlighted overwhelmingly positive feedback, it also raised an important and overarching question: how does Wheatley continue to challenge itself and avoid complacency in the face of success? A continued focus on improvement is essential, with several areas identified through our work for further reflection and

development, including how the culture can be sustained and replicated through effective succession planning at both executive and board levels.

Group structure: potential to reduce complexity

- 3.11** The simplification of governance structures since our last review was seen as a positive step. However, there may be further scope to reduce complexity, supporting clearer decision-making and greater agility as the organisation continues to grow. We recognise that there is no appetite currently to collapse the Group structure and, for the time being, the structure seems to offer an appropriate balance between recognising the specific objectives of each entity within the overall strategic purpose.
- 3.12** However, we heard a view from some (which we share) that Board should have a regular eye to the potential for further simplification. As a minimum, we suggest that this should include continued active consideration as to how entities can best fulfil their purpose (as a subsidiary; collapsed into the parent body; brought more fully under the Wheatley umbrella or separated further as independent organisations).

Composition of Boards and committees

- 3.13** Looking to the future, the composition of Boards and committees merits ongoing attention. The sheer number of positions to fill and the multiple roles held by some members raise important questions about succession planning, diversity and capacity.
- 3.14** A number of legacy arrangements are in place, some reflected in the governance documentation, others by way of custom. Whilst not currently presenting any specific issues, there is an opportunity to review and refresh some areas of Group and subsidiary Boards membership (formalising the expectation that subsidiary chairs also sit on Group Board) and committee membership (reviewing ex officio membership and clarifying the role of Chair of RAAG).
- 3.15** There is opportunity to create a consistent approach to close relationships between non-executive directors and members of staff, which are controlled at the point of appointment to Board, but have less clarity around controls over the appointment of new employees who are related to Board members.

Learning and development

- 3.16** One key opportunity lies in improving consistency in learning and development across the Group. A more aligned approach could ensure all Board and committee members are equally supported, equipped, and empowered in their roles.

Other areas for consideration

- 3.17** Finally, a few constructive suggestions were made regarding Board agendas and papers, including opportunities to refine presentation and content to better support decision-making.

- 3.18** By nature of the complex group structure, the approach to strategic risk has some built in complexity. However, we recognise that the investment into risk has resulted in good oversight. We, therefore, simply suggest that risk is moved up the agenda for subsidiary boards in particular, and that Chairs keep an eye to their Board owning strategic risk for each subsidiary, within the context of Group Board ownership of strategic risk.
- 3.19** In raising these questions and areas for improvement, Wheatley demonstrates a mature and forward-thinking governance culture—one that actively resists complacency by continuously seeking ways to strengthen its effectiveness. The following sections of the report set out greater detail for each of the four areas under review, followed by conclusions and recommendations.

4 Detailed findings: the group structure

- 4.1** Since our previous review, we observed clear progress in the understanding and operation of the Group structure. Many members spoke positively about the direction of travel and expressed a strong sense of improvement. At the same time, our findings highlight a number of areas where further clarity, alignment, and simplification could be considered to support ongoing development. Importantly, although there is no appetite to consider collapsing the Group structure, there is recognition that ongoing consideration needs to be given to the contribution and fit of each non-core entity to the Group's strategy.

Clarity of structure and governance arrangements

- 4.2** Most individuals demonstrated a solid understanding of the Group's structure. However, some reflections pointed to a sense of complexity, in particular around the roles and responsibilities of each subsidiary Board. One or two people suggested that revisiting terms of reference and delegation frameworks support ongoing transparency across the Group and its subsidiaries
- 4.3** This was most clearly expressed through the slightly mixed views on the clarity of the relationship between the Group Board and subsidiary Boards. Whilst the overall structure is understood, some subsidiary Board members raised questions about their ability to influence or challenge strategic direction. We asked for, and were provided with, examples of subsidiary Boards shaping and challenging decisions. However, we heard a sense that there may be value in reflecting on the balance and clarity of responsibilities, **"We get the policy from the Group. Should we challenge it more?"**.
- 4.4** This slight tension was reflected in our document review. For example, the Group Corporate Plan contains five strategic themes which apply across the Group and a set of qualitative strategic outcomes. Each subsidiary has its own corporate plan, with individual plans subject to Group approval. The strategy is discussed at an annual away day. To reinforce alignment and accountability, there is an opportunity to strengthen links between the Group and subsidiary corporate plans and the reporting

framework. A more cohesive report on strategic outcomes could be achieved through ensuring that each outcome in the plan is underpinned by clear, measurable targets—both at Group and subsidiary levels—and consistently integrated into KPI reporting.

- 4.5** Additionally, in survey results and workshops, we found some inconsistencies in how information is shared from the Group Board to subsidiaries. In particular, the way key messages are cascaded by Chairs varied, which could impact how decisions and priorities are understood at local levels. Developing clearer expectations or providing guidance on internal communications may help support greater consistency and alignment across the Group. [“I would like to better understand how information flows should work between Group and RSL.”](#) (quote from survey respondent).

Board member engagement

- 4.6** We heard from a number of subsidiary Board members who expressed a desire to be more actively involved between formal meetings and across the broader governance structure. This represents a constructive opportunity to consider how their experience and insight could be more fully utilised. Enhancing engagement mechanisms for more upstream input, or creating additional avenues for involvement in strategic discussions may help strengthen overall governance capacity.

Reflections on Group structure and individual subsidiaries

- 4.7** There was broad recognition that housing remains the core focus of the Group’s work. It was also acknowledged that certain subsidiaries—such as Wheatley Care, Wheatley Foundation, Wheatley Solutions, and the joint venture City Building (Glasgow) LLP operate at a slight distance removed from this central focus, occupying distinct but complementary roles within the overall Group structure.
- 4.8** In particular, we heard that the Group Board has spent time and focus reviewing the role of City Building in recent months, recognising the potential risks and opportunities and providing careful challenge to the Executive team during the process of negotiating changes to the Group structure.
- 4.9** Whilst there was no appetite to consider collapsing the Group structure, we heard that the ongoing focus on core strategic purpose necessitates regular review of non-core activities and the extent to which they contribute to meeting strategic aims. For example:
- To what extent does the Foundation continue to meet its intended purpose?
 - What is the Group appetite to provide care outside of its core tenant customer group, and what is the balance with risk associated with Care?
- 4.10** Loretto remains the one RSL that sits outside the Wheatley brand. It has a substantively newer Board than other subsidiaries and a broader geographical area of operation, across the central belt of Scotland. We did not hear any pressing urgency to bring Loretto under the Wheatley umbrella, but did hear a sense from

some that doing so may be a sensible step in terms of simplifying and clarifying the relationship with Wheatley (Wheatley Central?).

- 4.11** Wheatley Solutions is recognised as a positive addition to the Group, supporting a streamlined structure by providing logistical support across the Group.

Opportunities for simplification

- 4.12** Overall, there may be further opportunities to streamline elements of Group governance. We heard that there is no real appetite to consider coterminous Boards for the time-being and that this is in recognition of the differences between subsidiary RSLs (the challenges of Glasgow compared with the specific needs of rural communities, for example). However, we consider that this remains an option to be considered from time to time.
- 4.13** A significant, but less drastic, step would be simplification of governance documentation and outward communications to reduce duplication and improve clarity. For example, where a Group policy or decision is to be adopted by all subsidiaries, this could be denoted on the policy cover and differentiated from policies or decisions made at subsidiary level. We have included more detailed notes in our document review as to where we think further simplification could be put in place.
- 4.14** As noted above, the Board should consider opportunities for Group simplification from time to time, reviewing the role of each subsidiary within the group, its alignment with purpose and whether there are more effective structures (for example collapsing or releasing a subsidiary).

5 The role and remit of Group/ Subsidiary Boards/ Committees

- 5.1** We heard through our survey, interviews and workshops that there have been improvements in the flow of information and the overall cycle of communication between the Group and its subsidiaries. Subsidiary Boards generally described their relationship with the Group Board as positive, with a strong sense of mutual respect and collaboration. The governance relationships are seen to be more circular and reciprocal than strictly hierarchical, which has helped reinforce a shared sense of purpose.
- 5.2** However, there were instances where subsidiary Board members were less certain about the specific value they add to Group-wide policy development, particularly when policies are initiated and finalised at the Group level. This may indicate an opportunity to strengthen subsidiary-level input earlier in the policy cycle, enabling more meaningful contributions "upstream" and enhancing Board engagement, whilst recognising that some policies will ultimately be approved by Group Board and will be effective across all relevant subsidiaries.

- 5.3** While improvements in communication were noted, there remains a risk of unnecessary duplication or gaps in the flow of information. One or two subsidiary Chairs mentioned a lack of guidance in what they should and should not share from Group to subsidiary. Additionally, some subsidiary Boards observed that relatively few papers come to them for decision, which may impact the sense of ownership or influence at that level.
- 5.4** However, there was a clear sense of being part of the Wheatley structure for most involved in subsidiaries, and a feeling for some that this provided subsidiary Board members with confidence as to the quality and effectiveness of information provided and governance support.

Approach to Risk and Assurance

- 5.5** Risk management emerged as a key theme across several workshops, interviews and our review of documentation. The Group assurance team was consistently praised for its professionalism and responsiveness, and is seen as a valued source of expertise and support across the governance structure.
- 5.6** At the same time, several stakeholders expressed a desire for risk to feature more prominently on Board agendas to allow for deeper scrutiny and discussion. In particular, some questioned whether strategic risk receives sufficient attention and challenge at both Group and subsidiary levels.
- 5.7** A number of subsidiary Board members reported feeling less well sighted on risk, with some uncertainty around their role in risk oversight. This suggests there may be an opportunity to strengthen understanding and engagement with risk across all Boards.
- 5.8** The complexity of the Group structure drives a level of complexity in the handling of risk and assurance. For example, each subsidiary has its own risk appetite and individual risks are linked to the individual and Group appetite for twice-yearly consideration.
- 5.9** There was a sense from some that risk is often presented to Boards as a completed analysis, rather than as a topic for active discussion and shaping—particularly in the context of strategic risks. However, we also heard examples where effective challenge had taken place, such as in discussions around Wheatley Care and National Insurance, which should be built upon.
- 5.10** Our view overall is that the approach to risk currently works well, given the requirements of the Group structure. The complexity means that the administration and presentation of risk is relatively reliant upon the effectiveness of the staff team, but there is at minimum an annual consideration and ‘horizon gazing’ of risk by the boards to demonstrate their ownership, alongside regular presentation of the relevant risk register. Whilst we reviewed documentation as individual PDFs, we understand that members of boards can access the suite of risk and assurance documents in a single folder held on the Board portal.

5.11 Incremental improvements to the ownership of risk by subsidiary Boards could be made through:

- Earlier consideration of risk on board agendas to ensure the focus of adequate time and energy;
- Clarity over whether Group-level risks should be discussed at subsidiary Boards, and ensure there is consistency in how risks are communicated and interpreted;
- Including clearer information on the effectiveness of controls within the risk register, to support better oversight and decision-making.

6 Board and Committee Composition

6.1 Our review found a high level of commitment among Board members across the Group. There is clear evidence that individuals are motivated, engaged, and passionate about the work they do. However, several areas emerged where greater consistency, support, and planning could enhance the overall governance experience and effectiveness.

Board and committee member roles.

6.2 Many members across the Group boards and committees wear multiple 'hats'. This is hardly unusual and there are some clear links between subsidiaries and Group which support governance effectiveness, for example subsidiary Chairs are appointed by the Group and sit on Group Board.

6.3 However, there are currently no limits to the number of roles played by individual members, meaning that one person can hold six or seven posts across the Group. Whilst this does not currently seem to be causing concern, we suggest that there are risks associated with this practice:

- A strength of the Group arrangements shared with us was the range of diverse views held across the Boards and committees. By limiting the number of people involved, but maintaining the multiple structures, the Group risks having complexity without realising the potential benefits brought through a diverse and wide range of voices.
- The role of non-executive directors necessitates a level of distance from the day to day running an organisation. Whilst current post-holders appear to have managed the right balance, one risk of spending substantial time on multiple board and committee roles is that of overlap or overstep of responsibilities
- We heard that the perception that Group and subsidiary board members should hold multiple roles may act as a deterrent to future appointees if they would not have time to fulfil this level of commitment. In particular, this may impact on the diversity of Board membership.

6.4 We found some small anomalies in the Group's Standing Orders, such as reference to a Vice-Chair, rather than Senior Independent Director (the role currently in place) and some areas within terms of reference that would benefit from update. Generally,

a more regular review of Standing Orders is advisable, given that the last update occurred in 2022 and specifically, we suggest that the roles of the Wheatley Housing Group Chair and Senior Independent Director or Vice-Chair are more clearly defined to ensure consistency and avoid ambiguity in governance responsibilities.

- 6.5** A number of arrangements are in place, either through custom or by way of legacy arrangements, which would benefit from review. Those of more consequence are reviewed below, with additional detail included in our detailed document review.
- 6.6** The practice of subsidiary Board chairs sitting on Group Board is seen as an important part of Group coherence and communication flow. This means that subsidiary Board Chairs are appointed through the RAAG in order to ensure appropriate skills around the Group Board table, as well as experience and skills in chairing a subsidiary Board. These arrangements should be formalised and reflected in Board term of reference, Board recruitment policy and so on.
- 6.7** The ex officio membership of the RAAG committee is unusual and arrangements would be further strengthened by a focus on committee requirements and skills, rather than reliance on one individual holding an appropriate range of expertise and skills. We recommend that terms of reference and standing orders should remove the ex officio membership and focus instead on skills-based committee composition.
- 6.8** The Group Chair currently chairs the Remuneration, Assurance and Governance (RAAG) committee. We recommend that this role should be filled in future by a different Board member, allowing for clearer separation of duties and independence of this role. There is no immediate risk in the current arrangements. However, we suggest that the current Chair stepping down in September 2026 would mark an appropriate point for changes to the terms of reference and role descriptions, marking something of a reset around legacy arrangements.
- 6.9** There appears to be a significant anomaly within current probity arrangements which would benefit from further clarity. Firstly, the expectations around the appointment of Board members who are closely related to staff members explicitly do not apply to 'parent Board' members. We recognise that this may be unintentional and recommend that the same expectations of probity apply to all Board members across the Group.
- 6.10** Secondly, the expectations around recruitment to Board members who have a close relationship with staff, are not echoed in the recruitment of staff who have a close relationship with senior staff or Board members. Wheatley will not want to over-complicate recruitment, but members will doubtless recognise the risk of current arrangements. We suggest that a more comprehensive approach would echo the requirement for the Board to note and approve a letting to a member of the Board / staff or close relation and recommend that employment of someone with a close relationship to a Board member should be brought for approval to RAAG. Should a member of the RAAG be affected, they would absent themselves from the discussion and this would be minuted.

Succession planning and recruitment

- 6.11** The approach to succession planning appears to vary across the Group, with some members describing it as well-managed and others noting a lack of clarity or consistency—particularly at subsidiary level. The complexity of succession was highlighted in several interviews, especially given the overlapping roles some individuals hold.
- 6.12** We recognise that there are limits to how tightly succession can be planned and managed: a Board member may choose to leave, or be asked to leave, before their full possible tenure. However, we consider that there are opportunities to simplify succession planning and recruitment, bringing greater consistency and potential for diversity across the Group.
- 6.13** Wheatley could usefully review how succession is planned and managed, especially in relation to simplifying the overall process and reducing dependence on individuals holding multiple roles. Opportunities to stagger succession more deliberately could also help support continuity and reduce pressure during periods of transition.
- 6.14** Recruitment practices at subsidiary level also appear inconsistent, with some Chairs unclear on their role in the process. Clarifying responsibilities and expectations would support a more standardised and inclusive approach.
- 6.15** We found a general recognition of the need to increase diversity around the Board tables. As noted above, one barrier to this may be a perception around the level of commitment required for new members. Our document review found a strong approach to setting out and monitoring ambitions with regards EDI.
- 6.16** Wheatley is without doubt an outlier in terms of size in Scotland and it places some reliance on internal succession planning, for example with the Chair always recruited from existing Board members and the current CEO having been recruited internally. A relatively high proportion of people we spoke with had experience with Wheatley in a range of roles. These arrangements seem to have worked well for Wheatley to date. We suggest, however, that comprehensive succession planning should include a regular view to wider availability of candidates. For example, a recruitment exercise for Chair that invites external candidates would not exclude internal applications, but would situate them in the context of wider skills available.
- 6.17** Comprehensive succession planning will be an important tool in supporting Wheatley to remain forward-looking and avoid complacency. This should apply not only to the Board but also extend to the Executive team.

Induction and development

- 6.18** We found opportunities to develop the approach to Board member induction, learning and development. Board members reported mixed experiences with induction. While some felt well-supported, others identified gaps in understanding the wider Group structure and their subsidiary's role within it. There is clear scope to strengthen and

standardise induction across the Group, with greater emphasis on orientation to the broader governance model and ongoing development support.

- 6.19** Notably, survey responses showed the greatest divergence of views around whether board learning and development needs were being met, suggesting this is an area requiring attention. Learning and development were seen as valuable, and there was a strong appetite for more, particularly from Board with a high number of newer members, such as Loretto. There is also potential to link training more explicitly to the appraisal process, creating a clearer pathway for individual development and performance improvement.
- 6.20** Positive feedback on the appraisal process was raised consistently in interviews and the survey, indicating that this aspect of governance is working well and could serve as a foundation for further improvements in Board development.
- 6.21** Some members suggested extending the level of support currently offered to tenant Board members to all members, particularly in relation to ongoing development and training.

7 Board practice

- 7.1** The feedback from Board members regarding the Executive team was overwhelmingly positive, which naturally led us to consider whether sufficient challenge is being posed at Board meetings. Importantly, our interviews and workshops revealed multiple strong examples of constructive and effective challenge, demonstrating that healthy scrutiny is very much present. There were no indications of groupthink; rather, challenge is delivered in a respectful and non-confrontational manner.

Board dynamics and organisational culture

- 7.2** Although we did not observe a Board meeting firsthand, feedback indicated that boardroom dynamics and relationships among members are consistently positive. We heard that challenge is upstream and positive, regularly forming part of Board discussions.
- 7.3** This dynamic appears to be supported by the warm and open culture cultivated by the Chief Executive Officer, which several members highlighted as exceptional. Such a culture encourages honest dialogue and contributes positively to governance quality.
- 7.4** A number of Board members also expressed appreciation for dedicated Non-Executive Director only time at Board meetings, suggesting that introducing occasional sessions could further support open discussion and reflection. Members spoke positively about the need to have some informal time together as Board members, but were keenly aware of the need for value for money.

- 7.5** We recommend that, from time to time, it may be helpful to include a NED only session at Board meeting and to consider having time before Board meetings start for informal discussions, for example over light refreshments.
- 7.6** We heard that the annual event for all Board members is appreciated, but that there is usually little opportunity for informal time together. We do not suggest changing this event (which tends to centre around a guest speaker), but to consider whether there is opportunity for people could spend time together before or after the speaker in a less structured environment.

Board papers and reporting

- 7.7** The Board papers we reviewed were of high quality. However, we believe the papers could benefit from greater upfront clarity: specifically in articulating their purpose, the value of the discussion or decision being proposed, and presenting a clear recommendation upfront. There is a clear desire among some Board members for enhanced clarity and efficiency in board papers. Specifically, members expressed a preference for:
- reporting that is more focused, actionable, and aligned with the needs of effective governance. A number of opportunities were identified to improve the format and content of papers to support more efficient oversight and strategic discussion.
 - a clearer audit trail and more structured reporting cycles, which would assist in tracking progress against key issues and ensuring appropriate follow-up. This would enhance transparency and support more systematic governance.
 - concise executive summaries within papers—summaries that clearly distil the key points, highlight strategic implications, and set out the specific recommendations or decisions required.
- 7.8** Some Board members felt that the presentation of reports could be improved further if members of staff moved beyond restating the content of reports to draw out what matters most for the Board’s attention. We did not observe a Board meeting and so cannot comment on specifics, but would add the need to keep an eye on Board time spent listening to presentations versus that spent on Board discussions, debate and decision-making.
- 7.9** There was also an appetite for papers to include greater insight into issues not explicitly detailed—providing visibility into the Executive’s thinking, judgements, and areas of active consideration. This would support a more informed and nuanced dialogue at Board level.
- 7.10** In terms of performance reporting, some members favoured the inclusion of trend analysis and dashboard-style presentations to enable quick, intuitive understanding of progress over time and highlight areas needing attention.
- 7.11** We would recommend incorporation of ‘lessons learned’ and insight from customer feedback, including complaints reviews. This was seen as a valuable way to ensure

that experiential learning actively informs governance discussions and continuous improvement.

- 7.12** Some concerns were raised about the volume and repetition of reports, particularly for members who hold multiple roles within the Group. Streamlining content and avoiding duplication would help maintain focus and reduce the administrative burden on Board members.
- 7.13** We noted consistent and exceptional praise for the Finance Director's reports, which were widely regarded as clear, insightful, and of high value to Board discussions. This approach is seen as a strength and should be preserved.
- 7.14** Whilst we heard many examples of Board debate and challenge, our document review suggested that minutes of meetings could more clearly represent this challenge, capturing more of the flavour of discussions so that the challenge and debate we heard about is more accurately recorded for the sake of future readers. We are conscious that Wheatley's minutes are published online, along with Board packs, but would reflect that it is preferable to record more fully and redact any confidential information contained within papers including minutes.
- 7.15** Finally, a key governance reflection emerging from the review was the question of how to guard against complacency in Board reporting. As the organisation matures and reporting processes become more embedded, it will be important to ensure that papers continue to prompt meaningful discussion, critical challenge, and forward-looking oversight.

