



LORETTO HOUSING ASSOCIATION

BOARD MEETING

**Monday 15 August 2022 at 2pm
Wheatley House, 25 Cochrane Street, Glasgow**

AGENDA

1. Apologies for absence
2. Declarations of interest
3. a) Minute of 23 May 2022 and matters arising
b) Action list

Main business and approvals

4. a 21/22 financial statements
b Annual Internal Audit report and opinion
5. Corporate risk register
6. a) Governance update
b) Strategic governance review update
7. Performance report 22/23 Q1

Other business

8. Finance report
9. Review of Protection People Policy framework
10. Repairs transformation programme update
11. Complaint handling and performance 2021/2022
12. Wheatley Solutions delivery model update
13. Group Business Continuity policy
14. AOCB

Report

To: Loretto Housing Association Board

By: Sarah Stocks, Finance Manager

Approved by: Pauline Turnock, Director of Financial and Legal Services

Subject: Finance Report

Date of Meeting: 15 August 2022

1. Purpose

- 1.1 The purpose of this paper is to provide the Board with an overview of the 2021/22 audited financial statements.
- 1.2 The Board should note that the financial statements have been reviewed by the Wheatley Group Audit Committee and recommended for approval at its meeting which was held on 3 August 2022.

2. Authorising and strategic context

- 2.1 Under the terms of the Intra-Group Agreement between Loretto Housing and the Wheatley Group and 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 This report provides the Board with the final statutory financial statements following the completion of the external audit by KPMG and a reconciliation of the final out-turn to Period 12 2021/22 management accounts.

3. Background

Financial performance to 31 March 2022

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

	Year Ended	
	31 March 2022	31 March 2021
	£k	£k
Turnover	20,474	8,015
Operating Expenditure	(14,612)	(6,904)
Other gains and losses	17,156	(19)
Operating surplus	23,018	1,092
Finance costs (net)	(1,965)	(2,763)
Property revaluation – office properties	92	37
Property revaluation – social housing properties	(2,442)	4,361
Surplus/(Deficit) for year	18,703	2,727
Actuarial (loss)/gain in respect of pension schemes	2,458	(2,091)
Total comprehensive income for the year	21,161	636

- 3.2 The finance reports submitted to the Board during the year formed the basis of these financial statements and were updated to include a number of year end statutory adjustments.

4. Discussion

4.1 Adjustments from 31 March management accounts

The adjustments made between the 31 March management accounts and the final audited accounts are summarised below. The majority of adjustments are non cash accounting items:

	Income & Expenditure	Net Assets
	£k	£k
March management accounts	(651)	23,311
Gain on business combination	17,136	17,136
Revaluation of properties - Housing	(2,442)	(2,442)
Revaluation of properties - Offices	92	92
Revaluation of properties - Investment	20	20
SHAPS pension adjustments	3,119	3,119
Legal settlement	2,475	2,475
Depreciation	1,006	1,006
Other	406	406
LHA statutory accounts	21,161	45,123

- 4.2 Gain on business combination: The statutory accounts reflect the book gain of £17,136k on business combination following the transfer of the Cube properties out-with Glasgow, associated borrowings (secured on the properties), and all other assets and liabilities held by Cube at the date of transfer (28 July 2021).

- 4.3 Revaluation of properties: Housing, office and investment properties have all been revalued at the year-end by Jones Lang Lasalle (“JLL”). Our social housing properties decreased in value by £2,442k, our office properties increased by £92k and our investment properties increased by £20k. Social housing properties are initially recognised on the balance sheet at cost of construction, then are written down to tenanted market value on completion. The non-cash write-down is, however, offset by the grant received to subsidise their construction, which is also recognised through the income statement.
- 4.4 [redacted]
- 4.5 Legal settlement: In line with FRS 102 accounting requirements, the legal settlement of £2,475k received was released from deferred income and recognised in the Statement of Comprehensive as part of our year-end adjustments.
- 4.6 Depreciation adjustment: As part of our year end work depreciation charges were calculated at individual component level. This resulted in a decrease in the operating cost reported of £1,006k.
- 4.7 Other: These adjustments are mainly for finalisation of capitalised interest and year-end accruals as a result of final amounts being confirmed after the completion of the management accounts.
- 4.8 Audit summary
The external auditors, KPMG, have completed their audit of the financial statements and have issued an unqualified audit opinion.
- 4.9 KPMG are still concluding their discussions with The Pensions Trust, the scheme administrators for the SHAPs DB scheme. An update on the status of their work will be provided at the meeting. No audit adjustments were identified during the course of the audit with respect to Loretto HA.
- 4.10 As a standard part of their audit process, and in line with previous years, KPMG require the Board of each organisation in the Wheatley Group to sign a “letter of representation” in which the Board confirms certain matters in terms of disclosure and record-keeping. As in previous years, a letter from the Chief Executive has been provided to each Board to provide comfort that the officers have complied with the matters stated in this letter. Both these documents are provided along with this paper (Appendix 2 and 3 respectively).
- 4.11 The Board are asked to confirm in the letter of representation that the financial statements are prepared on a going concern basis. The assessment that the Association continues in business is based on the preparation and approval of the Association’s 30-year business plan which includes cashflow forecasts, the certainty of revenue streams from rental income and the assessment of the availability of funding provided to Loretto through the RSL borrower relationship with WFL1.
- 4.12 The accounts will be signed following the approval of the Wheatley Group accounts at the Group Board meeting on 25 August 2022. A copy of KPMG’s audit highlights report will be uploaded to Admincontrol.

5. Customer Engagement

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

6. Environmental and sustainability implications

- 6.1 There are no environmental 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 Loretto's balance sheet continues to strengthen, with net assets increasing by £21.1m.
- 8.2 The adjusted operating surplus from core social housing activities after deducting accounting adjustments for grant income on new build completions, depreciation, investment property gains, and the one-off gain relating to the business combination and the legal settlement received increased from £4,383k to £5,844k. This reflects the strong level of trading in our core operations and the growth during the year following the transfer of the Cube properties.
- 8.3 After including interest costs and capital expenditure on our existing properties, an underlying surplus of £1,070k is reported, demonstrating that operating surplus is sufficient to meet interest and investment in existing homes. Our investment programme in 2021/22 was notably higher than the prior year with the large smoke and heat detector installation programme completed in line with the Scottish Government deadline of February 2022.

	2022 £k	2021 £k
Operating surplus	23,018	1,092
Adjusted for:		
Depreciation	4,997	3,450
Investment property valuation movements	(20)	19
Gain on business combination	(17,136)	-
New build grant income	(2,540)	(178)
Legal settlement	(2,475)	-
Adjusted operating surplus	5,844	4,383
Less:		
Interest costs	(1,916)	(1,790)
Investment in existing social homes	(2,858)	(691)
Underlying surplus	1,070	1,902

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 governance is "cautious". This level of risk tolerance is defined as "preference for safe delivery options that have a low degree of inherent risk and have only limited potential for reward".

11. Equalities implications

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

12. Key issues and conclusions

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

13. Recommendations

- 13.1 The Board is requested to:

- 1) Approve the 2021/22 financial statements;
- 2) Confirm the preparation of the financial statements using the going concern basis;
- 3) Delegate authority to the Chair and Group Director of Finance to approve any non-material changes to the accounts; and
- 4) Approve the letter of representation from the auditors, and note the related letter of representation from management.

LIST OF APPENDICES:-

Appendix 1: Financial statements for the year ending 31 March 2022 [redacted. Available here: [GHA Annual Report and Accounts 2007 - 08 \(wheatley-group.com\)](https://www.wheatley-group.com/annual-report-and-accounts-2007-08)]

Appendix 2: Letter of representation to KPMG [redacted]

Appendix 3: Letter of representation from management [redacted]

Report

To: Loretto Housing Board

By: Ranald Brown, Director of Assurance

Subject: Group Assurance Update

Date of Meeting: 15 August 2022

1. Purpose

- 1.1. This report provides the Loretto Housing Board (the Board) with an update for noting of the following matters:
- the Internal Audit Annual Report and Opinion 2021/22;
 - internal audit work performed during Q3 and Q4 of 2021/22; and
 - the rolling Internal Audit Plan 2022/23.

2. Authorising and strategic context

- 2.1. Under the Group Standing Orders, the Board is responsible for managing and monitoring its compliance arrangements and operational performance. The activities undertaken by the Assurance Team provide the Board with independent assurance to support the Board in this role.
- 2.2. The Group Audit Committee is responsible for monitoring the Group's assurance activities. The Group Audit Committee has responsibility for instructing and keeping under review the rolling internal audit plan for the Group, and monitor results as presented in the annual internal audit report and opinion. The 2021/22 Internal Audit Annual Report and Opinion was approved by the Group Audit Committee on 13 June 2022, as was the current schedule of work within the rolling Internal Audit Plan 2022/23.

3. Background

- 3.1. The Group's Internal Audit team operates in accordance with the Chartered Institute of Internal Auditors' International Professional Practices Framework (IPPF), which includes the International Standards for the Professional Practice of Internal Auditing (the Standards).
- 3.2. In line with the requirements of the Standards, Internal Audit provides the Board with an Annual Report and Opinion, which summarises the results of the Internal Audit team's work during the financial year and provides an opinion on the Group's internal control, governance, and risk management framework. A copy of the Director of Assurance's Internal Audit Annual Report and Opinion for 2021/22 is set out in **Appendix 1**.

- 3.3. The results of Internal Audit work performed in Q1 and Q2 2021/22 was reported to the Board in November 2021. For Q3 and Q4 2021/22, the Group Audit Committee approved delivery of the following reviews, as part of the Internal Audit Plan 2021/22:

Quarter 3 2021/22	Quarter 4 2021/22
Fire Risk Assessments	Wheatley Foundation ESF Funding
Working from Home	Payroll
Accounts Payable	Repairs
Lowther Homes review	Lowther Homes follow up review
Technology and Business Model coordination group	Data analytics
Boxi replacement readiness review	Follow-Up of Management Actions

- 3.4. The Internal Audit team has now completed these reviews, and details of the findings are set out in the Group Assurance Update report at **Appendix 2**.

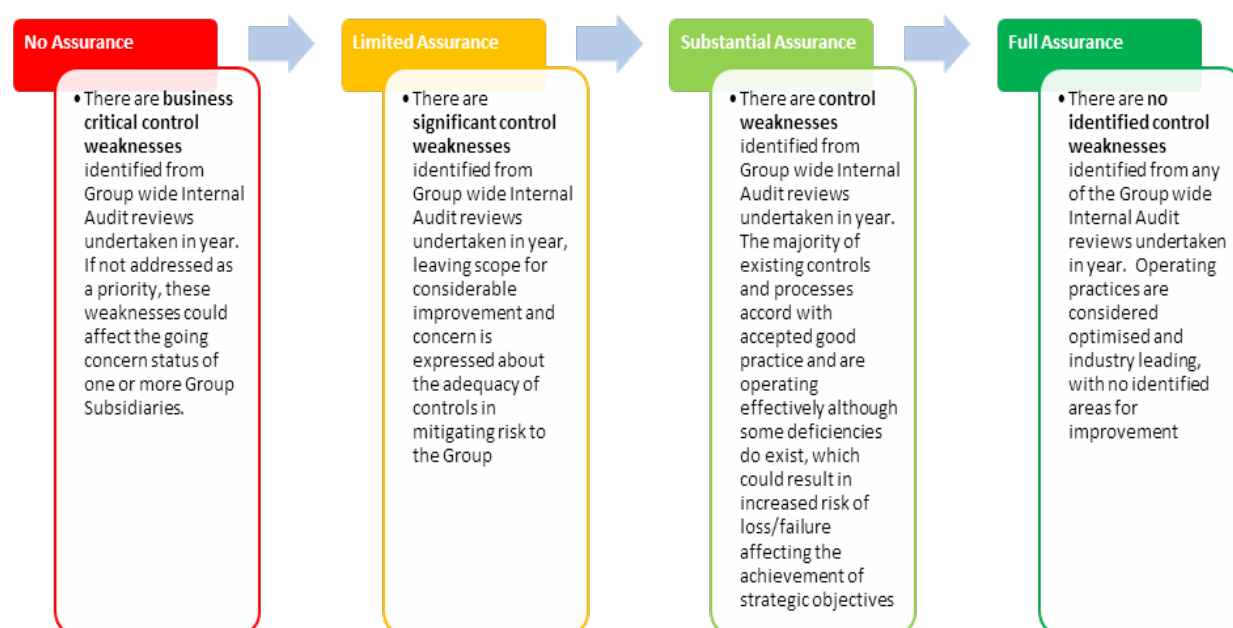
4. Discussion

Internal Audit Annual Report and Opinion 2021/22

- 4.1. The Internal Audit Annual Report and Opinion 2021/22 was approved by the Group Audit Committee at its meeting on 13 June 2022. The Annual Report and Opinion is then reported to each partner Board alongside the annual accounts. The Statement on Internal Financial Control included within the statutory accounts sets out our conclusions.
- 4.2. A copy of the Annual Report and Opinion has been included at **Appendix 1**, sections 3 and 4 of which provide details of all work performed and the Subsidiaries covered. The reviews specifically relevant to this Board are:

Furlough Scheme	Equalities, Diversity & Human Rights	Fire Risk Assessments	Working from Home follow up
ESG Baseline	Technology and Business Model Coordination Group	Digital Strategy Follow Up	Accounts Payable
Payroll	Strategic Projects oversight arrangements	Boxi replacement readiness	Data Analytics: Payroll
Annual SHR Assurance Statement	Repairs	Voids Management	Complaints Handling

- 4.3. The table below shows the different types of Internal Audit Opinion which may be given:



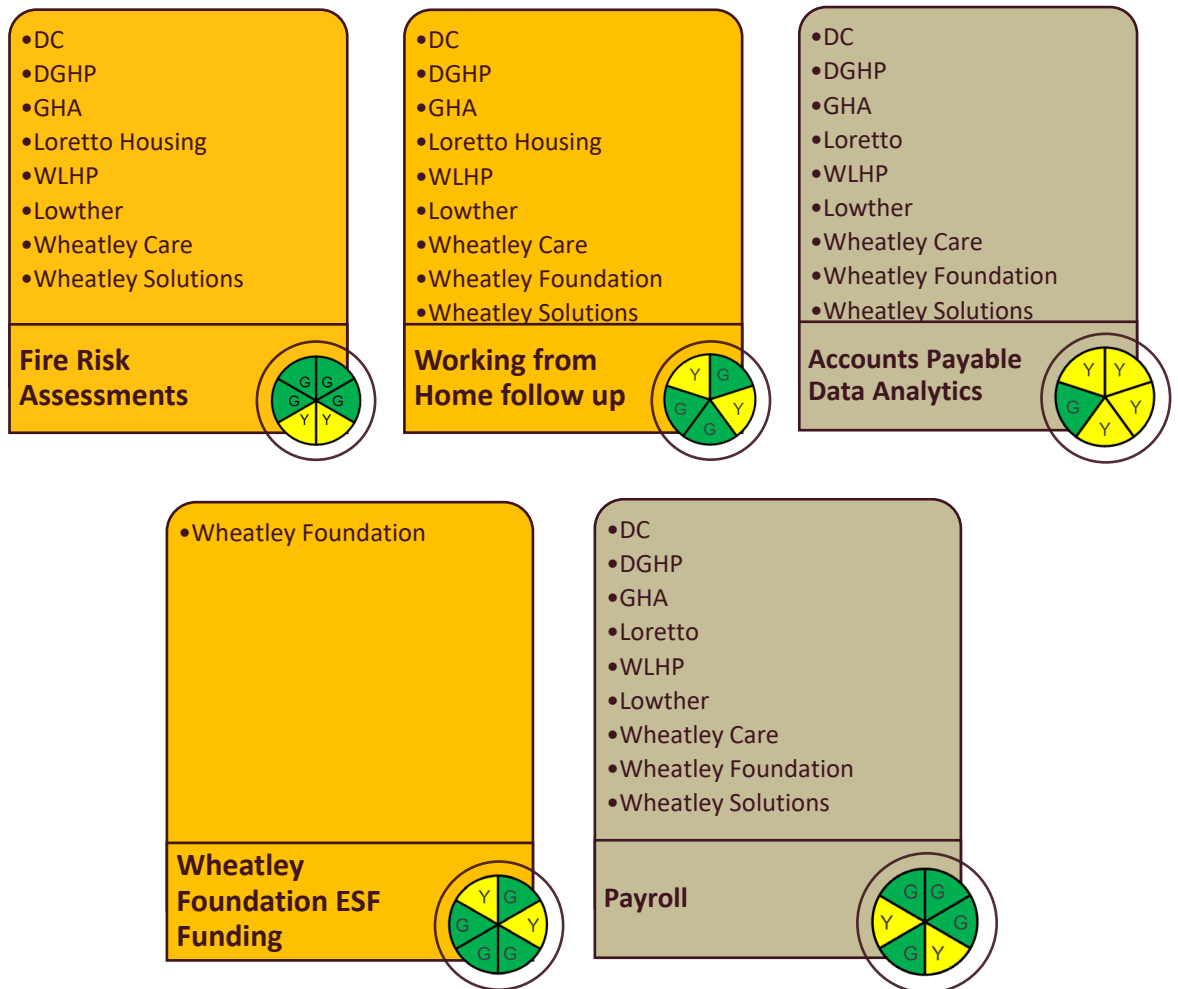
- 4.4. Following completion of our approved Internal Audit Plan, we can confirm that sufficient work has been undertaken to enable us to provide an opinion on the adequacy and effectiveness of the internal control environment in operation during 2021/22. In giving this opinion, it should be noted that assurance can never be absolute.
- 4.5. During the delivery of our Internal Audit plan, we identified no critical weaknesses in the governance, risk management, or internal control arrangements which would put the achievement of Group objectives at risk except for weaknesses in Lowther Homes processes and controls in relation to the administration of deposits. The status of all audit actions will continue to be reported regularly to the Group Audit Committee.

Internal Audit Opinion 2021/22

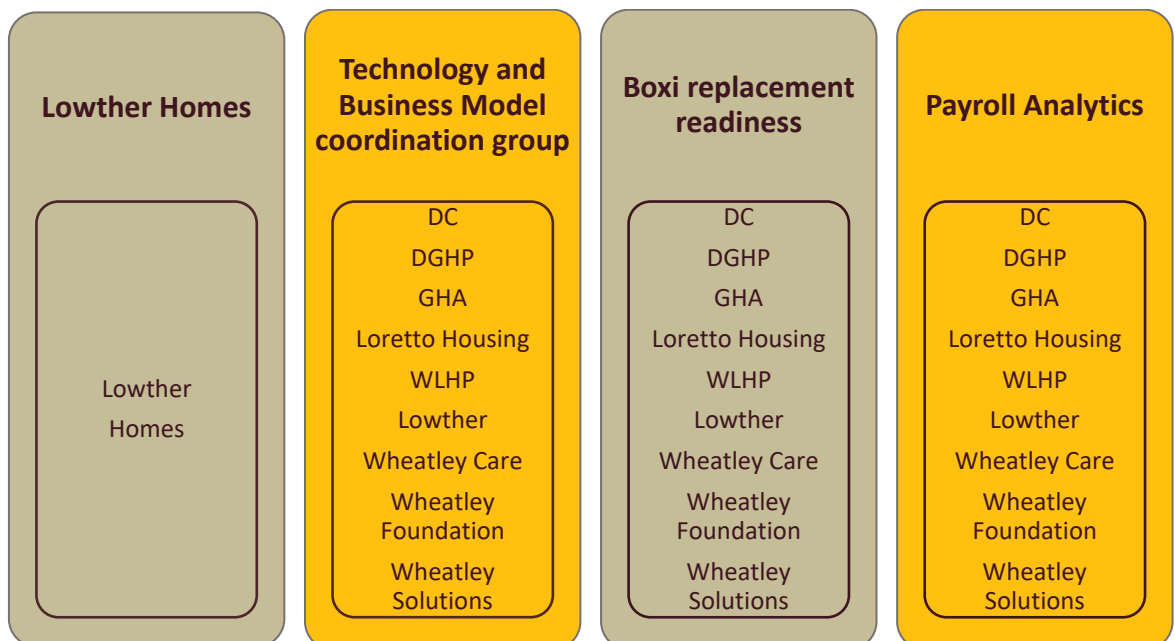
Based on our Group-wide work undertaken in 2021/22 a substantial level of assurance can be given that there is a sound system of internal control, designed to support achievement of relevant organisational objectives, [redacted]

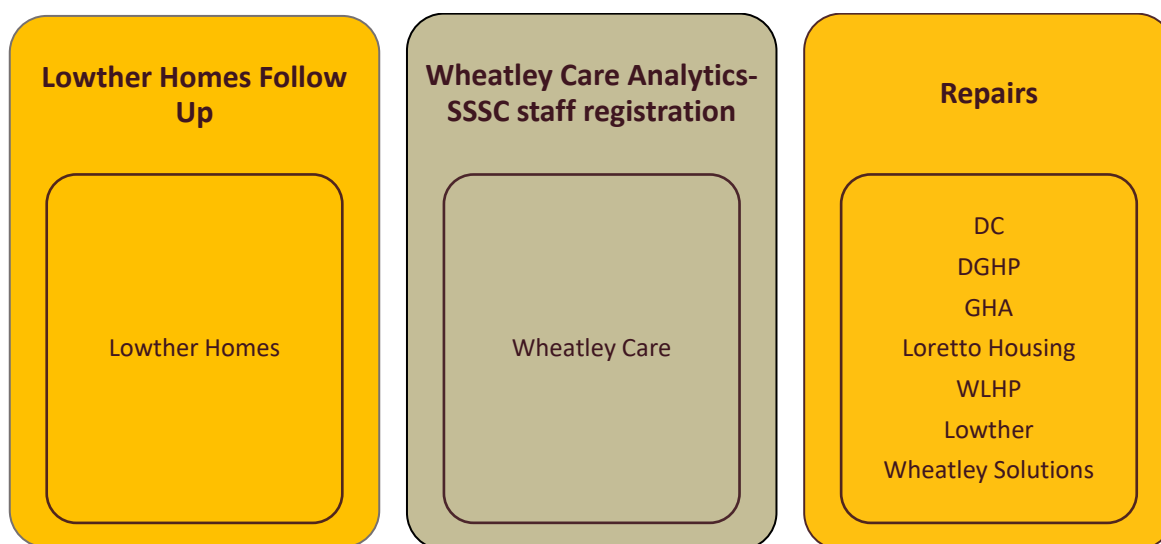
Summary of Q3 and Q4 2021/22 work

- 4.6. The table below summarises the results of 2021/22 Annual Plan work completed in the period since our last report.



4.7. In addition, the following reviews have also been completed:





- 4.8. More detail on the key findings for each review are set out in the Group Assurance Update at **Appendix 2**. Full reports are available to all Board members upon request.

Rolling Internal Audit Plan to November 2022

- 4.9. The Group Audit Committee reviews the rolling Internal Audit Plan at each of its meetings, approving the work scheduled for the coming quarter. In June 2022, the Group Audit Committee approved the completion of an exercise to review the extent of local compliance checks in place across the Group. The Internal Audit team will work with management to identify areas in which compliance checking should be continued, reintroduced or developed. The team will assist management to review the checking methodology, and to develop routine reporting of the results of compliance checking to senior management and Boards.

5. Customer Engagement

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

6. Environmental and sustainability implications

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

7. Digital transformation alignment

- 7.1. The advisory reports on Boxi replacement readiness and the Technology and Business Model Coordination Group will assist management to implement planned changes to achieve the digital transformation required in order to successfully deliver the Group's strategic aims.

8. Financial and value for money implications

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

9. Legal, regulatory and charitable implications

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

10. Risk Appetite and assessment

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

11. Equalities implications

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

12. Key issues and conclusions

- 12.1. The Internal Audit team has completed its planned work for 2021/22 and the Director of Assurance has issued his annual opinion, as outlined at paragraph 4.5.
- 12.2. The Internal Audit team has completed the listed reviews. No significant matters were noted to bring to the attention of the Board members and management have agreed actions to address the improvement actions identified during each review. The Internal Audit team will monitor completion of these actions and report progress to future meetings of the Group Audit Committee and this Board.
- 12.3. The Group Audit Committee has approved the Internal Audit team's current programme of work and will continue to oversee and approve the work programme on a quarterly basis.

13. Recommendations

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

LIST OF APPENDICES:

Appendix 1 – Annual Report and Opinion 2021/22

Appendix 2 – Group Assurance Update August 2022

Internal Audit Annual Report and Opinion 2021/22

1. Introduction

The purpose of this report is to provide our view on the adequacy and effectiveness of the Wheatley Group's ("the Group") system of governance, risk management and internal control, as assessed through delivery of our rolling Internal Audit Plan during 2021/22.

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

Our detailed findings from specific reviews have been reported to Management during the year, with a summary of these findings reported to the Committee at each of its 2021/22 meetings. Summary findings have also been reported to Subsidiary Boards and the Group Board where appropriate.

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

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

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

Group Assurance Mission Statement

To enhance and protect the Wheatley Group by providing independent, risk based and objective, assurance, advice and insight

2. Annual Internal Audit Opinion

Scope

In line with the International Standards for the Professional Practice of Internal Auditing (“the Standards”), Internal Audit provides the Group Board, Audit Committee and Subsidiary Boards with an Annual Internal Audit Opinion, as a result of the work completed during 2021/22.

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

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

- the results of all Internal Audit work undertaken (including any upheld instances of fraud or whistleblowing) during the year ended 31 March 2022;
- in accordance with the Wheatley Group City Building Glasgow Assurance approach, we have placed reliance on the internal audit work done by the Glasgow City Council’s Chief Internal Auditor in relation to City Building Glasgow;
- the effects of any material changes in the Group’s objectives, activities or regulatory environment; and
- whether there have been any resource constraints imposed upon us which may have impinged on our ability to meet the Group’s Internal Audit needs.

Basis of Opinion

Sufficient work has been undertaken to enable us to provide an opinion on the adequacy and effectiveness of the internal control environment in operation during 2021/22. In giving this opinion, it should be noted that assurance can never be absolute.

During the delivery of our Internal Audit plan, we identified no critical weaknesses in the governance, risk management, or internal control arrangements which would put the achievement of Group objectives at risk except for weaknesses in Lowther Homes processes and controls in relation to the administration of deposits.

As reported to the Group Audit Committee, Management has acted promptly to address the findings we reported during the year and thereby strengthen the controls in place. Implementing agreed actions is a priority and progress is regularly reported to the Directorate Management Teams, Executive Team, Subsidiary Boards, City Building Glasgow, Group Board and the Group Audit Committee.

Internal Audit Opinion 2021/22

*Based on our Group-wide work undertaken in 2021/22 a **substantial level of assurance*** can be given that there is a sound system of internal control, designed to support achievement of relevant organisational objectives, [redacted]*

3. Summary of Findings

This section summarises the results of Internal Audit advisory reviews completed during 2021/22. Each of these reviews included an assessment of the extent to which the control objectives set out in the Terms of Reference were achieved, as reflected in the charts below.



4. Summary of other work performed

The Internal Audit team has also completed the following advisory and consultancy reviews, which did not include an assessment of the achievement of control objectives, due to the nature of the work performed. Summaries of the findings of all the reviews conducted during 2021/22 have previously been reported to the Group Audit Committee and to Subsidiary Boards.

<ul style="list-style-type: none"> • DC • DGHP • GHA • Loretto Housing • WLHP • Lowther Homes • Wheatley Care • Wheatley Foundation • Wheatley Solutions 	<ul style="list-style-type: none"> • DC • DGHP • GHA • Loretto Housing • WLHP • Lowther Homes • Wheatley Care • Wheatley Foundation • Wheatley Solutions 	<ul style="list-style-type: none"> • DC • DGHP • GHA • Loretto Housing • WLHP • Wheatley Solutions 	<ul style="list-style-type: none"> • DC • DGHP • GHA • Loretto Housing • WLHP • Lowther Homes • Wheatley Care • Wheatley Foundation • Wheatley Solutions 	<ul style="list-style-type: none"> • Lowther Homes 	<ul style="list-style-type: none"> • DC • DGHP • GHA • Loretto Housing • WLHP • Lowther Homes • Wheatley Care • Wheatley Foundation • Wheatley Solutions
ESG Baseline	Digital Strategy Follow Up	Annual SHR Assurance Statement	Strategic Projects oversight arrangements	Lowther Homes	Payroll Data Analytics

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Technology and Business model coordination group	Boxi replacement readiness	Lowther Homes Follow Up	Wheatley Care Data Analytics	Repairs

5. Follow Up of Management Actions

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

The information below is a summary of all actions followed up during the course of 2021/22.

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

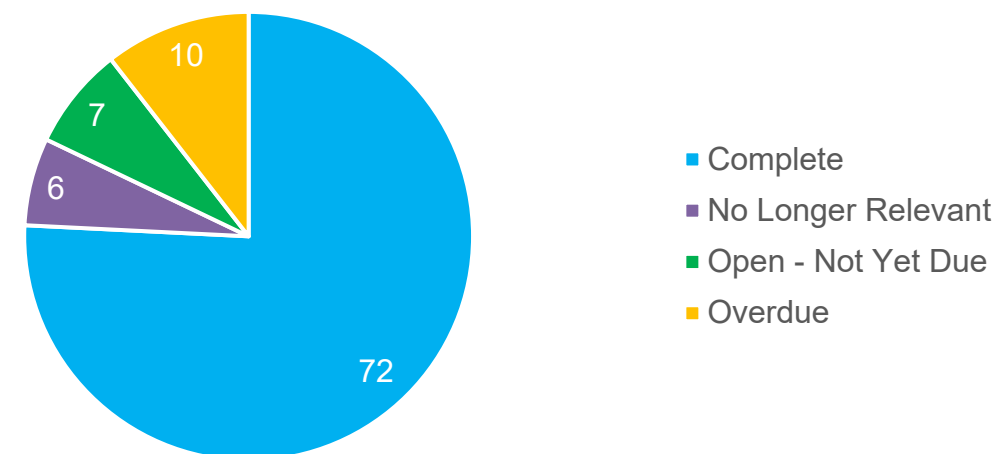
- a) The action has been completed during 2021/22;
- b) The action is no longer relevant or has been superseded;
- c) The action is not yet due for completion; or
- d) The action is overdue for completion.

For the 10 overdue actions, we have discussed the current status with management and identified revised timescales for completion of the original actions. In 8 instances, this is due to the actions being incorporated into projects to be delivered as part of the 2022/23 Delivery Plan. In each case, we are satisfied that the action is in progress and we will continue to monitor full implementation of these actions.

Status	Actions
Actions brought forward from 1 April 2021	23
New actions agreed during 2021/22	72
Total Actions followed up during 2021/22	95

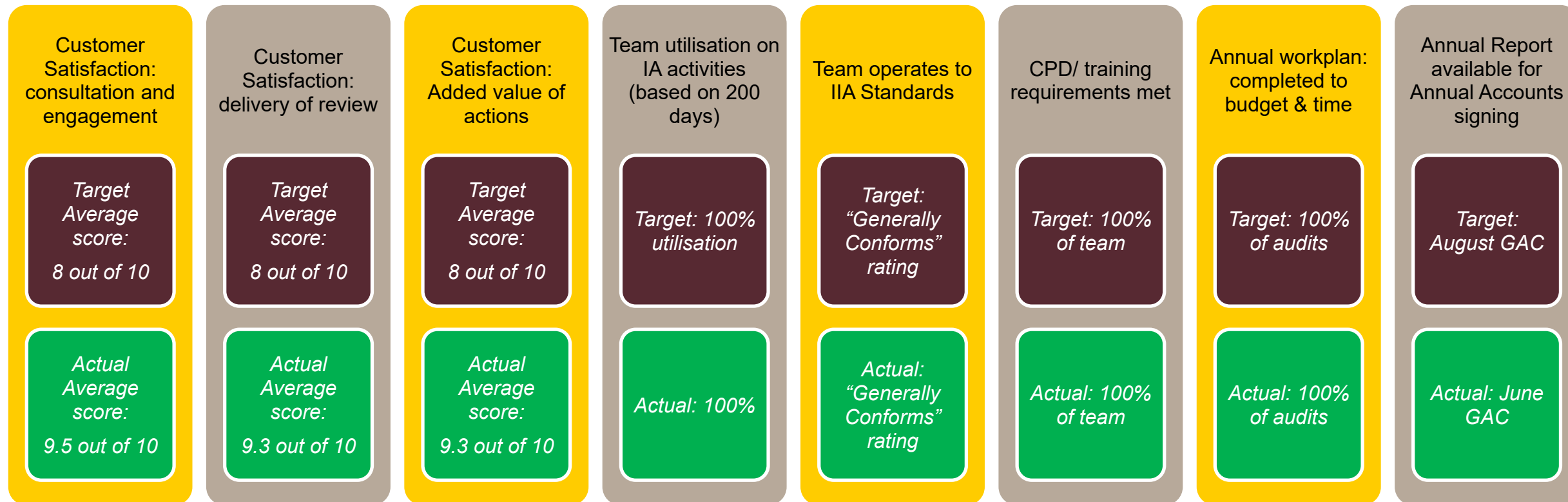
The chart below summarises our assessment of the status of the 95 actions followed up during 2021/22.

Status of all actions followed up in 2021/22

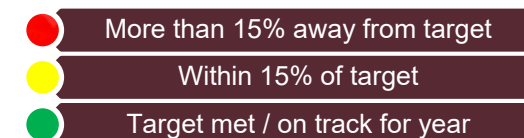


Key Performance Indicators 2021/22

The Internal Audit team's performance against its agreed KPIs for 2021/22 is set out below:



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



7. IA 2021/21 Feedback

The customer satisfaction measures are based on feedback forms completed by auditees following each review. We acknowledge that the average scores received are high, however we believe the supporting commentary reflects the success of improvements we have made to our internal audit methodology in response to the new operating model. In particular Subsidiary Directors commented that:

“Colleagues in audit always, without exception, consult in a very timely manner. They always plan in advance giving significant time for subsidiaries and business areas to respond appropriately.”

“Audit team are always inquisitive about the business and keep themselves informed across the business of changes in processes and approaches.”

“Recommendations are presented in a way where it is clear they can be discussed and feedback will be responded to.”

“The service delivered is very professional. All colleagues we interact with are pleasant, helpful, personable and clear of their remit, what outcomes they/we wish to achieve and the roles and responsibilities of the officers they interact with.”

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

We will explore opportunities for the team to gain more specialist/technical knowledge (eg shadowing services) in areas which would add demonstrable value to the Group Internal Audit process.

- “specific care knowledge can always be improved as it is not their specific expertise or working experience. This would be the case for anyone working outwith the sector.”
- “they are able to work well with 'expert' colleagues in the business as part of the audit to ensure that lack of specialism in the team is not a barrier to helpful findings”

We will offer different methods of agreeing audit actions to best meet management's individual needs. For example, we could facilitate workshops or cross-departmental meetings to share ideas and identify practical solutions.

- “team are great at offering potential solutions that are very practical generally but don't always fit or work for care”
- “Some actions and recommendations span complex processes that are responsibilities of other depts/service areas (including business approach/planning etc),so practical implementation can be more complex”
- “because of the nature of our work on ESG it was difficult to identify practical solutions of significant value. Nevertheless the approach and insight provided was very helpful”

8. IA Compliance with Standards

Internal Audit compliance with professional standards

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

Internal Audit independence

Each member of the Internal Audit team is required to confirm their independence annually. The Independence Statements were last collected in September 2021 and the exercise will be repeated in September 2022.

Conflicts of Interest

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

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

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

9. IA Quality Assurance and Improvement Programme

As part of the IA Team's Quality Assurance and Improvement Programme, we completed our internal quality assurance during 2021/22, comprising:

Ongoing monitoring

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

Annual CPE Completion

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

Annual self-assessment

- Completed using guidance issued by the CIIA
- Results reported within the Annual Report and Opinion

Annual Self-Assessment

The Internal Audit team completed the quality assessment template produced by the Chartered Institute of Internal Auditors (CIIA) and rated performance as:

Generally Conforms

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

The results of the assessment, including identified improvement opportunities were reported separately to the Group Audit Committee.

Appendix 1: Limitations and responsibilities

Limitations Inherent to the Internal Auditor's Work

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

Opinion

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

There might be weaknesses in the system of internal control that we are not aware of because they did not form part of our programme of work, were excluded from the scope of the individual review, or were not brought to our attention. Our audit plan is based on risk to capture the higher risk areas within the Group. As a consequence, Management and the Group Audit Committee should be aware that our opinion may have differed if our programme of work or scope for individual reviews was extended or other relevant matters were brought to our attention.

Internal Control

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

Responsibilities of Management and Internal Audit

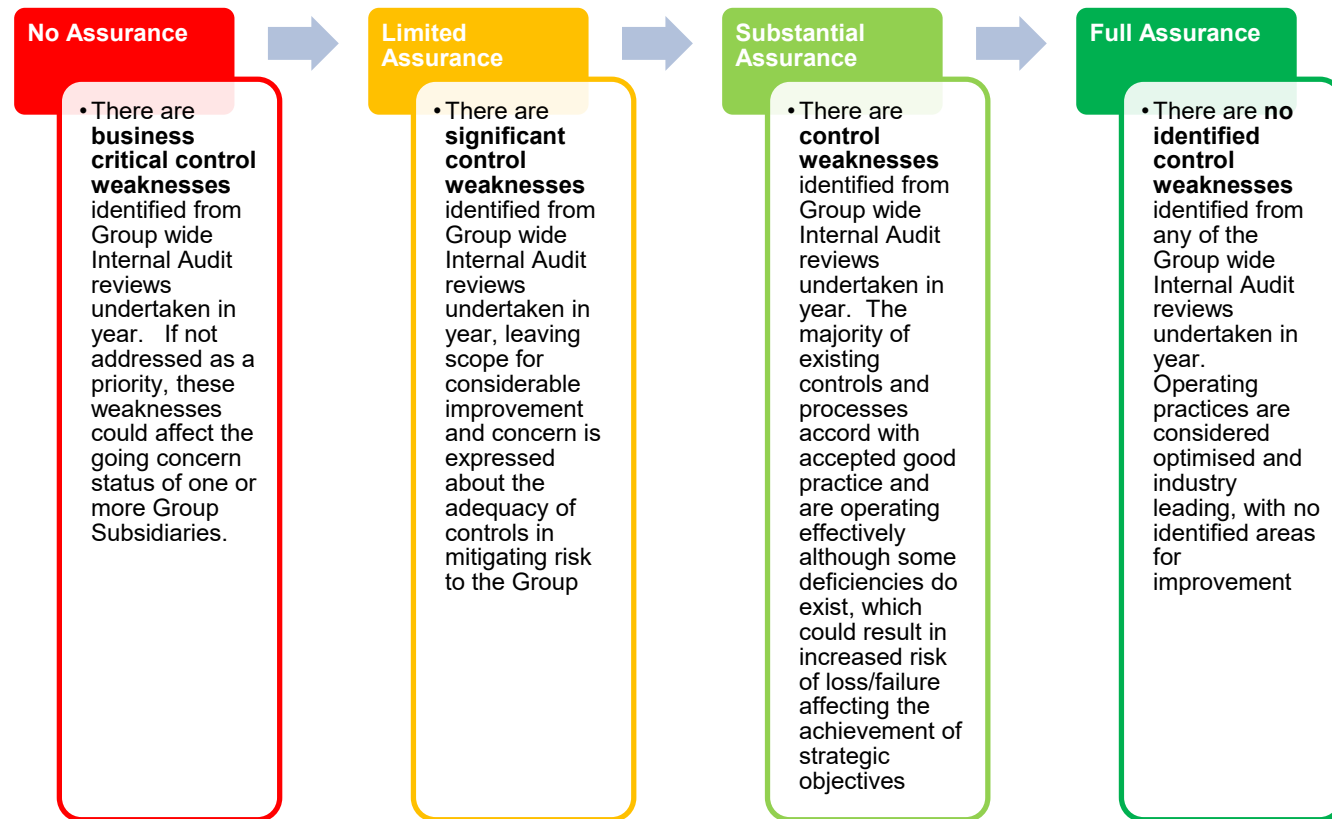
It is Management's responsibility to develop and maintain sound systems of risk management, internal control and governance to ensure the prevention and detection of irregularities and fraud. Internal Audit work should not be seen as a substitute for Management's responsibilities for the design and operation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

Internal Audit endeavour to plan work so that we have a reasonable expectation of detecting significant control weaknesses and if detected, we shall carry out additional work directed towards the identification of consequent fraud or other irregularities. Internal Audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected, and our examinations as Internal Auditors should not be relied upon to disclose all fraud, defalcations or other irregularities which may exist.

Appendix 2: Assurance Opinion definitions

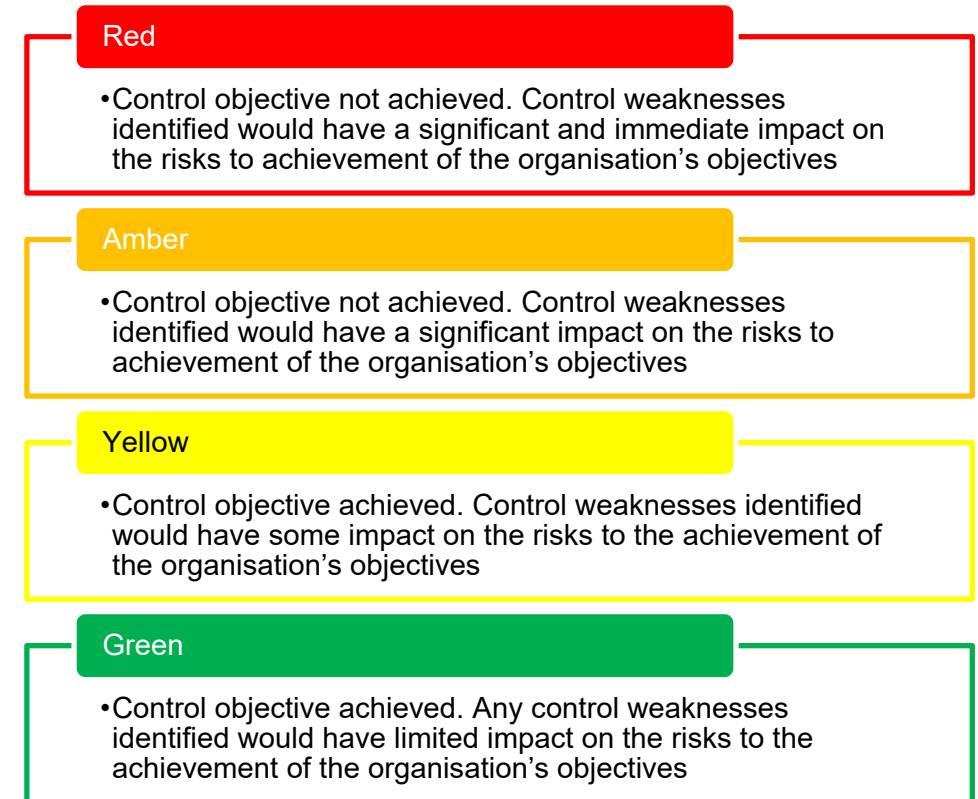
Annual Assurance Opinion Definitions

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



Control Objective Classification

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



Group Assurance Update

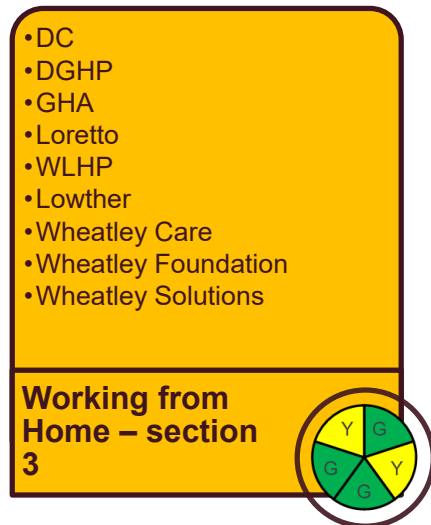
August 2022

1. IA Plan 2021/22 Status

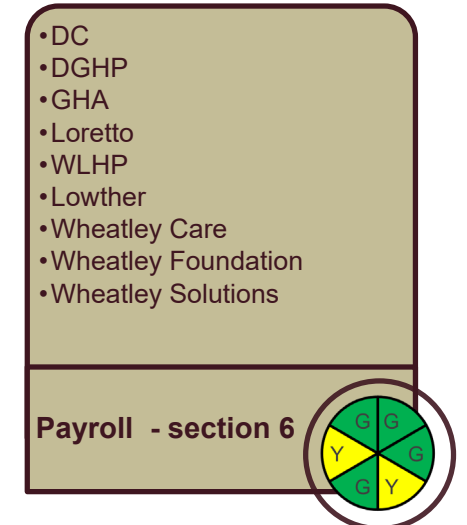
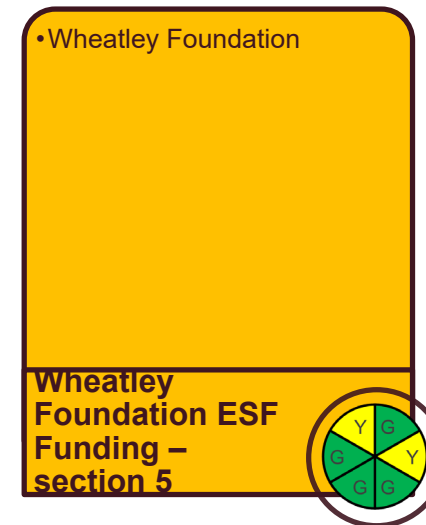
Status of Reviews

This section summarises the results of Internal Audit activity completed during this period.

Quarter 3 – reported to Group Audit Committee in February 2022



Quarter 4 – reported to Group Audit Committee in June 2022

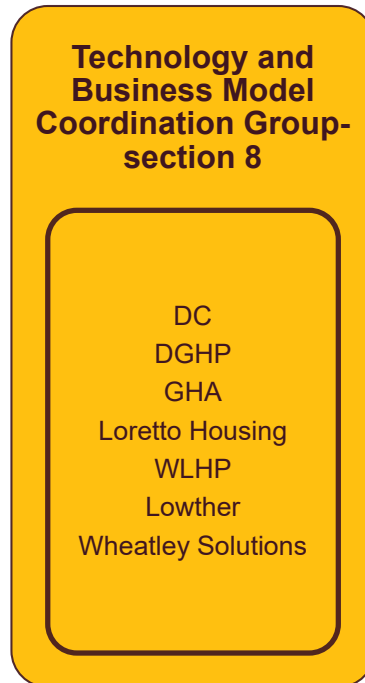


1. IA Plan 2021/22 Status

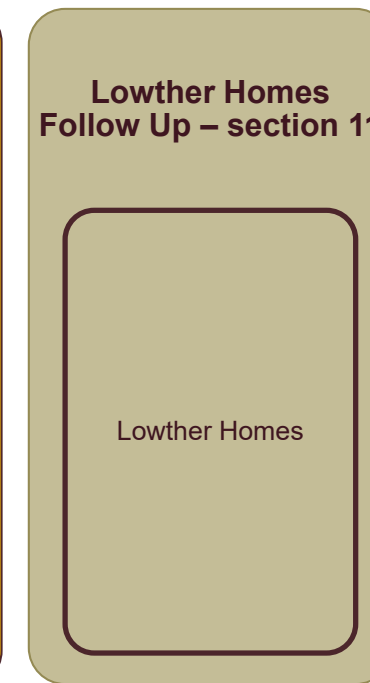
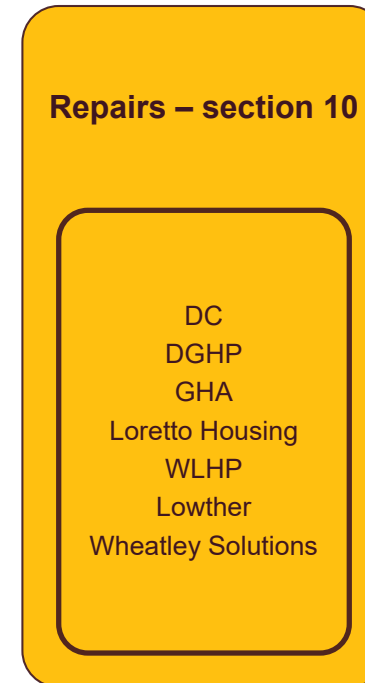
Status of Reviews

This section summarises the results of Internal Audit activity completed during this period.