8 Conclusions and recommendations

- 8.1** Overall, we found Wheatley's approach to governance has many strengths. In particular, the combination of effective and efficient governance support with an open and warm culture described by members as 'exceptional'.
- 8.2** There is a positive relationship, with mutual respect between the Executive and Board members. We heard evidence and examples of appropriately robust oversight and challenge by Board members.
- 8.3** Our overarching finding was raised by a number of people: simply that Wheatley needs to avoid complacency. Our recommendations are provided in this spirit, to support further development and strengthening of an already effective governance approach.

Recommendations

1. Our overarching recommendation is that the Group Board follows its own advice and avoids complacency, using our recommendations below as a starting point.
2. Continue to consider options to reduce complexity through:
<ul style="list-style-type: none">• Regular review of the role of each subsidiary within the group, its alignment with purpose and whether there are more effective structures (for example collapsing or releasing a subsidiary).
<ul style="list-style-type: none">• Clarifying the role of subsidiary Boards in contributing to Group decisions and policies, whether noting a Group approach which is being implemented across the structure, or opportunities for more upstream involvement and influence.
<ul style="list-style-type: none">• Strengthening links between the Group and subsidiary corporate plans and the reporting framework by putting in place clear, measurable targets to underpin each outcome in each plan.
<ul style="list-style-type: none">• We also suggest that additional guidance be provided to chairs of subsidiary Boards to support them in cascading key messages from Group Board.
3. Review and update standing orders and related documents more frequently and to reflect current practice, considering the following amendments:
<ul style="list-style-type: none">• Define more clearly the roles of Group Chair and Senior Independent Director through enhanced role descriptions.
<ul style="list-style-type: none">• Formalise the arrangements through which the Chair of a subsidiary Board is also a member of the Group Board.
<ul style="list-style-type: none">• Review, and we suggest remove, ex officio membership of committees.
<ul style="list-style-type: none">• On the current Group Chair stepping down, review RAAG terms of reference so that the Group Chair may be a committee member but may not chair the committee.
4. Review and update arrangements a) so that the same probity expectations apply to all Board members across the group and b) with regards the appointment of a member of staff who is related to a senior staff member or member of a Board, so that there is a greater level of control for the Board. We suggest that RAAG could review and approve such appointments.
5. Put in place incremental improvements to the ownership of risk by subsidiary Boards through:
<ul style="list-style-type: none">• Earlier consideration of risk on board agendas to ensure the focus of adequate time and energy;
<ul style="list-style-type: none">• Clarity over whether Group-level risks should be discussed at subsidiary Boards, and ensure there is consistency in how risks are communicated and interpreted;

<ul style="list-style-type: none"> • Including clearer information on the effectiveness of controls within the risk register, to support better oversight and decision-making.
6. Review how Board and committee succession is planned and managed including:
<ul style="list-style-type: none"> • Limiting the number of Board / Committee posts to no more than three for any individual.
<ul style="list-style-type: none"> • Clarifying the role, responsibilities and expectations of subsidiary Chairs within recruitment onto their Board
<ul style="list-style-type: none"> • Considering how Boards can further increase their own diversity, including when and how external recruitment or internal appointments should be considered.
7. Strengthen and standardise induction across the Group, with greater emphasis on orientation to the broader governance model and ongoing development support.
8. Strengthen the approach to learning and development through linking the offer more explicitly to the appraisal process, creating a clearer pathway for individual development and performance improvement.
9. Consider, for each Board, the introduction of NED only sessions from time to time (perhaps six monthly) and other opportunities for information time together.
10. Continue to strengthen reporting to Board by reviewing the standard committee cover sheet and:
<ul style="list-style-type: none"> • Introducing an Executive Summary section
<ul style="list-style-type: none"> • Raising recommendations / action to be taken to the top of the report
<ul style="list-style-type: none"> • Including explicit reference to the audit trail of a paper (where it has been considered and when).
11. Continue to improve the presentation of information to Boards by further streamlining of content, by considering use of visuals and dashboards in reporting and by challenging staff presenting at meetings to consider both the length and the value added of presentations.
12. Review the approach to Board minutes so that Board discussion and challenge has greater profile, capturing something more of the flavour of meetings. We caution that this should not in any way be seen as a recommendation to adopt verbatim style minutes.



CAMPBELL TICKELL

Tel: +44 (0)208 830 6777

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Appendix 2 - Strategic governance review – implementation

Recommendation/Area for refinement	Proposed approach	Indicative timescale
1) Our overarching recommendation is that the Group Board follows its own advice and avoids complacency, using our recommendations below as a starting point (No response required)		
2) Continue to consider options to reduce complexity through:		
a) Regular review of the role of each subsidiary within the group, its alignment with purpose and whether there are more effective structures (for example collapsing or releasing a subsidiary).	We routinely undertake governance reviews and review the role of each subsidiary, evidenced by the recent review of the future role of Wheatley Care. It is proposed that the Group Remuneration, Appointments, Appraisal and Governance Committee next review our structure in 2028 in the absence of any specific event or Board decision triggering an earlier review.	2028
b) Clarifying the role of subsidiary Boards in contributing to Group decisions and policies, whether noting a Group approach which is being implemented across the structure, or opportunities for more upstream involvement and influence.	<p>We will define which decisions and decision types will be agreed at Group level first (eg agreeing overall rent parameters) and which should be agreed at Group level following subsidiary Board feedback (eg operational policies such as complaints)</p> <p>It is proposed that, with immediate effect, the default position will be that Group-wide policies are considered by Subsidiary Boards prior to being presented to the Group Board. We will then feed back, via Chairs, the outcome of the Group Board's decision on the final policy.</p>	Feb 2026
c) Strengthening links between the Group and subsidiary corporate plans and the reporting framework by putting in place clear, measurable targets to underpin each outcome in each plan.	To be considered as part of the development of the performance framework for the 2026-2031 Group strategy	May 2026
d) We also suggest that additional guidance be provided to chairs of subsidiary Boards to support them in cascading key messages from the Group Board.	All subsidiary Chairs will be provided with a key messages briefing note ahead of their Board meetings.	Feb 2026

3) Review and update standing orders and related documents more frequently and to reflect current practice, considering the following amendments:		
a) Define more clearly the roles of Group Chair and Senior Independent Director through enhanced role descriptions.	We will undertake a full review of the Group Standing Orders and cover the role descriptions of the Group Chair and Senior Independent Director roles as part of this review.	Feb 26
b) Formalise the arrangements through which the Chair of a subsidiary Board is also a member of the Group Board.	This is already enshrined in our Articles of Association, however, we will formally document the existing practice that subsidiary Chairs are selected by the Group Board, or a Committee thereof, based on factors such as the skills and experience required.	Feb 26
c) Review, and we suggest remove, ex officio membership of committees.	This currently only applies to the Group Remuneration, Appointments, Appraisal and Governance Committee. It is proposed that this is considered by the Group Board as part of the next annual review of Committee memberships.	Sep 26
d) On the current Group Chair stepping down, review RAAG terms of reference so that the Group Chair may be a committee member but may not chair the committee.	It is proposed that this is considered by the Group Board as part of the next annual review of Committee memberships.	Sep 26
4) Appointment of governing body member relatives		
Review and update arrangements a) so that the same probity expectations apply to all Board members across the group and b) with regards the appointment of a member of staff who is related to a senior staff member or member of a Board, so that there is a greater level of control for the Board. We suggest that RAAG could review and approve such appointments.	It is proposed that any such appointments are subject to Group Remuneration, Appointments, Appraisal and Governance Committee approval. The Committee will be asked to agree on a process in February, setting out the information it requires to allow it to review the process and the process will come into effect immediately thereafter.	April 26
	It is intended that we update each constitution (of those subsidiaries that directly employ staff) to reflect the process, as there is currently an inconsistency in how it is documented across subsidiaries.	Sep 26
5) Put in place incremental improvements to the ownership of risk by subsidiary Boards through:		
Earlier consideration of risk on board agendas to ensure the focus of adequate time and energy	It is proposed that how risk is placed on the agenda remains subject to agreement with each Chair when reviewing the agenda for individual meetings.	Feb 26

<p>Clarity over whether Group-level risks should be discussed at subsidiary Boards, and ensure there is consistency in how risks are communicated and interpreted.</p>	<p>Group-level risks remain relevant for subsidiaries, for example cyber security and core financial controls. Although they are managed at Group level, it is still expected that subsidiary Boards are scrutinising the assurance they receive.</p> <p>It is intended that future risk reports are, however, clearer on this and that subsidiary Boards can and should give feedback on our risk appetite levels and mitigation approach(es).</p>	<p>May 26</p>
<p>Including clearer information on the effectiveness of controls within the risk register, to support better oversight and decision-making.</p>	<p>We will refine how this information is more explicit in the reports and seek Board feedback on whether the refined approach is clearer.</p>	<p>May 26</p>
<p>6) Review how Board and committee succession is planned and managed including</p>		
<p>a) Limiting the number of Board / Committee posts to no more than three for any individual.</p>	<p>It is proposed that this recommendation is accepted in principle, but that how it is given practical effect is subject to review by the Group Remuneration, Appointments, Appraisal and Governance Committee. This review will be clear which posts would form part of the three, for example, some posts such as Non-Executive Director of the WFLs may not necessarily be given the same weighting as a subsidiary Board or Group Committee post.</p> <p>It is proposed that the Committee consider and recommend to the Board which posts should count towards the maximum of three.</p>	<p>June 26</p>
<p>b) Clarifying the role, responsibilities and expectations of subsidiary Chairs within recruitment onto their Board</p>	<p>We will refresh the Group Board recruitment and succession planning process to explicitly set out the role of subsidiary Chairs. As part of this, we will take into account feedback from subsidiary Chairs.</p>	<p>Feb 26</p>
<p>c) Considering how Boards can further increase their own diversity, including when and how external recruitment or internal appointments should be considered.</p>	<p>It is not proposed that a blanket provision be developed. This is and will continue to be considered by the relevant Board/Committee at the point of initiating recruitment, and where appropriate, reports and decisions will document the rationale for whether external or internal was selected.</p>	<p>Ongoing</p>

7) Board induction		
Strengthen and standardise induction across the Group, with greater emphasis on orientation to the broader governance model and ongoing development support.	We will undertake a comprehensive review of the Board induction process and feedback will be sought from every Board over the Feb-March Board cycle. The Group RAAG Committee will thereafter be asked to review the proposed standard approach.	April 26
8) Board learning and development		
Strengthen the approach to learning and development through linking the offer more explicitly to the appraisal process, creating a clearer pathway for individual development and performance improvement.	We will undertake a comprehensive review of the Board Continuous Professional Development approach and feedback will be sought from every Board over the Feb-March Board cycle. The Group RAAG Committee will thereafter be asked to review the proposed standard approach.	April 26
	We will strengthen the link in the annual appraisal process during the next cycle.	Nov 26
9) Board discussions		
Consider, for each Board, the introduction of NED only sessions from time to time (perhaps six monthly) and other opportunities for information time together.	<p>Given that the report explicitly identifies the high level of trust and transparency, this is interpreted as a desire for more unstructured discussions. It is proposed that this is addressed via a combination of allowing greater time for such discussions at the annual strategy workshop and through the reintroduction Group wide events.</p> <p>We will also reinforce each Board's ability to consider the agendas for Board meetings through reviewing and agreeing the Board planner.</p>	Ongoing
10) Continue to strengthen reporting to Board by reviewing the standard committee cover sheet and:		
a) Introducing an Executive Summary section	We will review the Board report template and introduce these elements within the updated template.	April 26
b) Raising recommendations / action to be taken to the top of the report	We will seek subsidiary feedback in advance of this Board approving the revised template.	
c) Including explicit reference to the audit trail of a paper (where it has been considered and when).		

11) Presentational approach and style		
Continue to improve the presentation of information to Boards by further streamlining of content, by considering use of visuals and dashboards in reporting and by challenging staff presenting at meetings to consider both the length and the value added of presentations.	<p>As part of the Board template review we will consider how future standard reports (such as the performance report) can be further streamlined.</p> <p>All relevant staff will be provided with more explicit guidance on presenting to Boards and Committees, reinforcing principles such as taking papers as read and presentations which accompany reports must add to a paper, not recap it.</p>	April 26
12) Board minutes		
Review the approach to Board minutes so that Board discussion and challenge has greater profile, capturing something more of the flavour of meetings. We caution that this should not in any way be seen as a recommendation to adopt verbatim style minutes.	Whilst Board minutes are subject to Board approval, we will circulate draft minutes within 10 working days to all Board/Committee members to allow them to provide feedback when they will have a fresher recollection of discussions.	Feb 26

Appendix 3: Board Agenda Planner

Meeting	Agenda Items
February	<ul style="list-style-type: none"> ▪ Awaab's Law ▪ 2026-31 Strategy ▪ Rent and service charges 2026/27 ▪ 2026/27 financial projections/investment & development plans ▪ Funding update ▪ Strategic governance review ▪ Finance report ▪ Group Assurance update
March	<ul style="list-style-type: none"> ▪ Home Safety building compliance update ▪ 2026/27 Budget and finance report ▪ Cyber-security update ▪ Group procurement – annual strategy and policy updates ▪ Group Hate Crime Policy ▪ Group Complaints Policy ▪ Lock ups and Garages Policy ▪ Group Arrears and Debtors Framework & RSL policy ▪ Group Homelessness Policy ▪ Group Safeguarding Policies ▪ Group Suicide Prevention Framework
May	<ul style="list-style-type: none"> ▪ Fire Prevention & Mitigation annual update ▪ H&S Annual Report ▪ Wheatley Foundation Annual Report ▪ Annual complaints handling review ▪ Year-end Performance and ARC ▪ Annual Delivery Plan 2026/27 ▪ Finance report ▪ Risk register ▪ Governance update
August	<ul style="list-style-type: none"> ▪ Repairs and Maintenance Policy Framework and policy ▪ Stock condition assurance update ▪ Financial Statements ▪ Performance Report ▪ Group Assurance update and Internal Audit Annual Report
September	<ul style="list-style-type: none"> ▪ New build Development mid-year review ▪ Finance Report ▪ Annual Report to Tenants ▪ Sustainability update ▪ Board appraisal – feedback and next steps
November	<ul style="list-style-type: none"> ▪ Group Anti-Social Behaviour Framework ▪ Rent Setting 2027/28 ▪ EDI Action Plan & Annual Equalities report ▪ Performance Report ▪ Finance Report ▪ Risk Register
TBC	<ul style="list-style-type: none"> ▪ Group Customer Reasonable Adjustment Policy ▪ Group Damp and Mould Policy

Board agenda – key risk mapping

Agenda Items	Relevant Strategic Risks
February	
Awaab's Law	<ul style="list-style-type: none"> ▪ Responsibilities under Awaab's Law ▪ Damp and Mould
2026-31 Strategy	<ul style="list-style-type: none"> ▪ Political and Policy changes impact on strategic key partnerships
Strategic governance review	<ul style="list-style-type: none"> ▪ Laws & Regulations ▪ Governance Structure ▪ Impact of Care Structural Change Proposal
2026/27 financial projections/investment & development plans	<ul style="list-style-type: none"> ▪ Reduced availability of financial support from Scottish Government and / or local government ▪ Non-achievement of sustainability targets ▪ Newbuild contractor non-compliance with building ▪ Underperformance of main delivery partner against investment plans ▪ Non-achievement of sustainability targets ▪ Ability to meet Scottish Government legislative requirements for energy efficiency
Rent and service charges 2026/27	<ul style="list-style-type: none"> ▪ Impact on our customers of reduced public funding ▪ Rent Arrears Management
Funding update	<ul style="list-style-type: none"> ▪ Compliance with funders' requirements ▪ Group Credit Rating ▪ Securing new funding and adverse market changes
Finance report	<ul style="list-style-type: none"> ▪ Compliance with funders' requirements ▪ Group Credit Rating
Performance report	<ul style="list-style-type: none"> ▪ Rent Arrears Management ▪ Impact of CBG consolidation on Group
Group Assurance update	Various Risks as identified in Internal Audit Plan and approved by Group Audit Committee
March	
Home Safety building compliance update	<ul style="list-style-type: none"> ▪ Laws & Regulations ▪ Underperformance of main delivery partner against investment plans ▪ Large Panel System structural condition
2026/27 Budget and finance report	<ul style="list-style-type: none"> ▪ Reduced availability of financial support from Scottish Government and / or local government ▪ Compliance with funders' requirements ▪ Group Credit Rating
Cyber-security update	<ul style="list-style-type: none"> ▪ Staff behaviour enables a cyber-attack ▪ Delayed recovery in the event of a cyber-attack ▪ Disruption following a cyber-attack on a key system provider ▪ Business Continuity
Group procurement – annual strategy and policy updates	<ul style="list-style-type: none"> ▪ Repairs supply chain disruption

Agenda Items	Relevant Strategic Risks
Gender Pay Gap (presentation)	<ul style="list-style-type: none"> ▪ Laws & Regulations ▪ Staff development and succession planning
Group Hate Crime Policy	<ul style="list-style-type: none"> ▪ Laws & Regulations ▪ Impact on our customers of reduced public funding
Group Complaints Policy	<ul style="list-style-type: none"> ▪ Laws & Regulations
Lock ups and Garages Policy	<ul style="list-style-type: none"> ▪ Rent Arrears Management ▪ Commercial Operations
Group Arrears and Debtors Framework & RSL policy	<ul style="list-style-type: none"> ▪ Rent Arrears Management
Group Homelessness Policy	<ul style="list-style-type: none"> ▪ Rent Arrears Management ▪ Impact on our customers of reduced public funding
Group Protection and Safeguarding Policies	<ul style="list-style-type: none"> ▪ Laws & Regulations ▪ Impact on our customers of reduced public funding
Group Customer Reasonable Adjustment Policy	<ul style="list-style-type: none"> ▪ Laws & Regulations
Group Suicide Prevention Framework	<ul style="list-style-type: none"> ▪ Impact on our customers of reduced public funding
May	
Governance update	<ul style="list-style-type: none"> ▪ Laws & Regulations ▪ Governance Structure
Fire Prevention & Mitigation annual update	<ul style="list-style-type: none"> ▪ Laws & Regulations ▪ Fire Event ▪ Fire Safety
H&S Annual Report	<ul style="list-style-type: none"> ▪ Laws & Regulations ▪ Monitoring H&S arrangements
Wheatley Foundation Annual Report	<ul style="list-style-type: none"> ▪ Impact on our customers of reduced public funding
Annual complaints handling review	<ul style="list-style-type: none"> ▪ Laws & Regulations
Year-end Performance and ARC	<ul style="list-style-type: none"> ▪ Rent Arrears Management ▪ Impact of CBG consolidation on Group
Annual Delivery Plan 2026/27	<ul style="list-style-type: none"> ▪ Impact of CBG consolidation on Group ▪ Political and Policy changes impact on strategic key partnerships
Finance report	<ul style="list-style-type: none"> ▪ Compliance with funders' requirements ▪ Group Credit Rating
Risk register	All Risks

Agenda Items	Relevant Strategic Risks
August	
Repairs and Maintenance Policy Framework and policy	<ul style="list-style-type: none"> ▪ Underperformance of Repairs delivery partner (West)
Stock condition assurance update	<ul style="list-style-type: none"> ▪ Non-achievement of sustainability targets ▪ Ability to meet Scottish Government legislative requirements for energy efficiency ▪ Large Panel System structural condition
Financial Statements	<ul style="list-style-type: none"> ▪ Group Credit Rating ▪ Compliance with funders' requirements
Performance Report	<ul style="list-style-type: none"> ▪ Rent Arrears Management ▪ Impact of CBG consolidation on Group
Group Assurance update and Internal Audit Annual Report	Various Risks as identified in Internal Audit Plan and approved by Group Audit Committee
September	
New build Development mid-year review	<ul style="list-style-type: none"> ▪ Non-achievement of sustainability targets ▪ Newbuild contractor non-compliance with building standards
Governance update	<ul style="list-style-type: none"> ▪ Laws & Regulations ▪ Governance Structure
November	
Group Anti-Social Behaviour Framework	<ul style="list-style-type: none"> ▪ Laws & Regulations ▪ Impact on our customers of reduced public funding
Rent Setting 2027/28	<ul style="list-style-type: none"> ▪ Impact on our customers of reduced public funding ▪ Rent Arrears Management
Funding update	<ul style="list-style-type: none"> ▪ Compliance with funders' requirements ▪ Group Credit Rating ▪ Securing new funding and adverse market changes
EDI Action Plan & Annual Equalities report	<ul style="list-style-type: none"> ▪ Laws & Regulations ▪ Senior Staff Recruitment
Performance Report	<ul style="list-style-type: none"> ▪ Rent Arrears Management ▪ Impact of CBG consolidation on the Group
Finance Report	<ul style="list-style-type: none"> ▪ Compliance with funders' requirements ▪ Group Credit Rating
Risk Register	All Risks

Report

To: Loretto Housing Board

By: Lyndsay Brown, Director of Financial Reporting

Approved by: Pauline Turnock, Group Director of Finance

Subject: Finance Report to 31 December 2026

Date of Meeting: 9 February 2026

1. Purpose

1.1 The purpose of this report is to provide the Board with an overview of the Finance Report for the period to 31 December 2025 and the Q3 forecast financial out-turn.