Quarter 3 – reported to Group Audit Committee in February 2022



Quarter 4 – reported to Group Audit Committee in June 2022



Control Objective Classification:

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

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

2. Fire Risk Assessments







Report Conclusion

This review considered the arrangements in place for capturing and monitoring the completion of actions arising from Fire Risk Assessments (FRAs). We found that in general the procedures are clear, well understood and operating as designed. There is also regular reporting at all levels across the Group of the status of FRA actions, and well-established routes for escalation of any issues.

We noted that the Group has accelerated the completion of FRAs of multi-storey flats and Living Well/Amenity services with a view to completing the programme by 31 March 2022. This is significantly ahead of the original plan and in order to release the staff time required to complete the FRAs, the documented FRA process has been amended. In particular, FRA reports are issued to Duty Holders by email, and actions recorded on PIMSS without a meeting to discuss the actions. While there may be risk associated with providing less support to duty holders to implement their actions, management has assessed the risk of not completing the FRAs as greater.

We noted some opportunities for improvement in the FRA process, particularly the opportunity to accelerate recording of FRA actions in PIMSS (the Group's asset management system). This would provide a more timely picture of FRA action status within performance reporting.

Control Objective Classification

	A standard template for FRAs is used across Group and clear guidance is available for staff regarding their completion;
	There is clear guidance defining the responsibilities of different roles in relation to FRAs, and individuals are clear about which role they are assigned;
	Completion of FRAs and any associated actions arising from the FRAs are accurately recorded and updated timeously within PIMSS;
	Duty Holders/ Responsible Officers are notified of identified actions and update PIMSS once actions are complete, in line with due dates;
	The FRA programme is effectively and proactively monitored through the PowerBI performance management dashboard; and
	Any actions not completed within agreed timescales are appropriately escalated.

2. Fire Risk Assessments

Areas of Good Practice

- ✓ At the end of November 2021, all relevant premises e.g. Workshops, Depots, Offices and Care premises had a current fire risk assessment in place. In addition, the Group Fire Safety Team had completed 106 / 178 (59.5%) of FRAs for MSF and Living Well premises, and remains on target to achieve 100% by end of March 2022.
- ✓ The PAS79 model template and guidance is used to complete FRAs across the Group. This standard is recognised as good practice by the British Standard Institute.
- ✓ A FRA process map is in place outlining key steps and responsibilities and Duty Holders for each subsidiary are clearly documented in the Group Health and Safety Policy.
- ✓ Guidance for staff completing aspects of the FRA process, including detailed reference guides for recording and reviewing FRA data in PIMSS, are published on W.E.Connect.
- ✓ FRA completions are recorded in PIMSS, with due dates for the next assessment being automatically generated based on the property type and the most recent completion date.
- ✓ The FRA Group Performance report in Power BI is refreshed daily and includes dashboards which clearly show any FRAs approaching their due date. It also displays the current status of the FRA actions recorded in PIMSS. The report is available to all Duty Holders and the Group Health and Safety Team. This provides a clear and current overview of actions requiring attention.
- ✓ The Group Health and Safety Lead and Fire Safety Manager hold weekly virtual 'drop-in' workshops for FRAs. Staff can join the call on Teams to discuss FRA action plans and get advice and support on how best to progress these.
- ✓ Reports of all open FRA actions are circulated to Duty Holders and responsible persons twice a week and overdue actions will be flagged to the Fire Working Group and Fire Liaison Group meetings. The status of FRA completions and actions is also regularly reported to ET and Group Audit Committee.

2. Fire Risk Assessments

Opportunities to Improve

Priority Actions

- Fire Safety Officers should ensure all FRA actions arising from inspections are written up, issued and uploaded into PIMSS within 10 days of the visit so that the system provides an up-to-date picture of the status of FRAs and FRA actions.
- Fire Safety Officers should be reminded of the importance of using a standard approach to the recording of FRAs and FRA actions within Group systems, including PIMSS. The Fire Safety Manager should review a sample of FRAs each month to confirm the standard approach is being applied consistently.

Continuous Improvement Opportunities

- The Group Health & Safety team should amend the standing agenda items for Executive Fire Liaison Group meetings to include reports from each Managing Director that confirm that appropriate actions have been taken to complete FRA actions; and provide a status update for any overdue actions.
- The planned update of Fire Safety information held on W.E.Connect should use the FRA process map to clarify which guidance notes are available to staff at each stage in the process, in addition to the review of the existing guidance to confirm it reflects the Group's current operating arrangements.
- Post-FRA meetings with Duty Holders should be re-introduced following completion of the accelerated programme of FRAs in common areas of multi-storey flats and Living Well/Amenity services, to confirm that duty holders have a clear understanding of the FRA actions they must track to completion.

3. Working from Home Follow-Up






Report Conclusion

This review assessed the implementation of the Group's working from home (WFH) policy to assess the extent to which teams across the Group have applied new working arrangements in line with the agreed policy and procedures. We found that the guidance, policy and procedures in place are clear and have been communicated to all staff. In addition, we confirmed that all actions raised in the 2020/21 internal audit review of working from home arrangements have been implemented.

The Group has identified five new staff categories under the Group's working from home model, which includes the agile home worker category. We noted that work to allocate each staff member to one of these categories is not yet complete, with 785 of the Group's 3,025 still being assessed to determine which category is most relevant. The majority of these staff work within Wheatley Care, where the specialised nature of services means an assessment at job role level is not appropriate. Consequently, there will be additional staff who need to complete the home working self-assessments and mandatory training as the allocation process continues.

We identified some opportunities for further strengthening the process, particularly around completion and monitoring of Home Worker Self-Assessments (HWSAs) and WFH mandatory training.

Control Objective Classification

- | | |
|---|--|
|  | There is a working from home policy, along with comprehensive ER and H&S guidance, that is available to all staff; |
|  | All relevant staff have completed a home working self-assessment and any issues raised in these have been timeously rectified; |
|  | Contract variations have been signed and returned for all relevant staff; |
|  | All staff have electronic equipment relevant for their role as per the WFH policy; and |
|  | All relevant staff have completed working from home mandatory training available on MyAcademy. |

3. Working from Home Follow-Up

Areas of Good Practice

- ✓ The Employee Relations team has published guidance on Working from Home on W.E.Connect, including the Group's Working from Home Policy.
- ✓ A standard contract variation template has been used to ensure consistency in content within contract variations issued to staff now categorised as homebased agile workers. The Employee Relations team uses a staff listing from CIPHR (the Group's HR system) to track which staff members have been issued with contract variation letters.
- ✓ The Group Health and Safety team has provided clear guidance for staff on W.E. Connect in relation to Home Working, including a Home Working Self-Assessment (HWSA) process flowchart and additional manager's guidance.
- ✓ As an additional control to confirm Group Health and Safety have been made aware of all HWSAs that have identified issues, a member of the team reconciles the "unsatisfactory" HWSA assessments recorded in the CIPHR HWSA report to the team's internal record of HWSA assessment issues raised with them directly by managers each month. Any additional "unsatisfactory" assessments are followed up with the relevant manager.
- ✓ The Group's IT team has developed a matrix that maps the standard and optional IT equipment requirements for each new staff category.
- ✓ Completion rates for both HWSAs and WFH mandatory training are reported to the Group's Health and Safety Strategy Group.

3. Working from Home Follow-Up

Opportunities to Improve

Continuous Improvement Opportunities

- The Group Health & Safety team should issue updated guidance about the circumstances in which staff who are not in the homebased agile worker category should complete a Home Working Self-Assessment (HWSA) of their home working environment.
- The Group Health and Safety team should introduce regular reporting of HWSA completion rates at the quarterly meetings of the Health and Safety Operations and Strategy Groups, to remind managers of their responsibilities to confirm required HWSAs are completed. While work continues to allocate staff across the Group to the homebased agile worker category, this reporting should be monthly to encourage an increase of completion rates across Group. In addition, further guidance will be issued to managers about how to record HWSAs within CIPHR (the Group's HR system).
- The IT team should introduce a process to reconcile staff categories in CIPHR and asset data held in MS Intune and Mobile Iron (IT Asset registers) to confirm whether staff have been allocated the appropriate IT equipment for their role. Once staff category allocation has settled, the reconciliation should be incorporated into existing checks for all starters, leavers and movements within the Group.
- The Learning and Development team should issue guidance to all managers on how to access the homeworking training completion report along with guidance to clarify the circumstances in which staff not in the homebased agile worker category should complete the working from home mandatory training.

4. Accounts Payable

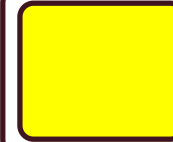
Report Conclusion

The Group uses three payment processes for purchasing: (i) Purchasing cards; (ii) Faster Payments; and (iii) purchase to pay process via the IPOS system. Overall, we found that the controls in place within these three processes are well designed and appropriate for the Group's business needs. The arrangements in place provide the flexibility which staff need in order to make 'Think Yes' related purchases, but there are still clear controls within these processes to ensure that all spend is subject to appropriate approval and monitoring.

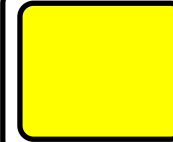
We identified some opportunities to improve the effectiveness of these controls in practice. In particular, staff require additional guidance in the revised scheme of delegation to clarify how different approval limits should be applied, particularly where Solutions staff are authorising spend on behalf of a subsidiary. Additional scrutiny is also required to ensure managers complete their monthly monitoring responsibilities to verify the appropriate use of purchase cards held by their direct reports. Although we noted opportunities of improvement in these areas, we did not identify any instances of fraud.

We used our data analytics tool IDEA to review records of all payments made through the purchase card and faster payment processes in the financial year to date. There is an opportunity to use the output of this analytics to develop management information and performance indicators to enhance the oversight and challenge of the payment methods used across the Group.

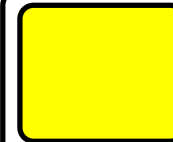
Control Objective Classification



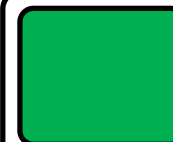
Procedures clearly set out which purchase process to use for different types of expenditure within the new business model;



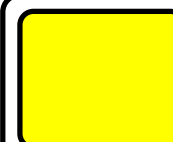
Purchase cards are used appropriately, with manager approval of all expenditure through the receipt-matching process;



Faster payments are used in line with Group procedures and are appropriately authorised before payment;



Purchase orders are raised in advance of services being procured for expenditure processed in IPOS, to facilitate matching and payment of invoices; and



Management information to monitor spend within each payment process is reviewed regularly, with potential exceptions being investigated.

4. Accounts Payable

Areas of Good Practice

The following areas of good practice were noted:

- ✓ Purchasing Card Procedures/guidelines are available to all staff on W.E.Connect. These outline the steps to follow when using a Purchase card, conditions for use and information regarding administration of the cards and reconciliations.
- ✓ Purchase card transaction records are held and updated within the SDOL banking portal. Cardholders upload receipts and purchase details directly in the SDOL and Managers can view all card expenditure made by their staff within one report. This report also highlights where required information has not been uploaded by the Cardholder.
- ✓ An electronic Faster Payment form is in place containing mandatory fields which ensure key data is entered. The form also contains questions which the requisitioner must answer, including whether the beneficiary is already a supplier on IPOS and the reason for the Faster Payment. These questions should prompt the requisitioner and approver to consider if a Faster Payment is the most appropriate payment method for their needs.
- ✓ If any expenditure is committed out-with the IPOS 'Purchase to Pay' process, approval by a second member of staff is required before either a retrospective Purchase Order can be raised in IPOS, or a Faster Payment could be made.
- ✓ Unmatched invoice report is circulated weekly to all IPOS users for actioning. The Accounts Payable team return invoices with no purchase order number to the supplier for them to obtain this from the member of staff who committed the expenditure.

4. Accounts Payable

Opportunities to Improve

Priority Actions

- Managers of purchase card holders should be reminded of the requirement to complete a monthly monitoring return for card expenditure incurred by their team. Where monitoring procedures are not followed this should be escalated to an Executive Team member and cards stopped until the procedures are followed. Managers should also confirm that all cards with no YTD spend are still required.
- The Staff Scheme of Delegation is currently under review. The revised Scheme of Delegation should include further guidance about when the approval levels for different subsidiaries and types of expenditure should be applied. This is particularly important where members of Wheatley Solutions are instructing payments (including Faster Payments) from a subsidiary account. Faster Payment forms should be checked to ensure the approval limits set within the revised scheme of delegation have been complied with and additional checks should be introduced for all Faster Payments over £50k to confirm that the approver has the authority to instruct the payment.

Continuous Improvement Actions

- The content of the Passport to Procurement 2021 training should be published for staff to refer to on W.E.Connect to provide a clear overview on the methods of purchase available to staff and the circumstances in which each can and cannot be used. This will help to inform staff purchasing decisions and promote the Group's preferred payment methods;
- The Accounts Payable team should continue to educate staff on good practice purchase to pay methods and remind staff of the importance of following the IPOS ordering process. Any recurring issues, including repeated unmatched invoices, should be discussed with the individual requisitioners and budget holders to identify any training needs and reiterate the need for the ordering process to be followed.
- Opportunities to develop management information on purchasing activity, such as KPIs and data analytics reports, should be explored to enable further challenge and review of the payment methods being used across the Group.

5. ESF Funding Compliance: Executive Summary

Report Conclusion

The controls in place to ensure compliance with the European Social Fund (ESF) requirements are well designed and were working effectively at the point of this review. We have identified some minor opportunities for improvement which would further strengthen the arrangements in place. In particular:

- Staff should be reminded to follow the standard file structure;
- Any additional support given to participants should be captured to demonstrate the additional value the team is delivering;
- An improvement log should be used to record all learning and good practice examples as the project progresses; and
- Controls to ensure the appropriate retention of project documents should be implemented.

From April 2022 the majority of ESF participant records and supporting evidence will be held electronically on AdvicePro (the Foundation team's workflow management system), unless there is a specific reason to keep a paper record. This will streamline the process for staff and customers, improve the secure handling and storage of personal data, and reduce the risk of inconsistency between electronic and paper records.

We tested a sample of 20 participant files to provide assurance that the arrangements in place are designed to deliver compliance with the ESF funding requirements. We did not complete substantive testing of the accuracy or completeness of any underlying financial data.

Control Objective Classification



Way Ahead mentors have clear guidance on how participant eligibility criteria should be assessed and evidenced, which is applied consistently.



Way Ahead mentors have clear guidance on how progressions and outcomes should be assessed and evidenced, which is applied consistently.



Participant records are up to date and accurately reflect the status of each participant's eligibility and progress.



ESF drawdowns are supported by engagements (eligibility), progressions and outcomes that are accurately recorded in Hanlon (GCC system) in line with ESF Participant Records and ESF Participant Guidance, and supporting evidence is retained.



Project performance and compliance is monitored and reported to the Executive Team and Wheatley Foundation Board.



Project documentation is held securely, with data retention and access policies in place in line with ESF Document Retention Guidance.

5. ESF Funding Compliance: Summary of Findings

Areas of Good Practice

- ✓ A dedicated team has been created to deliver the “Way Ahead” project until 31 March 2023. This includes five Way Ahead Mentors who work directly with participants, a Monitoring Officer and a Project Manager.
- ✓ The team follow the ESF Participant Guidance published on the Scottish Government website, which includes clear criteria about participant eligibility and evidence which must be retained. Standard project documentation is in place, including template outcome score assessments, action plans, stage completion forms, and a registration evidence quality checklist.
- ✓ The Way Ahead Monitoring Officer reviews all stage completions for compliance with the ESF guidance before uploading them into Hanlon (the GCC claim system). Responses to any queries raised in Glasgow City Council’s (GCC’s) initial monitoring reports are also retained alongside the final monitoring reports which confirm that all completions reported in Hanlon to date have been approved.
- ✓ Actual project activity and spend against targets set across the duration of the project are reviewed with the Foundation’s Finance Manager at the monthly Way Ahead Steering Group meetings. This is also incorporated into regular performance updates to the Foundation Board.
- ✓ During testing we confirmed that paper files are held securely in the office and noted that participant files demonstrate the team has a good awareness of GDPR and remove any unnecessary personal details from the records.
- ✓ From April 2022, participant records will be held electronically in AdvicePro, removing any risks related to holding duplicate paper files improving the use of staff time and streamlining the administration of participant files. Paper files will only be held in exceptional cases where electronic records are not suitable due to privacy reasons.

5. ESF Funding Compliance: Summary of Findings

Opportunities to Improve

Continuous improvement opportunity

- Additional guidance should be developed for Mentors to clarify changes to how paper and electronic files should be used and the Group's preferred methods of gathering and recording project information and evidence.
- In preparation for the move to more electronic participant files, staff should be reminded of the need to follow the standard file structure. Where more than one version of an action plan or stage completion form is held on a participant's file, it should be clearly annotated to make it clear which is the primary record or explain why more than one version of it is required.
- When the Way Ahead team offer participants additional support over and above actions which directly remove barriers to employability, such as access to the Group's wraparound services, this should be flagged in Advice Pro to capture the additional value the team is delivering for customers.
- An improvement log should be implemented for the project to record all learning from the GCC monitoring process and capture any changes in approach agreed by the team. This will ensure good practice is captured and available for the team to refer to as needed.
- Arrangements to ensure the correct retention of Way Ahead records and participant files should be strengthened to ensure the required retention periods are followed. Project retention dates should be added to the Foundation's retention schedule and retention dates should be applied to electronic files held in SharePoint.

6. Payroll: Executive Summary







Report Conclusion

The Payroll process is working well and the findings of this review support the positive outcomes of the continuous audit activity we have reported to the Group Audit Committee throughout 2021/22. We have identified some continuous improvement opportunities to further strengthen the control arrangements in place:

- The format of the HR/Payroll Changes spreadsheets and Compliance sheet could be improved to ensure there is clear evidence of appropriate review of all changes to each payroll;
- Access to payroll records held in the S-drive should be reviewed quarterly; and
- Selima staff accessing Wheatley Group data should have unique user access IDs.

We also considered the design of proposed controls within the new self-service approach for expense claims and overtime payments. Overall, the described controls appear to be well designed, however we have identified some additional controls and points for management to consider as they prepare to launch the new Access tool.

Control Objective Classification

	Payments are only made to valid employees, through the correct payroll;
	Payments are accurate and paid in line with scheduled pay dates;
	Amendments to standing payroll data are authorised, accurate and timely;
	Payroll deductions are correctly calculated and processed in line with third-party requirements;
	Payroll data is held securely and protected from unauthorised use; and
	Payroll expenditure is subject to independent review and sign off prior to payment.

6. Payroll: Summary of Findings

Areas of Good Practice

- ✓ There is clear segregation of duty in place across the payroll process.
- ✓ Changes to each payroll such as new starts, leavers and changes in role, or changes to employee pay grades or working status, are all instructed by the Employee Relations team.
- ✓ Once all changes are made to the payroll in Selima, the Employee Relations team reconcile the Annual Remuneration report back to the staff information held in CIPHR for accuracy.
- ✓ The payroll is locked to prevent any additional changes once the Payroll Control reports have been generated for review.
- ✓ A compliance checklist is in place to guide staff through all the checks and tasks which must be completed to finalise the payroll.
- ✓ A rule infringement report which highlights changes between the current and prior payroll, are reviewed by the Payroll Administrator and Payroll Manager to confirm the reasons for these.
- ✓ The Director of Financial and Legal Services completes the final review of each payroll and authorises Selima to process the BACS payment.
- ✓ The Payroll Manager reviews staff access to Selima on a quarterly basis to confirm all access is appropriate and authorised.
- ✓ The Payroll Manager completes regular review of payroll activity to identify any further training needs and shares good practice and areas for improvement with the Payroll team.

6. Payroll: Summary of Findings

Opportunities to Improve

Continuous Improvement opportunities

- A standard format for the HR/Payroll Changes spreadsheets should be agreed and used by all staff. This should include columns to record the name and date for both inputter and reviewer. Where changes are not processed in Selima, the relevant line in the spreadsheet should be marked by the inputter as “N/A” and the reviewer should initial to confirm this has been checked as appropriate.
- A consistent version of the Compliance checklist should be used for all payrolls and it should be clear who is required to sign the compliance checklist, and which parts of it, to ensure the control is applied consistently.
- The Payroll Manager should complete a quarterly review of access to payroll records held in the S-drive to ensure this access remains appropriate and authorised.
- Selima staff accessing Wheatley Group data should have unique user access IDs.

6. Payroll: Proposed controls within the new self-service approach for expense claims and overtime payments



We also considered the design of proposed controls within the new self-service approach for expense claims and overtime payments. Overall the described controls appear to be well designed and we have noted some areas of good practice below. On the following slide we have also identified some additional areas for management to consider as they prepare to launch the new Access tool.

Areas of Good Practice:

- ✓ The move to self-service will streamline the process for expense and overtime claims and reduce the manual processing completed by the Payroll team. All claims will be completed through Access, removing the need for manual forms and authorising emails which could be misplaced.
- ✓ Approved authorisers will be set up within the Access system based on line management responsibility.
- ✓ Staff will be able to view the live status of their claim within the Access system and will have the ability to collate multiple claims in the system before making one submission to their line manager for approval.
- ✓ Video guides on how to use the Access system are available to all users on the Access homepage and the intention is for all managers to receive training on the system before it is rolled out.
- ✓ Approved claims will be uploaded directly into the payroll system Selima via batch import reports, removing any potential for human error.
- ✓ Testing is underway to ensure that the new Access tool is working as expected ahead of it being embedded as business as usual.

6. Payroll: Proposed controls within the new self-service approach for expense claims and overtime payments



Areas for management to consider as they continue to develop the new Access tool:

- Ensure any existing guidance and forms in relation to expenses and overtime claims are updated or removed from W.E.Connect to avoid confusion and clearly direct staff to the new approach.
- Make it a requirement for staff to complete training on the Access system and any related requirements, such as a home-working self-assessment, before any overtime or expenses can be claimed.
- Ensure there is clear guidance for staff about the timeliness of claims and any cut-off dates to ensure historic expenses or overtime owed are not allowed to accumulate.
- Provide clear guidance for approvers on what the Group will accept as appropriate evidence to support each type of claim and how this should be checked by management.
- Ensure managers have visibility of all outstanding claims in Access and explore options to review this centrally on a monthly basis to ensure employee claims are not sitting unactioned.
- Develop second line monitoring and compliance controls to ensure that management are implementing the expenses and overtimes policies consistently and appropriately.

7. [redacted]

8. Technology and Business Model Coordination Group



Report Conclusion

The Group is in Year One of delivering an ambitious five year Strategy. New processes have been introduced during the financial year to facilitate the delivery of Strategic Projects and achievement of Strategic Outcomes, which included early assessment of project interdependencies. As work has progressed throughout 2021/22, including the implementation of a new business model and the establishment of the Customer First Centre, management has concluded that an additional forum is required to support effective and coherent business change due to the expected increase in change activity. This was overseen by the Group Executive Team and New Business Model Steering Group. This advisory review was commissioned to provide matters for management's consideration when deciding how this additional forum should work.

There is a need to ensure that future operational activities associated with strategic change projects are coordinated. A new role of Managing Director of Business Transformation and Customer Experience within the Customer First Centre has been created to support this. Key change initiatives will continue to be agreed by relevant Boards and the Group Executive as part of the strategic planning process.

As part of the review, we spoke to a number of members of senior management and reviewed a draft structure for this additional forum. Work is required to agree and implement a structure / framework through which business change initiatives will be managed in an effective and efficient manner. Core elements of establishing this framework are:

- Creating a group comprising of senior managers from across the business who have responsibility for reviewing proposed business change initiatives to assess their business and technology fit. This group should make recommendations to the Executive Team and support business areas in developing business cases for approval.
- Creating a technical sub-group of the above group to confirm compliance with enterprise architecture and data strategy.

Opportunities to Improve

- Agree and implement a group through which proposed business changes associated with the Group's Strategy can be validated by the business prior to Executive Team approval.
- The above group should have a remit to review proposed business changes for business and technology fit, prior to them being assessed and approved by the Executive Team.
- Establish a technical sub-group of the above group, to provide assurance that proposed business changes are consistent with enterprise architecture and data strategy.

9. Boxi Replacement Readiness

Report Conclusion

The majority of the Group's performance reporting is informed by data extracted from underlying systems using Boxi-reporting. During 2021/22 Management was informed that the software supplier would be ending support for Boxi reporting. To manage the potential risk that Group performance information might become unavailable if there was an issue with unsupported Boxi software, management decided to undertake an exercise to replace the Boxi-reporting with Power BI dashboards. This advisory review assessed the status of the plans for the completion of that exercise.

The review identified that the exercise would benefit from agreement of a more formal mechanism for monitoring progress, development of a more detailed project plan, and continuing work to clarify the volume of work required in order to understand and deliver against updated business reporting requirements, and the associated impact on achievement of planned timelines.

Following discussion of initial findings, the project team developed an updated project plan, which included additional detail about the steps required to review each reporting area (eg Repairs, Rental Income). This updated project plan is a positive development. However, there remains a risk that the lack of clarity about the content and usage of existing Boxi reports may impact on the project team's ability to deliver in line with the timescales outlined in the revised project plan. In addition, the revised plan requires additional clarity about the planned process for confirmation that the replacement performance reports continue to meet all relevant regulatory standards and definitions.

9. Boxi Replacement Readiness

Areas of Good Practice

- ✓ Development of Business Requirement Templates to standardise each business area's needs with appropriate sign-off.
- ✓ Key stakeholders from relevant business areas are appropriately involved in report creation and review including definition of 'Key Measures'.
- ✓ Responsibility for pursuing business change required to report on desired measures lies with the business area.
- ✓ Documentation of definitions of 'Key Measures' are provided alongside relevant performance information.

Opportunities to Improve

Priority Actions

- The timelines included in the revised project plan developed following initial discussion of audit findings should be recorded as milestones in Pentana and progress reported to Finance DMT and ET.
- Work to understand the volume of work required to generate new reporting that meets both business needs and regulatory requirements (where relevant) should be completed to provide assurance on the extent to which planned project timelines are achievable.

Continuous Improvement Actions

- The Data team should monitor the demands on the team during the project and take steps to identify and utilise extra resource (if required) to facilitate successful delivery of the project against revised timelines.
- Formal mechanisms for ensuring feedback received from business areas during the project is appropriately documented, prioritised and monitored should be implemented.
- Data definitions, which have been signed off by the Performance Team, should be provided alongside the dashboards produced either in supporting documents or as part of these dashboards.

10. Repairs: Executive Summary

Report Conclusion

This review considered how effectively repairs are being handled at key stages in the repairs process for the East and West RSLs and Lowther. We used IDEA data analytics software to analyse data held about all reactive repairs raised in the East and West between 1 April 2021 and 31 January 2022. Detailed end to end testing was completed on a random sample of 40 repairs to assess the appropriateness of actions taken at each stage of the repairs process.

This included an assessment of:

- (i) how accurately each repair had been diagnosed, categorised and appointed correctly at the initial call log stage;
- (ii) whether the repair had been timeously and accurately categorised and allocated to the relevant repairs staff within CBG/DCPS;
- (iii) how effectively customer expectations were managed by keeping them fully informed during the full life cycle of the repairs process;
- (iv) whether the repair had been delivered per work programme type and within agreed time scales for completion, and
- (v) the arrangements in place to ensure repairs are completed to agreed quality standards and the customer is satisfied with the final result.

10. Repairs: Executive Summary

Report Conclusion

Glasgow City Council's Internal Audit team also completed independent testing of 25 of these repairs to assess how effectively these had been handled by CBG, and we have considered the outcomes of this testing within our review.

We identified opportunities for improvement across all stages of the repair process. In particular, there should be better communication with repairs customers and between the Customer First Centre (CFC) and CBG, additional training should be given to CFC staff to improve the accuracy of identifying and logging the repairs required, additional quality checks should be completed at key stages of the repairs process, and customers should be encouraged to provide more feedback on the repairs services they receive.

We are satisfied that actions to address all of the opportunities for improvement identified during our review are included within the existing Repairs Implementation Plan. The detailed findings outlined in this report are based on our review of data held within iWorld and ASTRA, and IDEA data analytics completed on available datasets. We did not listen to call records as part of our review.

10: Repairs Summary of Findings

Plans to develop the repairs and maintenance service provided to Wheatley customers in Glasgow and the West were presented to the Wheatley Group Board in February 2022. This included a Repairs Implementation Plan with the following key workstreams:

Programme
management

Customer contact
and
communication

IT and systems

Service and
process redesign

Encouraging
diversity

Cleaner and
greener

Meeting the
needs of owners

Information and
performance

Within this report we have summarised the key findings of our end-to-end review and identified opportunities for improvement. We have mapped each area to the Repairs Implementation Plan and can confirm that there is an existing workstream action which will address each area. We have also included details of our data analytics and testing outcomes to provide additional context for management.

The following slide summarises the areas for improvement we have identified at four key stages of the repair process: (i) Logging, (ii) Appointing, (iii) Delivering and (iv) Completing the repair.

10. Repairs: Summary of Opportunities for Improvement

Stage 1:

Logging the repair:

Accurate diagnosis and logging of repair at CFC and clear communication with customer

Additional training for CFC staff to ensure each repair is diagnosed and entered correctly in MyRepairs

Ensure customers are aware of appointment times and that these are at times suitable for the customer

Develop guidance for CFC staff on use of repairs systems to ensure optimal appointments and improve the efficiency of the repairs service

Regular review of cancellations and reasons for these to ensure they are appropriate and necessary

Use of data analytics to identify performance trends or additional training needs

Stage 2:

Appointing the repair:

Allocation of repairs to correct trades and work orders and keeping customer informed

Additional training for CFC staff on how to accurately log the repair in ASTRA with sufficient detail to inform the allocation of trade and materials required

Ensure repairs are tagged correctly to the original service request to allow issues to be monitored and provide true information about the end to end repair

Communication with customers about repair appointments and work should be improved to ensure customer expectations are properly managed

Communication between staff that are part of the repairs systems should be improved to enable more effective joint working and ensure consistent information is available for customers

Stage 3:

Delivering the repair:

Completion 'right first time' and within timescale, recording of activity and use of cancellations

Consider the re-categorisation of repairs appointments into more achievable and realistic timeframes, considering actual work required, limitations on resource i.e. trade or material availability

Ensure CFC staff are given sufficient training and direction to any cancellation or additional work order requests received from CBG or escalate to the appropriate housing lead for agreement where required

Review the process around cancellations where these are required to ensure that both staff and customers have been informed of any changes to existing repairs and information on ASTRA is up to date

Stage 4:

Completion of the repair:

Quality assurance of call handling and repairs service, customer feedback and lessons learned

Reintroduce quality assurance monitoring of repairs call handling to identify any training needs

Determine what level of landlords assurance/post inspections checks are required to provide sufficient comfort over the quality and VfM the Group receives

Ensure methods of obtaining customer feedback are customer friendly and communicated to customers

Collate all customer feedback in a format which enables lessons learned and actions to be identified

As part of the transformation programme ensure lessons learned are obtained from all Group repairs related complaints

11. [redacted]

12. Data Analytics- Payroll Review

Summary of work performed

There are no exceptions to highlight to the Group Audit Committee. The Internal Audit team has developed a planned approach to payroll testing that identifies those controls to be tested through development of continuous auditing and those where a periodic testing approach remains more appropriate. We have confirmed the operation of the controls through a walkthrough test and have started development of the continuous audit testing scripts.

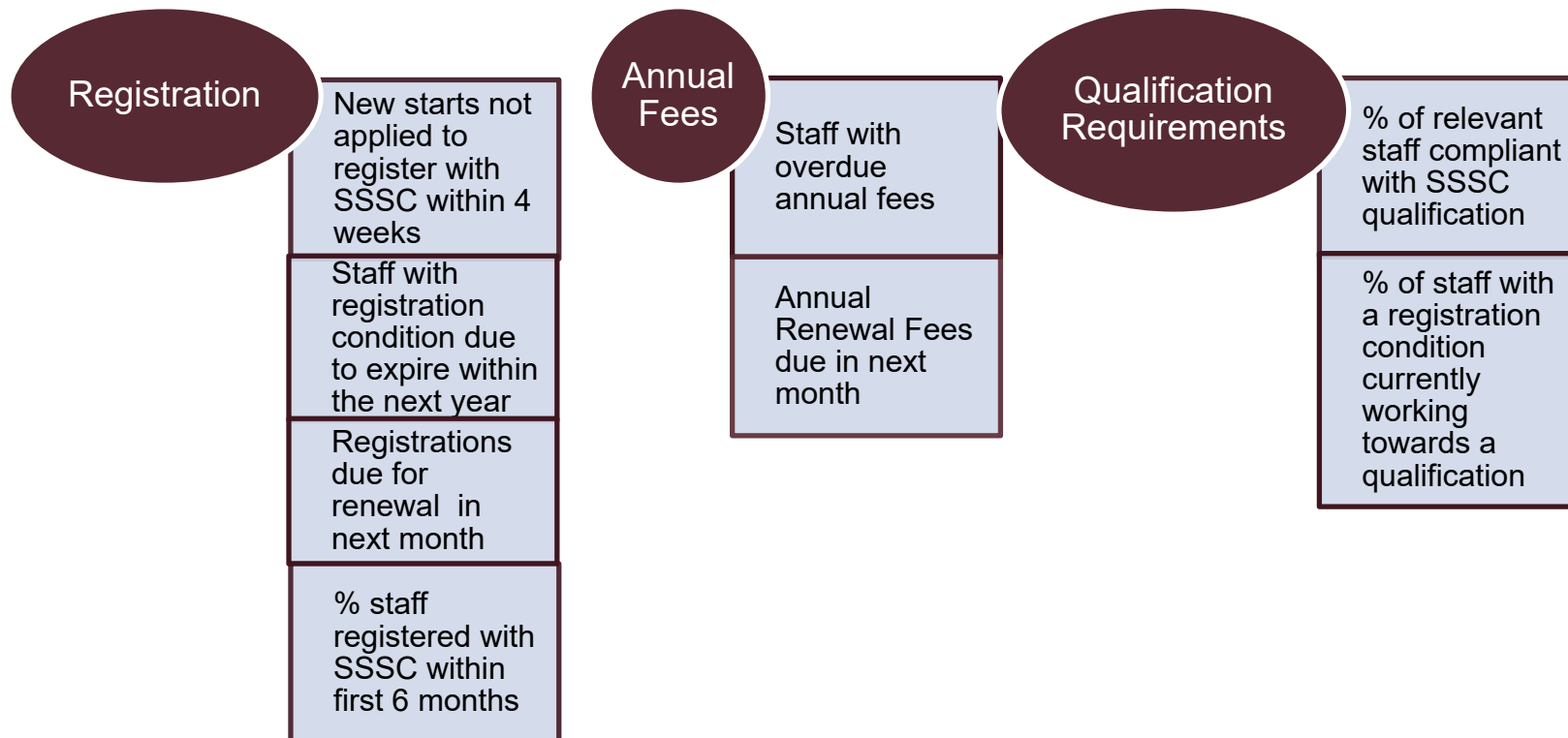
Using the data available for Q4 2021/22 we have used IDEA to confirm:

1. There are ***no duplicate employee numbers being used*** (across all payrolls)
2. We identified ***16 duplicate bank account numbers in use during Q4*** (across all payrolls). These were matched to the annual remuneration reports and HR spreadsheet of changes and most are clearly joint accounts, with the remainder relating to a change in role or employment status.
3. Our testing confirmed that ***none of the duplicate bank accounts belong to Payroll staff***.
4. There were 47 employees who received no Gross Pay in a payroll run during Q4. These relate to leavers, staff on maternity leave and some Wheatley Care staff. We have confirmed with the payroll team that this is due to the nature of the contracts in place for these staff members.

12. Data Analytics- Wheatley Care review

Summary of work performed

The Internal Audit team has developed a planned approach to produce continuous analysis of SSSC registration compliance. Areas for analysis have been identified to improve efficiency of Care management checks. Any exceptions as a result of analytics provided will be reviewed by Care management. Confirmed areas for analysis are as follows:



Initial analytics covering these areas has been completed using data obtained as at the end of April 2022. Results have been returned to the Care Services Innovation and Improvement Manager to review any exceptions noted. No significant issues were identified from the exercise.

We are currently developing scripts in IDEA to allow continuous analysis of these areas to improve the efficiency of Care management checks.

13. Follow Up

Group-wide action status at 30 April 2022

Overall there has been good progress in implementing actions during Q4 2021/22, with 32 of the 51 actions followed up being confirmed by Internal Audit as complete. There are 7 actions where the completion date is not yet due. Two further action has been closed as no longer relevant.

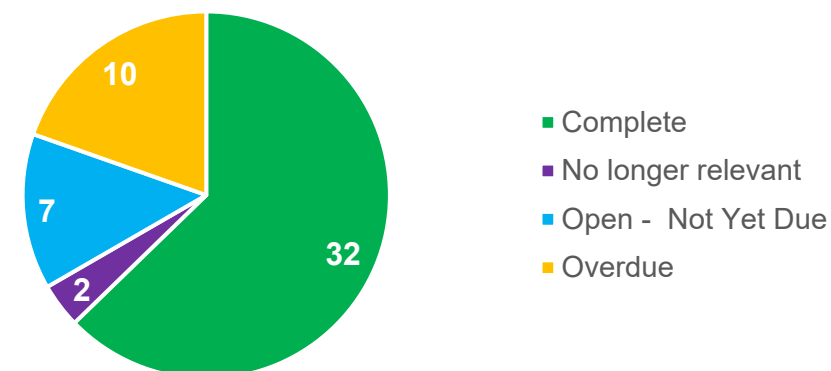
There are 10 overdue actions. In 8 instances, this is due to the actions being incorporated into projects to be delivered as part of the 2022/23 Delivery Plan. Management have agreed revised due dates and we will continue to monitor full implementation of these actions.

Review	Overdue actions	Revised due date
Accounts Payable	1	30/05/2022
Complaints Handling	4	30/09/2022
Equalities and Human Right	2	31/10/2022
Strategic Change	1	30/08/2022
Allocations	1	31/10/2022
Business Continuity	1	30/09/2022

Status	Actions
Actions brought forward from 24 December 2021	29
New actions agreed during Q4 2021/22	22
Total Actions followed up	51

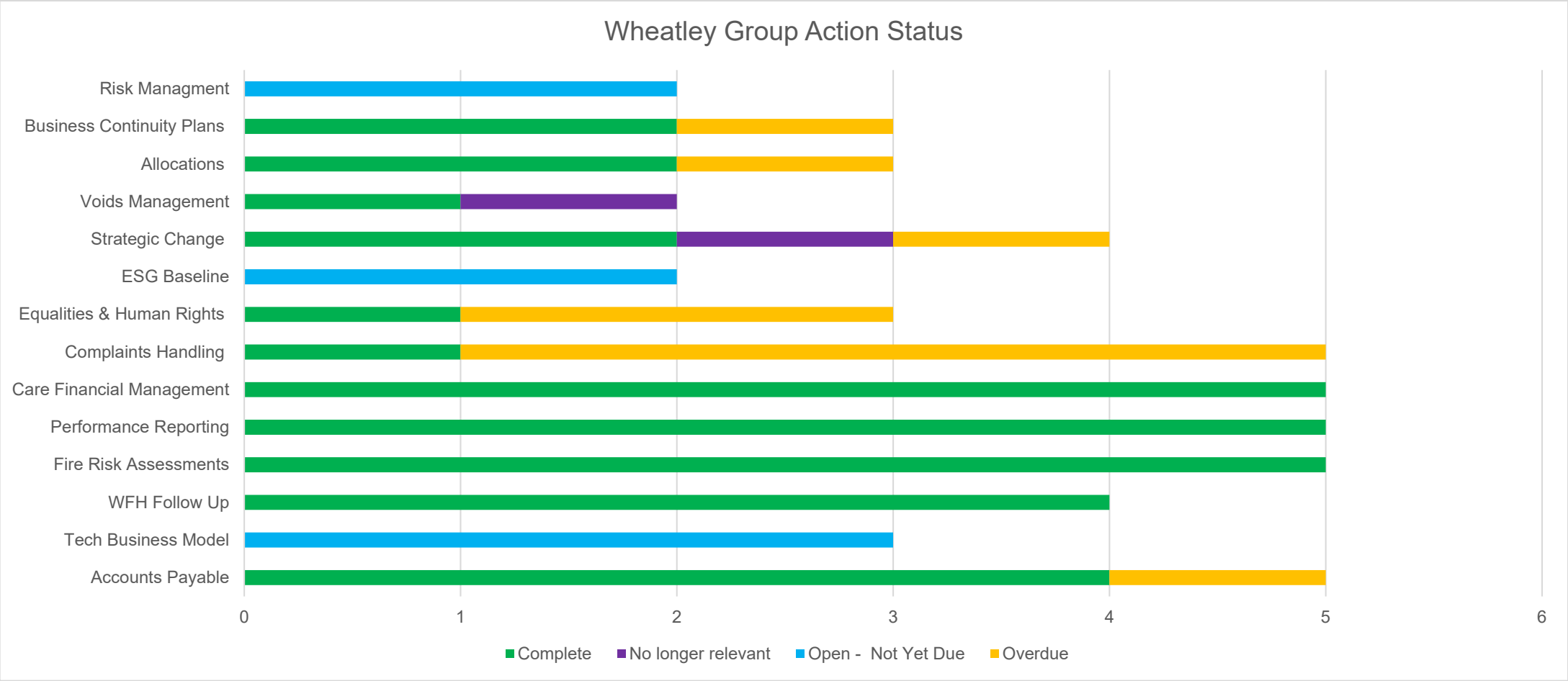
The chart below summarises our assessment of the status of the 51 actions followed up this quarter.

Status of Actions at 12 May 2022



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

13. Follow Up



Report

To: Loretto Housing Association Board

By: Laura Henderson, Managing Director

Approved by: Hazel Young, Group Director of Housing and Property

Subject: Risk Register

Date of Meeting: 15 August 2022

1. Purpose

- 1.1 This report asks the Board to:
- Note the summary of risk management activity; and
 - Consider and approve the proposed changes to the Corporate Risk Register at **Appendix 1**.

2. Authorising and strategic context

- 2.1. In accordance with the Group Authorise/Monitor/Manage Matrix, the Board is responsible for managing and monitoring its Corporate Risk Register and Risk Appetite. The Group Board is responsible for managing and monitoring the Wheatley Group Risk Management Framework.
- 2.2. Risk registers are in place across the Group and are reported to each subsidiary board on a quarterly basis. These capture risks that may impact on the delivery of the Board's strategic aims.

3. Background

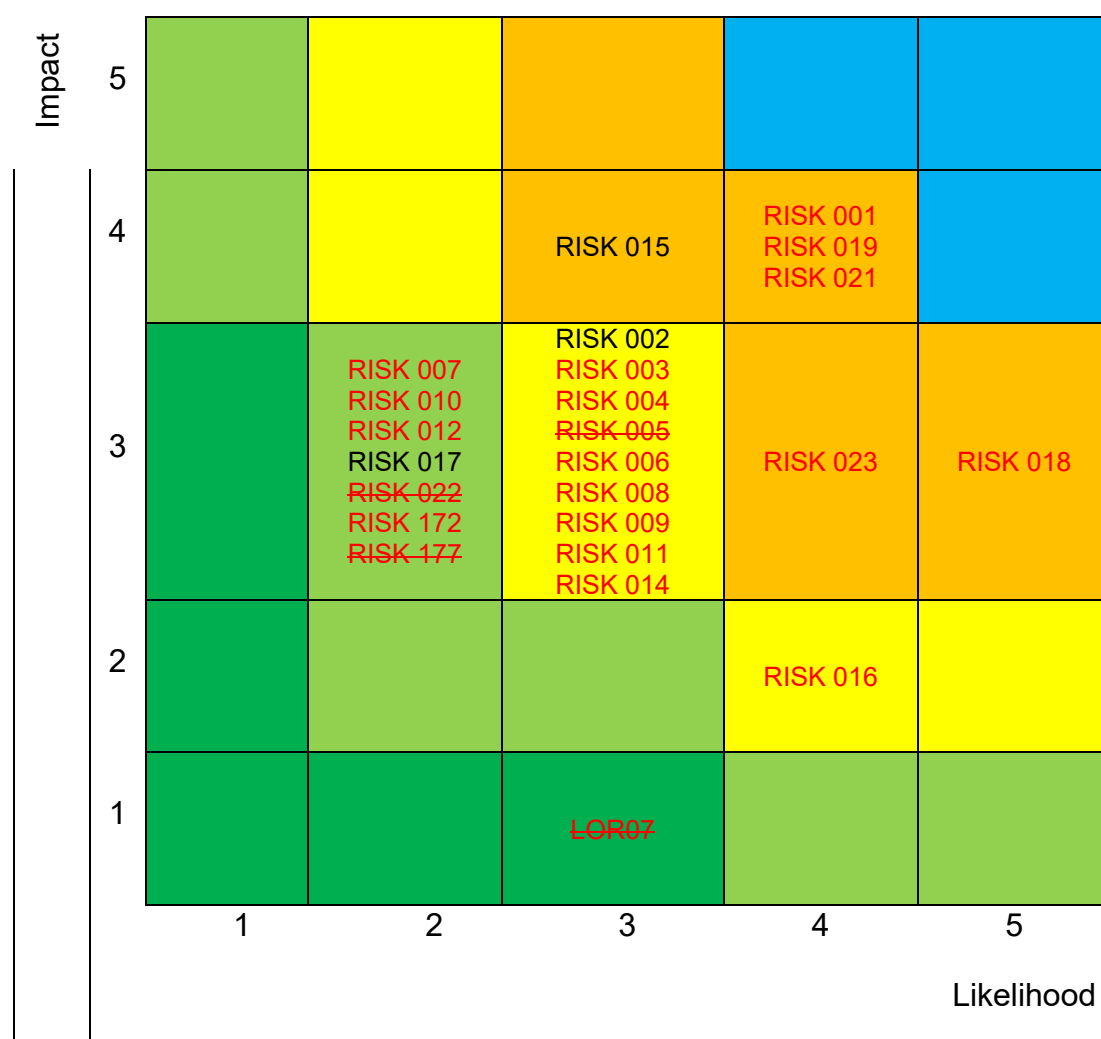
- 3.1. This paper summarises the proposed changes to the Corporate Risk Register, for consideration by the Board.
- 3.2. The Internal Audit team facilitated a risk workshop on 23 May 2022 to discuss the Board's proposed risk appetite statements and to review the Corporate Risk Register to identify any additional risks that may impact on the achievement of the Board's Strategic Outcomes. A Board risk appetite statement was approved and has been incorporated into this quarterly risk update to the Board, as have the identified changes to the risk register.

4. Discussion

4.1. There are currently 24 risks within the Corporate Risk Register, with residual risk scores ranging from 3 to 16, as shown in the chart below. These risks have been identified for inclusion in the Corporate Risk Register following discussion with the Board, the Managing Director and the Group Director.

4.2. The risks highlighted in red font for further discussion relate to:

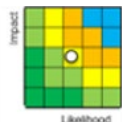
- Risk with a residual risk score that is outwith risk appetite; and
- Risks with proposed changes.



4.3. All of the risks within the Corporate Risk Register have been reviewed and updated where required by the relevant risk owner. The full Register is shown at **Appendix 1**.

Risks outwith Risk Appetite

- 4.4. For the first time we are reporting risks that are outwith the new risk appetite statements. As this is a new process, we will expect to see instances where clarification is required. Where risks are outwith risk appetite, management is asked to consider the following: i) is the residual risk score correct; ii) has the correct risk appetite statement been used; iii) are additional controls required to further mitigate the risk?
- 4.5. There are two risks with a residual risk score that is greater than the approved risk appetite. These are set out in the table below:

Risk	Residual Risk Score	Risk Appetite Score	Commentary
[redacted]			
RISK 003: Fire Safety		Minimal	The residual risk score has been reduced, following review by management, although this remains outwith risk appetite. The risk scoring reflects the high potential impact associated with fire and the Group's limited ability to influence the behaviour of those external to the organisation.

- 4.6. The implementation of any identified actions will be monitored by management and residual risk scores will be reviewed as part of the scheduled quarterly review of all risks.

Changes to the risks within the Corporate Risk Register

- 4.7. The following table summarises management's proposed changes to the Corporate Risk Register.