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.

2.2 Under the Group Standing Orders, Loretto is required to approve borrowing levels and any associated loan agreements, covenant returns and granting of security in line with the Board's terms of reference.

3. Background

3.1 Financial performance

The results for the period to 31 December 2025 are summarised below.

	Actual £000	Budget £000	Variance £000
Turnover	18,392	21,082	(2,690)
Operating expenditure	(13,177)	(13,358)	181
Operating surplus	5,215	7,724	(2,509)
<i>Operating margin</i>	<i>28.4%</i>	<i>36.6%</i>	
Net interest payable	(2,938)	(3,010)	72
Statutory Surplus	2,277	4,714	(2,437)
Net Capital Expenditure	5,247	7,167	1,920

4. Discussion

4.1 The financial results report a statutory surplus of £2,277k, £2,437k unfavourable to budget for the period to 31 December 2025. The key driver of the financial position is driven by the early recognition of new build grant income related to Eat Lane, Paisly, which was recognised in 2024/25 rather than 2025/26 following completion of these units ahead of schedule. The new build grant income was subsequently recognised early in last year's results. Removing new build grant income, Loretto reports an underlying surplus of £1,496k, £1,398k favourable to budget. The variance to budget is primarily driven by the timing of core programme spend, in addition to the strong letting performance, generating higher rental income from early completions at East Lane and South Crosshill, improved void performance, and lower operating expenditure

Key points to note:

- Total income is £2,690k unfavourable with the strong letting performance being offset by the early recognition of new build grant income of £2,883k in 2024/25 for the completion of East Lane units.
- Overall operating expenditure is £181k favourable to budget:
 - Total running costs are £69k favourable to budget due to the timing of spend, with several departments across Wheatley Solutions reporting lower spend.
 - Revenue repairs and maintenance reports spend which is £30k lower than budget, with responsive repairs is £62k unfavourable to budget and cyclical repairs and compliance are both favourable to budget by £92k. The higher responsive spend is linked to an increase in completed jobs of 352 YTD and reduction in the cancellation rate, due to an increase in demand and a reduction in outstanding jobs. The increased responsive repairs spend has been fully offset by the favourable cyclical repairs spend, due to the programme being reprofiled.
 - Bad debts are £83k favourable to budget reflecting the prudent budget assumptions.

4.2 Net capital expenditure is £1,920k higher than budget. Investment in our existing homes reports a spend of £952k lower than budget mainly due to the timing of core programme works, (noting the favourable variance will reduce as spend increases to fulfil the tenant commitments). New build development spend is reporting spend £3,450k higher than budget due to accelerated spend at Forfar and Dargavel 3A with a compensating £4,433k increase of new build grant funding

4.3 Q3 Forecast Out-turn

	FY Out-turn (Q3)		
	Actual £000	Budget £000	Variance £000
Turnover	25,849	28,623	(2,774)
Operating expenditure	(18,083)	(18,290)	207
Operating surplus	7,766	10,333	(2,567)
<i>Net operating margin</i>	<i>30.0%</i>	<i>36.1%</i>	
Net interest payable	(4,060)	(4,185)	125
Surplus	3,706	6,148	(2,442)
Net Capital Expenditure	8,784	9,431	647

The forecast reports a statutory surplus of £3,706k for the full year out-turn, which is £2,442k unfavourable to budget, with the early recognition of new build grant on the completion of the 24 East Lane new build units in March 2025 being the key driver for the movement. Removing new build grant, the underlying position is £290k favourable to budget.

Key points to note:

- Total income is forecast to be £2,774k unfavourable to budget with a reduction of £2,994k in grant income recognised early for the 24 units at East Lane. An increase in gift aid income of £87k from Wheatley Developments Scotland (WDS) is also noted, linked to the higher forecast new build spend. This is an intra group item only and as such does not impact the overall financial performance at a group level.
- Total operating costs are forecast to be £207k favourable to budget reflecting payment of donations in March 2025 to Wheatley Foundation, earlier than budgeted, and the forecast lower bad debts and direct running costs. Revenue repairs and maintenance spend is forecast to be £29k lower than budget, reflecting an overspend in responsive repairs, due to the increase in completed jobs in 2025/26, being offset by a favourable to budget variance for cyclical repairs due to the reprofiling of the planned programme.
- Net capital expenditure is forecast to be £647k lower than budget. New build spend is forecast to be £6,698k higher than budget due to the re-profiling of onsite works at several developments including Forfar Avenue and Dargavel 3A. Forecast new build capital investment income is £7,520k higher than budget as result of the change in profile of onsite works noted due to the availability of grant income. This is partly offset by a forecast increase in investment spend in line with tenant commitments and increase in capitalised repairs due to the number of higher value jobs.

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 Delivery of our cost efficiency targets embedded within the 2024/25 budget is a key element of continuing to demonstrate value for money.

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 reports a strong financial performance for the period to 31 December 2025 with a statutory surplus £2,277k. While this is unfavourable to budget, this is due to the early recognition of grant income in 2024/25. The underlying surplus for the period is £1,496k, £1,398k favourable to budget. The variance to budget is primarily driven by the timing of core programme spend, in addition to the strong letting performance generating higher rental income from early completions at East Lane and South Crosshill, improved void performance, and lower operating expenditure.

12.2 The strong letting performance is forecast to continue into Q3, with a statutory surplus of £3,706k. Although unfavourable to budget due to early grant recognition, the underlying position is £290k favourable. This reflects increased capital investment aligned to tenant commitments and energy efficiency improvements, enabled by strong operating performance across Loretto and the wider RSL Borrower Group. All forecast variances remain within covenant and golden rule limits for the RSL Borrowers.

13. Recommendations

13.1 The Board is requested to:

- 1) Note the Finance Report for the period ended 31 December 2025 and Q3 forecast at Appendix 1.

LIST OF APPENDICES:

Appendix 1: Period 9 – 31 December 2025 Finance Report



Loretto
Housing

Period to 31 December 2025
Finance Report

W Wheatley
Group

1a. Operating Statement – Period to 31 December 2025

	Period To 31 December 2025			Full Year
	Actual £k	Budget £k	Variance £k	Budget £k
INCOME				
Rental Income	14,032	13,925	107	18,652
Void Losses	(276)	(316)	40	(422)
Net Rental Income	13,756	13,609	147	18,230
Grant Income New Build	4,466	7,349	(2,883)	9,922
Grant Income Other	73	37	36	120
Other Income	97	87	10	351
Total Income	18,392	21,082	(2,690)	28,623
EXPENDITURE				
Employee Costs - Direct	1,169	1,163	(6)	1,548
Employee Costs - Group Services	761	766	5	1,015
ER / VR	0	0	0	0
Direct Running Costs	1,364	1,427	63	2,079
Running Costs - Group Services	440	446	6	606
Revenue Repairs and Maintenance	3,471	3,501	30	4,969
Bad debts	117	200	83	266
Depreciation	5,855	5,855	0	7,807
TOTAL EXPENDITURE	13,177	13,358	181	18,290
OPERATING SURPLUS / (DEFICIT)	5,215	7,724	(2,509)	10,333
<i>Net operating margin</i>	28.4%	36.6%	-8.3%	
Net Interest Payable	(2,938)	(3,010)	72	(4,185)
STATUTORY SURPLUS / (DEFICIT)	2,277	4,714	(2,437)	6,148

Key points:

The financial results report a statutory surplus for the period of £2,277k, £2,437k unfavourable to budget. The earlier than budgeted recognition of grant income following the early completion of 24 units at East Lane in March 2025 is the key driver for the variance.

- Rental income is £107k favourable to budget due to 24 East Lane units, budgeted to complete in July 2025, completing ahead of schedule in March 2025 and 44 units at South Crosshill completing early in the YTD. In addition, void losses are 1.97% in the year to date compared to the budgeted 2.27%.
- Grant income relating to new build is £2,883k unfavourable reflecting the early completion of 24 East Lane units in March 2025, which were budgeted to complete in the current year.
- Grant Income other is £36k favourable to budget due to the receipt of unbudgeted grant income from Cycling Scotland to install bike shelter infrastructure.
- Total employee costs (direct and group services) are broadly in line with budget. The variances on both direct employee costs and Group services recharges reflect the timing of changes compared to the budgeted structures.
- Total running costs (direct and group services) are £69k favourable to budget due to the timing of spend and cost savings in council tax on voids, office utilities, landlord services and across several departments within Wheatley Solutions.
- Revenue repairs and maintenance are £30k favourable to budget. In the YTD, responsive repairs are £62k higher than budget, linked to higher average spend and completed job numbers. YTD 8,536 responsive repair jobs have been completed, compared to 8,184 in the same period last year, linked to a reduction in outstanding jobs and cancellations. Compliance spend is £5k favourable to budget due to YTD underspend on communal utilities and solar panels. Higher responsive spend is fully offset by a YTD saving on cyclical of £87k, due to the programme being re-profiled.
- Bad debts are £83k favourable to budget. A prudent approach was taken when setting the budget.
- Net Interest payable is £72k lower than budget, due to the timing of loan drawdowns and a reduced lending rate compared to the budget.

Net capital expenditure of £5,247k is £1,920k lower than budget.

	Period To 31 December 2025			Full Year
	Actual £k	Budget £k	Variance £k	Budget £k
INVESTMENT				
Total Capital Investment Income	5,429	996	4,433	1,885
Investment Programme	2,170	3,122	952	4,497
New Build Programme	8,264	4,814	(3,450)	6,537
Other Capital Expenditure	242	227	(15)	282
TOTAL CAPITAL EXPENDITURE	10,676	8,163	(2,513)	11,316
NET CAPITAL EXPENDITURE	5,247	7,167	1,920	9,431

- Capital investment income (grant) is £4,433k higher than budget due to the timing of claims for Bank Street, accelerated claims at Forfar Avenue and at Dargavel 3A due to the earlier than budgeted start.
- Investment programme expenditure of £2,170k relates to core programme works, capitalised repairs and voids. A favourable variance is reported due to the timing of core programme works, (noting the favourable variance will reduce as spend increases to fulfil the tenant commitments), offset by higher spend on capitalised repairs in the YTD, linked to the increase in completed jobs.
- New build spend is £3,450k higher than budget due to spend at Forfar Avenue which has started onsite ahead of the budgeted date and an earlier start date at Dargavel 3A, linked to the availability of grant funding. This overspend is partly offset by the timing of spend at South Crosshill where there was accelerated spend in 2024/25.

Other capital expenditure of £242k mainly relates to Loretto's contribution to Wheatley Group IT costs. An overspend is reported due to the unbudgeted installation of bike shelter infrastructure at two sites, noting grant income was received for this.

1b. Underlying surplus – Period to 31 December 2025

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 2018).
- 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 table 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, gift aid and depreciation, including capital expenditure on our existing properties.
- At December, the underlying surplus is £1,496k, £1,398k favourable to budget. The variance to budget is primarily driven by the timing of core programme spend, in addition to the strong letting performance generating higher rental income from early completions at East Lane and South Crosshill, improved void performance, and lower operating expenditure.

Loretto Underlying Surplus -December 2025				
	YTD Actual £k	YTD Budget £k	YTD Variance £k	FY Budget £k
Net operating surplus	5,215	7,724	(2,509)	10,333
add back:				
Depreciation	5,855	5,855	0	7,807
less:				
Grant income	(4,466)	(7,349)	2,883	(9,922)
WDS gift aid income	0	0	0	(235)
Net interest payable	(2,938)	(3,010)	72	(4,185)
Total expenditure on Investment Programme	(2,170)	(3,122)	952	(4,497)
Underlying surplus/(deficit)	1,496	98	1,398	(699)

2a. Repairs & Investment Programme – Period to 31 December 2025

Repairs & Maintenance Expenditure	1 April 2025 - 31 December 2025		
	Actual £k	Budget £k	Variance £k
Responsive Repairs	1,948	1,886	(62)
Cyclical (local)	2	89	87
Compliance Revenue	1,521	1,526	5
Total	3,471	3,501	30

2024/25 Budget £k
2,547
119
2,303
4,969

Repairs and Maintenance

- Responsive repairs are £62k unfavourable to budget. In the YTD, 8,536 responsive repair jobs have been completed, compared to 8,184 in the same period last year. This is linked to both an increase in the demand and a reduction in outstanding jobs, (615 at March to 366 at the end of December). This is in addition to an increase in the average cost of certain repair types.
- Cyclical repairs are £87k favourable to budget due to a reprofiling of the planned programme.
- Overall revenue compliance costs are £5k favourable to budget. Higher spend on M&E (linked to 5 high value reactive jobs), is offset with lower spend on a number of other lines, including utilities and solar panels. The compliance team will manage projects within the overall budget available while ensuring legislative timescales are met.

Investment Programme

- Core programme works are £950k favourable to budget, due to timing of spend. The underspend is driven by lower demand for reactive gas heating replacements, phasing of door replacements and a delay with the delivery of Windsor Crescent windows due to non-standard units and requirement to tender for this. Planned programmes for internal common works, kitchens low-rise fabric will all have increased activity in Q4 to ensure tenant commitments are met.
- Capitalised repairs are £79k higher than budget linked to the additional job completions and higher average cost. Capitalised work types include doors, windows, fencing, plasterwork, showers and damp and mould remediation. The MyRepairs team continue to closely monitor repairs spend.
- Void repairs report an underspend at P9 of £35k. Whilst the number of voids is higher than budgeted, the average cost per void has been slightly lower in the YTD, noting that there have been 2 voids costing >£10k in the YTD with all voids in the prior year being < £10k.
- Adaptations spend in the YTD is lower than budget with costs reflecting demand and availability of grant funding.

Investment Programme	1 April 2025 - 31 December 2025		
	Actual £k	Budget £k	Variance £k
Investment Programme Grant Income			
Adaptations	37	37	0
	37	37	0
Investment Programme Expenditure			
Adaptations	40	89	49
Empty Homes	0	0	0
Core programme	1,155	2,105	950
Capitalised repairs	321	242	(79)
Capitalised staff	291	288	(3)
Void repairs	363	398	35
Total	2,170	3,122	952

2025/26 Budget £k
120
120
120
0
3,135
328
383
531
4,497

2b. New Build Programme – YTD December 2025

	*Status	Contractor	Period To December 2025			Full Year
			Actual	Budget	Variance	Budget
Bank Street	On site	McTaggart	1,813	1,879	66	1,880
Carron Rd	Feasibility	McTaggart	2	21	19	42
Dargavel North	On site	Taylor Wimpey	42	42	0	42
Dargavel 3A	On site	Dundas	3,031	63	(2,968)	84
Denny loan head Ph1	Feasibility	TBC	0	0	0	21
Duke St	Feasibility	CCG	152	150	(2)	550
East Lane	Complete	JR Group	3	90	87	90
Forfar Avenue	On site	McTaggart	1,722	431	(1,291)	1,276
Jackton Green	Feasibility	Avant Homes	0	32	32	32
Main st Maddiston	Complete	Miller Homes	0	50	50	50
Polmont Ph1	Feasibility	TBC	0	79	79	105
South Crosshill	Complete	BWD Trading	901	1,363	462	1,363
Prior Year	-	-	5	0	(5)	0
Feasibility	-	-	0	0	0	0
Total Social Rent			7,671	4,200	(3,471)	5,535
Property Acquisition	-	-	0	0	0	0
Land Acquisition	-	-	0	0	0	75
Capitalised Insurance	-	-	2	8	6	11
Capitalised Interest	-	-	0	0	0	109
Capitalised Staff Costs	-	-	591	606	15	807
Total New Build Investment			8,264	4,814	(3,450)	6,537

Grant Income			5,392	959	4,433	1,765
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Net New Build Costs			2,872	3,855	983	4,772
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Grant Income Completions (Recognised in OPS)			4,466	7,349	(2,883)	9,922
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New Build Expenditure

Bank Street, Coatbridge: 17 units social rent. Board approved in February 2024. Land acquisition and building contract concluded in August 2024 with works starting in that month. Handovers expected February 2026.

Dargavel North: s75 opportunity for 20 social rent units with Taylor Wimpey, who now own the affordable land tranche. The council accelerated grant to this financial year and approval received from WDS Board in September 2025 to contract. Forecast spend for the year is £1.92m, including the Golden Brick payment, with this fully grant funded. Golden brick payment and site start expected in March 2026.

Dargavel Phase 3A: Dundas Estates acquired the site from the administrators for Stewart Milne. WDS Board approved in January 2025 and contract was concluded at the end of March 2025 with a Golden Brick payment made at that time. Due to a lack of grant availability in 2025/26 agreement was reached with Dundas that no payments would be due until the second Golden Brick in April 2026. The local authority have advised that £4.1m of grant is now available this year and a proposal, which is being concluded, has been agreed with Dundas for a revised payment schedule allowing this grant to be fully claimed.

Duke Street: 19 units social rent. Viability difficulties delayed this remediation and conversion project. An alternative delivery route is now being progressed through our framework with CCG and project management now lies with the development team. Planning application was submitted in September 2025, and a Building Warrant submission was made early December 2025 as targeted. The project is progressing for a tender return by March 2026.

East Lane, Paisley: All 48 units for social rent completed in March 2025 ahead of budget.

Forfar Avenue: 30 units for Livingwell. WDS Board approved in November 2023 and grant funding approved in February 2024. Building warrant and planning consent received in June 2024. Site start was deferred in 2024/25 due to lack of available grant funding. Works started on site in July 2025, earlier than budgeted, and GCC have confirmed grant availability in the year. Work progressing per programme.

South Crosshill Rd, Bishopbriggs: s75 project with Barratt Homes for 44 social rent units. 16 properties were handed over in June and the last 28 units in September 2025 earlier than budgeted. Underspend reported is due to higher spend in 2024/25.

3. Balance Sheet

	31 December 2025 £k	31 March 2025 £k
Tangible Fixed Assets		
Housing Properties	170,633	165,861
Other Fixed Assets	1,709	1,664
Investment Properties	1,330	1,330
	<u>173,672</u>	<u>168,855</u>
Current Assets		
Rent and service charge arrears	700	462
less: Provision for rent arrears	(461)	(393)
Prepayments and accrued income	46	0
Intercompany balances	130	281
Other debtors	1,242	1,292
	<u>1,657</u>	<u>1,642</u>
Cash at Bank and in Hand	2,944	1,332
	<u>4,601</u>	<u>2,974</u>
Short Term Creditors		
Trade creditors	(2,343)	(132)
Accruals	(820)	(1,407)
Deferred income	(2,466)	(6,156)
Rent and service charges in advance	(1,489)	(1,441)
Intercompany balances	(4,145)	(5,276)
Other creditors	(647)	(631)
	<u>(11,910)</u>	<u>(15,043)</u>
Net Current Assets	(7,309)	(12,069)
Long Term Creditors		
Amounts due after one year	(89,365)	(86,682)
Deferred Income	(6,514)	(1,897)
Pension Liability	(2,773)	(2,773)
	<u>(98,652)</u>	<u>(91,352)</u>
Net Assets	<u>67,711</u>	<u>65,434</u>
Capital and Reserves		
Share Capital	-	-
Revenue Reserve b/fwd	68,207	72,272
Current year surplus/(deficit)	2,277	(4,065)
Pension Reserves	(2,773)	(2,773)
	<u>67,711</u>	<u>65,434</u>
Association's Funds	<u>67,711</u>	<u>65,434</u>

Key Comments

The balance sheet as at 31 March 2025 reflects the audited position 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 £15k higher than the March 2025 position. This is mainly due to the increase in rent arrears with arrears fluctuating in line with the timing of Housing Benefit payments. This increase is partly offset by timing of intercompany settlements and a reduction in other debtors.
- **Short Term Creditors** – Amount due within 1 year are £3,133k lower than the March 2025 position, mainly due to the release of deferred grant income following the completion of developments in addition to the timing of accruals and intercompany balances settlement.
- **Long-Term Creditors** - This includes £89.4m of loans due to Wheatley Funding No 1 Ltd.

4a. Q3 2025/26 Forecast

	Full Year 2025/26		
	Forecast £k	Budget £k	Variance £k
INCOME			
Rental Income	18,759	18,652	107
Void Losses	(382)	(422)	40
Net Rental Income	18,377	18,230	147
Grant Income New Build	6,928	9,922	(2,994)
Grant Income Other	106	120	(14)
Other Income	438	351	87
Total Income	25,849	28,623	(2,774)
EXPENDITURE			
Employee Costs - Direct	1,548	1,548	0
Employee Costs - Group Services	1,018	1,015	(3)
ER / VR	0	0	0
Direct Running Costs	1,992	2,079	87
Running Costs - Group Services	602	606	4
Revenue Repairs and Maintenance	4,940	4,969	29
Bad debts	176	266	90
Depreciation	7,807	7,807	0
TOTAL EXPENDITURE	18,083	18,290	207
OPERATING SURPLUS / (DEFICIT)	7,766	10,333	(2,567)
<i>Net operating margin</i>	<i>30.0%</i>	<i>36.1%</i>	<i>-6.06%</i>
Net Interest Payable	(4,060)	(4,185)	125
STATUTORY SURPLUS / (DEFICIT)	3,706	6,148	(2,442)

	Full Year 2025/26		
	Forecast £k	Budget £k	Variance £k
INVESTMENT			
Total Capital Investment Income	9,405	1,885	7,520
Investment Programme	4,672	4,497	(175)
New Build	13,235	6,537	(6,698)
Other Capital Expenditure	282	282	0
TOTAL CAPITAL EXPENDITURE	18,189	11,316	(6,873)
NET CAPITAL EXPENDITURE	8,784	9,431	647

Comments:

A statutory surplus of £3,706k, £2,442k unfavourable to budget is reported with the movement directly linked to the timing of the recognition of new build grant income on new build completions at East Lane in March 2025.