Risk	Commentary
RISK 001: Impact on our customers of the cost-of-living crisis.	A new risk added to reflect the potential impact which the cost-of-living crisis may have on the Group's ability to support the economic resilience of all customers in need due to increased demand for wrap-around and/or Wheatley Foundation services.
RISK 021: Reduced availability of financial support from Scottish Government and/or local government	Revised title and risk type and update to risk description.

Risk	Commentary
RISK 018: Supply Chain Disruption	Revised wording of risk description and additional controls added.
RISK 023: Climate Change impact on Group assets and services	Update to controls.
RISK 004: New operating model implementation	Update to risk description and controls.
RISK 005: Care and Support Services	Deleted as no longer required.
RISK 003: Fire Safety	Update to risk score and controls.
RISK 008: Compliance with funders' requirements	Update to controls.
RISK 006: Customer Satisfaction	Update to controls
RISK 009: Governance Structure	Update to controls
RISK 011: Securing new funding and adverse market changes	Risk description updated.
RISK 014: Political and Policy Changes	Risk description and controls updated.
RISK 016: Laws and Regulations	Update to controls.
RISK 007: Rent arrears arising from Universal Credit	Revised title and risk score, and update to risk description and controls.
RISK 012: Business Continuity/ Disaster Recovery	Update to controls.
RISK 177: Strategic Partnerships	Deleted as no longer required.
RISK 022: Covid-19 vaccination roll out	Deleted as no longer required.
RISK 172: Development Programme	Proposed new risk.
RISK 010: Group Credit Rating	Update to risk score and controls.
LOR07: Duke Street Resolution	Deleted as no longer required.

4.8. The Board is asked to consider and approve the proposed changes.

5. Customer Engagement

5.1. There are no customer engagement implications arising directly from this report.

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. There is no single risk appetite associated with this paper. Instead, the review of risks within the Corporate Risk Register, as outlined in this paper is designed to provide assurance on the controls in place to manage risks such that the residual risk score is within risk appetite and to identify additional actions management plans to reduce residual risk further, where required.

11. Equalities implications

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

12. Key issues and conclusions

12.1. Management's review of the Corporate Risk Register has identified two risks outwith risk appetite, where additional commentary has been provided. There are two proposed new risks, four risks identified for deletion, and proposed changes to a further 11 risks for Board consideration.

13. Recommendation

13.1. The Board is asked to:

- 1) Note the contents of this report; and
- 2) Review and approve the proposed changes to the Corporate Risk Register.

LIST OF APPENDICES:

Appendix 1 – Loretto Housing Corporate Risk Register - Draft for Approval



Corporate Risk Register

15 August 2022



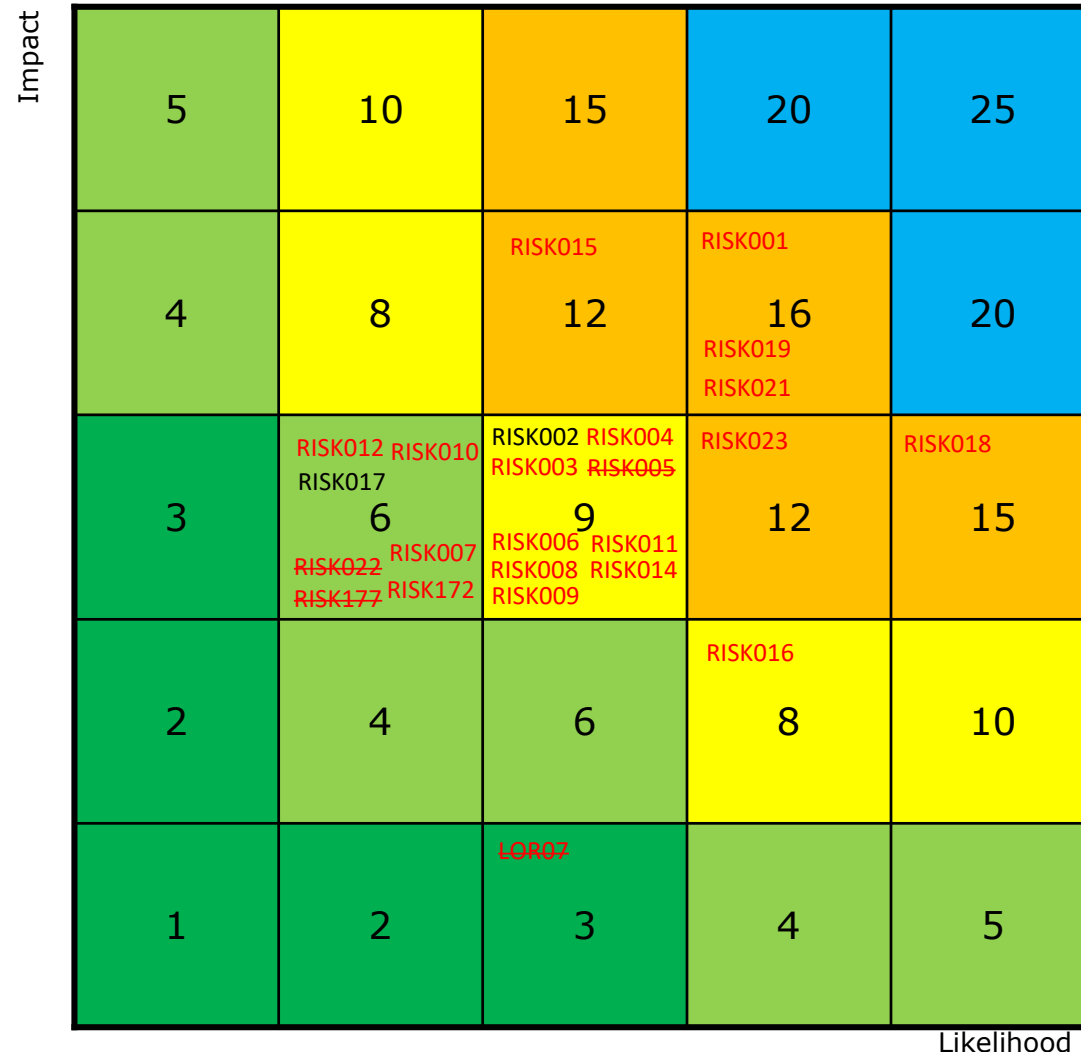
Loretto Housing Risk Register at 15 August 2022

The following slides set out the risks within the risk register in descending order of residual risk score. Where risks have the same residual risk score, they are shown in descending order of inherent risk score.

Any risks with a residual risk score of 12 or more have been highlighted in the page header as high residual risks. Any risks with an inherent risk score of 20 or more have been highlighted in the page header as high inherent risk. Any risks with proposed changes have been highlighted in the page header, with the proposed changes being identified in red font. Risks in these three categories are highlighted in red text in the chart to the right, which shows the spread of risks within the Corporate Risk Register by residual risk score (e.g. RISK010 has a residual risk score of 8).

Risk appetite is a statement of how much risk each Board is willing to take in pursuit of its strategic objectives. The Group approach defines appetite in 5 levels ranging from Averse to Hungry. Each appetite level corresponds to scores within the 5x5 risk matrix. The background colours in the chart represent the following risk appetite classifications.

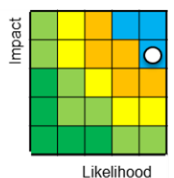
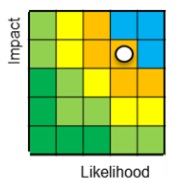
Appetite Classification	Score	Definition
Averse	1 - 3	Avoidance of risk and uncertainty is a key Organisational objective.
Minimal	4 - 6	Preference for ultra-safe business delivery options that have a low degree of inherent risk and only have a potential for limited reward.
Cautious	7 - 10	Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward.
Open	11 - 19	Willing to choose the one that is most likely to result in successful delivery while also providing an acceptable level of reward.
Hungry	20 - 25	Eager to be innovative and to choose options offering potentially higher business rewards (despite greater inherent risk).



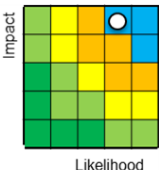
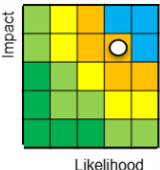
Loretto Housing Risk Register – high inherent and residual risk scores and outwith risk appetite [redacted]




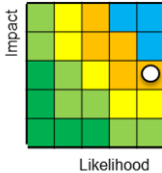
Loretto Housing Risk Register – proposed new risk, high inherent and residual risk scores

RISK001 – Impact on our customers of the cost of living crisis		Risk type: Operational		Strategic Outcome: Supporting economic resilience in our communities		
Description: The cost of living crisis will result in increased financial hardship for some of our customers. There is a risk that the Group will not be able to deliver its strategic outcome to support economic resilience for all customers in need due to the increased level of demand for wrap-around and / or Wheatley Foundation services.				Controls: New Rent and Income Framework rolled out from April 2022, which emphasises support for customers. Analysis carried out by UC team of impact on customers and expected pressures presented for ET for consideration. Wrap-around services tailored for the needs of our customers.		
Inherent risk	Residual risk	Risk appetite level:	Within Risk Appetite?	Previous / Next detailed Board scrutiny	Scrutiny Date	Risk Owner
		Hungry	Yes	Proposals for the Group’s response to the crisis will be presented to Group Board / Subsidiary Boards in August and September.	August/September 2022	Group Director of Communities

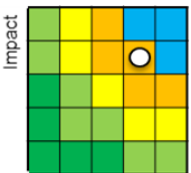
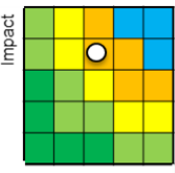
Loretto Housing Risk Register – proposed changes, high inherent and residual risk scores

RISK021 – Post-2021 Housing Policy and Grant availability–Reduced availability of financial support from Scottish Government and / or local government		Risk type: Finaneial Operational		Strategic Outcome: Raising funding to support our ambitions		
Description: There is a risk that without sufficient Scottish Government financial support we may be unable to deliver some of the Scottish Government and EEESH2 targets in relation to energy efficiency. This is compounded by the impact of increased inflation on the funding available and the costs of required work. Inflation will also impact on the Scottish Government and / or local authority financial support available for new build targets resulting in an inability to deliver strategic outcomes.				Controls: Wheatley Group staff are meeting with Scottish Government representatives regularly to proactively present the case for housing investment to Ministers and senior officials directly and through our representative bodies SFHA and CIH. This includes participating in the Scottish Government review of grant availability. A Green Investment Plan proposal has been developed and will form the basis of direct discussions with the Scottish Government. Financial scenario planning in place to understand potential impact on the new build programme and other investment requirements of a variety of reduced grant allocation scenarios.		
Inherent risk	Residual risk	Risk appetite level:	Within Risk Appetite?	Previous / Next detailed Board scrutiny	Scrutiny Date	Risk Owner
		Open	Yes	Group Board (funding session including research/presentation from Prof Sean Smith) Group Board (themed on development, investment and finance) Group Board sustainability / EESSH 2 workshop	October 21 Feb 22 Mar 22	Group Director of Finance and Digital Services

Loretto Housing Risk Register – proposed changes, high inherent and residual risk scores

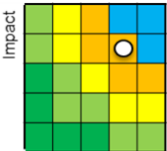
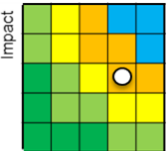
RISK018 – Supply Chain Disruption		Risk type: Operational		Strategic Outcome: Increasing the supply of new homes		
<p>Description: There is a risk of delays in the sourcing of goods and materials, or of Wheatley Care workforce challenges arising from the impact of macroeconomic events such as the post-Brexit trade deal, Covid manufacturing productivity challenges and global purchasing behaviours such as US/Asia mega-purchasing; resulting in increased costs and / or delays for new build and property investment and repairs works, or negative impacts on the wellbeing and satisfaction of People We Work For.</p> <p>There is a risk that the Group faces disruption to its supply chain (including delays to supply deliveries, increased costs of supplies, or supplier business failure) due to global events such as the war in Ukraine, ongoing post-Covid manufacturing challenges, the UK cost of living crisis and rising inflation, resulting in delays or an inability to deliver operational targets and potential financial loss or reputational damage.</p>				<p>Controls: General -Procurement procedures include assessment of suppliers’ financial health. Contract and supplier management guidance and e-learning module available. Active use of Contract Management System which contains system generated alerts to flag risk. Proactive monitoring of supply chains by Operational leads with regular contract management meetings.</p> <p>Regular engagement with Scottish Government on cost or delay impact as potential issues emerge. In the event of supplier insolvency, procurement frameworks / approved supplier listings would be used to identify alternative suppliers.-</p> <p>Repairs Service - Manage stock levels including, where possible advance purchase of components and materials. Engagement with key suppliers. Specific contingency plans for key services e.g. lifts. Local staff directly employed by CBG or DCPS</p> <p>Investment Programme -Manage stock levels of components and materials. Engagement with key suppliers</p> <p>New Build - Regular engagement with new build contractors where the Group’s financial exposure is greatest to test financial standing.</p> <p>Monitor on a site basis the availability and adequacy of contractor’s resource on site – consider increased clerk of works site monitoring to ensure quality of workmanship.</p> <p>Operational Supplies - Utilisation of Group and 3rd party frameworks to minimise price increase risk Engagement with key suppliers on stock levels.</p> <p>Wheatley Care - Working with SG via membership organisations to understand potential level of risk. Contingency plans to mitigate locally and maintaining a 15 week stock of PPE.</p>		
Inherent risk	Residual risk	Risk appetite level:	Within Risk Appetite?			
		Open	Yes	Previous / Next detailed Board scrutiny	Scrutiny Date	Risk Owner
				Group DevCo and Group Board (Prof Sean Smith supply chain research) CBG Board (Operational update and repairs transformation programme) Group DevCo - tenders/ programme performance/Contractor financial exposure. These are standing items at each meeting Wheatley Solutions Board (Procurement strategy)	Sept / Oct 21 November 21 Ongoing Jan 22 Feb 22; Ongoing standing items	Group Director of Repairs and Assets

Loretto Housing Risk Register – high residual risk score

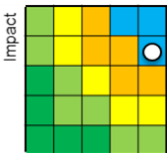
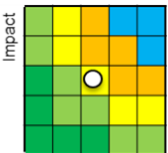
RISK015 – Failure to recruit, develop, retain, and succession plan		Risk type: Operational		Strategic Outcome: W.E. Work – strengthening the skills and agility of our staff		
Description: Failure to recruit, develop, retain and succession plan for high quality / qualified staff, resulting in reduced levels of service provision, staff not competent to perform their job to expected standard and achieve strategic objectives. The Group is currently entering a period in which significant changes in the Group's most senior management team are planned, increasing the potential impact and likelihood of this risk materialising.				Controls: My Contribution process in place for all staff and integrated with My Academy. Training Logs for all staff and training courses at the Academy and online Leadership Development programme, succession planning and talent management programme. HR policies on recruitment and selection. Employee satisfaction surveys. IGNITE graduate programme in place to bring in new talent across Group RSLs and Wheatley Solutions. There is a detailed succession and recruitment plan in place for managing the planned changes within the Executive Team.		
Inherent risk	Residual risk	Risk appetite level:	Within Risk Appetite?	Previous / Next detailed Board scrutiny	Scrutiny Date	Risk Owner
 <p>Likelihood</p>	 <p>Likelihood</p>	Hungry	Yes	An update on the ET succession and recruitment plan was scrutinised at the December 2021 meetings of the RAAG Committee and Group Board. Further updates will be provided at each 2022 meeting of RAAG and Group Board. Group Board workshop	All meetings March 22	Group Director of Finance and Digital Services

Loretto Housing Risk Register – proposed changes, high residual risk score

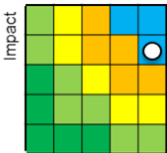
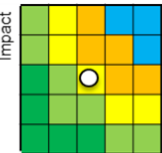


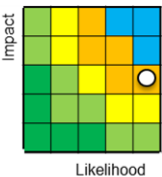
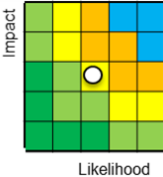
RISK023 – Climate Change impact on Group assets and services		Risk type: Financial	Strategic Outcome: Setting the benchmark for sustainability and reducing carbon footprint			
Description: There is a risk that the Group's inability to adapt to results of climate change results in damage to the value of our assets and our ability to deliver services. Additionally, the Group is not able to deliver climate-change mitigation activities that meet the expectations of key stakeholder requirements and regulatory requirements.			Controls: Business continuity plans (both at Group and local level) provide for operational responses to extreme weather events such as flooding and severe winter snow (e.g. "Beast from the East" type events). Climate Impact Assessment report commissioned from external consultants (Foresight report). Performance Reporting team has commissioned report to overlay climate change impacts on Group's geographic locations. Our strategy includes an objective to reduce emissions from our corporate activities to be carbon neutral by 2026. We have detailed asset information and baseline data, an EESSH 2 plan is under development, and we are in discussions with the Scottish Government about funding to accelerate investment in our properties through a Wheatley Green Investment Plan a bid to the SHNZ (Scottish Housing Net Zero Fund). We produce an annual ESG report for investors setting out our progress on the environmental agenda and will have produced a sustainability framework for investors to support the raising of sustainability-linked finance in future . In addition to ESG reporting, increased public messaging around our work in relation to climate change is on-going and we are in the process of developing a group sustainability strategy.			
Inherent risk	Residual risk	Risk appetite level:	Within Risk Appetite?	Previous / Next detailed Board scrutiny	Scrutiny Date	Risk Owner
 Likelihood	 Likelihood	Open	Yes	Group Board (pandemic review) All Boards – business plan including detailed 5 year capital investment plan and climate impact Group Board workshop (sustainability as one of the themes) Funding update to Board, including how we are developing ESG measures to meet out funders' expectations Bord workshop scheduled which will consider our wider sustainability strategy. Sustainability Strategy	September 21 Feb 22 March 22 15 December 21 9 March 22 October 22	Group Director of Repairs and Assets

Loretto Housing Risk Register – proposed changes, high inherent risk score

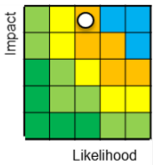
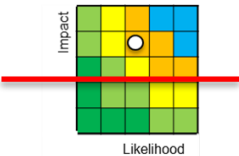
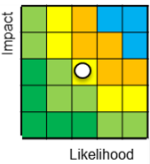
RISK004 – New operating model implementation		Risk type: Operational		Strategic Outcome: W.E. Work- strengthening the skills and agility of our staff		
<p>Description: The implementation of a new operating model as we emerge from the Covid-19 crisis, including changing staff patterns/places of work, reducing the number of offices and placing greater reliance on technology could be poorly implemented and communicated, leading to staff disengagement and lack of support from our trade union partners.</p>				<p>Controls: The Customer Consultation on the new operating model continues, and results of the completed consultation will be reported to Boards for consideration.</p> <p>Operational planning for The implementation is in progress, including the delivery of the Customer First Centre has now been delivered and will continue to be regularly reviewed to ensure this model meets business need. A New Business Model Steering Group meets fortnightly to facilitate this planning.</p> <p>Executive team receives regular reporting of plans and has oversight of plans, including for the Customer First Centre, rollout of the Centres of Excellence and delivery of the Digital Programme. Continued roll-out of the new operating model has been incorporated into the 2022-23 Delivery Plan and progress against the Plan will be reported to Boards at regular intervals throughout the year.</p>		
Inherent risk	Residual risk	Risk appetite level:	Within Risk Appetite?	Previous / Next detailed Board scrutiny	Scrutiny Date	Risk Owner
		Hungry	Yes	Group Board CFC implementation update CFC implementation update to all Boards Quarterly performance reports with CFC KPIs as a standing item	Dec 21 Feb 22 Ongoing	Group Chief Executive Officer

Loretto Housing Risk Register – proposed changes, high inherent risk score and outwith risk appetite

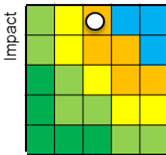
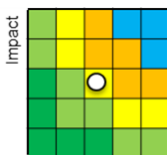
RISK005—Care and Support Services		Risk type: Regulatory		Strategic Outcome: Shaping Care Services for the future		
<p>Description: A failure in the care of an individual could result in serious personal harm, leading to risk to life and limb, financial liability and loss of future work due to reputational damage.</p> <p>The commissioning environment relating to care and support services creates risks that funding is insufficient to allow services to break even while paying staff fair wages.—</p>				<p>Controls: Care and support services governance arrangements, including the authorising environment, are clear and have been approved. These include regular reviews of service financial positions and processes to hand back services which cannot be delivered in a financially viable manner.</p> <p>Care Assurance Framework (which includes monitoring the results from Care Inspectorate service visits and Group Assurance inspections) in place which assesses the quality of care and adherence to Care policies and procedures across Group.—During the COVID-19 period, the Care Inspectorate is using video-calls to undertake reviews of Coronavirus controls in care homes. This approach will be rolled out to ‘Care at Home’ registered services in the near future. There are also regular formal calls between inspection officers and registered managers.</p> <p>Regular management review of service users’ care packages to monitor where people are leaving the services and how to redeploy resources or attract new users.—</p> <p>The Protecting People Policy Framework sets out arrangement for protecting the People We Work For, including those considered to be vulnerable. Work to deliver against the Framework is reported to the Wheatley Care Board.—</p>		
Inherent risk	Residual risk	Risk appetite level:	Within Risk Appetite?	Previous / Next detailed Board scrutiny	Scrutiny Date	Risk Owner
 <p>Likelihood</p>	 <p>Likelihood</p>	Minimal	No	Finance reports are standing items at the Wheatley Care and Group Boards	Ongoing	Group Director of Communities
				Care business plan and ongoing care performance reporting to Group and Wheatley Care Board (minimum quarterly)	Feb 22 and ongoing	
				Group and Care Boards approved care strategic review with outcome to be reported Apr 22	Dec 22	
					Apr 22	

RISK002 – Ongoing threat of future waves of Covid-19 and/or another pandemic		Risk type: Operational		Strategic Outcome: W.E. Work- strengthening the skills and agility of our staff		
<p>Description: The risk of future waves of Covid-19 and/ or another pandemic along with the risk of further periods of lockdown (either Scotland wide or by geographical area) may result in previously remobilised services being paused.</p>				<p>Controls: Through lessons learnt from previous lockdown and remobilisation, services now have contingency plans (both Group wide and at a local level in place) for future waves and/or another pandemic.</p> <p>These include protocols for different grades of service model depending on the level of government restrictions (according with the levels system), Operational Safety Manual amendments which can be reinstated at short notice depending on the situation and 16-week PPE forward supply stocks being maintained at all times.</p> <p>We have a clear set of links with Scottish Government and other stakeholders through our standing place on the sector resilience group which allows us to quickly input to and understand Scottish Government responses and guidance.</p>		
Inherent risk	Residual risk	Risk appetite level:	Within Risk Appetite?	Previous / Next detailed Board scrutiny	Scrutiny Date	Risk Owner
		Hungry	Yes	Business updates have been standing Board agenda items through the last year and have set out any changes to service levels as the pandemic has progressed. This will continue to be the case through 2022.	Ongoing	Group Chief Executive Officer

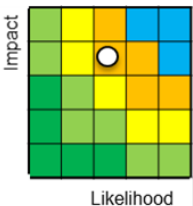
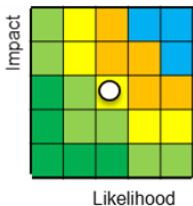
Loretto Housing Risk Register – proposed changes and outwith risk appetite

RISK003 – Fire Safety		Risk type: Regulatory		Strategic Outcome: Investing in existing homes and environments		
Description: There is a risk that a failure to comply with relevant fire safety standards for our buildings results in harm to the health or safety of our customers and/or staff, leading to injuries or fatalities, enforcement action and reputational damage.				Controls: Group Fire Safety Team focuses on identification of fire preventions actions for implementation by MDs. Fire Working Group attended by Snr Mgt teams every 2 months feeds into a Group Executive Fire Liaison Meeting chaired by Executive Lead and attended by Directors to review performance, emerging issues and escalate matters as required. Quarterly-Bi-annual reporting of implementation of actions to Group Audit Committee. Outwith relevant premises, Fire Prevention and Mitigation Framework including our approach to Livingwell, and Fire Risk Assessments are completed on a rolling cycle. Extensive compliance and investment regime to achieve compliance with building safety regulations (as required) and best practice guidance.		
Inherent risk	Residual risk	Risk appetite level:	Within Risk Appetite?	Previous / Next detailed Board scrutiny	Scrutiny Date	Risk Owner
	<p>Previous:</p>  <p>Proposed:</p> 	Minimal	No	Standing item at Group Audit Committee meetings Annual report to RSL Boards on Fire Prevention and Mitigation Framework Group, RSL and Lowther Boards - Fire safety performance related KPIs (ADFs and FRAs) as part of standing performance updates	Ongoing May 22 Ongoing	Group Director of People Services

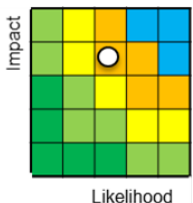
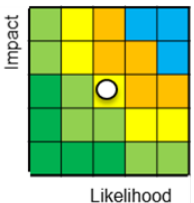
Loretto Housing Risk Register – proposed changes

RISK008 – Compliance with funders’ requirements		Risk type: Financial		Strategic Outcome: Raising the funding to support our ambitions		
<p>Description: There is a risk of defaulting on loan agreements as a result of failing to meet or maintain compliance with loan agreements. This would result in withdrawal of the funding, potential for cross-default on other facilities, difficulty in obtaining future funding from other funders and would likely result in higher cost of funding.</p>				<p>Controls: Regular meetings with funders and investor representatives to update on financial status of the Group. Financial performance monitored monthly and covenant compliance reviewed quarterly by the Group Board, before being submitted externally to funders. Covenant compliance monitoring tool introduced by Finance. Funder requirements document identifies key dates and requirements. Financial performance is monitored on an ongoing basis through monthly reporting cycle and Group/subsidiary Board review of management accounts. Subsidiary and Group Business Plans are subject to annual updates and review by respective Boards. Additional protection via ‘Golden Rules’ to produce forward-looking monitoring with headroom against loan covenants.</p>		
Inherent risk	Residual risk	Risk appetite level:	Within Risk Appetite?	Previous / Next detailed Board scrutiny	Scrutiny Date	Risk Owner
 <p>Likelihood</p>	 <p>Likelihood</p>	Open	Yes	Business plan projections in Feb and Sept Finance reports, including covenant compliance, are a standing item for all Boards Treasury update reports are presented quarterly to Group and WFL1 Boards Golden rules and covenants monitored and reported	Feb/Sept 21/22 Ongoing Quarterly Ongoing	Group Director of Finance and Digital Services

Loretto Housing Risk Register- proposed changes

RISK006 – Customer Satisfaction		Risk type: Reputational		Strategic Outcome: Enabling customers to lead		
Description: Customers do not feel our homes and services meet their needs and/or the standards they expect, leading to declining customer satisfaction.				Controls: Customer service excellence is a key element of 2021-26 strategy. We use a variety of methods to collect customer feedback, both during the year and annually. This information helps us understand customer views and informs our delivery and investment plans every year. This will be augmented by a range of new approaches to improve satisfaction among particular target groups such as young families. The new performance management framework will also include a stronger focus on measuring drivers of customer value in our key services. Small housing officer patch sizes of 1:200 allow housing staff to deliver personalised services under the ThinkYes approach. Customer First Centre’s first time resolution for services. The Repairs Transformation Programme and new approach to stock condition analysis will also contribute to increased customer satisfaction.		
Inherent risk	Residual risk	Risk appetite level:	Within Risk Appetite?	Previous / Next detailed Board scrutiny	Scrutiny Date	Risk Owner
		Open	Yes	Quarterly performance reports include details on complaints received from tenants	Ongoing	Group Director of Housing and Property Management

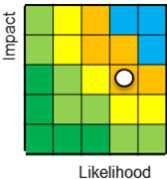
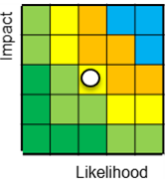
Loretto Housing Risk Register – proposed changes

RISK009 – Governance Structure		Risk type: Operational		Strategic Outcome: W.E. Work- strengthening the skills and agility of our staff		
<p>Description: The governance structure is not clearly defined, is overly complex and lack of appropriate skills at Board and Committee levels to govern the Group effectively.</p> <p>Failure of corporate governance arrangements could lead to serious service and financial failures.</p>				<p>Controls: The Group’s authorising environment has been agreed. The Corporate Strategy highlights the importance of the need for continual Board development enabling the Board and Committee members to remain strategically focused, and governance training is provided as appropriate. Formal succession planning for tenant Board members being developed. Governance arrangements regularly reviewed by the Scottish Housing Regulator, external consultants, internal and external audit functions.</p> <p>Subsidiary Board structures may be rationalised from time to time to reduce complexity, e.g. as has been done with Wheatley Care and Lowther/YourPlace.</p>		
Inherent risk	Residual risk	Risk appetite level:	Within Risk Appetite?	Previous / Next detailed Board scrutiny	Scrutiny Date	Risk Owner
		Cautious	Yes	Group Board approved governance review action plan Progress on governance review action plan a standing item to all RAAG meetings in 2022 Governance update is a standing item on all board agendas	Oct 2021 Ongoing through 2022 Ongoing	Group Chief Executive Officer

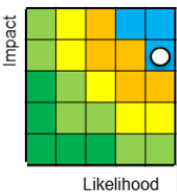
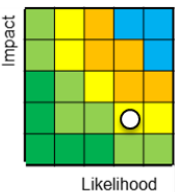
Loretto Housing Risk Register – proposed changes

RISK011 – Securing new funding and adverse market changes		Risk type: Financial		Strategic Outcome: W.E. Work- strengthening the skills and agility of our staff		
Description: There is a risk that the Group's ability to raise borrowing at cost-effective rates or raise the funds required to meet our liquidity Golden Rules is limited by wider economic or political conditions such as another banking crisis, rising interest rates, prolonged high inflation , default in the sector, increasing focus on ESG credentials or constitutional changes; resulting in an inability to hold enough cash to meet our commitments or achieve our business objectives.				Controls: Our strategy is to diversify funding sources and relationships, providing a range of options for future funding in the event of adverse funding market changes. Our liquidity Golden Rules are designed to ensure that we have sufficient cash available for two years + 25% contingency, and this rule is re-assessed annually by the Group Board. Compliance with these is reported to the Group and WFL Boards quarterly. We also review our approach to hedging in respect of interest rate risk on a quarterly basis. We do not borrow in currencies other than sterling to reduce exchange rate risks, including in the event of a potential future change in currency, nor do we borrow from non-UK domiciled investors (with the exception of the EIB). Annual ESG reporting in place with reports issued alongside the statutory accounts. A Sustainability Financing Framework was published in Q3 2021/22, following accreditation by S&P.		
Inherent risk	Residual risk	Risk appetite level:	Within Risk Appetite?	Previous / Next detailed Board scrutiny	Scrutiny Date	Risk Owner
		Open	Yes	Group Board review of financing arrangements Treasury management update to WFL1/Board every quarter, which includes update on market conditions Annual scenario and stress testing of group business plan Revised Treasury Management Policy to Group Board	October 21 Ongoing Feb 22 June 22	Group Director of Finance and Digital Services

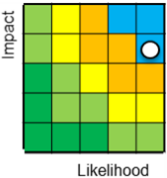
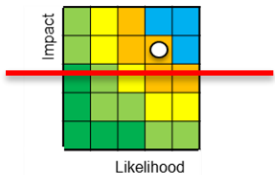
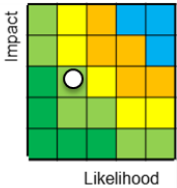
Loretto Housing Risk Register – proposed changes

RISK014 – Political and Policy Changes		Risk type: Reputational		Strategic Outcome: Influencing locally and nationally to benefit our communities		
Description: The risk that political and policy changes (within Scotland and the UK) affect the ability of Loretto Housing Wheatley Housing Group to deliver strategic objectives resulting in significant adverse reputational impact.				Controls: Loretto Housing The Group has an established stakeholder management framework in place and relevant Managers will be focussed on responding to changes in policy and administration as they arise. The Group’s policy of not building homes for sale also mitigates potential property market risk.		
Inherent risk	Residual risk	Risk appetite level:	Within Risk Appetite?	Previous / Next detailed Board scrutiny	Scrutiny Date	Risk Owner
		Open	Yes	Group CEO update to group Board as standing item includes update on political engagements Senior SG attendance at Board strategy event to engage on the policy landscape and Ministerial visit to Group Board Senior political presence at all GHA Board meetings through GCC drawn appointments Board sustainability workshop re zero carbon policy agenda Review of political / policy landscape and Group's response at Board Residential	Ongoing Aug/Oct 2021 Ongoing Mar 2022 June 2022	Group Chief Executive Officer

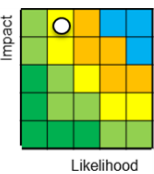
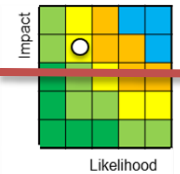
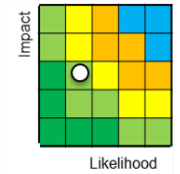
Loretto Housing Risk Register – proposed changes, high inherent risk score

RISK016 – Laws and Regulations		Risk type: Regulatory	Strategic Outcome: Progressing from excellent to outstanding			
Description: Non-compliance with statutory laws and regulations, including but not limited to: (i) Scottish Housing Regulator and Care Inspectorate regulations, (ii) Financial Conduct Authority (FCA) regulations, (iii) compliance with Health and Safety Building Regulations, (iv) Freedom of Information (Scotland) Act, and (v) General Data Protection Regulations (vi) OSCR, the Scottish Charities Regulator resulting in adverse feedback, loss in confidence from regulators, funders, customers and potential partners, as well as potential fines and penalties.			Controls: A Group wide Scottish Housing Charter Assurance process is supported by the Tenant Scrutiny Panel reviewing outcomes; FCA regulations are considered when new products and services are developed; Qualified personnel undertaking capital improvement works as well as suitable sign off and compliance checks of new installations (e.g. external wall coverings), to ensure these meet relevant building standards; New product offerings follow a clear route to governance, with approval required from the Executive Team before formal approval is requested from the Group Board; Legal and financial advice is obtained for all financial offerings to customers; Compliance Plan monitored on an on-going basis and any issues raised to Executive Team and Audit Committee on an exception basis. The Group has on-going relationship management with Regulator; Group wide approach to how the Group manages information; Privacy Impact Statements to be implemented across the Group; Changes to existing legislation are identified and implemented by identified responsible officers across the Group.			
Inherent risk	Residual risk	Risk appetite level:	Within Risk Appetite?			
		Cautious	Yes	Previous / Next detailed Board scrutiny	Scrutiny Date	Risk Owner
				An annual assessment of compliance against relevant regulatory and legislative requirements will be reported to relevant Boards for each non-RSL subsidiary during 2022.	Oct 2021, Aug 2022	Group Director of Finance and Digital Services

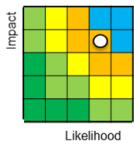
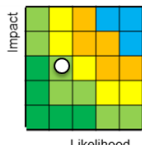
Loretto Housing Risk Register – proposed changes and high residual risk score

RISK007 – Rent arrears including arising from Universal Credit		Risk type: Financial		Strategic Outcome: Maintaining a strong credit rating and managing financial risks		
Description: The impact of Covid-19, including legislation to prevent evictions, increased lead-in times and uncertainty around Sheriff eviction decisions, as well as the closure of the Furlough scheme and the continued expansion of Universal Credit, continue to impact on our rental income stream and increase our arrears. The Group's ability to collect all expected rental income, with minimal arrears, is impacted due to the continued migration of customers to Universal Credit, including through the planned mass migration announced for summer 2023, resulting in financial loss to the Group. This also has negative impacts for customers, with increasing financial hardship.				Controls: Updated Rent and Income Framework rolled out from April 2022. Staff across the Group – including frontline housing teams, the customer service centre and communications – run ongoing campaigns and programmes of contact with customers affected by financial hardship and with problems in paying their rent, whether caused as a result of Covid-19, the wider issues with Universal Credit or for other reasons. This includes a dedicated Universal Credit team, use of GoMobile for staff to assist customers with online transactions and working with partners to influence the UK and Scottish policy and funding environment. Online service portals are more accessible and housing officers are becoming more available. Our small housing patch sizes provide a key mitigation, allowing staff to work proactively with customers before their debts become unmanageable, drawing in Wheatley 360 support services such as welfare benefits advice, as required. The Group business plan also contains a significant buffer within its assumptions for risk in relation to bad debts and rent arrears. In addition, arrears performance is reviewed by Boards at every meeting.		
Inherent risk	Residual risk	Risk appetite level:	Within Risk Appetite?			
	<p>Previous:</p>  <p>Proposed:</p> 	Minimal	Yes			
				Previous / Next detailed Board scrutiny		Risk Owner
				The Group, RSL and Lowther Boards consider this on a quarterly basis through performance report. RSL/Lowther Five year financial projections and management accounts. Research study on the impact of UC on our customers	Ongoing Feb 22 and standing item thereafter September/October 22	Group Director of Housing and Property Management

Loretto Housing Risk Register – proposed changes

RISK010 – Group Credit Rating		Risk type: Financial		Strategic Outcome: Maintaining a strong credit rating and managing financial risks			
Description: There is a risk that external factors such as a downgrade of the UK's credit rating or a default by another organisation within the social housing sector results in a downgrading of the Group's credit rating to BBB+ or below, resulting in a potential requirement to repay our European Investment Bank loans, a reduction in the availability of future borrowing, and/or an increase in the cost of current debt.				Controls: The Group’s business plan is designed to maintain a strong stand alone credit rating, for example excluding build for sale. Our financial Golden Rules include maintaining strong levels of liquidity to mitigate refinance risks. Ongoing dialogue is maintained with relevant credit rating agencies in order to mitigate the risk of unexpected rating changes which are controllable. <i>Mitigation drafting used in legal clauses</i> - in the event the rating fell to BBB+, the legal clauses are specific that this is not an event of default (thereby avoiding cross-default). <i>Negotiation period</i> – the legal clauses provide for a period to negotiate with EIB on mitigating measures, such as revisions to covenants or posting of increased security/collateral. <i>Standby funders to replace EIB if necessary</i> - A strong relationship is maintained with EIB to mitigate future risk from external factors causing a credit rating downgrade. Strong investor/lender relationships are maintained with a number of other organisations at all times in case of unanticipated funding need. Annual review (April) and quarterly meetings held with the S&P ratings team to enable pre-emptive actions where required.			
Inherent risk	Residual risk	Risk appetite level:	Within Risk Appetite?				
	Previous: 	Minimal	Yes	Previous / Next detailed Board scrutiny		Scrutiny Date	Risk Owner
	Proposed: 			Business plan projections for all Boards set out how we will maintaining financial position. The Group and WFL1 Boards receive quarterly treasury reports on the current credit market conditions and any credit rating updates		Feb 2022; Quarterly for 2021 & 2022	Group Director of Finance and Digital Services

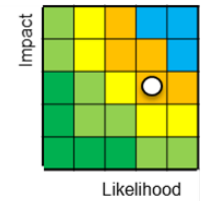
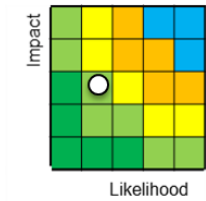
Loretto Housing Risk Register- proposed changes

RISK012– Business Continuity/ Disaster Recovery		Risk type: Operational		Strategic Outcome: W.E Work – Strengthening the skills and agility of our staff		
Description: The Wheatley Housing Group does not have adequate or tested Business Continuity / Disaster Recovery plans in place for key business activities, (for example: repairs service, care provision/staff cover, customer payment systems/technology) including those with significant contractors, resulting in significant disruption to service and avoidable reputational damage.				Controls: Business Continuity Plans are in place across all business areas. A business continuity implementation group is responsible for collating, reviewing and designing the Group’s Disaster Recovery and Business Continuity Plans in conjunction with colleagues in IT . The business continuity framework is being further developed in line with the Group’s new business operating model and in light of experience through the COVID-19 pandemic. Regular testing and exercising of the Business Continuity Plans will continue to be implemented across all business areas.		
Inherent risk	Residual risk	Risk appetite level:	Within Risk Appetite?	Previous / Next detailed Board scrutiny	Scrutiny Date	Risk Owner
		Hungry	Yes	RSL Boards receive a bi-annual update under the Wheatley Solutions Services Agreement on business continuity planning and testing. A business continuity plan refresh is underway, and an update will be provided to the Wheatley Group Board in April 2022. Group Business Continuity Policy presented to Board	Last update Nov 21 April 2022 August 2022	Group Director of People Services

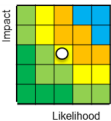
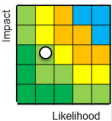
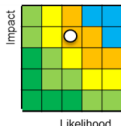
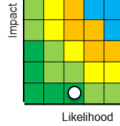
Loretto Housing Risk Register- proposed changes

RISK177 – Strategic Partnerships		Risk type: Reputational		Strategic Outcome: Influencing locally and nationally to benefit our communities		
Description: Strategic partnerships entered in to do not achieve the expected benefits which could result in loss of confidence with Board, Funders, Regulator and potential strategic partners. This could result in reduced future growth opportunities and reputational damage.—				Controls: Robust performance monitoring arrangements are in place to monitor expected outcomes, including Service Level Agreements/ Management Agreements. These outcomes will be monitored as part of the project management agreements relating to the partnerships. Performance will also be monitored by RSL and Group Boards.		
Inherent risk	Residual risk	Risk appetite level:	Within Risk Appetite?	Previous / Next detailed Board scrutiny	Scrutiny Date	Risk Owner
		Open	Yes	Rolling updates at each Board meeting — captured in the “Strategic context” section of each Board paper.	Ongoing	Group Director of Housing and Property Management
RISK 022 – Covid-19 vaccination roll-out		Risk type: Financial		Strategic Outcome: Maintaining a strong credit rating and managing financial risks		
Description: There is a risk that a lack of clarity over employers’ responsibilities in relation to the Covid-19 vaccine, including employment law and data protection implications of requiring staff to notify their employer and / or the vaccine being made mandatory for certain roles, results in reputational damage and / or potential breach of employment law or data protection regulations.—				Controls: The Employee Relations team continues to consult with employment law advisers to obtain ongoing legal advice.— The Group continues to liaise closely with trades unions and staff to develop its approach.— Data privacy notices for Care staff have been updated to allow the Group to keep a record of which staff have received the vaccine, and work to updated privacy notices for all Group staff continues. Care management is monitoring uptake levels as part of a local risk assessment approach.		
Inherent risk	Residual risk	Risk appetite level:	Within Risk Appetite?	Previous / Next detailed Board scrutiny	Scrutiny Date	Risk Owner
		TBC—post risk workshops	TBC—post risk workshops	Updates will be provided on vaccination to all boards as any law changes are announced, as during 2021 Wheatley Care Board receives a care-specific update at each meeting	Ongoing through 2021 and 2022	Group Chief Executive Officer

Loretto Housing Risk Register – proposed changes

RISK172 – Development Programme		Risk type: Reputational		Strategic Outcome: Increasing the supply of new homes		
<p>Description: Appropriate development sites fail to be identified and acquired resulting in non-delivery of commitment made in Group Business Plan to build new homes and results in reduced income flow and loss of reputation, with potential consequences as follows:</p> <ul style="list-style-type: none">- Inability to attract new customers- Loss of confidence by stakeholders- Reduced income stream				<p>Controls: Stakeholder management, including consultation with Scottish Government, Local Authorities and TMDF. Expanding number delivery partners, including development of close relationships with private sector partners, securing section 75 opportunities. Subsidiary strategies and Location Plans consider the impact of new build, and adjust services accordingly.</p>		
Inherent risk	Residual risk	Risk appetite level:	Within Risk Appetite?	Previous / Next detailed Board scrutiny	Scrutiny Date	Risk Owner
		Minimal	Yes	Development Programme Update report to each Board	May 2022, August 2022	Group Director of Repairs and Assets

Loretto Housing Risk Register – proposed changes

RISK017 – Pension Contributions		Risk type: Financial		Strategic Outcome: Maintaining a strong credit rating and managing financial risks		
Description: Increases in the required pension contributions for all Group pension funds may lead to potential cost pressures for the Group.				Controls: The Group's Pensions Policy sets out a range of measures to manage pension costs. We have established a Wheatley Group defined contribution scheme which is the default arrangement for new joiners and auto-enrolment for most subsidiaries. We are also consolidating SHAPS and LGPS schemes where possible to reduce the risk of cessation liabilities being triggered.		
Inherent risk	Residual risk	Risk appetite level:	Within Risk Appetite?	Previous / Next detailed Board scrutiny	Scrutiny Date	Risk Owner
		Minimal	Yes	Group pensions strategy was reviewed at Group Board Business plans with sensitivity analysis are reviewed by all Board who are members of pension schemes annually	Dec 21 Feb and Sept 2021 and 2022	Group Director of Finance and Digital Services
LOR07 – Duke Street Resolution		Risk type: Financial		Strategic Outcome: Maintaining a strong credit rating and managing financial risks		
Description: Ongoing legal situation with Duke Street site has unanticipated outcomes for Loretto Housing, including future financial implications, which may impact on the delivery of business objectives.				Controls: Duke Street costs are now included in the Wheatley Group business plan. The financial impact for Duke Street in 2022 relates to costs to return the properties to lettable standard. The Development Team will coordinate and mediate on both legal counsel and technical support over the next 6 months to bring the ongoing issues to a conclusion before this can be progressed within Loretto at a local level.		
Inherent risk	Residual risk	Risk appetite level:	Within Risk Appetite?	Previous / Next detailed Board scrutiny	Scrutiny Date	Risk Owner
		TBC – post risk workshops	TBC – post risk workshops	Captured within Loretto Development updates to Board.	February 2022 May 2022	Group Director of Housing and Property Management

Risk scoring definitions

Impact

5	10	15	20	25
4	8	12	16	20
3	6	9	12	15
2	4	6	8	10
1	2	3	4	5

Likelihood

Score	Impact	Likelihood
1	Insignificant - Short term disruption to operational activity which can be managed locally. No impact on the delivery of Group or Subsidiary objectives. Any financial, legal or reputational impact would have little or no consequence for the Group	Remote - Rare, may occur in exceptional circumstances. It hasn't occurred before.
2	Minor - Incident, event or disruption to operational activity which requires reporting to Departmental Management Team (DMT). No impact on the delivery of Group or Subsidiary objectives. Any financial, legal or reputational impact would have little or no consequence for the Group	Unlikely - Might occur at some point, it is possible but rarely occurs.
3	Moderate - Incident, event or disruption to operational activity which requires reporting to Executive Team (ET) and Board members. Reportable breach of regulatory or legal obligation which may result in minor penalties. May impact on the delivery of Subsidiary objectives, but the Group's overall strategic aims would still be achieved. Any financial or reputational impact would have little or no consequence for the Group, but may be damaging to the Subsidiary	Possible - Could occur. It is feasible but is not common.
4	Significant - Incident, event or disruption to operational activity which requires immediate reporting to Executive Team (ET) and Board members. Could cause significant damage or disruption to the Group and prevent it from achieving its Strategic Aims. Could result in Regulator intervention at a subsidiary, or closure of a Care Service. Ultimately could result in subsidiary being dissolved	Likely - Will probably occur. It has before and likely will again.
5	Extreme - Event which would have extreme consequences for the Group's future. Ultimately it could threaten the survival of the Group, but if successful, the outcome might bring high reward	Very Likely - Is expected to occur, almost certain. It has happened frequently before now.

Loretto
Housing

Report

To: Loretto Housing Board

By: Anthony Allison, Director of Governance

Approved by: Steven Henderson, Group Director of Finance

Subject: Governance update

Date of Meeting: 15 August 2022

1. Purpose

- 1.1 To update the Board and, where applicable, seek Board approval on the following governance related matters which are reported to the Board annually in August:
- Final schedule of meetings for the remainder of the 2022 calendar year, including the Annual General Meeting (“AGM”);
 - Annual Secretary Report;
 - Board appraisal and succession planning;
 - Board recruitment; and
 - Board CPD

2. Authorising and strategic context

- 2.1. The Board is responsible for calling meetings, including General Meetings and ordinary Board meetings throughout the course of the year. All Board member appointments / re-appointments at the AGM require approval by the Parent under the Rules of the Association.
- 2.2. In relation to Board appraisals, under the Group Standing Orders the Group RAAG Committee is responsible for determining the approach each year and agreed to the approach used this year.