Total income forecast of £25,849k is £2,774k lower than budget.

- Rental income is £107k higher than budget linked to the early completion of the 24 East Lane units and 44 units at South Crosshill (completing in June and September instead of November. Void losses forecast a favourable position of £40k, based on YTD performance.
- Grant income relating to new build is £2,994k lower than budget due to the early recognition of grant in March 2025 for the completion of 24 properties at East Lane.
- Other grant income is £14k lower than budget following the approval of lower than budget grant income for medical adaptations, partly offset by other unbudgeted grant from Cycling Scotland for the installation of bike storage infrastructure.
- Other income is £87k higher than budget due an increase in gift aid income from Wheatley Developments Scotland, linked to the higher forecast new build spend. This is an intra group item.

Total expenditure forecast of £18,083k is £207k lower than budget:

- Employee and running costs group recharges are forecast to be £3k higher and £4k lower than budget respectively, reflecting the timing of changes from budgeted staff structure in Wheatley Solutions and running cost savings across several department within Wheatley Solutions.
- Direct running costs are £87k lower than budget due to donations to Wheatley Foundation paid earlier than budgeted in March 2025.
- Revenue repairs and maintenance expenditure is forecast to be £29k below budget. Responsive repairs are forecast to be £80k higher than budget, linked to the increase in the number of completed responsive repairs following a reduction in overdue jobs and cancellations rates. This is fully offset by a forecast reduction of cyclical repairs of £109k due to a reprofiling of the planned programme.
- Net Interest payable is £125k lower than budget, due to the timing of loan drawdowns and a reduced lending rate compared to the budget.

Net capital expenditure is forecast at £8,784k and is £647k lower than budget.

- Capital investment income is forecast £7,520k higher than budget due to the availability of grant at Dargavel North, Dargavel Ph 3A and Forfar Avenue.
- Investment programme is forecast to be £175k higher than budget, to account for the above inflationary increase experienced in unit costs for kitchens and windows and an increase in capitalised repairs to account for the additional spend YTD to P9 due to increased demand and costs.
- New build investment expenditure is forecast to be £6,698k higher than budget due to an earlier site start at Forfar Avenue and reprofiling of start dates at Dargavel North and Dargavel Ph 3. This is linked to grant being made available in 2025/26 by Renfrewshire Council for the Dargavel projects and GCC advising a higher grant value being available in 2025/26 for Forfar Avenue than anticipated.

4b. Underlying surplus – Q3 forecast 2025/26

Key comments:

- The forecast Operating Statement (Income and Expenditure Account) is prepared in accordance with the requirements of accounting standards (Financial Reporting Standard 102 and the social housing Statement of Recommended Practice 2018).
- 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 table below 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 but including capital expenditure on our existing properties.
- The Q3 forecast shows an underlying deficit of £409k which is £290k favourable to budget. The strong letting performance at P9 is forecast to continue, generating additional net rental income and an overall favourable expenditure position from our operating activities and donations to Wheatley Foundation paid earlier than budgeted in March 2025, accommodate the additional investment spend in line with our tenant commitments to provide high quality housing and invest to improve the energy efficiency of our homes. Financial performance continues to be managed within the overall budget parameters and covenants for the RSL Borrowers.

Loretto Underlying Surplus - Q3 forecast 2025/26			
	Forecast £k	Budget £k	Variance £k
Net operating surplus	7,766	10,333	(2,567)
add back:			
Depreciation	7,807	7,807	0
less:			
Grant income	(6,928)	(9,922)	2,994
WDS gift aid income	(322)	(235)	(87)
Net interest payable	(4,060)	(4,185)	125
Total expenditure on Investment Programme	(4,672)	(4,497)	(175)
Underlying deficit	(409)	(699)	290

Report

To: Loretto Housing Board

By: Laura Henderson, Managing Director

Approved by: Alan Glasgow, Group Director of Housing

Subject: Performance Report

Date of Meeting: 9 February 2026

1. Purpose

1.1 The purpose of this report is to provide an update on performance against targets and strategic projects for 2025/26 to the end of quarter three.

2. Authorising and strategic context

2.1 Under our Terms of Reference, the Board is responsible for monitoring performance against agreed targets. We measure progress with the implementation of our five-year strategy via the Group Performance Management Framework.

2.2 The Group Board agreed an updated programme of strategic projects and performance measures and targets at its meeting in April 2025. Our Board subsequently agreed our own specific performance measures and targets at its meeting on 19 May 2025.

3. Background

3.1 This report outlines our performance against targets and strategic projects for 2025/26. Unless specified otherwise, results for all measures are based on year-to-date (“YTD”) figures. This includes progress with those measures that will be reportable to the Scottish Housing Regulator (“SHR”) as part of the Annual Return on the Charter (“ARC”) 2025/26.

3.2 At its last meeting, the Board were provided with the SHR published Scottish averages for 2024/25 and comparison with our own performance.

4. Discussion

4.1 The following sections present a summary of key measures and strategic projects. Strategic measures can be found in Appendix 1, strategic projects are found in Appendix 2 and Scottish Public Sector Ombudsman and ARC results in Appendix 3. Several of these Scottish average 2024/25 comparisons are referenced through this paper for the relevant Charter indicators, alongside an update to quarter three

Headline performance at quarter 3

- 4.2 Headline performance areas to the end of quarter 3, which are set out in greater detail in the report thereafter, are as follows:
- Strong performance across customer satisfaction, repairs timescales, tenancy sustainment, re-lets and compliance;
 - Ongoing pressure on emergency repair volumes, call handling metrics and sickness absence, largely demand-led;
 - Gross rent arrears remain strong and best in Group, though Universal Credit migration continues to pose risk;
 - Damp and mould performance is robust, with preparations underway for Scotland's Awaab's Law equivalent;
 - Strategic delivery is largely on track, with one project slightly overdue but progressing it will be concluded by the end of the reporting year.



Delivering Exceptional Customer Experience

Customer First Centre (“CFC”)

- 4.3 Year-to-date results as of the end of quarter three for our core CFC measures are set out in the table below:

Table 1

Measure	2025/26		
	Value YTD	Target	Status
Loretto - CSAT score (customer satisfaction) – rolling year	4.53	4.5	
Loretto - Call abandonment rate - those waited over 30secs and abandoned	8.82%	5%	
Group - % of contacts to CFC resolved within CFC	89.93%	95%	

- 4.4 Customer satisfaction with the CFC (known as “**CFC CSAT**”) remains the key measure, ensuring we place our customers’ voices at the heart of performance management. Our overall CFC CSAT score rolling year is achieving target at 4.53 at the end of quarter three.
- 4.5 The introduction of a new Interactive Voice Response (“**IVR**”) callback option in late August has had an immediate and significant effect, reducing abandonment rates. When customers select the callback option, they retain their position in the queue and do not need to abandon their call.
- 4.6 The call abandonment rate after 30 seconds, whereby our customers waited over 30 seconds and then abandoned their call was 8.82% at the end of quarter three, against a 5% target, an improvement from the end of quarter two which was 9.42%. This improvement was achieved despite two weather warnings in December, which increased demand for services due to colder conditions and heating failures.

- 4.7 While the quarter three position was an improvement on quarter two, it is not projected that we will be at or below target at year-end. We will continue to focus on improving in month performance between now and year-end.
- 4.8 The percentage of contacts to the CFC resolved within the CFC, without the need to be passed to either Housing Teams or My Repairs Team, was 89.93% against a 95% target at the end of quarter three, an improvement on the 89.67% at the end of quarter two. This includes resolution on the phone (including callbacks), by the CFC specialist teams and via webchat. The stronger ownership by colleagues and more effective warm transfers to the Housing Specialist Team (**HST**) continue to support this metric.
- 4.9 A key focus for the CFC throughout the year has been on reducing unnecessary repeat calls into the CFC. Repeat calls can indicate that an enquiry or service has not been resolved or delivered right first time. Repeat caller data is analysed routinely, supporting a better understanding of failure demand and enabling us to understand root causes and implement solutions. In the last year the percentage of repeat calls from customers has reduced from 19.79% - 14.8%.

Repairs Satisfaction

- 4.10 Tenant satisfaction with our repairs service and individual repair experiences continues to be a key driver when it comes to overall customer satisfaction. In addition to our independent satisfaction surveys undertaken at least every three years, we also use in-house surveys on an ongoing basis throughout the year to assess and monitor how well we are doing.
- 4.11 Our digital survey of customers, through MyVoice surveys, gauges customer satisfaction 1-2 weeks after the repairs have been completed, (known as "**Repairs CSAT**"). We have unexpectedly had to suspend the MyVoice digital survey service provision due to the service provider reporting a cyber related incident. The incident did not give rise to a reportable data breach or any implications for our own systems. Our quarter three CSAT performance reflects results to late November. We are exploring the best approach to restoring the surveys to continue to receive this customer feedback and insight on a service we know is a key driver of satisfaction.
- 4.12 Repairs CSAT year to date improved slightly to 4.33/5 from 4.30/5 at the end of quarter two. Customers provide a score from 1 to 5, and any customer who provides a score of one or two is contacted by our My Repairs Team to see how we can quickly resolve any issues they may have experienced.
- 4.13 Feedback is monitored and we contact customers with low satisfaction to discuss how their issues can be resolved. The results of these surveys are also discussed at monthly Customer Insight meetings to learn from any issues and, where appropriate, take action to address them.

Volume of Emergency Repairs

- 4.14 The table below shows our position against the strategic result to reduce the volume of emergency repairs by 10% by 2026 compared to the updated baseline year of 2022/23. It was recognised that this was within the context of certain types of repairs requiring an emergency repair under our policy, the Right to Repair requirements and this being a demand-led indicator.

- 4.15 Table 2 shows that emergency repairs volumes remain significantly above target, driven primarily by customer and weather-related demand. We will continue to review the raising of emergencies locally with the CFC teams to ensure that repairs being raised are appropriately diagnosed as emergencies.

Table 2

Completed emergency repairs	YTD 24/25	YTD 25/26	Variance
Loretto	3,128	3,587	14.67%

- 4.16 Emergency repair numbers are 459 more than the same point in 2024/25, a variance of 14.67% and above target and therefore, driven by events beyond our control, will not achieve the strategic target by the end of 2025/26. To put this into context, 3,587 emergency repairs in 2025/26 are 33.18% of all responsive repairs completed and compares to 31.4% at the same point last year.

Repairs Timescales

- 4.17 Our average time taken for emergency repairs is 2.82 hours at the end of quarter three, within the 3-hour target. This is a reduction compared to 2.77 hours last quarter. The average time taken for non-emergency repairs was 8.39 days, above this year’s target of 7.5 days, however, showing an improvement on quarter two’s performance of 8.99 days. There remains a focus on improving this timescale and we have seen month on month reductions between May and December.

- 4.18 The Scottish average for 2024/25 for emergency repairs is 3.9 hours and 9.1 days for non-emergency repairs timescales and we are ahead of both benchmarks as shown in the table below:

Table 3

Repairs completion timescales (Charter)	Emergency (hours)		Non-emergency (days)	
	Target	YTD Value	Target	YTD Value
Loretto	3.00	2.82	7.5	8.39

Damp and Mould

- 4.19 It remains our priority to respond quickly to reports of damp or mould and ensure that issues are resolved quickly from the customer’s perspective. We have completed 71.02% of damp and mould inspections within two days. Inspections that take longer than two working days are due to customer choice where they ask for inspections outwith the this timescale or in some cases, will require specialised equipment. Both instances impact the average time at 2.55 days.

- 4.20 16.05% of inspections record no mould. Where mould is found, 99.20% had the lowest severity rating of Category three, where the mould can ordinarily be treated in a single visit.

Table 4

By Severity Category		
Cat 3 – Mild	Cat 2 – Moderate	Cat 3 – Severe
99.20%	0.80%	0.00%

- 4.21 We have completed 86.45% of all damp and mould remedial works within 15 days, at an average of 9.58 days. Remedial works which take longer than this average are impacted by customer choice on appointment dates, delays where we are unable to gain access and also some with more complex fixes required.
- 4.22 In terms of end-to-end damp and/or mould cases required to be submitted to SHR for the first time in the ARC 2025/26, we have completed 289 damp and/or mould cases to the end of quarter three. These have an average end to end time, from the customer reporting it through the inspection and remedial repair(s) being completed, of 13.26 days, below our target of 17 days. We report these damp and/or mould cases to SHR broken down by causation, shown below.

Table 5

Damp and/or Mould Cases		By Causation		
		Condensation	Structural	Other
Number complete	289	157	10	122
Average days to complete	13.26 days	15.61 days	2.40 days	11.12 days

- 4.23 Condensation is our largest causation reason, with almost 55% of cases categorised as being caused by condensation. Of those categorised as ‘Other’, this has included issues caused by leaks, external flooding, or where additional technical support may be required to understand the issue.
- 4.24 Structural cases in damp and mould are a small proportion of overall cases and have often had an easily identifiable cause that can be rectified quickly, such as a missing roof tile, and therefore have quicker resolution times. In contrast, cases caused by condensation require more extensive investigations to determine the underlying cause and may need the development of a comprehensive ventilation strategy, such as additional ventilation fans.

Introduction of Awaab’s Law

- 4.25 A more detailed is provided via a separate update at this meeting.

Tenancy Sustainment

- 4.26 Tenancy Sustainment is the measure of new tenancies commenced in the previous reporting year where the customer remains in their home for more than a year. As well as new customers benefiting from remaining in their tenancy for longer, an improvement in this measure reduces lost rent and resources required for re-letting.
- 4.27 We continue to support our new customers to sustain their tenancies and to exceed targets in both the Charter and revised measures (the revised measure excludes deaths and transfers to other homes within the Group).
- 4.28 Our Charter tenancy sustainment remains above target at 91.25%.

Table 6

Tenancy Sustainment	Charter – All lets	2025/26 Target - Charter	Charter – Homeless Lets	Revised	2025/26 Target - Revised
Loretto	91.25%	90%	91.11%	93.55%	91%

Allocations CSAT

- 4.29 Our Allocations MyVoice survey measures customer satisfaction with the process of getting their new home. We remain well ahead of the 4.5 target at 4.8 for the rolling year.
- 4.30 Positive feedback from our customers recognises housing officers as supportive and professional, appreciating how clearly the process was explained and sign up managed quickly and smoothly. Satisfied customers found staff approachable and reassuring.

Complaints Handling Timescales

- 4.31 Our complaints handling Charter timescale performance remains strong to quarter three as shown in Appendix 3. Our Stage 1 complaints continue to be responded to in less than four days on average while Stage 2 complaints take on average 15.90 days. Both remain well within their respective targets of 5 and 20 days and are better than the Scottish averages for 2024/25
- 4.32 We have recorded a slight reduction in complaints so far in 2025/26, down to 253 from 261 at the same time last year. We continue to closely manage and monitor timescales for individual complaints, balancing timescales with the need for a full and quality response. At times, this has meant a complaint being responded to beyond the 5 day target for Stage 1. Our full complaint measures, both Charter and SPSO, are included in Appendix 3.
- 4.33 The refreshed complaints policy is scheduled for Board review at the next meeting and a more detailed year-end review and analysis is scheduled for our May meeting.



Making the Most of Our Homes and Assets

Development Programme

- 4.34 Our target is to deliver 85 new social homes in 2025/26. Year-to-date to the end of quarter three, we had 44 units completed against a year-to-date target of 68. This is due to early completions and handovers for the East Lane site which took place in 2024/25.

Table 7

Sites	Handovers (YTD)	Target (YTD)	Difference and handovers to 30 th June
Loretto	44	68	-24
South Crosshill Rd (Social)	44	44	0
East Lane (Social)	0	24	-24
Bank Street (Social)	0	0	0
Totals	44	68	-24

Medical Adaptations

- 4.35 Time to complete medical adaptations remains well within the 25-day target year-to-date, with the average days to complete at 15.20 days. We have completed 25 adaptations and there are four households currently waiting, 1 less than at the end of quarter two.

Table 8

Medical Adaptations (Charter)	Current Households Waiting	Number Completed YTD	Average Days to Complete YTD	Target
Loretto	4	25	15.20	25

Gas Safety

- 4.36 We continue to be 100% compliant for gas safety, with no expired gas certificates and expect this to remain the same for the remainder of the performance year.

Compliance

- 4.37 We have made good progress with our compliance programmes quarter three. All of our relevant properties (51) are compliant with Legionella assessment requirements. All safety checks have been completed on passenger and domestic lifts.
- 4.38 We are making strong progress with inspections of electrical installation certificates due to expire before the end of 2025/26, with 84.96% already complete. At the end of quarter three, we have only three properties without a valid Electrical Installation Condition Report (“EICR”). Our housing team continues to liaise with colleagues throughout the Group to support access to all required customers’ homes and remind customers of their legal requirements set out in the tenancy agreement where required.

Health and Safety

- 4.39 We continue with the positive position of no reportable RIDDOR incidents in 2025/26. We have not lost any days this year due to work-related accidents.
- 4.40 We also have no Health and Safety Executive or local authority environmental team interventions this year, the same position that we have maintained since the measure started in 2021.

Workplace Fires and Flat Entrance Door Checks

- 4.41 We have not had any workplace fires to the end of quarter three and have not recorded any since the measure started in 2021.
- 4.42 We have a rolling programme for carrying out flat entrance door checks in all 107 of our properties six floors and higher. We visit all flat entrance doors that meet this criteria in each six-month period (April – September and October – March).
- 4.43 Where we gain access, photographic evidence is kept on file and the inspections verify that doors close properly, seals are intact, and hardware (hinges, locks, self-closers) function as intended. Between April – September we completed 62 successful inspections. Between October and end of December, we did not complete any inspections. This is due to the programme being handed over to our in-house team this calendar year.

- 4.44 This programme has been delivered by City Building Glasgow (**CBG**), who sub-contract this work out. On the 5th of January 2026 this was brought in house, which should help support the improvement of the no-access rates as the in-house teams will work closely with the Housing Officers. The new team will progress Loretto visits in quarter four as CBG had previously programmed.



Changing Lives and Communities

Peaceful Neighbourhoods

- 4.45 Our strategic measure is for over 80% of customers across our Group to live in neighbourhoods categorised as peaceful by the end of the strategy period. At the end of quarter three, the Group-wide percentage of tenancies categorised as Peaceful reduced from 73.30% at the end of quarter two 2024/25 to 72.67% in quarter three. Over the course of our strategy, we have identified the need for a more insightful measure on neighbourhoods and we have agreed that this measure will not form part of our future performance framework.

Anti-Social Behaviour (“ASB”) Resolved

- 4.46 By the end of quarter three, the resolution rate for our ASB cases has remained at 100%, the highest in Group as shown below.

Table 9

ASB Resolution Rate	YTD	2025/26 Target
Loretto	100%	100%

- 4.47 ASB resolution and timescales remain a strong performance focus over the coming periods to maintain this performance.

Repeat Anti-Social Behaviour cases – number of repeat addresses

- 4.48 To the end of quarter three, ASB was recorded at 32 repeat addresses. This compares to 32 at the same time last year, and 50 for the full year 2024/25.

Accidental Dwelling Fires (“ADFs”)

- 4.49 This year to December, we have had two minor ADFs compared to five for all of 2024/25.
- 4.50 We continue to undertake Person Centred Fire Risk Assessments for any customer where there have been fire-related incidents, or there are indicators of elevated risk highlighted by Housing Officers or other staff. The purpose of these visits is to offer fire safety advice and guidance for customers and ensure any other repairs or preventative measures can be put in place to reduce and mitigate these risks as much as possible.

Table 10

Number of recorded accidental dwelling fires	2025/26 YTD	2024/25
Loretto	2	5

4.51 This contributes towards a Group Strategic result to reduce RSL ADFs by 10% by 2025/26, against the baseline of 215 ADFs in 2020/21. We have achieved this target in each year of the strategy so far.

4.52 Our strategy measure aims to ensure 100% of applicable properties have a current fire risk assessment in place. This continues to be achieved as set out in the table below:

Table 11

Fire Risk Assessments	2025/26 YTD	Target
The percentage of relevant premises - HMOs that have a current fire risk assessment in place	100%	100%

Reducing Homelessness

4.53 We have provided 81 homes to homeless households to the end of quarter three. Our percentage of relevant lets made to homeless applicants is 65.79%.







Table 12

Reducing Homelessness	2025/26 Number of lets to homeless applicants (ARC) - YTD	2024/25 Number of lets to homeless applicants (ARC) – full year
Loretto	81	122

Jobs and Opportunities

4.54 As set out in the table below, the Wheatley Foundation is performing strongly against all measures, which focus on alleviating poverty and creating opportunities for young people.

Table 13

Indicator	Target YTD	2025/26 YTD	2024/25
Number of children and young people benefiting from targeted Foundation programmes in Wheatley Communities	34	67 	71 
Total number of jobs, training places or apprenticeships created for customers and communities	3	24 	27 
Number of people accessing services which help alleviate poverty in Wheatley Communities	261	271 	422 



Developing our Shared Capability

Sickness Absence

4.55 Our sickness rate to the end of quarter three was over target at 6.9% year-to-date, a decrease from 7.65% at the end of quarter two.

4.56 This is due to three staff absences, two relate to post operation recovery and the third is a long term non work related absence.