3. Background

- 3.1 The matters in this report form part of our annual governance reporting, which precedes the AGM each year. It also provides an update on progress with recruitment for vacancies following Board agreement updates to our Board composition.

4. Discussion

Remaining 2022 meetings

- 4.1 We have two further Board meetings scheduled for this calendar year, which will take us to the minimum requirement of 6 scheduled meetings for the calendar year:
- Post AGM on Monday 19th September; and

- Monday 7th November at 10.30am.
- 4.2 It is proposed that we call our AGM for 19 September 2022 at 10.00am. The meeting and business thereof will be called in line with the requirements of our Rules. This will be followed by the Board meeting at approximately 10.30am
- 4.3 It is proposed that our November meeting date is **changed to Monday 28th November**. This is on the basis that the Group Board will consider our rent setting approach in October this year, rather than September.
- 4.4 Following their resumption, we also have 2 Group events planned for the remainder of the year:
- Wednesday 28 September at 10.30am (Wheatley House)
 - Wednesday 14 December at 13.00 (Social event - Wheatley House)

Secretary's report

- 4.5 In advance of the AGM, Rule 68 states that:
- “At the last Board meeting before the annual general meeting, the Secretary must confirm in writing to the Board that Rules 62 to 67 have been followed or, if they have not been followed, the reasons for this”.*
- 4.6 The Secretary's report in relation to each Rule referred to in Rule 68 is as follows:

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

Appraisal and 3 year succession plan

- 4.7 The Group RAAG Committee agreed our approach to individual member appraisal. This year we initiated our Board and Chair meetings ahead of the usual schedule. This was due to the size of the Board, changes in Board membership and succession planning.
- 4.8 As part of this process, the Chair met with Board members and discussed the following topics, with a particular focus on succession:
- Board member reflections on last year
 - Chair's reflection on Board member performance during last year

- Board member skills and succession planning
- Board CPD: the planned areas of focus

Reflections on previous year

- 4.9 Board members welcomed the resumption of full in-person Board meetings during the year. In addition, Board members acknowledged that the ability to join a meeting virtually would also be beneficial and may assist with future attendance. It was acknowledged that our default is for in-person meetings, however having the flexibility for virtual attendance in exceptional circumstances would be preferable to having Board members not attend at all.

Succession planning

- 4.10 Succession planning was discussed with each member based on the current, Board approved succession plan. As part of this, each member was invited to discuss their plans for the rolling three year period. Following this feedback, we have revised the Board 3 year succession plan. A copy of the revised succession plan is attached at Appendix 1.
- 4.11 As the Board are aware, there have been three unplanned retirements during the calendar year, all due to changes in personal circumstances. This means that we currently have a Board of eight against a maximum of 10. In order to bolster the Board, and taking into account the skills matrix, we have had the opportunity to consider appointing new Board members who are currently on the Board of our partner organisation, West Lothian Housing Partnership (WLHP). WLHP is currently in the process of transferring its activities to Dunedin Canmore and will become a non-trading entity before being wound up during 2023.
- 4.12 Due to the timing of the meeting cycle, the Chair held an initial meeting with two potential candidates: Lesley Bloomer and Gregor Dunlay. Lesley has wide-ranging leadership experience in Scotland's public sector, including as an Executive Director for a local authority. Lesley is also on the Board of Wheatley Development Scotland Limited and Wheatley Solutions. Gregor is a chartered accountant with senior experience in business management. In his current role, he is responsible for the development and delivery of the health, safety and environment strategy plan, including implementing information management systems, and monitoring and driving performance improvement.
- 4.13 The Board is invited to consider the candidate profiles of Lesley and Gregor and recommend their appointment with effect from the AGM. If appointed, taking into consideration retirements, this will take us to a Board of ten.

Board CPD

- 4.14 All members indicated their support for the proposed Board CPD focus. We have now held a financial reporting session with KPMG, advised all Board members of an Institute of Director session on the role of the Non-Executive which will run over the next couple of months and reintroduced Board member mentoring.

5. Customer Engagement

- 5.1. The content of the report is reserved to the Board and is of an internal focus and as such no customer engagement has been appropriate.

6. Environmental and sustainability implications

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

7. Digital transformation alignment

- 7.1. There are no links to digital transformation associated with this report.

8. Financial and value for money implications

- 8.1. There are no finance and value for money implications contained within this report.

9. Legal, regulatory and charitable implications

- 9.1 The SHR Regulatory Standards of Governance that all RSLs:
formally and actively plans to ensure orderly succession to governing body places to maintain an appropriate and effective composition of governing body members and to ensure sustainability of the governing body
- 9.2 The proposals within this report are consistent with us complying with this requirement.

10. Risk Appetite and assessment

- 10.1 Effective governance is important and helps us to ensure we have arrangements in place to achieve our strategic objectives. There is a risk that *our governance structure is not clearly defined, is overly complex and lacks appropriate skills at Board and Committee levels to govern the Group effectively. Failure of recruitment / capacity building to tenant board members or failure of other corporate governance arrangements could lead to serious service and financial failures."*
- 10.2 We seek to mitigate this risk by reviewing our governance structure on an ongoing basis, including the strategic governance review. In addition to this we review our succession planning arrangements formally as part of our annual appraisal process, including linking this to the wider Group board succession planning where it relates to Wheatley appointees.
- 10.3 The report sets out the up-to-date position following a review of our 3 year succession plan during the 2022 appraisal process.

11. Equalities implications

- 11.1 As part of the recruitment process for our vacancies, we will take into account our Equality Impact Assessment guidance.

12. Key issues and conclusions

- 12.1 The report covers key standing processes within our governance arrangements. Our refreshed succession plan reflects the Board's recent changes to the Board composition and need to actively oversee its succession planning.

13. Recommendations

- 13.1 The Board is asked to:

- 1) Instruct the Secretary to call the Annual General Meeting for Monday 19th September at 10.00am;
- 2) Note the Secretary's Report under Rule 68;
- 3) Note the Board appraisal feedback;
- 4) Approve the updated Board 3-year succession plan and that this be reflected in the business of the AGM (reappointments) where applicable;
- 5) Approve the appointments of Lesley Bloomer and Gregor Dunlay as Board members from September; and
- 6) Note the succession plan and any reappointments are subject to Group RAAG review and approval

LIST OF APPENDICES:

Appendix 1 – Updated 3 Year succession plan

Board 3-year succession plan

1. Introduction

The Board are committed to succession planning as part of its overall approach to effective governance.

We recognise the importance of succession planning in having an effective Board, which has the appropriate balance of skills and experience. Succession planning plays a key role in achieving an appropriate level of renewal and refreshment on the Board, supporting the Board maintaining and developing the skills and experience it needs to discharge its duties and protect the interests of tenants.

The Board recognise our regulatory duty, under the Scottish Housing Regulator's Regulatory Framework, to have a formal succession plan in place.

2. Background and context

Our succession planning arrangements are developed in line with the Group Succession Planning Policy. The Policy sets the parameters under which our succession plan has been developed, in particular the core requirements of the succession plan in relation to:

- maintaining an up to date record of directors & office holders length of service and retiral due dates;
- details of the core skills and experience each member contributes to the Board, in line with the agreed skills matrix and with regard to the diversity of the Board; and
- having an understanding of expected future recruitment requirements

All appointments and reappointments assumed in the plan are subject to:

- tenure restrictions in place from time to time; and
- the requirements of our Rules, including Parent rights with regards to appointment.

3. Current Board tenure and skills

The current tenure stages of each Board member, projected retirement dates and details of the core skills and experience they bring (relative to our agreed skills matrix) are set out below.

Any reappointments beyond the span of this plan will be subject to previous tenure restrictions and Parent reapproval.

Board member	Core skills and experience	9 Years	3 year position
Eric Gibson (Chair)	<ul style="list-style-type: none"> Financial and treasury management, funding structures Risk identification, management and mitigation Experience of working as non-executive Director of a private company or plc 	2024*	2024
Allan McGinness (tenant)	<ul style="list-style-type: none"> Knowledge of the areas, clients, tenants and communities served Information technology and business systems General commercial business, financial and management skills 	2024	2024
Alex McKay (tenant)	<ul style="list-style-type: none"> Knowledge of the areas, clients, tenants and communities served Knowledge of other sectors 	2024	2024
Jacqui Mallin	<ul style="list-style-type: none"> Being involved in the restructuring or transformation of an organisation Organisational change and development Organisational strategy and policy development 	2026	2025
Pauline Gilmore (tenant)	<ul style="list-style-type: none"> Knowledge of the areas, clients, tenants and communities served Knowledge of other sectors Equal opportunities and diversity 	2026	2025
Archie Morrison	<ul style="list-style-type: none"> General commercial business, financial & management skills Accountancy and audit, knowledge of relevant statutory requirements General commercial business, financial & management skills 	2028	2025
Suzanne Lavelle (tenant)	<ul style="list-style-type: none"> Knowledge of the areas, clients, tenants and communities served Knowledge of other sectors 	2028	2025
Jennifer Williamson (tenant)	<ul style="list-style-type: none"> Knowledge of the areas, clients, tenants and communities served General commercial business, financial & management skills Provision of customer services (in a housing or other similar context) 	2025*	2025

* cumulative 9 years over the full Group

4. Succession Plan 2022-2025

The Annual General Meetings are the key stages in the plan, marking where directors will ordinarily retire and any new members will ordinarily be appointed. Planned retirements and appointments for the next 3 AGMs will be as follows:

2022

The Board has the opportunity to recommend the appointment of Gregor Dunlay and Lesley Bloomer from the AGM, following the transfer of our partner organisation WLHP's activities.

Lesley has wide-ranging leadership experience in Scotland's public sector, including as an Executive Director for a local authority. Lesley is also on the Board of Wheatley Development Scotland Limited and Wheatley Solutions.

Gregor is a chartered accountant with senior experience in business management. In his current role, he is responsible for the development and delivery of the health, safety and environment strategy plan, including implementing information management systems, and monitoring and driving performance improvement.

2023

There are no assumed retirements during the year.

Archie Morrison joined the Board in December 2019 and intends to complete three years' service before confirming future intentions.

2024

Eric Gibson, Alex McKay and Allan McGinness are each due to retire following completion of 9 years' service.

5. Review

The succession plan shall be subject to annual refreshment as part of the Board Appraisal Process.

Report

To: Loretto Housing Board

By: Anthony Allison, Director of Governance

Approved by: Steven Henderson, Group Director of Finance

Subject: Strategic governance review update

Date of Meeting: 15 August 2022

1. Purpose

- 1.1 To update the Board on progress with the strategic governance review implementation plan and seek feedback and, where applicable, approval of:
- Board and Committee Terms of Reference;
 - The Chair of the Group RAAG Committee
 - Group Standing Orders;
 - Board and Committee effectiveness review and governing body member individual appraisal policy;
 - Group recruitment and succession planning process;
 - Group Policy on non-executive director conflicts of interest;
 - Disposals and acquisitions policy framework;
 - Group Policy on Gifts, Hospitality, Payments and Benefits; and
 - Template Intra-Group Agreement

2. Authorising and strategic context

- 2.1 The Group Board has overall responsibility for the Group's governance arrangements. Under the Intra Group Agreement the Group Board may designate policies as applying Group wide, with each organisation responsible for ensuring it is implemented within their own operating context.
- 2.2 The Intra-Group Agreement documents the relationship between us and the Group, including our operational independence. It requires approval from all parties, those being Wheatley housing Group Limited, Loretto Housing and Wheatley Solutions as the designated corporate services provider.

3. Background

- 3.1 The Group Board considered the implementation plan at its meeting in June 2022 and approved a number of updates which it agreed drew the implementation of the review to a conclusion.

- 3.2 In approving the Group Standing Orders and risk appetite statements the Group Board took into account the feedback from this Board's discussion on both at its previous meetings.
- 3.3 Alongside the strategic governance review we have also taken the opportunity to review our group governance policies, considering any changes or refinements needed to existing policies or where we may need a new policy

4. Discussion

- 4.1. An updated position on the implementation of the strategic governance review recommendations relevant to us is set out in **Appendix 1**. A more detailed update on implementation of the recommendations most relevant to us is set out below:

Board and Committee Terms of Reference

Loretto Housing Terms of Reference

- 4.2T he introduction of Board Terms of Reference ("ToR") sought to strengthen our governance by:
- Clearly defining our core role within the Group, including matters reserved to our Board;
 - Responding to feedback from that a single document detailing the role of each individual Board would assist Board members to more easily understand their role; and
 - Formally setting out the role and responsibilities of the Chair, including setting (non-exhaustive) parameters for escalating matters to the Group Board;
- 4.3 Following review and approval by the RAAG Committee the Group Board has approved the ToR with no material changes or points of clarification. The ToR have been incorporated into the refreshed Group Standing Orders discussed later in the report.

Group Committee Terms of Reference

- 4.4 The RAAG Committee undertook a review of the Committee's ToR. An updated version, with relatively minor wording changes to improve clarity and bring into the new style, is included in the Group Standing Orders.
- 4.5 The RAAG Committee and Group Audit Committee both considered and agreed to recommend changes to the Group Audit Committee ToR. The changes seek to respond to the recommendations or suggestions arising from the review which are relevant to the Committee ToR, including:
- Committee chairs should report to the Group Board following each meeting of a committee;
 - The roles of the Board and Group Audit Committee in relation to risk management should be made clearer and explained in more detail in documentation; and
 - Deep dives into potential risk areas should be included in the remit of Group Audit Committee.

4.6 The Committee ToR were been reviewed to take the above into account, as well as wider good practice. Other changes included clarification of:

- the role and responsibilities of the Committee;
- membership of the Committee;
- Committee activities, including oversight of internal and external audit performance and effectiveness;
- The Committee's role in relation to risk management;
- Reporting and escalation arrangements to the Group Board; and
- The role and responsibilities of the Committee Chair.

Matters reserved and delegations/updated Group Standing Orders

4.7 A full refresh of the Group Standing Orders has also been undertaken. This included addressing the following specific recommendations from the review:

- a) Matters reserved to and key responsibilities of the Group Board, which now include the subsidiary oversight as an explicit element of the Group Board's role;
- b) Delegations to the Group CEO; and
- c) The new/refreshed Terms of Reference of our Board, each partner Board and Group Committees, which now formally include in the role of the Chair the routes and parameters for escalation of issues and risks arising in subsidiaries.

4.8 The new Group Standing Orders are attached at **Appendix 2**.

4.9 As well as the changes relating to review recommendations the following main changes have also been made:

- d) Removed all content that is already documented/duplicated elsewhere such as individual constitutions;
- e) Incorporated our approach to virtual and hybrid meetings in the Proceedings of Board and Committee meetings section;
- f) Removed the Group Authorising Framework and Group Authorise, Manage, Monitor Matrix on the basis that it is now all covered in Board and Committee ToR;
- g) Removed the Board appraisal, recruitment and succession sections into standalone documents; and
- h) Updated the Scheme of Financial Delegation to reflect our current Group structure and reflect the role of Wheatley Developments Scotland.

4.10 The Scheme of Financial Delegation levels have not changed from the existing arrangements on the basis we have not identified any issues with the number of matters requiring Board approval being excessively high or low.

Governance policy reviews

4.11 As part of the strategic governance review implementation and the wider policy review process we have identified governance related matters where we propose to evolve the policy environment.

- 4.12 Firstly, the approach to appraisal, succession and recruitment are contained in standalone documents. We have now introduces a standalone policy that covers Board and Committee effectiveness review and individual appraisal. A copy of the policy is attached at **Appendix 3** This has been approved and designated by the Group Board as a group wide policy.
- 4.13 The policy now incorporates our agreement to introduce annual Board effectiveness reviews. In order to retain flexibility the policy envisages that the RAAG Committee agrees the process and approach annually. The same approach, as is the case currently, is proposed for individual appraisals.
- 4.14 A suggestion from Campbell Tickell was that in relation to Board recruitment:
“there should be a policy and procedure which is distinct from the role of the committee.
- 4.15 The Group Board agreed that rather than a policy, we should have a procedure and that the procedure should also be linked to our succession planning approach. A copy of the Group approved policy is attached at **Appendix 4**.
- 4.16 The rationale for combining the two is that succession planning should be directly informing our recruitment. This includes the impact on Board diversity being a specific consideration in succession planning and Board recruitment. It is proposed that the procedure is designated applicable group wide.
- 4.17 By having a procedure rather than a policy we have more flexibility, including where there is an exceptional circumstance where we consider it necessary to depart from the process. In this circumstance agreeing to deviate from the procedure would be preferable to requiring a change of policy.
- 4.18 We have also taken the opportunity to clarify our policy position in relation to (1) managing conflicts of interest and (2) disposals and acquisitions.
- 4.19 At present conflicts of interest are addressed in our constitution, Code of Conduct, and partly through other policies such as Payments, Benefits, Gifts and Hospitality. However, to help manage potential conflicts then it is appropriate to codify this in a clear formal policy.
- 4.20 A new conflicts policy has now been approved by the Group Board and designated as a Group policy. The policy is, is attached at **Appendix 5**. The policy adopts a cautious approach in terms of what we consider constitutes a conflict of interest. The legal and regulatory context section are reflective of the need to have a clear approach in this area. The policy has been reviewed and informed by our external legal advisors.
- 4.21 Disposals and acquisitions is an area where it is also useful to have a consistent policy applied on a Group wide basis. The Group Board approved that the attached policy (**Appendix 6**) be designated as a Group policy. Appendix 6B is the Loretto specific policy as a standalone RSL drawn from the Group version.
- 4.22 This reduces the complexity of applying a range of delegations, defines the parameters for acquisitions and disposals and provides a single reference point to refer to before any disposal or acquisition.

- 4.23 The policy also includes consistent templates to be used to record disposals and acquisitions. Additionally, it confers a requirement to report to the Board annually all disposals and acquisitions undertaken in the prior 12 months. This allows the Board to understand the scale of activity being undertaken under delegated authority. This provides a mechanism for the Board to understand if there is an unexpectedly high level of activity in any given year.
- 4.24 Lastly, the Group Policy on Gifts, Hospitality, Payments and Benefits has also been updated. The changes are relatively minor, with the wording tweaked to reflect, for example, the position established during our last review of our Rules for recruitment of individuals closely connected to Board members (that it is permissible, but subject to Group RAAG Committee approval). A copy of the updated policy, approved by the Group Board and designated as a Group policy, is attached at **Appendix 7**.

Template Intra-Group Agreement

- 4.25 The Group has also taken the opportunity to review the form of Intra Group Agreement (“IGA”). The existing version remains relevant and as such only minor changes are proposed, including:
- Reflecting the new Board ToR and documenting an agreement to act in accordance with them; and
 - Reflecting in the language the assumption there will be no sub-Committees of subsidiary Boards.
- 4.26 A track changed copy of the existing template IGA is attached at **Appendix 8**. Having been approved by the Group Board, we are now also asked to consider and approve entering into the revised IGA.

5. Customer Engagement

- 5.1 As a corporate governance related matter, there has been no direct engagement with customers. The review does however reiterate that customer engagement informing decision making is a core facet of good governance.

6. Environmental and sustainability implications

- 6.1 There are no environmental or sustainability implications directly associated with this report. As with equalities, in recognition that sustainability is an important issue for the Group, the ToR for the Wheatley Solutions Board includes it being given governance responsibility for overseeing the delivery of our sustainability framework once approved by the Board.
- 6.2 The feedback from the Board during the review in relation to a desire to have a stronger focus at Board level on sustainability has already been factored into our 2022/23 Group Delivery Plan strategic projects.

7. Digital transformation alignment

- 7.1 There are no direct digital transformation implications associated with this report. In terms of our governance more widely, the Wheatley Solutions Board has a clearly defined role in scrutinising the delivery of our digital transformation programme on behalf of the Group. This is a standing item at

all Wheatley Solutions Board meetings with updates provided to us where relevant.

8. Financial and value for money implications

- 8.1 There are no financial implications arising from this report.

9. Legal, regulatory and charitable implications

- 9.1 The strategic governance review implementation plan seeks to support our continued compliance with relevant legal, charitable and regulatory requirements. A number of the changes will support and strengthen our Scottish Housing Regulator Assurance Statement for 2022.

10. Risk Appetite and assessment

- 10.1 Our agreed risk appetite for governance is “cautious”. This level of risk tolerance is defined as a “preference for safe delivery options that have a low degree of inherent risk and have only limited potential for reward”. This reflects our risk appetite in relation to laws and regulation, which is “averse”, with the avoidance of risk and uncertainty a key organisational objective and a priority for tight management controls and oversight.
- 10.2 Our strategic risk register contains the risk *“The governance structure is not clearly defined, is overly complex and lacks appropriate skills at Board and Committee levels to govern the Group effectively. Failure of corporate governance arrangements could lead to serious service and financial failures.”*
- 10.3 As part of our mitigation of this risk we commissioned the strategic governance review and submitted our governance arrangements to independent external review. As part of the review, Campbell Tickell made a series of recommendations on steps we could take to enhance our risk mitigation. We have now concluded an implementation plan to respond to those recommendations.

11. Equalities implications

- 11.1 There are no equalities implications directly associated with this report. In recognition that equalities is an important issue for the Group, the proposed ToR for the Wheatley Solutions Board include it being given governance responsibility for overseeing our Group approach.

12. Key issues and conclusions

- 12.1 Our implementation plan for the review has now been delivered. The changes made will further strengthen what was recognised in the strategic governance review as already strong, robust governance arrangements.
- 12.2 The review will strengthen our evidence base for the 2022 Annual Assurance Statement regarding compliance with the SHR’s Regulatory Framework. We have kept the SHR up to date throughout the process.

13. Recommendations

13.1 The Board is asked to:

- 1) Note the revised Group Standing Orders and their applicability to Loretto Housing;
- 2) Note the Board and Committee effectiveness review and governing body member individual appraisal policy and applicability to Loretto Housing;
- 3) Note the Group recruitment and succession planning process and its applicability to Loretto Housing;
- 4) Note the Group Policy on Non-Executive Director conflicts of interest and its applicability to Loretto Housing Board members;
- 5) Note the Disposals and Acquisitions Policy and its designation as a Group wide policy and approve the Loretto specific policy;
- 6) Note the refreshed Group Policy on Gifts, Hospitality, Payments and Benefits and its applicability to Loretto Housing;
- 7) Approve the refreshed Template Intra-Group Agreement and that we enter into it with Wheatley Housing Group Limited; and
- 8) Delegate authority to any of the Chair, any Board member, Group Company Secretary or Group Chief Executive to execute the Intra-Group Agreement on our behalf.

LIST OF APPENDICES: [policies redacted. Available under publication scheme here [Publication scheme | LHA \(lorettoha.co.uk\)](https://www.lorettoha.co.uk/publication-scheme)]

Appendix 1	Strategic governance review implementation update
Appendix 2	Revised Group Standing Orders
Appendix 3	Board and Committee effectiveness review and governing body member individual appraisal policy
Appendix 4	Group recruitment and succession planning process
Appendix 5	Group Policy on Non-Executive Director conflicts of interest
Appendix 6	Disposals and Acquisitions Policy (Group and specific)
Appendix 7	Group Policy on Gifts, Hospitality, Payments and Benefits
Appendix 8	Template Intra-Group Agreement

Report

To: Loretto Housing Board

By: Laura Henderson, Managing Director

Approved by: Hazel Young, Group Director of Housing and Property

Subject: Performance update (Q1)

Date of Meeting: 15 August 2022

1. Purpose

- 1.1 This report presents an update on performance delivering against targets and strategic projects for 2022/23 as of the end of quarter 1.
- 1.2 The measures and strategic projects dashboards are presented in Appendix 1 and 2 respectively.

2. Authorising and strategic context

- 2.1 Under the terms of the Group Standing Orders, the approval of the Group strategy is reserved to the Group Board with each individual Board responsible for agreeing their own 5 year strategy within the overarching group strategic context. The Group Board agreed the 2021-26 strategy in October 2020 and the Loretto Housing strategy was approved by this Board in November 2020. A strategy refresh is being undertaken in 2022/23.
- 2.2 The Group Board approved the overarching structure for the implementation of our five year strategy via our Group Performance Management Framework ("PMF") at its meeting in June 2021. Given the need to remain agile and flexible through the life of the strategy our PMF is subject to annual review. The Group Board agreed an updated programme of strategic projects and performance measures and targets for 2022/23 at its meeting in April 2022; reflecting what has been delivered to date, our business operating context and the external operating environment. This Board subsequently agreed the Loretto Housing specific performance measures at its meeting on 30 May 2022.
- 2.3 Under the terms of the Intra-Group Agreement with Wheatley Group, our Board is responsible for approving regulatory returns including the Charter. It is also responsible for monitoring performance against agreed targets.