Table 14

Sickness Rate	2024/25	2025/26 YTD	Target
Loretto	0.33% 	6.9% 	3%

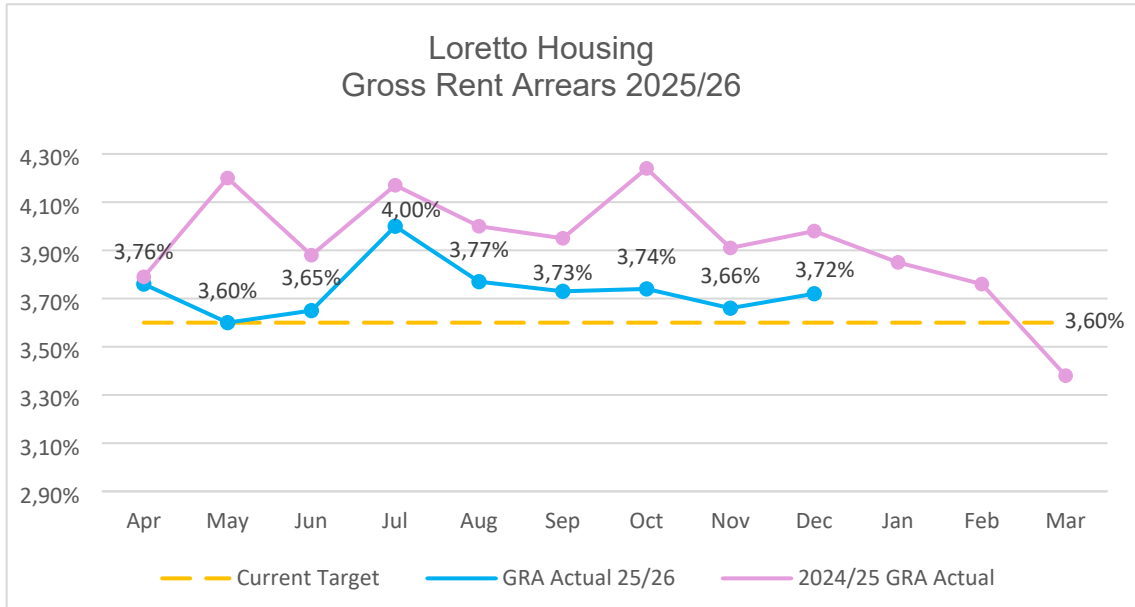


Enabling our Ambitions

Gross Rent Arrears (“GRA”)

- 4.57 At 3.72% for gross rent arrears, we remain the best performing RSL in the Group at the end of quarter three, and in a better position than 3.98% at this point last year. We remain well ahead of the 6.2% Scottish average published by the Regulator for the 2024/25 Charter.
- 4.58 A notable impact on our arrears performance this year has been the Department of Work and Pensions’ (“DWP”) accelerated programme of migrating our customers onto Universal Credit (“UC”). At this time last year we had 1,015 UC customers, this has now increased to 1,327, 46% of our customers. Progress over the year is set out in the chart below.
- 4.59 We had a successful rent campaign in quarter 3 which included: weekly rent clubs; cross patch working with Housing Officers supporting each other with calls and visits; each week we documented success and shared learning to ensure we sustained momentum. We remain on track to achieve our year-end target.

Chart 1



Average Days to Re-Let (Charter)

- 4.60 Our average days to re-let for the Charter to the end of quarter 3 remains well within target at 12.64 days. From 2025/26 our Charter performance includes days lost to health and safety-related meter issues where we consider the property unsafe/unfit to occupy. We remain well ahead of the 60.6 days average for 2024/25.
- 4.61 Meter issues which are no longer an eligible adjustment under the amended guidance introduced by the SHR this year include, where a tampered meter results in a property having no power or where the supply has been cut off and we are awaiting reconnection (energy companies are not prioritising this work

due to the property being void); both issues mean we cannot undertake crucial safety checks prior to letting.

- 4.62 We had no reported meter issues in 2024/25. We have, however, been impacted in 2025/26, with revised average re-letting times at 9.93 days year-to-date when excluded. This is still within the target of 16 days amended overall.

Table 15

Average days to re-let	ARC 2025/26 YTD (including meter issues)	2025/26 Target	2024/25 (including meter issues)	Revised 2025/26 YTD (excluding meter issues)	Revised 2024/25 (excluding meter issues)
Loretto	12.64	16	9.72	9.93	9.72

Summary of Strategic Project Delivery

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

Table 16

Complete	On track	Slippage	Overdue
1	3	0	1

- 4.64 One project is overdue but progressing:

Engagement 2.0 - Customer engagement has been at the heart of the development of our 2026-2031 strategy. The level of engagement, in particular digital, has exceeded our expectations and provided us with important insight as we review our customer engagement framework.

Our draft strategy for 2026-31 reaffirms our commitment to engagement and insight yet places stronger emphasis on listening, learning, and delivering what matters most to customers. This means aligning our approach to our strategy objectives and customer priorities, safety, repairs, communication, and affordability. We therefore slightly delayed the finalisation of our Stronger Voices Framework 2.0 proposals to allow our draft strategy to be finalised and reflect the feedback we have received during its development. It will be presented to the next meeting for Board agreement.

5. Environmental and sustainability implications

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

6. Digital transformation alignment

- 6.1 Our strategy is underpinned by digital transformation. The strategic projects for 2025/26 have been developed and prioritised with IT, digital and data interdependencies a key factor.

7. Financial and value for money implications

7.1 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.

8. Legal, regulatory and charitable implications

8.1 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. 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, which has been completed.

9. Risk appetite and assessment

9.1 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.

10. Equalities implications

10.1 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.

11. Key issues and conclusions

11.1 We have strong performance against our targets to the end of quarter three of 2025/26 in several key areas including, arrears, average days to re-let, tenancy sustainment, CFC and allocations CSAT scores, emergency repair completion timescales, repairs completed right first time, medical adaptation timescales, jobs and training places created, the number of children and young people benefitting from targeted Foundation programmes and the number of people accessing services to help alleviate poverty.

11.2 Average time to complete non-emergency repairs and sickness absence remain key areas of focus.

11.3 Preparations also continue for the new damp and mould requirements under Scotland's equivalent of Awaab's Law, which will have direct implications for how we monitor performance and compliance data we will require to collect and report on.

12. Recommendations

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








LIST OF APPENDICES:

Appendix 1: Strategic Results Dashboard
Appendix 2: Strategic Projects Dashboard





Appendix 3: SPSO and ARC Complaints

Appendix 1 - Loretto Housing Board - Delivery Plan 25/26 - Strategic Measures

1. Delivering Exceptional Customer Experience

Measure	2024/25	YTD 2025/26		
	2024	2025		
	Value	Value	Target	Status
% Annual Tenant Visits	84.46%	86.35%	100%	
% new tenancies sustained for more than a year - overall	96.23%	91.25%	90%	
% new tenancies sustained for more than a year - homeless	96.97%	91.11%	Contextual	
% new tenancies sustained for more than a year - revised	96.2%	93.55%	91%	
Group - % of contacts to CFC resolved within CFC	89.79%	89.93%	95%	
CFC CSAT	4.6	4.53	4.5	
Allocations CSAT	4.8	4.8	4.5	
Call abandonment rate after 30 secs	5.34%	8.82%	5%	

2. Making the Most of Our Homes and Assets

Measure	2024/25	YTD 2025/26		
	2024	2025		
	Value	Value	Target	Status
Average time taken to complete emergency repairs (hours) – make safe	3.5	2.82	3	
Average time taken to complete non-emergency repairs (working days)	9.06	8.39	7.5	
% reactive repairs completed right first time	86.83%	98.62%	90%	
Number of gas safety checks not met	0	0	0	

Measure	2024/25	YTD 2025/26		
	2024	2025		
	Value	Value	Target	Status
Average time to complete approved applications for medical adaptations (calendar days)	17.13	15.2	25	
Legionella - percentage of applicable properties with a valid risk assessment in place	100%	100%	100%	
Percentage of EICR certificates due to expire by end of financial year now renewed	97%	84.96%	100%	
Percentage of properties with an EICR certificate up to 5 years old	99.93%	99.86%	100%	
Percentage of domestic stair and through floor lifts with a completed annual inspection	100%	100%	100%	
Percentage of passenger lifts with a completed six-month inspection and test	100%	100%	100%	
New build completions - Social Housing	63	44	68	
Number of RIDDOR	0	0	Contextual	
Number of HSE or LA environmental team interventions	0	0	0	
Number of accidental fires in workplace	0	0	0	
Number of accidental dwelling fires recorded by Scottish Fire and Rescue	5	2	Contextual	
Number of new employee liability claims received	0	0	Contextual	
Group - Number of open employee liability claims	10	9	Contextual	
Number of days lost due to work related accidents	0	0	Contextual	

3. Changing Lives and Communities







Measure	2024/25	YTD 2025/26		
	2024	2025		
	Value	Value	Target	Status
% ASB resolved	100%	100%	100%	
% Lets Homeless Applicants - overall	59.51%	55.1%	Contextual	

Measure	2024/25	YTD 2025/26		
	2024	2025		
	Value	Value	Target	Status
% Relevant lets to Homeless Applicants	62.5%	65.79%	Contextual	
Group - Percentage of Community Benefit job and training opportunities arising through the spend associated with new home construction and our investment programme that have been secured by Wheatley customers	69.77%	57.14%	30%	✔
Group - % planned jobs, training places or apprenticeships created which are secured by our customers	73.19%	70.3%	60%	✔
Total number of jobs, training places or apprenticeships created for customers and communities	27	24	3	✔
Number of children and young people benefiting from targeted Foundation programmes in Wheatley Communities	71	67	34	✔
Number of people accessing services which help alleviate poverty in Wheatley Communities	422	271	261	✔
Group - % of Communities Classified as Peaceful	74.05%	72.67%	75%	⚠
Loretto - % of Communities Classified as Peaceful	90.72%	92.7%	75%	✔
Group - Repeat antisocial behaviour cases in period – number of repeat addresses	935	752	652	❌
Group - The percentage of HMOs that have a current fire risk assessment in place	100%	100%	100%	✔
Group RSLs - Number of accidental dwelling fires (reduce by 10% by 2025/26) (Upper limit 195 for 2024/25)	95	85	193	✔


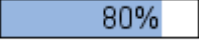

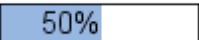
4. Developing Our Shared Capacity


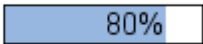


Measure	2024/25	YTD 2025/26		
	2024	2025		
	Value	Value	Target	Status
Sickness Rate	0.33%	6.9%	3%	❌



5. Enabling Our Ambitions

Measure	2024/25	YTD 2025/26		
	2024	2025		
	Value	Value	Target	Status
% lettable houses that became vacant	5.39%	5.73%	8%	
Average time to re-let properties (excluding meter issues)	9.72	9.93	16	
Average time to re-let properties (ARC)	9.72	12.64	16	
Loretto C - Gross rent arrears (all tenants) as a % of rent due	3.38%	3.72%	3.6%	
% of payments made within the reporting period which were paid in 30 days or fewer (from the date the business receives a valid invoice)	96.44%	89.21%	96%	
% of contracted expenditure compliant with procurement rules	99.38%	99.87%	99%	

Appendix 2 - Loretto Housing Board - Delivery Plan 25/26 - Strategic Projects

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
Asset Compliance and Data Strategy Programme	31-Mar-2026			01. PIMSS Platform - Architecture and SAAS review	31-May-2025	Yes	This project will continue into quarter 4 and will conclude by the end of 2025/26.
				02. 2 (FRA + Lifts) - process map and to-be design	30-Jun-2025	Yes	
				03. PIMMS/Group 3-year roadmap - review and define with vendor input	31-Aug-2025	Yes	
				04. Group business and Assurance approach review	31-Oct-2025	Yes	
				05. ET end of Programme Update	31-Mar-2026	No	
Providing safe, secure tenancies to support independent living (external interdependency)	28-Feb-2026			01. Complete the build and allocation of the 19 West Craigs properties	31-Jul-2025	Yes	In early January we welcomed a member of Glasgow HSCP's commissioning team to West Craigs, and plan to invite more key staff from this team to widen knowledge of what the service is achieving.
				02. Engage with Glasgow and Dumfries and Galloway Health and Social Care Partnerships to showcase the potential for new build supporting hospital discharges into independent living	31-Oct-2025	Yes	
				03. Engage with Glasgow and Dumfries and Galloway Health and Social Care Partnerships and Councils to explore the potential for a similar approach	31-Jan-2026	No	
				04. Update to the Group Board on the engagement and	28-Feb-2026	No	

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				any associated implications for our future development programme			
Engagement 2.0: Maturing customer engagement and performance measures as part of our customer insight approach	31-Dec-2025			01. Trial a new method of managing engagement - MS Dynamics in WHG South area - and evaluate its impact	30-Jun-2025	Yes	Update provided in the report.
				02. Undertake a review of the existing Stronger Voices framework and operation of the existing structures	31-Jul-2025	Yes	
				03. Gather customer perspective and ideas on how our approach to engagement could evolve through the 2026-31 strategy development phase 2	30-Sep-2025	Yes	
				04. Review the existing framework based on the review of its effectiveness to date and feedback from customers	31-Oct-2025	Yes	
				05. Recommendations for Stronger Voices Framework 2.0 in support of our emerging Strategy 2026-31 agreed by RSL and Group Boards	31-Dec-2025	No	
Tenant Web Self-Service	31-Mar-2027			01. Business Case development and approved by the Executive Team	31-May-2025	Yes	Jan 26 - Commercials submitted to NEC in Dec, NEC have advised that costing will be provided by 13th Feb to allow final contact discussion and
				02. Preferred vendor engagement pre contract	30-Nov-2025	Yes	
				03. Contract award	31-Mar-2026	No	

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				04. Project commencement	30-Apr-2026	No	agreement to be sought at ET by 28th Feb 26
				05. NEC Project Plan approved	30-Jun-2026	No	
				06. Development and implementation update to Executive Team	30-Nov-2026	No	
Lowther letting growth strategy	31-Dec-2025			01. Board strategy workshop - Lowther Homes Board agree principles of an asset growth strategy	31-May-2025	Yes	Grant transfers approved. Papers drafted for WH Glasgow, WH East, Lowther, WFL2 and Group Board for final approvals. Security exercise well-advanced. Loan expected to complete before end of FY26
				02. Explore financial models to support agreed options	31-May-2025	Yes	
				03. Explore potential alternative corporate structure options to support growth e.g. equity models or Joint Ventures	31-Oct-2025	Yes	
				04. Agree preferred option(s) with the Lowther Homes Board, for onward recommendation to the Group Board where applicable	31-Dec-2025	Yes	

Appendix 3 – Q3 2025/26 - ARC and SPSO measures

- 1.1 This appendix provides ARC and SPSO measures up to Q3 2025/26.
- 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 RSLs.
- 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 RSLs.
- 1.5 Loretto - number of complaints received:

Loretto – complaints received						
* excluding complaints carried over						
	*2024/25			2025/26 YTD		
	Stage 1	Stage 2	All	Stage 1	Stage 2	All
Loretto	297	36	333	227	25	252

- 1.6 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. Performance for Loretto is better than the 2024/25 SHR Scottish average of 5.4 days for S1 complaints and the SHR average of 21.3 days for S2 complaints. Performance is for Loretto, (including Lowther Factored homeowners) who receive a factoring service from Lowther on behalf of Loretto.

Charter - average time for a full response to complaints (working days)				
Subsidiary	2024/25 Stage 1 - 5-day target, Stage 2 – 20-day target		2025/26 – YTD Stage 1 - 5-day target, Stage 2 – 20-day target	
	Stage 1	Stage 2	Stage 1	Stage 2
Loretto	3.59 ■	15.66 ■	3.63 ■	15.90 ■

- 1.7 The table below outlines the average time for a full response to complaints (working days) overall, for Stage 1 and Stage 2 combined. Loretto is exceeding target.

Charter - average time for a full response to complaints (working days)		
Subsidiary	2024/25 Target – not targeted	YTD 2025/26 – 6 days
Loretto	4.89	5.05 ■

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.

1.9 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.

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

Indicator 1 - total number of complaints received.

1.11 Both Stage 1 and Stage 2 numbers have increased compared to the same period in 2024/25. Year to date to the end of Q3 2024/25 Loretto had received 231 Stage 1 and one Stage 2 complaints. In Q3 2025/26 Loretto has received 227 Stage 1 complaints (1.73% decrease) and four Stage 2 complaints (300% increase).

1.12 Escalated complaints are not counted in the number received but do impact the service, in that they still must be dealt with as a Stage 2 complaint.

SPSO Indicator 1 - total number of complaints received - YTD						
	2024/25 YTD to December			2025/26 YTD		
	Stage 1	Stage 2 (Direct)	Escalated Complaints	Stage 1	Stage 2 (Direct)	Escalated Complaints
Loretto	231	1	29	227	4	22

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".

1.13 Loretto is achieving target of 95% for stage 1 and 100% for stage 2 for quarter 3.

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	
	2024/25	YTD 2025/26	2024/25	YTD 2025/26	2024/25	YTD 2025/26
Loretto	99.66%	98.65%	100.00%	100.00%	100.00%	100.00%

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

1.14 Loretto is achieving target of 5 days for stage 1 and 20 days for stage 2 for quarter 3.

SPSO Indicator 3 - the average time in working days for a full response to the complaints at each stage – YTD 2025/26			
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	3.63	16.00	15.88

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

SPSO Indicator 4 - the outcome of complaints as a % of overall complaints YTD 2025/26				
Subsidiary	Stage 1 - upheld	Stage 1 - partially upheld	Stage 1 - not upheld	Stage 1 - resolved
Loretto	42.34%	9.46%	29.73%	18.47%
	Stage 2 - upheld	Stage 2 - partially upheld	Stage 2 - not upheld	Stage 2 - resolved
Loretto	0.00%	0.00%	100.00%	0.00%
	Escalated complaints - upheld	Escalated complaints - partially upheld	Escalated complaints - not upheld	Escalated complaints - resolved
Loretto	32.00%	36.00%	32.00%	0.00%

Report

To: Loretto Housing Board
By: Ranald Brown, Director of Assurance
Subject: Group Assurance update
Date of Meeting: 9 February 2026

1. Purpose

1.1. This report provides the Loretto Housing Board (the Board) with an update for noting of the internal audit work reported to the August and November Group Audit Committee meetings.

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, including approval of the Internal Audit Annual Report, and monitoring results as presented in quarterly Assurance Updates.

3. Background

3.1. In May and August 2025, 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:

Development projects budget management	Arrears management	Lowther Annual Assurance Statement	Purchase Card analytics	Business Continuity Planning
Damp and Mould process	Group Policy Framework	Faster Payments analytics	Legislative compliance mapping (Phase 1 of 2)	Health & Safety local audits
	Electrical Testing Certificates analytics	Helping Hand Fund analytics	Follow up of management actions	

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

4. Discussion

4.1. The tables below summarise the results of all internal audit work completed in the period since our last report.

Assurance Reviews

Review Title	Relevant Subsidiaries	Control Objective Assessment	No of actions by type	
Management of Development project budgets	All subsidiaries except Care and Foundation		P - 2	CI - 2
Arrears Management	Loretto, WH-E, WH-G, WH-S		P - 1	CI - 4
Lowther annual Assurance Statement validation	Lowther		P - 0	CI - 3
Purchase Cards data analytics	All subsidiaries		P - 0	CI - 4
Business Continuity Planning	All subsidiaries		P - 1	CI - 2
Damp and Mould process	Loretto, Lowther, WH-E, WH-G, WH-S and Solutions		P - 6	CI - 5
Group Policy Framework	All subsidiaries		P - 0	CI - 4
Faster Payments analytics	All subsidiaries		P - 0	CI - 3

Advisory Reviews

Review Title	Relevant Subsidiaries	No of actions by type	
Legislative compliance mapping annual review (phase 1 of 2)	All subsidiaries	P - 1	CI - 1
Health & Safety local audits	All subsidiaries	P - 1	CI - 3

Focused Reviews

Review Title	Relevant Subsidiaries	No of actions by type	
Electrical Testing Certificates data analytics	Loretto, Lowther, WH-E, WH-G, WH-S and Solutions	P - 3	CI - 2
Helping Hand Fund analytics	Foundation, Loretto, WH-E, WH-G, WH-S	P - 0	CI - 2

4.2. The control objective ratings are defined below:

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

4.3. The actions are prioritised as follows:

Priority Action

- Applies to management actions that will address identified control weaknesses, usually where there is no control in place to mitigate the identified risk or the existing control does not provide assurance due to inadequate design of ineffective operation.

Continuous Improvement

- Applies to management actions where there is an existing control in place that provides assurance. However, the control could be strengthened through revised design or renewed application of existing controls (“house-keeping” issues); or further development of existing controls that are operating effectively, such as automation of a manual control.

4.4. The Group Audit Committee receive updates on the status of implementation of agreed audit actions. The most recent position is that there are no overdue actions.

4.5. More detail on the key findings for those reviews relevant to this Board are set out in the Group Assurance Update at **Appendix 1**. Full reports are available to all Board members upon request.

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

8. Financial and value for money implications

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

9. Legal, regulatory and charitable implications

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

10. Risk Appetite and assessment

10.1. This report informs the Board of specific risks arising from internal audit reviews performed during the reported period. The nature of the risks varies depending on the review and the agreed management actions are designed to help management to mitigate the identified risks.

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

11. Equalities implications

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

12. Key issues and conclusions

12.1. The Internal Audit team has completed 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.

13. Recommendations

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

LIST OF APPENDICES:

Appendix 1 - Group Assurance Update February 2026



Loretto
Housing

Group Assurance Update

9 February 2026

Ranald Brown
Director of Assurance



1. Internal Audit Plan Status

This report summarises the findings of the following Internal Audit activity completed during this period. The types of review, control objectives assessment ratings and number of actions by type are defined in Appendices 1 and 2.

Section and Review title	Type of review	Relevant Subsidiaries									Control Objective assessment	No. of actions by type	
		Care	Foundation	Loretto	Lowther	Solutions	WDSL	WH-E	WH-G	WH-S			
2 – Management of Development project budgets	Assurance											P - 2	CI - 2
3 – Arrears Management	Assurance											P - 1	CI - 4
4 – Purchase Cards data analytics	Assurance											P - 0	CI - 4
5 – Business Continuity Planning	Assurance											P - 1	CI - 2
6 – Damp and Mould process	Assurance											P - 6	CI - 5
7 – Group Policy Framework	Assurance											P - 0	CI - 4
8 – Faster Payments analytics	Assurance											P - 0	CI - 3

Continued over

1. Internal Audit Plan Status

Continued from previous slide.

Section and Review title	Type of review	Relevant Subsidiaries									Control Objective assessment	No. of actions by type	
		Care	Foundation	Loretto	Lowther	Solutions	WDSL	WH-E	WH-G	WH-S		P -	CI -
9 – Compliance mapping annual review phase 1	Advisory										Not applicable	P - 1	CI - 1
10 – Health & Safety local audits	Advisory										Not applicable	P - 1	CI - 3
11 – Electrical Testing Certificates data analytics	Focused										Not applicable	P - 3	CI - 2
12 – Helping Hand Fund analytics	Focused										Not applicable	P - 0	CI - 2

2. Management of Development project budgets

Report Conclusion

This review assessed the extent to which improvement actions had been implemented following the Calton November 2024 Board Report. The review focused on the processes in place to monitor and report on project spend from the stage of Board approval of the project to completion, at the request of management.

Limitations of Scope

As a result of excluding the “feasibility” stage from our review, we are unable to conclude fully on control objective 1: *“Completeness and accuracy of planned project costs in financial appraisals reported to Board”* as we did not examine the calculation of figures included in the master cost spreadsheet and the Board approval papers.

We are also unable to conclude fully on control objective 3 *“Variances resulting in a change to approval conditions (eg meeting the IRR) are reported to the Board for review and reapproval”*, because none of the contract variations we tested resulted in a change that met the criteria for Board review and reapproval.

Work performed

We reviewed 8 of the 9 projects approved by the Wheatley Development Scotland Limited (WDSL) Board since revised

processes were introduced in 2025. The remaining project related to a “turn-key acquisition”. None of these projects have completed all 5 gateways in the revised process, so a sample of older projects was selected to test monitoring of spend and contract variation procedures.

We found that while there are examples of good practice, there are also opportunities to strengthen the control framework which should be addressed. These include improvements to the contract variation process, enhanced checking of consistency between documents and improved record management to support use of a planned Microsoft PowerApp, which could provide additional assurance over the status of individual projects in future.

Given the limitations of scope on this review, we proposed to schedule a follow up review in this area.

2. Management of Development project budgets

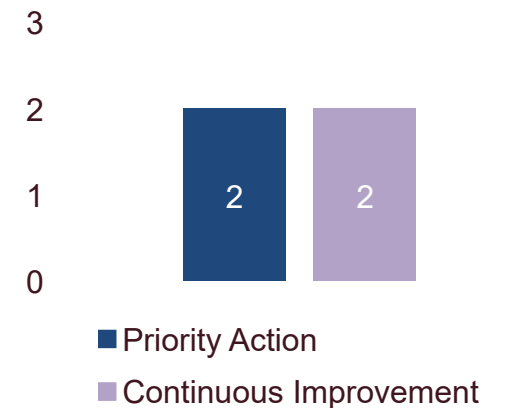
Control Objective Classification

Yellow	The completeness and accuracy of planned project costs in financial appraisals reported to the Board, including any apportionment of costs, is reviewed and agreed by Development and Finance Staff.
Green	Project approval requests clearly identify any provisional costs, the level of risk associated with those amounts, and how the risks will be mitigated.
Amber	Progress against approved budgets is tracked, contract variations are approved in advance, and any variances resulting in a change to approval conditions (e.g. meeting the IRR) are reported to the Board for review and reapproval.
Green	Actual and anticipated costs are monitored throughout the project by Development and Finance staff on a monthly basis.
Yellow	Procedure notes are updated to reflect revised procedures, and all relevant staff have attended training on the revised procedures.

Relevant Subsidiaries

WH-E	Care	Foundation
WH-G	Loretto	Lowther
WH-S	WDSL	Solutions

Number of Actions



2. Management of Development project budgets

Priority Actions

- The contract variation process guidance and request form do not require staff to confirm the required process steps have been completed and the outcome of those steps. As a result, there remains a risk that contract variations may be actioned without the appropriate level of authorisation.

Management Response: *We will review and update the Contract Variation Process and Approval Forms to reflect the points noted, to support a clear trail of rationale and approval of any contract variations, and provide further training to all staff involved in this process. (Due date 31/10/25)*

- Our review of information passed from the “pre-approval” team to the “post-approval” team identified instances of incomplete or incorrect documentation in 6 of 8 projects reviewed, including 2

instances in which the total development cost in the master cost spreadsheet was different (less than) the amount approved by the WDSL Board. This did not impact Finance reporting to the Board, which was based on the Board approved figures. There remains a risk that a lack of checking of the completeness and accuracy of project documentation at the handover stage results in incorrect or incomplete information being used for day-to-day cost monitoring within the Development team.

Management Response: *As part of the ongoing review of processes, we will develop a checklist which will set out the required documentation and checks that should be performed by both pre- and post-coordinators to ensure consistency. (Due date 31/08/25)*

2. Management of Development project budgets

Continuous Improvement Opportunities

- A Microsoft PowerApp which aims to facilitate monitoring of projects by giving a single view of key project information was in development at the time of our review. The app has the potential to provide a control over the completeness of project management documentation if the following areas of concern are addressed as the development of the app is completed: i) inconsistent file naming and storage impacting the completeness of information reflected in the app; ii) technical challenges such as broken file links; and iii) a lack of data input and user access controls to prevent unauthorised / unintentional changes.

Management Response: *A project to improve records management across the Development team is expected to be complete by June 2026. This project will consider aspects such as file naming protocols and document storage. Following completion of the records management project, we will address the technical points relating to broken file links and data input / app access controls as part of the PowerApp development. A user guide will be prepared to explain the functionality and use of the app once its*

development is complete. (Due date 30/06/26)

- Processes and procedures have been updated following management's agreement of revised procedures for cost monitoring and progress tracking of Board approved projects. At the time of our review, work to review Gateways 1 – 3 is still underway, and as these processes are finalised there is a risk of that changes in the later gateway stages are no longer effective, in particular, those relating to invoicing and financial appraisals. For example, in relation to the allocation of costs for multi-phase projects to facilitate effective cost monitoring.

Management Response: *As part of finalising the review of Gateways 1 – 3, we will confirm whether any further updates are required to Gateways 4 and 5. In particular, we will review the invoice, financial appraisal and board approval processes to confirm the complete and accurate flow of information from one stage to the next. (Due date 31/12/25)*

3. Arrears Management

Report Conclusion

The Group has a strategic aim to reduce gross rent arrears to 5% (ARC) by the end of its 2021-26 Strategy period. During 2024/25 the Group reduced gross rent arrears across RSLs to less than 5.1%. In 2025/26 the target is 4.95%.

This review has considered the processes in place for monitoring, escalating and recovering arrears balances within the Group's RSLs (WH-East, WH-South, WH-Glasgow, and Loretto). We found that while there are examples of good practice, there are also opportunities to strengthen the arrangements in place which should be addressed.

In particular, the process to write off Former Tenant arrears should be documented within the Rent Matters Toolkit to ensure that the roles and responsibilities of both the Housing Specialist Team and Housing Officers is clear. Additional controls should also be added to this process to detect any inappropriate or incorrect write offs.

Our testing of arrears cases across all RSLs identified opportunities to improve the completeness and quality of notes recorded within iworld and ASTRA. This includes notes to evidence that accounts have been reviewed and clarify why actions have been taken or not. We also identified opportunities to: improve initial contact with customers

moving into arrears; record Expected Payment Plan arrangements more consistently; and be more proactive in escalating cases to GDRT.

The RSL Income lead has recently reviewed the groups in place to drive improvement across rental income activity. This has included the introduction of a new weekly leaders VMB meeting focused on income, and a monthly Income Strategic Leads Cohort meeting to review issues in more detail. These will operate alongside the Rents Community of Excellence (COE) which provides an opportunity for all Locality Directors and Heads of Housing to share good practice. These groups will play a key role in the delivery of the actions agreed with management to address the findings of this review.

3. Arrears Management

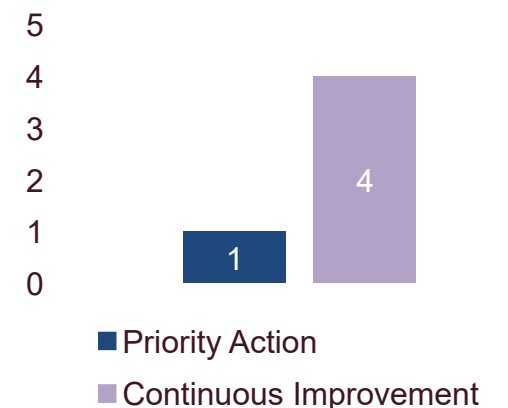
Control Objective Classification

Green	Customers receive clear information about their payment options and support available to manage their rent account, clear any monies owed and prevent further debt from accruing;
Yellow	Housing Officers identify arrears and contact customers to establish the reason for non-payment and where arrears cannot be paid in full, a repayment arrangement is agreed, monitored and revised if required;
Yellow	All actions taken to recover arrears are clearly recorded to document that the RSL has met its legal obligations as part of its 'Pre-Action Requirements';
Yellow	Arrears are escalated to the Debt Recovery Team for action where customers fail to engage with us, or no repayment agreement is reached;
Amber	Debt is written off where it is deemed to be irrecoverable and in line with agreed criteria; and
Green	Rent arrears information reported to the ET, Boards and SHR, is accurate and aligned to the ARC definitions set within the Scottish Social Housing Charter Technical Guidance for Landlords.

Relevant Subsidiaries

WH-E	Care	Foundation
WH-G	Loretto	Lowther
WH-S	WDSL	Solutions

Number of Actions



3. Arrears Management

Priority Actions

- The Rent Matters Toolkit requires completion of a form to initiate the write off of Former Tenant arrears. However, currently there is no segregation of duty within the FT Arrears write off process. A record of the amount written off and the justification for the write off is recorded in ASTRA (the Housing customer relationship management system), however no sign off is required. There is also no threshold in the policy which would prevent write offs over a certain value being completed by one person. Reliance is placed on any unusual amounts flagging in the performance reports and actual against forecast write off values.

Management Response: *The Income Lead will clarify the Housing Specialist Team (HST) and Housing Officers' roles and responsibilities with the Director of the Customer First Centre, to ensure that the agreed process includes: i) Checks to ensure the appropriateness and accuracy of write offs processed by individuals within the HST; and ii) Reporting to provide RSL leads with oversight of the FT write off activity completed by the HST. The Rent Matters Toolkit will be updated, if required, to reflect the agreed process. (Due date: 31/10/25)*

Continuous Improvement Opportunities

- Our testing of 40 arrears cases identified opportunities to improve initial contact with customers in arrears. If we do not contact customers to provide advice and support as soon as possible, there is a greater risk that arrears balances may increase to a point where the customer is unable to repay the amount due.

Management Response: *Specific attention will be given to this topic at one weekly Leaders VMB meeting each month to allow more focused review. A record of identified good practice, key feedback and actions agreed by the VMB will be maintained and shared with members to ensure that consistent messaging can be provided to Housing Officers in their local VMB discussions. (Due date 31/10/25)*

Continued on next page

3. Arrears Management

Continuous Improvement Opportunities

- Our testing also found that in 18 of the 40 cases reviewed, the notes recorded in iworld and ASTRA (the housing management systems) were not sufficiently detailed to explain whether actions had been taken or not. If notes do not capture all actions taken to manage arrears, there is a risk that we are unable to escalate cases for legal action without additional time and resource being spent collating records of actions taken.

Management Response: *In addition to discussion at one weekly VMB per month, as outlined in the previous management action, we will ensure all RSL staff complete the recently revised data protection training, including the Housing-specific module, by the end of August 2025. (Due date 31/10/25)*

- We tested 62 arrears cases and found in 8 cases the Expected Payment Plan (EPP) arrangements were not loaded or were loaded incorrectly in ASTRA. If the EPP is not loaded correctly in ASTRA, the Housing Officer will not receive a notification if the agreed payments are not received.

Management Response: *The long-term solution to this issue is to move to a single housing management and customer relationship*

management system. In the interim, we will remind Housing Officers how and when EPP's must be loaded in ASTRA and iworld. Progress will be monitored at the new VMB with Housing Leaders. (Due date 31/10/25)

- Our testing also highlighted opportunities to improve the escalation of arrears to the Group Debt Recovery Team. In one case the customer's arrears had steadily increased despite there being an EPP in place. While there was evidence that the Housing Officer had consistently tried to contact the customer about their payments and offered support, the case had not been escalated. There is a risk that escalation action is not being taken in cases where customers are engaging with us intermittently and have agreed low value EPP's.

Management Response: *The new Income Strategic Leads group will agree actions to improve Housing Officers awareness of escalation protocols, including where EPPs are not working effectively, and will work with the Litigation Services team to ensure that our messaging to customers about the escalation process is strong. (Due date 31/10/25)*

4. Purchase Cards data analytics

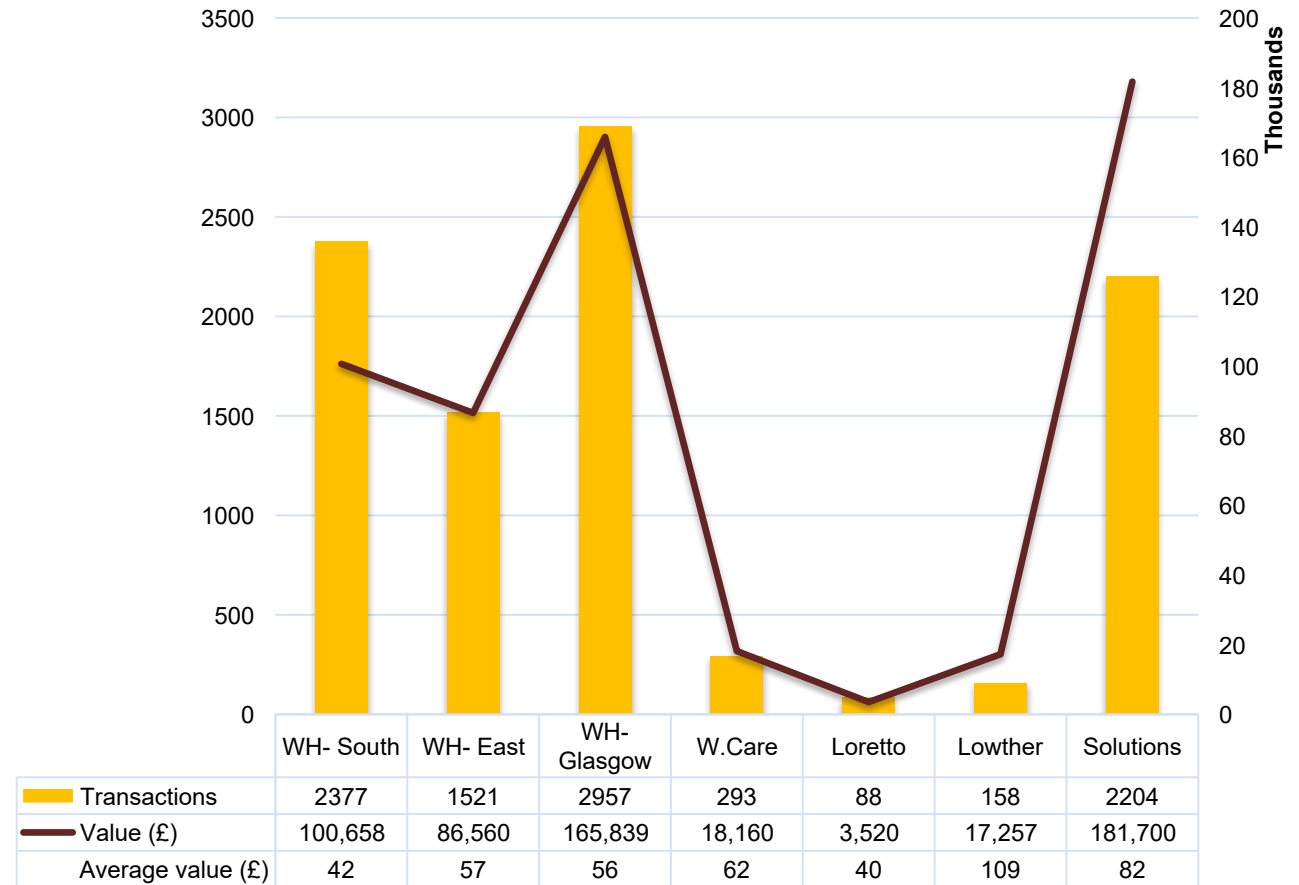
Report Conclusion

The Transaction Services team completes assurance checks on all purchase card transactions each quarter. These include review of: i) unreceipted or uncoded payments, ii) cash withdrawals, iii) transactions over £1,000; and iv) spend outwith the parameters set in the Group's Purchase Card Policy. During 2024/25, 9,598 purchase card transactions were made by cardholders across the Group, with a total value of £573,700.

This review has assessed the extent to which the checks completed by the Transaction Services team are effective in providing assurance on the application of controls over purchase card spend. We reperformed the assurance checks completed during 2024/25 and have confirmed that they are working as expected and the results are being used to investigate any exceptions and drive improvements.

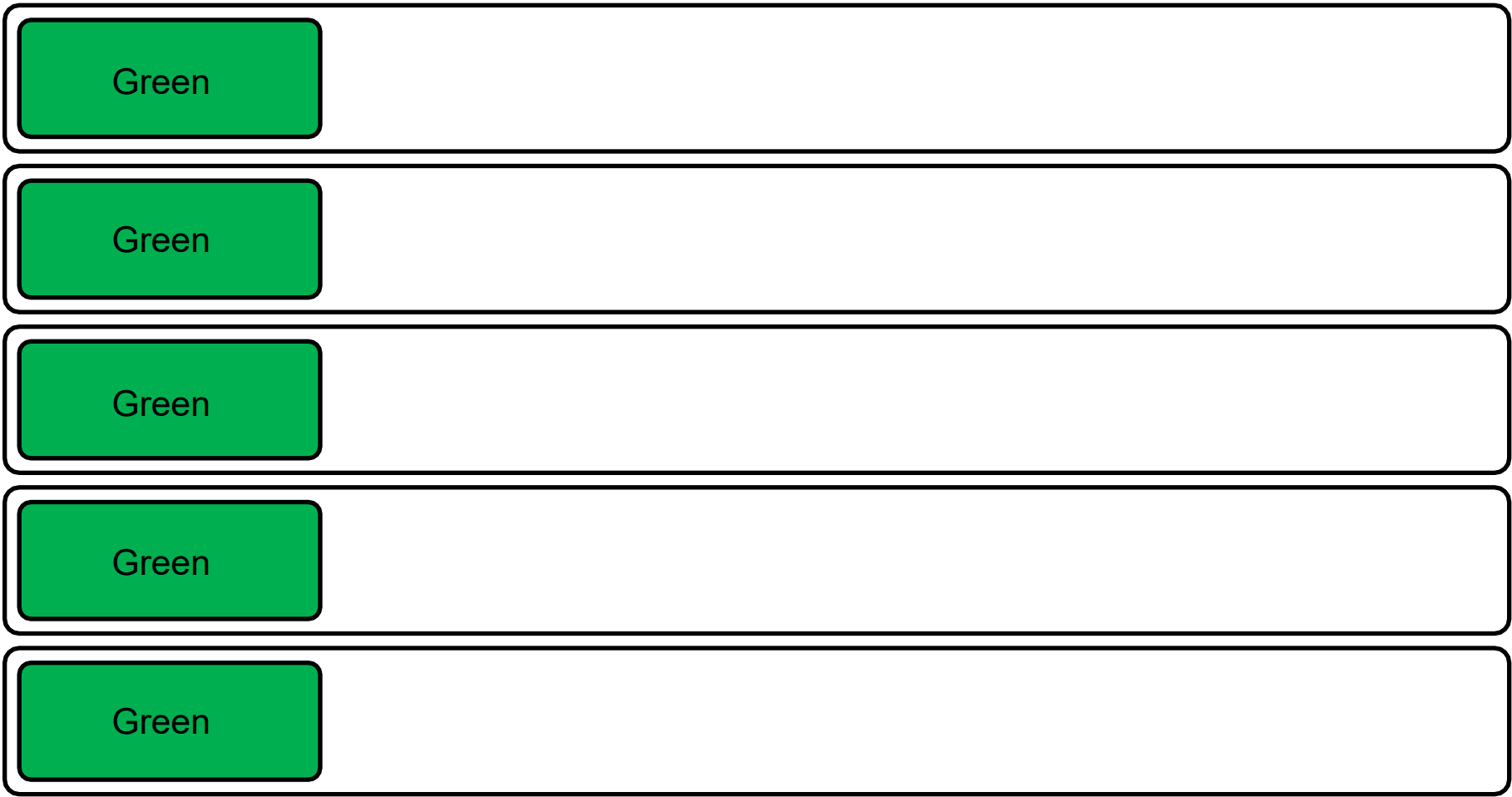
Our review has identified some opportunities to improve the wider Purchase Card process, including an additional check to assess the completeness of monitoring activity undertaken by managers. The Procurement team will also be asked if they would like to receive the results of the quarterly checks to inform their own monitoring of Group spend and the P2P processes.

Purchase Card spend in FY24/25



4. Purchase Cards data analytics

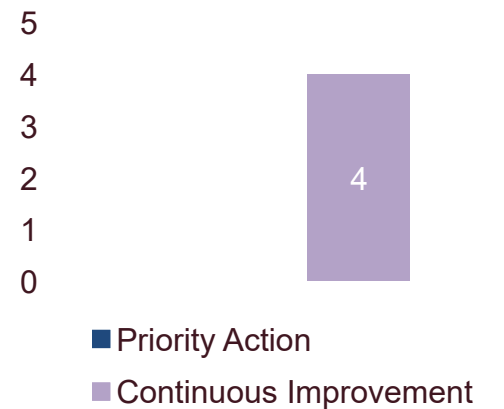
Control Objective Classification



Relevant Subsidiaries

WH-E	Care	Foundation
WH-G	Loretto	Lowther
WH-S	WDSL	Solutions

Number of Actions



4. Purchase Cards data analytics

Continuous Improvement Opportunities

- The team advised that recent assurance checks had identified some cases where authorised temporary increases to card transaction limits had not subsequently been reverted to their normal level.

Management Response: *A quarterly monitoring check will be implemented by the Purchase Card Officer to confirm purchase card limits are set at the correct level. (Due date 31/09/25)*

- We tested 58 uncoded transactions which occurred between January and March 2025 and confirmed that a Monitoring Questionnaire had been returned by the cardholder's manager for each of these, despite insufficient information being held in the SDOL for the manager to have completed one or more of the checks in the questionnaire.

Management Response: *We will amend our existing check on the completeness of transactional information so that there is a reminder to managers of their responsibility when completing the monitoring questionnaire. We will continue to stop cards where required information is not provided on a recurring basis, and will escalate unsupported monitoring questionnaires to senior*

managers. (Due date 31/09/25)

- We reviewed records of cash withdrawals made during the FY24/25 and noted some minor opportunities to improve cardholders' understanding of the process. We also noted that one cardholder routinely needs to make multiple cash withdrawals in a day to obtain the cash required for a known business need.

Management Response: *Additional guidance will be added to the reminder email to all cardholders to clarify good practice points raised in relation to ATM receipts and separate cash withdrawals. We will also explore any alternative options available to provide cash for the above noted programme. (Due date 31/09/25)*

- The outcomes of the quarterly assurance checks of Purchase Card expenditure are not currently shared with the Procurement team.

Management Response: *We have now shared information from the Q4 purchase card checks with the Procurement Team, and we will continue to do this each quarter. (Due date 31/09/25)*

5. Business Continuity Planning

Report Conclusion

During 2025 there has been significant work undertaken to refine and relaunch formal business continuity planning (BCP) approaches within the Group. This has included reissuing templates and producing guidance to ensure that BCPs are regularly exercised.

Our review has assessed the adequacy and effectiveness of controls in place in relation to the Business Continuity Management (BCM) framework. We acknowledge the significant amount of work that has recently been done to improve the previous methodology. A BC Implementation Group (BCIG) meets quarterly to discuss items such as BCP updates, training requirements and policies and procedure development. There are various templates and guidance documents available which support staff to develop, invoke and test BCPs.

The work to refresh the BCP approach continues, with the most recent BCIG meeting focusing on the implementation of the revised approach to consistent testing of plans every 6 months. The ongoing work to embed processes is reflected in our assessment of two control objectives as “not rated”.

The key area for improvement is in the completion of Business Impact Assessments (BIAs), which are key documents in the BCM lifecycle. They are fundamental in establishing effective BCPs and exist to allow an organisation to identify its critical activities when a BCP event occurs. The BIA also allows an organisation to prioritise activities, identify dependencies and develop risk management strategies in advance of a business disruption occurring.

Our testing of a sample of local BIAs found that they had not been completed in a way that delivers on the objectives outlined above. The templates are structured in

a way that encourages BC Leads to document responses to predefined scenarios rather than identifying which of their activities are likely to be critical to the subsidiary/service and Group during a BCP event, such as emergency repairs and staff and/or customer wellbeing. This approach may result in too many activities being considered, without clear focus on critical activities.

These weaknesses noted within the BIAs also impact on the quality of the BCPs. We noted ‘disruption impact’ sections within BCPs were completed because they exist rather than because they are relevant, including examples where response and recovery actions were listed for impact scenarios that were highly unlikely to impact on a critical activity for that subsidiary/service. For example, the Customer First Centre BCP contained response and recovery actions for payment processing in the event of a fuel shortage.

As part of the evolution of business continuity arrangements within the Group, it will be necessary for current BIA and BCP templates and supporting guidance to be revisited, in order to ensure that BCPs reflect critical activities within the Group.

The BCIG has extensive membership from across the Group and an agreed Terms of Reference however, at the time of our review, this did not detail a formal reporting link into corporate governance, such as a reporting requirement that will allow the Executive Team and the Board to remain informed on BC compliance. This has been updated since our review.

We also noted that updated guidance on the exercising of BCPs was issued in June 2025. Due to the timing of this, we were unable to assess the extent to which it had been Implemented at the time of our review.

5. Business Continuity Planning

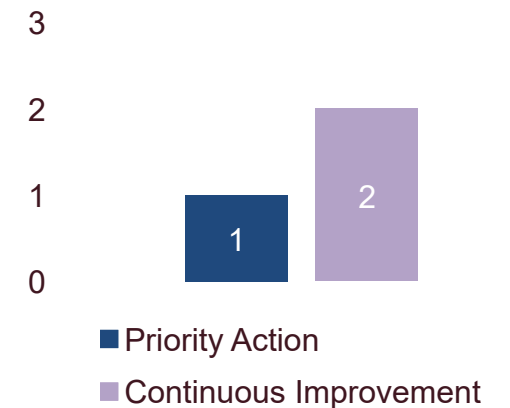
Control Objective Classification

Yellow	
Amber	Business Continuity Plans demonstrate a comprehensive understanding of the organisation, identifying the key services, as well as the critical activities that support them.
Amber	Comprehensive and robust plans have been developed to manage the initial response to an incident and to ensure the continuity and recovery of critical activities.
Not rated	Effective processes exist to confirm business continuity arrangements are kept up-to-date and plans are regularly exercised and reviewed.
Not rated	Lessons learned processes are completed and plans updated following live and test invocations of business continuity plans.
Green	There are formal processes through which recovery plans are validated with the IT & Digital Services team to confirm they are realistic.

Relevant Subsidiaries

WH-E	Care	Foundation
WH-G	Loretto	Lowther
WH-S	WDSL	Solutions

Number of Actions



5. Business Continuity Planning

Overarching Management Response

Management agrees with the findings and recommendations detailed within this report. As detailed in the reports to relevant Boards during 2025 we have relaunched our BCP approach across the Group. Early review of these new approaches has been beneficial to provide us with confidence that this new approach covers all key areas required and that we can continue to strengthen and evolve our overall approach to BCP.

While the report identifies areas for further improvement relating to Business Impact Assessments and BCP templates and supporting guidance, it also acknowledges that a significant amount of work has recently been done to improve the previous methodology including a specific focus on group wide response plans for Severe Weather and Ransomware Incidents. We recognise an opportunity to further evolve our templates which support BC leads to document more clearly critical activities for each business area which is not directly linked to specific scenarios. While scenario led business continuity planning has value, we recognise that this can be improved on through refined templates and guidance. Management is committed to further developing our BCP approach by implementing the recommendations.

(Overall due date to complete management actions within this report: 31/03/26)

A summary of the key audit findings are provided on the following slides along with also which outlines specific next steps agreed by management. Management have advised that some of these actions are already being progressed, including:

The Business Continuity Implementation Group's Terms of Reference has been agreed.

New templates for BIA have been developed and will be rolled out across the Group.

5. Business Continuity Planning

Priority Action

- The Group has templates for both Business Impact Assessments (BIAs) and Business Continuity Plans (BCPs). We reviewed the templates as well as five completed BIAs and corresponding BCPs. We identified that the templates are structured in a way that encourages BC Leads to document responses to predefined scenarios rather than identifying which of their activities are likely to be critical to the Group during a BCP event, such as emergency repairs and staff and/or customer wellbeing. Therefore, they do not support local management in documenting critical activities specific to each team; completing separate impact and risk assessments for each critical activity; and then capturing the response and recovery arrangements for those activities.
- Our review of completed BIAs and BCPs found them to be of variable quality, with insufficient detail to support response and recovery planning. We also identified examples where planned actions were recorded in tables within the BCP which did not appear to be a realistic disruptive event (e.g. severe weather may not disrupt teams that regularly work from home). There were also instances in which BCPs were noted to include information typically expected to be documented within the BIA. Holding the information in the BIA rather than the BCP would assist local managers to effectively identify critical activities and required response levels.

Management Response:

We will undertake a comprehensive review of BIA and BCP templates. We will develop new templates for BIA including supporting Risk Assessments, and a new template for BCP that supports more thorough completion and more strongly aligned with ISO standard 22301 (Due: 31/10/25)

Detailed guidance will be developed to support BC leads and Coordinators to thoroughly and effectively complete the BIA, RA and BC plans. (Due: 31/10/25)

We will test use of the new templates with 4 key service areas Care, CFC, Lowther Housing(WHS) and determine any refinements required. Seeking formal Assurance input at this point prior to full roll out. (Due: 31/1/26)

Refined BIA and BCP approved by HS and Group Director (Due: 31/1/26)

Completion of new BIA and BCP for all business areas (Due: 31/3/26)

HS introduce testing regime for BIA/BC reviewing quality and relevance to ensure all plans are reviewed annually. (Due: 31/3/26)

5. Business Continuity Planning

Continuous Improvement Opportunities

➤ We acknowledge that there has been reporting to the Executive Team on the progress of the project to refresh the BCP approach throughout 2025, as well as updates to the Group Board in June 2025 and the Solutions Board in August 2025. The Group Board update specified that annual updates to Boards and biannual updates to the Executive team would be implemented alongside the new BCP Policy.

However, our review of the BC Policy and the Business Continuity Implementation Group (BCIG) Terms of Reference identified that they had not been updated to reflect these requirements.

Management Response: *i) The Terms of Reference for the BCIG has been updated to set out how it integrates with the corporate governance of the Group. ii) We will prepare six-monthly updates to ET and an annual report to Boards on BCP within the Group. This will include information on updating of BIAs and BCPs as well as exercising of BCPs. (Due date: i) Complete; ii) ET Report 30/11/25 and Board Annual Reports Feb 2026.*

➤ As part of the process of refining the BCP process within the Group, new requirements and guidance were issued in June 2025 for exercising of BCPs. Due to the recent issue of the guidance, we were unable to assess the extent to which it has been implemented at the time of our review. To confirm the implementation of the BCP testing guidance, the BCIG should assess the lessons learned from initial testing of plans in early 2026.

Management Response: *A testing programme is in place through to March 26 for all business areas. The BCIG will review the tests and assess common lessons learned, themes arising from exercising of BCPs and agree actions to address any continuous improvement opportunities from testing of BCPs. The Group will also report to the Executive Team on the outcomes of BCP testing biannually. (Due date: 30/05/26)*

7. Group Policy Framework

Report Conclusion

The Wheatley Group Strategy, Frameworks and Policy Directory (the Directory) sets out how and why the Group develops policies. The Directory contains a register of all Group wide, Subsidiary specific and HR policies, with information about the purpose of these and how staff can access training and support in relation to each policy. The Directory is a live document on W.E. Connect which is updated to reflect any changes to the policies as required.

The Directory has been maintained by the Customer Strategy team since January 2025, with People Services and Wheatley Care management maintaining the HR and Care policies.

This review considered the application of the Group's Policy Framework to determine whether the arrangements in place for the update and application of Group Policies are operating efficiently and effectively.

We found no issues with the status of existing policies but did identify opportunities to refine and further develop the arrangements in place to make these more efficient and easier to maintain.

In particular, there is currently a requirement for manual update of three or four records each time a policy is updated. The number of records requiring update could be reduced with PowerBI reporting being used to automate update of the remaining records.

Additional guidance in relation to the policy review and commitment tracking processes would provide clarity on roles and responsibilities, reducing the risk that required tasks are missed, or policy commitments not fully delivered.

Finally, there is an opportunity to align the policy review procedures within People Services and Wheatley Care with the more established process used by the Customer Strategy team.

7. Group Policy Framework

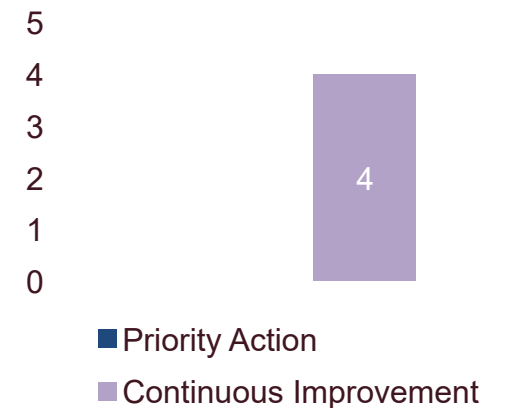
Control Objective Classification

Yellow	
Green	
Yellow	
Green	An EIA is completed for every new or existing policy which meets the criteria within the Group's EIA Guidance.
Yellow	Customers and Trade Unions are engaged with, consulted and/or informed of new policies or proposed changes as necessary at the appropriate stage in the policy development/review process, with outcomes reflected in the accompanying ET/Board report.
Yellow	

Relevant Subsidiaries

WH-E	Care	Foundation
WH-G	Loretto	Lowther
WH-S	WDSL	Solutions

Number of Actions



7. Group Policy Framework

Continuous Improvement Opportunities

- The Policy Directory states that ‘Our policies are developed according to operational, regulatory and legal requirements,’ but does not set out a specific mechanism for confirming that the policies listed in the Directory cover these requirements. There is an opportunity to reconcile the Policy Directory against legislation identified in the Group’s Legislative Compliance Maps to provide comfort on the completeness of both the Policy Directory and the Legislative Compliance Maps.

Management Response: *We will work with the Assurance team to complete a biannual reconciliation of policies against legislation and regulation identified in the Group legislative compliance maps. Any queries or gaps identified will be raised for discussion as part of the quarterly DMT reporting on policies. (Due date 31/03/26)*

- The Policy Directory sets out brief details of the arrangements for the review of policies. It is supported by a Policy Review template, which is completed by the Policy Lead and reviewed by the Customer Strategy team. The Directory does not explicitly outline the respective roles and responsibilities of the Customer Strategy team and policy leads in delivering the Policy Framework. Similarly, there is no accompanying guidance in the Directory to clarify when

a policy review template should be completed, or if the completed template should be shared anywhere. There is a risk that implied roles and responsibilities are not fully understood by all policy leads and the correct action is not taken because of assumptions that the Customer Strategy team is responsible for either doing things on their behalf or bringing any issues to their attention.

Management Response: *We will update the Directory to clearly outline the respective roles and responsibilities involved in the Policy Framework and review process, including additional guidance about the completion of the policy review template. This exercise will include agreement with People Services and Wheatley Care of a standard process for update of policies, including update to the revised Policy Register, that can be used by each team to update the policies for which they are responsible. (Due date 28/02/26)*

(Continued over)

7. Group Policy Framework

Continuous Improvement Opportunities *(continued from previous)*

- Information about the Group's policies is held in different locations, including the Policy Directory (a Word document); the Policy Hub (full policy documents stored on the intranet); the Policy Register (a spreadsheet); and the Policy Commitments tracker (a Microsoft List). Changes to policy documents need to be manually updated in the Directory, Hub and Register, with commitments being manually updated in the List, where relevant. There is an opportunity to reduce the number of Policy information locations, with PowerBi being used to extract reports tailored for different audiences. This would remove the need for updating information more than once, reducing the risk of error.

Management Response: *We will review the content of the Policy Register to include information currently held in the Policy Directory and explore the potential to introduce a PowerBI report that runs when the Policy Register is updated, and contains the information currently held in the Policy Directory, for sharing with all staff. Proposed changes to the format of the Policy Directory and DMT policy update reports will be agreed with DMTs. (Due date 31/03/26)*

- The Directory states that Category 1 and 2 policy commitments will

be tracked and monitored, with assurance sought from the lead about how these are implemented. The Customer Strategy team asks Policy Leads to provide quarterly updates on how the commitments are achieved, and the status of commitments is reported to DMT each quarter. Our review of the tracker noted that the process for assessing the delivery of commitments could be clarified to detail the respective roles and responsibilities of the Customer Strategy team and Policy Leads and to provide guidance on completing the policy review template. We also noted there is not an equivalent process in place for People Services and Wheatley Care policies, which are managed separately, due to volume.

Management Response: *We will explore the potential of a PowerBI exception report that flags commitments with no Policy Lead updates and will check a sample of policies each quarter to confirm updated evidence is available. We will also work with Care and HR leads to capture commitments they have identified within their policies within the Tracker and provide reporting to allow local checking that is consistent with the approach outlined above. These reports will be shared with DMTs to confirm they meet their oversight and information needs. (Due date 31/03/26)*

8. Faster Payments data analytics

Report Conclusion

As part of the Internal Audit team's programme of annual data analytics reviews, we have completed a review of the assurance checks performed by the Transaction Services team in relation to Faster Payment transactions. These checks are completed quarterly by the Service Team Coordinator and are designed to confirm that the manual Faster Payment transactions have been made in line with Group procedures. The checks include: i) duplicate payment search, ii) payments to existing suppliers, iii) review of high value transactions, and iv) number of payments per supplier.

We have reperformed the assurance checks completed by Finance between 1 July 2024 and 30 June 2025 and confirmed that they are working as expected and that the results are being used to investigate any exceptions and drive improvements. We noted that the overall number of Faster Payments has reduced by 20% since the assurance checks were implemented in 2023/24. The total Faster Payments spend in the 12 months to 30 June 2025 (£34.5m) was also £20m lower than in 2023/24 (£54.9m).

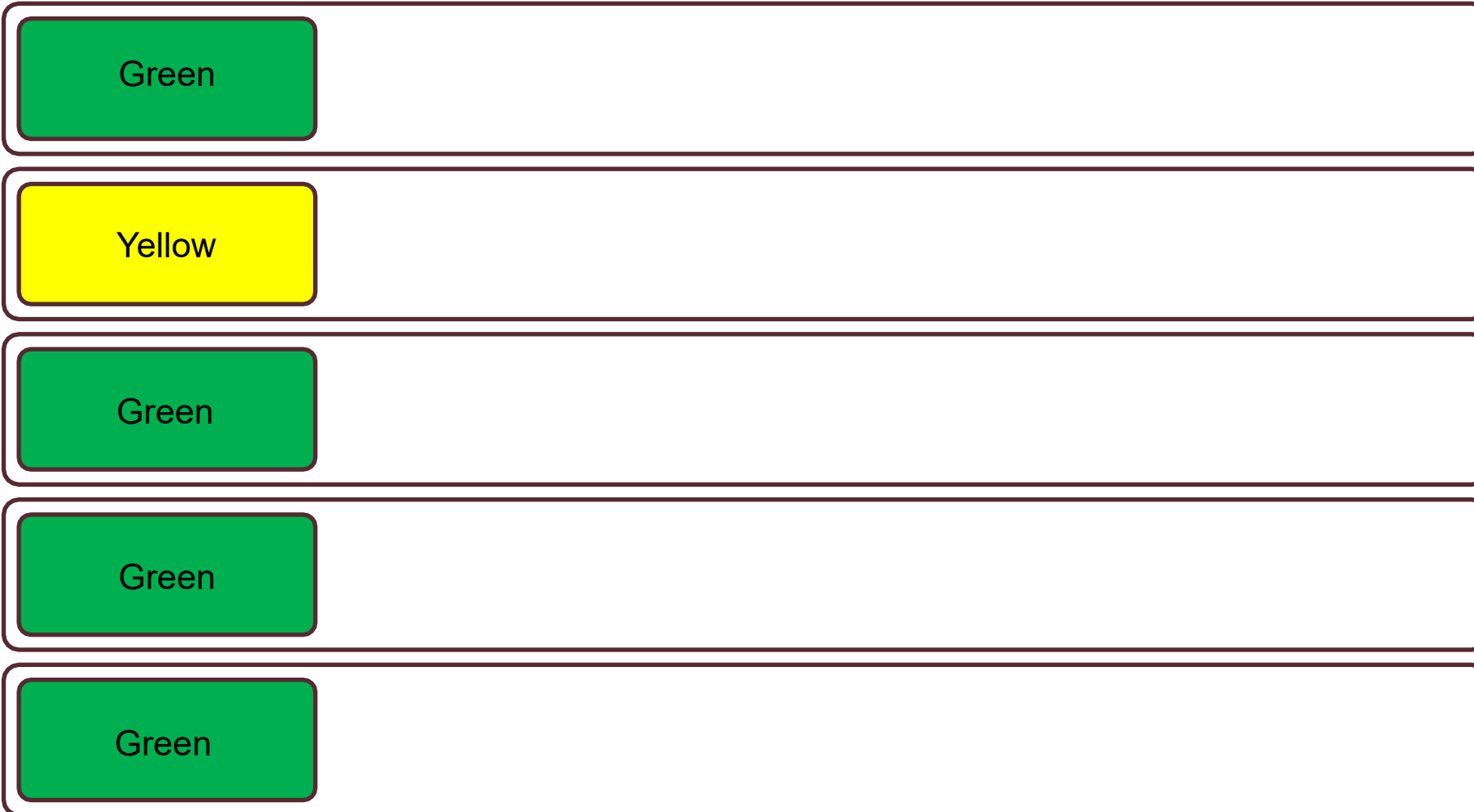
We have identified some minor opportunities to further improve the design and operating effectiveness of the quarterly assurance check

process. These include adding an overarching review of the annual Faster Payments data once a year to ensure any cross-quarter exceptions have been identified, and retaining the results of the quarterly checks within SharePoint, rather than One Drive, to ensure they can be accessed in the absence of the Service Team Coordinator. We will also work with the Transaction team to review the IDEA Macro to confirm that the checks in place are based on the most robust data fields available.

The Transaction Services team is also currently working with IT to explore the development of a more automated Faster Payment request process using Microsoft Forms. As the existing assurance checks place reliance on the accuracy of source data manually recorded in the Faster Payment request form, which is then manually recorded in the Faster Payment spreadsheet, it would be beneficial to automate this process as much as possible to reduce the risk of manual error. To support the exploration of a more automated approach, we have outlined some control points to consider in Appendix 1 of this report.

8. Faster Payments data analytics

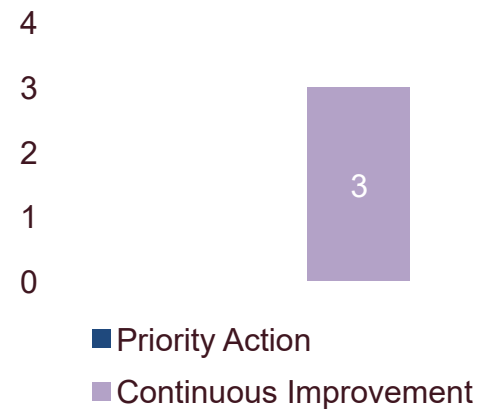
Control Objective Classification



Relevant Subsidiaries

WH-E	Care	Foundation
WH-G	Loretto	Lowther
WH-S	WDSL	Solutions

Number of Actions



8. Faster Payments data analytics

Continuous Improvement Opportunities

- We performed data analytics on 12 months of Faster Payment data and noted some inconsistencies in the results due to tests being run using different source data fields, some of which are more robust than others. For example, matching records using names returned less matches than when we compared the same records using bank account numbers. This is because the name field is more susceptible to spelling and formatting differences which will not match in IDEA. While this has not affected the accuracy of the results of the quarterly checks completed to date, there is now an opportunity to review the IDEA test Macro and confirm that the most robust data fields are being used in each test.
Management Response: We will work with the Assurance Team to review the robustness of data fields used in the IDEA testing approach in preparation for the checks of Q3 data in January 2026. (Due date 31/01/26)
- As the existing assurance checks of Faster Payments are completed quarterly, they focus on specific 3-month periods of data. It would also be prudent to run the check for duplicate payments on an annual basis to confirm that no 'cross-quarter' exceptions have been missed during the year.
Management Response: We will introduce an annual check for duplicate payments alongside our Q3 data checks in January 2026. (Due date 31/01/26)
- The results of the quarterly assurance checks are currently stored in a OneDrive. It would be better to save these files within a restricted area of the team's SharePoint site.
Management Response: We will move the records of the quarterly assurance checks into an appropriate location in the team's SharePoint site and limit access to those staff who need to use or view the records. (Due date 31/11/25)

9. Compliance mapping annual review – phase 1

Report Conclusion

During 2024/25, the Internal Audit team (IA) completed a two-year exercise to facilitate the creation of compliance maps for all business areas within the Group. The maps are designed to capture key legislative and regulatory requirements for key business processes, along with detective controls that would alert management to any potential instances of non-compliance. The finalised maps were passed to management in July 2024, and senior leaders are responsible for ensuring the maps are kept up to date.

IA has now completed the first phase of bi-annual review to assess the extent to which management has reviewed and updated the compliance maps for changes to legislation and the internal control framework, including review and update of detective controls, where required. This report is focused on the results of our review of the People Services, Governance & Business Solutions, and Assets & Development compliance maps.

We found that, although management reviews legal and regulatory changes, and implements any resulting updates to processes during the year, the compliance map documents had not been updated to reflect these changes. To facilitate a more formal review of the compliance maps by management, they have been moved into an MS Lists format.

Following our review, the compliance maps have been updated to reflect additional legislation and planned controls that have been implemented since the previous compliance map review.

There are a number of areas where management continues to work to implement planned controls to detect a compliance breach. Management has also identified four areas where new or changed legislation is expected but not yet in place. Management should consider these points when completing their next scheduled review of these compliance maps.

10. Health & Safety local audit process

Report Conclusion

This advisory review has considered the extent to which the new local Health and Safety audit process is adequately designed and operating effectively. Overall, the new process is working as expected, but there are opportunities to strengthen and refine the audit methodology and to improve the guidance in place to direct the audit activity. This reflects the fact that this is a new process, and as the Group Health and Safety team advised at the outset of the review, some aspects are still in development.

The local Health and Safety audit programme was implemented in April 2025 to provide management with ongoing assurance that the Group is complying with relevant regulatory Health and Safety requirements. The audit programme currently includes all of the Group's properties which fall under the Health and Safety at Work Act 1974 definition of a workplace environment. However, the Group Health and Safety team plans to use the results and trends of this initial cycle of audits to help risk assess and prioritise properties requiring review in the next programme of audits. Defining and documenting clear risk assessment criteria alongside this analysis of audit outcomes would support the prioritisation of higher-risk premises in subsequent audit cycles.

During the audit we met with key staff involved in the local Health and

Safety audit process, reviewed key documentation and completed walkthroughs to confirm our understanding of this new process. We completed a high-level review of a sample of 30 local audits completed to date to verify the overall approach is working as prescribed. In addition, we target tested 5 local audits to review the application of the audit procedures and assess the consistency of application of the audit process.

We identified opportunities to refine and further develop the audit methodology and supporting guidance, including defining risk assessment criteria, review requirements and documentation expectations. Providing clearer guidance for the H&S Auditors to follow will help to reduce the risk of any inconsistencies in approach and make the audit process more robust.

There is also an opportunity to refine the work programme template and put this in a more user-friendly format which would support the development of automated reporting.

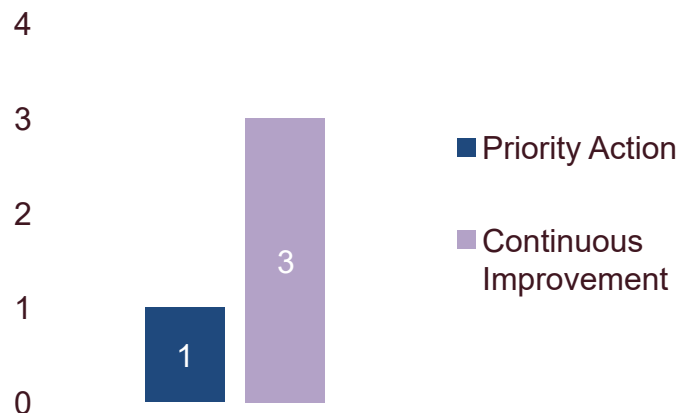
Finally, since the end of audit fieldwork, the H&S Team have implemented Power BI reporting to assist in programme planning, follow-up of corrective actions and management reporting.

10. Health & Safety local audit process

Relevant Subsidiaries

WH-E	Care	Foundation
WH-G	Loretto	Lowther
WH-S	WDSL	Solutions

Number of Actions



Priority Actions

➤ The ‘Guidance Note for the Audit of Workplaces’ sets out a high-level overview of the processes in place for performing H&S Audits. Our review of the Guidance Note and audit procedure has identified opportunities to strengthen the design of this guidance and clarify the audit process for staff. We completed a detailed review of a sample of 5 H&S Audits and identified inconsistencies in documentation standards, status updates and communication of corrective actions. As H&S Audits are a relatively new process, and the Guidance Note and audit procedure are key directive controls, the areas for improvement identified within these documents may be a root cause of the inconsistencies found in our sample testing.

Management Response: We have started to review and update the Guidance Note to reflect the points raised during this review and will provide refresher training to all those involved in the H&S Audit Programme. (Due date 30/11/25)

10. Health & Safety local audit process

Continuous Improvement Opportunities

- As the H&S Audit Programme is in its early stages of implementation, risk assessment and prioritisation of higher risk premises have not yet been implemented, nor has the methodology to support this. There is an opportunity to use the outputs of planned analysis of results and trends from this initial cycle of audits to inform the development of wider risk assessment and prioritisation criteria. A process should also be agreed with the Asset team and other wider groups to ensure the H&S Team is aware any new premises that may require an audit.
Management Response: *We have started to define and implement risk assessment criteria for the prioritisation of the H&S audit programme. We will complete our review of the information currently available to identify workplace environments across the Group and will work with colleagues to agree a process for informing the team of future changes, including changes to use of properties. (Due date 30/11/25 & 31/01/26)*
- Local H&S audits are documented within a large work programme template held in Word format, which can be hard to navigate. There is an opportunity to move the template into a more user-friendly format, such as Excel, and explore options to automate reporting directly from the template.
Management Response: *We will develop an excel template to be used by staff when the next audit cycle starts and explore options to automate the collation of results. (Due date 31/03/26)*
- The current follow-up process for corrective actions is highly manual, making it less accessible for trend analysis and sharing of lessons learned. Opportunities exist for developing Power BI functionalities to support monitoring and follow-up of corrective actions, however these have not yet been established.
Management Response: *We have now implemented a Power BI report, similar to that used for Fire Risk Assessments, which we will use to follow-up outstanding and overdue corrective actions, in trend identification and analysis, and for monitoring progress against the audit programme. (Due date 30/11/25)*

11. Electrical Testing Certificates data analytics

Report Conclusion

This review used data held in Group systems to assess the completeness and accuracy of Electrical Installation Condition Report (EICR) reporting for the Group RSLs and Lowther. EICR completion date are all held within the PIMSS asset management system. However, the process to transfer this data differs across Group areas, as does the location for storing EICR certificates.

The Group has a legal requirement to make all reasonable efforts (supported by evidence of correspondence) to complete an EICR. However, the Group is not legally allowed to turn off the electricity supply to a property when unable to access, as is permitted under gas safety legislation. This can result in less than 100% compliance due to complex cases or customer behaviours that mean the Group cannot access properties, or complete electrical tests once in the property. To mitigate this, the EICR testing is programmed for 3 months before the expiry of the existing certificate, which allows time for forced access protocols, if required.

As all completion dates are held within PIMSS, Power Bi reporting is available for all Group areas and includes information on EICR due dates, overdue EICRs and properties that should be excluded from reporting (e.g. long-term voids or properties proposed for demolition).

We tested a sample of 150 properties to confirm the existence of an EICR certificate and to match the certificate date to the certification date recorded in PIMSS.

We confirmed the existence of the certificates in all but 4 cases and confirmed that, in those cases, there were additional complexities involved which management was actively working on with housing staff in order to complete a

new certification.

We identified a small number of instances in which the completion date recorded in PIMSS did not match the certificate date, with the PIMSS date being later. As the PIMSS date is the one used to programme the EICR testing visits, there is a risk that recertification is not scheduled until after the current certificate has lapsed. Management's approach to scheduling the retesting 3 months ahead of certificate end dates mitigates this, although there were 10 properties where the gap between the two dates was greater than 3 months.

Our assessment of the reasons for the mismatch between the dates on the certificates and in PIMSS concluded that the most common cause was errors at the manual data input stage.

Management was aware of the issue in relation to date differences and work has already started to explore opportunities to reduce manual input through automation and exception reporting.

The Asset Intelligence Team is developing a Power Bi report to identify data differences between the PIMSS completion date and the date recorded in the EICR certificate naming convention for properties in the West.

There is an automated interface between Servitor and PIMSS in the East, which is scheduled to be rolled out in the South from 1 August 2025. While this will not correct existing date differences, it should significantly reduce any future discrepancies.

11. Electrical Testing Certificates data analytics

Priority Actions

We tested a sample of 50 items each for the West, East and South areas to confirm whether a valid EICR was in place; and that the PIMSS completion date and completion date recorded on the EICR certificate matched.

We selected our sample on a targeted basis, by analysing the whole population (65,146 properties in the “Core Stock” listing from PIMSS) to identify properties more likely to have exceptions. This included items where there was no certificate name, no online certificate (East only), no match within the stock list or a duplicate Unique Property Reference Number (UPRN), which gave a population of potential exceptions of 10,800. We also selected a smaller sample of items from the properties not included in the “potential exceptions” population.

The summary of our testing results is shown below:

	West	East	South	TOTAL
Certificates obtained from sample of 50	47	49	50	146
PIMSS completion date same as EICR certificate date	33	37	17	87
PIMSS completion date before EICR certificate date	3	5	14	22
PIMSS completion date after EICR completion date	11	7	19	37

We confirmed that in the 4 instances where certificates were unavailable, there were additional complexities involved, and management was actively working with housing staff to complete a new certification.

In all three areas there were examples of manual data input errors resulting in differences between PIMSS completion dates and completion dates recorded on

the EICR certificates. Where the PIMSS completion date, which is the date used for programming the renewal visits, is later than the EICR date, there is a risk that recertification is not scheduled until after the current certificate has lapsed. The scheduling of retesting 3 months ahead of certificate end dates mitigates this, although the gap between the two dates was greater than 3 months for 10 of the 37 items in our sample.

Management was aware of the issue and actions were underway to address the situation. The different processes in place mean the actions are different in each area, as shown by the management responses below:

- **West Management Response:** *The new Power Bi report to identify differences between PIMSS completion dates and completion dates recorded in EICR certificate naming conventions will be fully operational by the end of 2025. We will share themes/trends in data error identified with CBG and in-house repairs teams to address underlying causes of incorrect data entry. (Due date 31/01/26)*
- **East Management Response:** *We will use the report referenced above to complete a quarterly review with the Development team, to identify differences between recorded completion and certificate dates. (Due date 31/01/26)*
- **South Management Response:** *The deployment of the interface between Servitor and PIMSS is planned for August 2025, which will remove the need for manual data input of completion dates. Following the deployment of the interface, we will establish a certificate upload process, which will mirror the process in the East. (Due dates: 1) 31/08/25; 2) 31/12/25)*

11. Electrical Testing Certificates data analytics

Continuous Improvement Opportunities

- We identified two housekeeping matters in relation to EICR record-keeping: Management do not routinely save the live Power Bi EICR report to evidence monthly performance reporting and we noted that compliance management trackers for complex cases occasionally contained sensitive personal information that could be subject to an information request.
Management Response: *We will remind staff that compliance management trackers should only contain the information required to manage the case effectively. We will confirm that these are stored in a secure SharePoint location, with access provided to only those who need it. We will also liaise with the Data and Performance teams to confirm what evidence should be saved and how long this should be held for, to evidence performance reporting. (Due date 31/08/25)*
- IA identified 37 properties that are recorded on the East's online portal but are not part of management Power Bi reporting due to being correctly excluded from the 'Core Stock' report. These include leased and shared ownership properties where the Group has historically taken on responsibility for EICRs, despite not being legislatively required to do so. However, there is a risk that management are unaware of these properties and the agreement to complete EICRs if managed through a separate process.
Management Response: *We will liaise with the Group legal teams to determine whether there is a requirement for the Group to continue to complete these EICRs and if such properties should be recorded in PIMSS. (Due date 31/03/26)*

12. Helping Hand Fund data analytics

Report Conclusion

The Helping Hand (HH) Fund (the Fund) supports customers to meet their rent payments when facing financial hardship. In April 2025, updated HH Fund guidance was issued to staff, setting out the required process to be followed in order to allocated monies from the Fund to a tenant. The purpose of this review was to assess the extent to which the updated guidance has been implemented.

Wheatley Foundation holds the Fund budget for the Group, which is £1m in 2025/26. In the period 1 April to 31 August 2025 there were approximately 1,550 transactions, with a value of £427,000.

We found that the majority of transactions processed were in accordance with the updated guidance and budget monitoring arrangements are in place, to track monthly use of the Fund against budget. This reporting happens within the Foundation and by RSL.

However, there is no additional reporting to provide ongoing assurance to management on whether the Fund transactions are compliant with the revised guidance. Our analysis of the Fund transactions identified a small number of those transactions as being non-compliant with the guidance.

The Foundation reports monthly on the number of people supported by the Fund, broken down by RSL. This information is based on a manual spreadsheet maintained by the Finance Transactions team. We found exceptions relating to the completeness and accuracy of this spreadsheet, although this had a minimal impact on the figures reported.

We reviewed the system reports currently available from Astra and iWorld and concluded there is an opportunity for management to develop these reports to provide more automated reporting, reducing the risk of errors inherent in manually updated spreadsheets.

If the development of additional reporting is not possible, management should consider using the existing reports to reconcile the information in the Finance Transaction team's spreadsheet to minimise the risk of undetected errors, alongside the use of conditional formatting within the spreadsheet to flag input errors. █

12. Helping Hand Fund data analytics

Continuous Improvement Opportunities

- The Finance Transactions team check that any transactions greater than £350 have manager approval before processing them. However, there are no checks on compliance with other Fund criteria such as the maximum transaction value and only having one transaction per year. Our analysis found a small number of non-compliant transactions, including duplicate transactions; customers receiving more than the maximum value, or more than one transaction in the year; and transactions that did not meet the “reason” criteria within the Fund. There is an opportunity to develop existing system reports so that exception reporting can be used to provide assurance on compliance with Fund criteria.
Management Response: *We are developing additional reports that will allow regular review of compliance with Fund criteria. In addition, we are trialling the development of an automated notification to Locality Directors / Heads of Housing to flag transactions that do not match Fund criteria as they arise. As an interim measure, we will run refresher training with staff. (Due date 31/01/26)*
- The Finance Transactions team use a spreadsheet to track processing of Fund transaction requests. This is updated manually for each transaction and our analysis identified a small number of errors within the spreadsheet. The development of the system reports outlined above may provide an opportunity to stop use of this spreadsheet, or to provide an alternative source of data against which the spreadsheet can be checked for accuracy and completeness.
- **Management Response:** *i) We will apply conditional formatting to the spreadsheet to help identify errors and we will reconcile the spreadsheet against the iWorld report that shows transactions processed to give additional comfort over the completeness and accuracy of both reports, which are used for Foundation and budget reporting respectively. ii) Following the completion of the investigation outlined above, we will assess whether the updated reporting can replace the spreadsheet currently used. (Due date i) 31/10/25; ii) 28/02/26, or 1 month after completion of finding 1 if delayed)*

Appendices

Appendix 1: Types of Review and Subsidiaries key

Wheatley Housing Group Subsidiaries

The table below shows the Wheatley Housing Group subsidiaries to which the Internal Audit team provides internal audit services, along with the shortened form used for this report.

Wheatley Homes East (WH-E)	Wheatley Homes Glasgow (WH-G)	Wheatley Homes South (WH-S)	Loretto Housing (Loretto)	Lowther (Lowther)
Wheatley Care (Care)	Wheatley Foundation (Foundation)	Wheatley Solutions (Solutions)	Wheatley Development Scotland Ltd (WDSL)	

Internal audit services for the Group’s joint venture, City Building Glasgow, are provided by the Glasgow City Council internal audit team and the results are reported separately.

Review Types

The Group’s internal audit services comprise assurance, advisory and focused activities, examples of which are outlined below.

Assurance:	Internal audits, continuous auditing data analysis, validation of management self-assessments. These reviews include an assessment against agreed control objectives within the final report.
Advisory:	Advisory review, project support, investigative data analysis to support development of management information
Focus areas:	controls mapping, pre-inspection visits, fraud investigations

Appendix 2. Definitions of ratings

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
<ul style="list-style-type: none"> Control objective not achieved. Control weaknesses identified could have a significant and immediate impact on the risks to achievement of the organisation’s objectives. 	<ul style="list-style-type: none"> Control objective not achieved. Control weaknesses identified could have a moderate impact on the risks to achievement of the organisation’s objectives. 	<ul style="list-style-type: none"> Control objective achieved. Control weaknesses identified could have a minor impact on the risks to the achievement of the organisation’s objectives. 	<ul style="list-style-type: none"> Control objective achieved. Any control weaknesses identified could have very little impact on the risks to the achievement of the organisation’s objectives.

Action Prioritisation:

Each of the actions arising from an Internal Audit engagement is assigned a priority rating, as shown below. The prioritisation allocated is based on the Director of Assurance’s professional judgement.

Priority Action

- Applies to management actions that will address identified control weaknesses, usually where there is no control in place to mitigate the identified risk or the existing control does not provide assurance due to inadequate design of ineffective operation.

Continuous Improvement

- Applies to management actions where there is an existing control in place that provides assurance. However, the control could be strengthened through revised design or renewed application of existing controls (“house-keeping” issues); or further development of existing controls that are operating effectively, such as automation of a manual control.

Loretto Housing