3. Background

- 3.1 This report outlines our performance against targets and strategic projects for 2022/23 as of the end of quarter 1. This includes quarterly progress with those measures that will be reportable to the Scottish Housing Regulator as part of the Annual Return on the Charter 2022/23. It also includes new measures for 2022/23 covering areas of performance related to the implementation of our engagement model, visibility of the Customer First Centre and monitoring of the strength of our Boards and administration.
- 3.2 Several strategic results were new in 2021/22 for the Group's 2021-2026 strategies and therefore involve work to establish baselines. As recently reported to Board, where baselines are outstanding, work will continue through 2022/23 to develop new approaches to collection, collation and reporting of these measures. The measures will be reported once available and based on the appropriate frequency (quarterly or annual).
- 3.3 Cube's properties migrated to us in April 2021. To reflect the differing rent billing cycles for Cube customers, for financial rent-based measures we continue to report Loretto A (legacy Loretto) and Loretto B (former Cube) to distinguish those previous Cube customers whose rent is billed according to differing billing cycle.

4. Discussion



Delivering Exceptional Customer Experience

Customer First Centre

- 4.1 The Customer First Centre was fully launched to customers on 1st April 2022. Quarter 1 results to the end of June demonstrate the CFC is performing well against the new measures and targets. Performance for our customer is now discussed, with Group-wide results summarised in Table 1.
- 4.2 Encouragingly, the CFC answered 85.62% of calls from our customers within 30 seconds, and 86.94% of calls Group-wide, against a target of 80%. Our customers wait an average of 26 seconds for calls to be answered, in line with calls answered Group-wide (also 26 seconds), and exceeding the target of 30 seconds. The call abandonment rate for our customers is only 2.93% and Group-wide 3.66%, far exceeding the target of 7%.
- 4.3 The percentage of calls to CFC resolved at first contact (Customer Service Advisor) is 88.45% against a target of 90%. Performance in quarter 1 has been lower than in March 2022 (92.33%), partly due to the introduction of DGHP to group systems whereby staff are having to learn new systems and approach.
- 4.4 Importantly, only 6.13% of CFC customer interactions are being passed to Housing and Lowther staff on the frontline, against a target of <10%.





Table 1

Measure	2021/22	2022/23		
	Value	Value	Target	Status
Loretto - % calls answered <30 seconds (Grade of Service)	N/A	85.62%	80%	✓
Loretto - Average waiting time (seconds)	N/A	26	30	✓
Loretto - Call abandonment rate	N/A	2.93%	7%	✓
Group - % calls answered <30 seconds (Grade of Service)	85.42% (March 2022)	86.94%	80%	✓
Group - Average waiting time (seconds)	30 (March 22)	25.75	30	✓
Group - Call abandonment rate	3.81% (March 2022)	3.66%	7%	✓
Group - % first contact resolution at CFC (Customer Service Advisors)	92.33% (March 2022)	88.45%	90%	⚠
Group – Percentage of CFC customer interactions that are passed to Housing and Lowther staff for resolution	N/A	6.13%	<10%	✓

Tenancy Sustainment

- 4.5 We continue to support our customers to stay in their tenancies and this is evident with the high tenancy sustainment rates across both the Scottish Housing Regulator's measure and our revised indicator which excludes deaths and transfers to other homes in the Group. We are only one sustained let off target.

Table 2

Tenancy Sustainment	Charter	2022/23 Target	Revised	2022/23 Target
Loretto	89.57%	90% 	92.04%	91% 
Group	90.40%	90% 	92.07%	91% 

Complaints Handling

- 4.6 We are on target for all 5 complaints measures in Table 3 and have improved for all compared to 2021/22. There were 38 complaints in this quarter compared to 12 in the same quarter last year.



Table 3

Measure	2021	2022		
	Value	Value	Target	Status
Average time for full response to all complaints (working days) - overall	6.08	5.52	6	✓
Average time for full response to all complaints (working days) - Stage 1	4	3.9	5	✓
Average time for full response to all complaints (working days) - Stage 2	20.8	17.89	20	✓
Percentage of stage 1 complaints responded to within 5 working days (SPSO)	97.48%	100%	100%	✓
Percentage of stage 2 complaints responded to within 20 working days (SPSO)	100%	100%	100%	✓

Customer Voices

- 4.7 The aim of the Stronger Voices approach is to empower everyone in our communities to make their own choices about the services they want. As part of this new way of engaging, staff will look to find ways of actively involving tenants, of all ages and backgrounds, including using digital channels.
- 4.8 Table 4 below details the new Customer Voices measures introduced for 2022/23 to monitor progress against annual targets set in our commitments to tenants and shows that all are on target for quarter one.

Table 4

Customer Voices Indicator	Target YTD	Actual YTD	Annual target
Number of Customers involved in the Customer Voices programme	14	60 	50
Number of the Customer Voices activities carried out	8	13 	26
Number of Scrutiny panels	0	0 N/A	1

- 4.9 This quarter, customers worked together with staff on 13 activities which has us ahead of our target for the first quarter and has included area walkabouts with both NETS and Housing Officers, Fun days and online focus groups which has also seen us recruit 60 customer voices. Events included a gardening club launch at Glendore Street in Glasgow, Fire Safety Day in Dumbarton Road and an open day in Clydebank for our incoming Queens Quay customers at the local community centre. We have also now prioritised our Customer Voice focus for 22/23 through local walkabouts and feedback gathered including upgrades to our recycling set up at Inchyra Place in Falkirk, New fencing at St James Way in North Lanarkshire and Close painting in Ryehill Road and Quarrywood Avenue coming through strongly as customer requests.

- 4.9 Customers have been very positive about their communities since we have restarted our engagement events and shared it was nice to have our Housing Officers out meeting residents and taking on board customer feedback. Some comments from our Fire Safety Day and Queens Quay open days were that they were amazed at how wide our range of services are for our current customers as well as incoming customers and that it was nice to see how we go the extra mile for our customers to keep them safe and supported. In our Customer Voice walkabouts, we have also captured feedback for further improvement suggestions such as bin store improvements and new planters to be installed in our communities, which we have now planned in through our Customer Voice priorities. Customers have also praised their Housing Officers and shared that it is nice that their ideas are being taken on board and are coming to life.
- 4.10 In Quarter 2 as well as continuing with our local engagement events, we have arranged two sessions for our first Customer Panel and Scrutiny Sessions with customers. These have been offered for customers to attend in person at Wheatley House or at a separate online session, customers will be able to choose which they prefer. These are being held on the 17 and 18 August 2022 and will include meeting the Head of Housing, Housing Officers and an opportunity to ask for feedback on how we are investing in our homes and if they feel they receive value for money as themes for the events.
- 4.11 A review of the first quarter of the programme, including lessons learned, is being undertaken and will inform planning and targets, and support us in increasing the number of customers involved as the year progresses.



Making the Most of Our Homes and Assets

New Build Programme

- 4.12 Our target is to deliver a total of 197 new social rent homes in 2022/23; four of which carried over from 2021/22.
- 4.13 As of the end of June and shown in Table 5, four homes have been handed over against a YTD target of 51. There have been delays to Dargavel and Hallrule, with handovers now expected in quarter two.
- 4.14 Initial delays in the first quarter aside, we still expect to achieve our target of 197 new homes in 2022/23.

Table 5

Sites	TYD Handovers	YTD Target	Diff.
Loretto Housing	4	51	-47
Dargavel (Social)	4	19	-15
Hallrule Drive (Social)	0	32	-32
Sawmill Field (Social)	0	0	0
Queens Quay (Social)	0	0	0

Planned to Reactive Spending

- 4.15 We set a Strategic Result to achieve a ratio of planned to reactive spend on maintaining our properties of 60% to 40%. Spend figures are subject to investment programme profiling throughout the year.
- 4.16 As shown in Table 6, our planned spend ratio has reduced compared to last year. This is due to priority being given to reducing the repairs backlog from 2021/22 during Q1 2022/23 and the resultant lower investment output in this period.

Table 6

Percentage Spend	2021/22 Planned spend	2022/23 YTD Planned	2022/23 YTD Reactive
Loretto	65.0%	39.6%	60.4%
Group total	65.9%	47.1%	52.9%

Volume of Emergency Repairs

- 4.17 The table below shows our position against the Strategic Result to reduce the volume of emergency repairs by 10% by 2026 compared to the new agreed baseline year of 2021/22. We are showing a variance increase of 16.65% compared to quarter one of 2021/22 and above the reduction shown for Group. The high percentage variance shown is equal to 129 additional emergency repairs compared to the same point last year.





Table 7

Completed emergency repairs to end of June 2022	YTD 21/22	YTD 22/23	Variance
Loretto	775	904	16.65%
Group total	26,408	25,407	-3.79%

Repairs Timescales and Right First Time

- 4.18 The average time taken to complete our emergency and non-emergency repairs is detailed in the table below. We are within target for emergency repairs but remain higher than target for non-emergency repairs. There has been improvement for non-emergency repair timescales in the quarter from 9.29 days in April.

Table 8

Repairs completion timescales (Charter)	Emergency (hours)		Non-emergency (days)	
	Target	Current Value	Target	Current Value
Loretto	3.00	2.77 	5.50	8.78 
Group	3.00	2.61 	5.50	8.51 

- 4.19 Right first time performance is at 96.59%. This is marginally under target the 97% target. Improvement in non-emergency repair timescales will positively impact performance in the right first time measure.

Table 9

Percentage of repairs right first time (Charter)	2021/22	2021/22 YTD	Target	
Loretto	95.86%	96.59%	97%	
Group	90.42%	90.72%	N/A	

Repairs Satisfaction

- 4.20 Targets for satisfaction with the repairs service have been set to incrementally increase annually to 95% by 2026. The target for 2022/23 has been increased from 87% last year to 89% this year. We are below target at 87.3% based on 284 survey responses in the last 12 months.
- 4.21 Development of new approaches in 2022/23 to collection, monitoring and reporting of customer experiences, alongside the repairs transformation, aims to increase the number of completed surveys in future years and help inform year on year improvements on satisfaction levels to 95% by 2026.



Table 10

Repairs Satisfaction	Current Value	2022/23 Target
Loretto	87.30%	89%
Group	88.96%	89%

Medical Adaptations

- 4.22 Time to complete medical adaptations has improved to 18.3 days compared to 2021/22 at 61.36 days and are now within the targeted timescale. We have completed 23 adaptations in the year to date and currently have 4 household waiting. There has been a significant improvement in timescales at Group level with 31.25 days in quarter one, compared to 42.6 days in 2021/22.

Table 11

Medical Adaptations (Charter)	Current Households Waiting	Number Completed YTD	Average Days to Complete	Target	
Loretto	4	23	18.30 days	35	
Group	152	619	31.25 days	35	

Gas Safety

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

Table 12

Gas Safety Checks Unmet	2021/22	YTD 2022/23
Loretto	0	0
Group	0	0



Changing Lives and Communities

Peaceful Neighbourhoods

- 4.24 Our Group strategic measure is Over 70% of our customers live in neighbourhoods categorised as peaceful. Peaceful communities are defined as communities where customer reported incidents of antisocial behaviour to Police Scotland are reducing and social deprivation indicators (SIMD) in the associated data zone are improving.
- 4.25 The proven most effective way to achieve this target is by reducing the incidence of customer reported antisocial behaviour by our customers to Police Scotland. Currently, 67.9% of our communities are categorised as 'Peaceful' against a target of 68.5% for 2022/23.

Accidental Dwelling Fires

- 4.26 We set a Strategic Result for Group to reduce accidental dwelling fires (ADFs) by 10% by 2025/26 from a baseline of 215 in 2020/21. We had 7 ADFs in 2021/22. There have been no ADFs in the first quarter of 2022/23.

Table 13

Number of recorded accidental dwelling fires	2021/22	2022/23
		Q1
Loretto	7	0
Total Group YTD	148	24
Upper limit this year to achieve strategic result	210	205

- 4.27 To support this reduction, there is an additional Strategy Measure to ensure 100% of applicable properties have a current fire risk assessment in place. This continues to be achieved.

Table 14



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

Reducing Homelessness

- 4.28 During the first quarter, we have made 20 lets to homeless applicants, this contributes to the Group total of 703 lets made this year, against the Group target of 500.

- 4.29 When we consider the targeted measure of percentage of relevant lets made to homeless applicants – ‘relevant lets’ exclude mutual exchange, transfers and LivingWell lets for which we are limited to let to homeless applicants – we are at 47.6% against a target of 50%. We are only one let to homeless short of target.

Table 15

Percentage Lets to Homeless Applicants	Relevant Lets			Charter	
	YTD 2022/23	Target	2021/22 Result	YTD 2022/23	2021/22 Result
Loretto	47.6%	50% 	53.3%	30.8%	48.4%
Group	51.7%	56% 	57.2%	48.4%	54.2%







Developing our Shared Capability

Sickness Absence

- 4.30 We remain over the 3% sickness target at 5.87% for the year to date. This is a result of two long term absence within the team with home/family stress that they are working through. In both cases we continue to support our staff, and in both cases they are in contact with our PAM assistance service.

Table 16


Sickness Rate	Target	2022/23 YTD	2021/22
Loretto	3%	5.87% 	3.50% 
Group	3%	4.19% 	4.07% 

- 4.31 Our top two reasons for absence across Group are Stress/Anxiety (39%) and Minor Illness (21%). 37% of stress/ anxiety absence was work related.
- 4.32 To support staff the Group’s new Employee Assistance Programme provider PAM assist was rolled out in May this year, this includes a helpline and a PAM Assist App.
- 4.33 As part of our on-going support to colleagues suffering from Long Covid we are providing access to professional treatment specifically designed to combat several of the common symptoms associated with Long Covid - respiratory disorders, chronic fatigue, chest pains etc. The treatment is provided by Hampden Sport Clinic and comprises of a combination of traditional physiotherapy and hydrotherapy treatments with each employee receiving, on average, 6 sessions. Hydrotherapy is a medically supported intervention for Covid-19 recovery which is known to provide positive health outcomes. Colleagues diagnosed with Long Covid will be automatically referred for this treatment.

Board Governance and Administration

- 4.34 The following measures are indicators of the underlying strength of our Boards and administration. These measures will be reported quarterly in line with the Board timelines.
- 4.35 This quarter there were six vacancies across Group and Subsidiary Boards. Average attendance levels across Group and Subsidiary boards in Q1 was 79%. There were also no instances where board reports were not issued 7 days in advance of Group and Subsidiary Boards.

Table 17

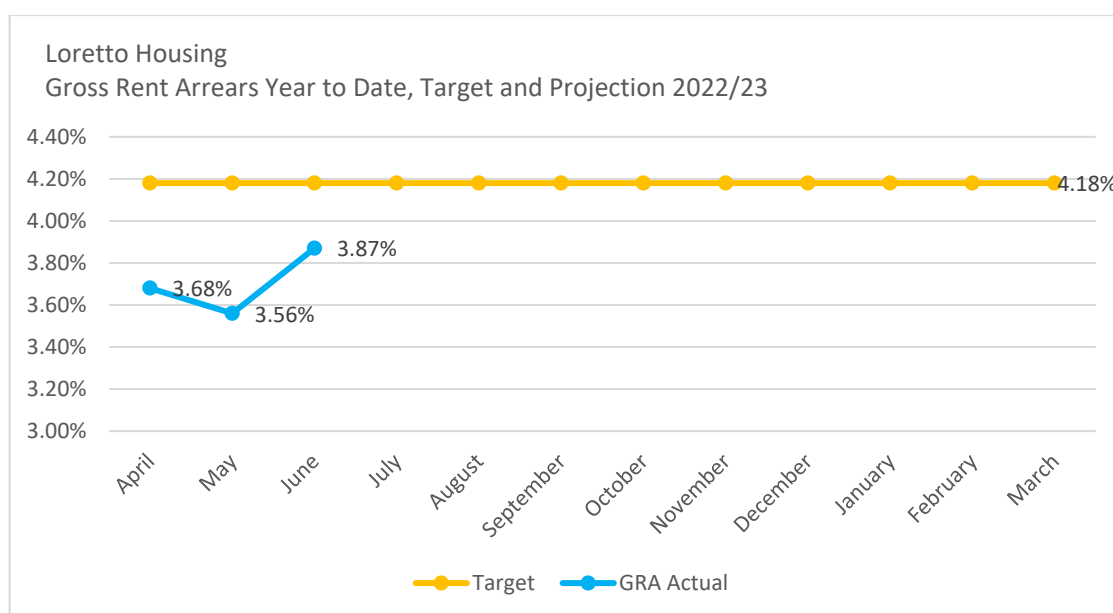
Indicator	Target	2022/23 (YTD)
Instances where Board reports are not issued 7 days in advance of Group and Subsidiary Boards	5%	0% 



Enabling our Ambitions

Gross Rent Arrears

Chart 1



- 4.36 As agreed in the annual review of the Strategy, the Group's strategic aim is to reduce gross rent arrears to 4.5% by 2026 and ours is to reduce arrears to 3.25% within this timeframe. Our target for this year is 4.18% and we are currently at 3.87%. Loretto similarly to previous years will see a rise in Gross Rent Arrears in the coming months due to the impact of 4 weekly Housing Benefit across our 9 Local Authorities which will start to drop off before the end of 22/23 financial year.

- 4.37 The Scottish Housing Regulator published their final quarterly dashboard of 2021/22 for Social Landlords on 25 May 2022. This reported that average arrears levels ended the year at 6.24% and for larger housing providers (>10,000 homes) this was 8.48% and for other RSLs this was 4.26%. We continue to outperform sector and peer group averages and remain on target after our first quarter.
- 4.38 As reported by Housemark, arrears have increased over the last two years of the pandemic and the expectation is they will continue to increase due to the higher cost of living and the impact this is having on our customers. The impact of cost-of-living rises can be seen within our Loretto customers as we have seen a rise in rent arrears between Quarter 1 21/22 and 22/23 with customers having larger outgoings than before. To combat this our team have recently had sessions at our weekly team meetings with our Fuel Advisor and Welfare Benefit Advisors to ensure that we are using our knowledge to support our customers wherever possible. In other cases, we have started to see progress with our non-payers we have had over the pandemic as we now have more ability to escalate where required now that courts have reopened.

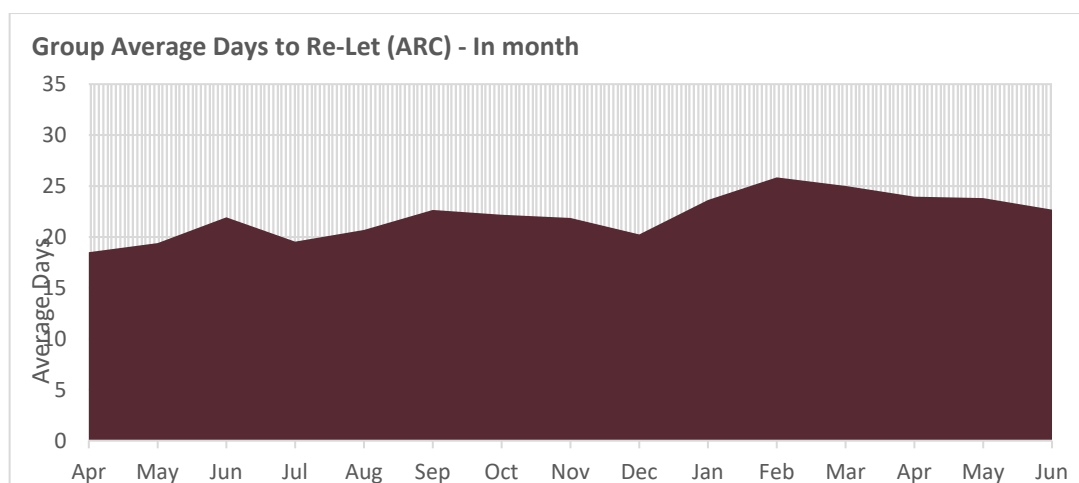
Average Days to Re-Let (Charter)

- 4.39 Our letting time is within the target of 16 days at 15.63 days. In the 1st Quarter Loretto have let 48 properties year to date and continue to meet weekly with City Building at our team meetings which helps us ensure a quick turnaround on all void works to let our properties within timescale. We also have regular meetings with our partners across our 9 Local Authorities to maximise our homeless nominations.

Table 18

Average days to re-let (Charter)	2022/23 YTD		2022/22 Target	2021/22 Results
Loretto	15.63	■	16	17.38
Group RSLs	23.40	■	16	21.55

Chart 2



Summary of Strategic Project Delivery

4.40 An update on progress with strategic projects is attached at Appendix 2.

4.41 The following table summarises the current status of projects by programme stream. One project has completed, 15 are on track and one is overdue.

Table 19

Programme Stream	Complete	On track	Slippage	Overdue
Repairs	0	3	0	1
CFC	1	2	0	0
Engagement	0	3	0	0
Assets & Sustainability	0	2	0	0
Governance	0	2	0	0
Other	0	3	0	0
Total	1	15	0	1

4.42 The project which completed was:

- *CFC interim review* (CFC Programme Stream).

4.43 The project which is overdue is:

- *Service & process redesign* (Repairs Programme Stream)

4.44 It is proposed that the project *CFC year 1 evaluation*, part of the CFC Programme Stream, be redefined for 2022/23 as *CFC second interim review*. This would support a full external evaluation to be carried out after one full year of operation in Q1 2023 with a second interim review carried out in Q4 2022 for purposes of updating ET and Boards on progress during 2022/23.

5. Customer Engagement

5.1 We presented an overview of the 2021/22 Charter results to the Tenant Scrutiny Panel in May 2022. We will also present a comparison with the national average – once SHR publish the returns in Autumn – and provide an update on performance in the first part of 2022/23.

5.2 Our new engagement model continues to imbed, with all quarter 1 targets met and all quarter 2 sessions planned in and scheduled with our team and customers. Several strategic projects facilitate opportunity for customer engagement, as reflected in the progress notes in Appendix 2. This will directly impact the way we deliver services or the way they can be drawn down by customers.

6. Environmental and sustainability implications

- 6.1 The Board have regularly received updates on our plans to develop robust data and baselines for our sustainability related measures. We have partnered with Planet Mark in the external verification and validation of our carbon reduction progress and this will be validated over this year and reported to the Board.
- 6.2 We have added two new sustainability measures to support our ambitions in this area; the first to monitor the average new build CO2 output and the second to increase the percentage of stock at EPC 'B' rating. These measures are based on areas discussed at the Group Board strategy workshop in March. In particular, the increase in stock to EPC B will allow us to support customers in terms of energy efficiency and in turn associated costs. These will be reportable annually and are therefore not included in quarterly updates.
- 6.3 A key project for 2022/23 is the development of a strategic sustainability framework. As part of this we anticipate further measures will be developed for future incorporation into our PMF.

7. Digital transformation alignment

- 7.1 Our strategy is underpinned by digital transformation. The strategic projects for 2022/23 have been fully reviewed to ensure we have the appropriate technical and resource capacity alongside our Digital Programme.

8. Financial and value for money implications

- 8.1 There are no direct financial implications associated with this report, which are covered via the approved 2022/23 business plan.

9. Legal, regulatory and charitable implications

- 9.1 The customer data collection and equality and diversity projects have been developed to support us complying with our regulatory obligation to collect equalities data for tenants and staff.

10. Risk Appetite and assessment

- 10.1 Our agreed risk appetite in relation to board governance is "cautious". This level of risk tolerance is defined as "preference for safe delivery options that have a low degree of inherent risk". We mitigate this risk by reserving the agreement of individual performance targets and strategic projects to the Board. The Board are furnished with regular updates in relation to progress against these targets and projects.

11. Equalities implications

- 11.1 Project monitoring and evaluations consider equalities information and Equalities Impact Assessments are undertaken at the outset of new programmes to ensure compliance with equality legislation, where applicable.
- 11.2 There is a project under the governance programme stream dedicated to advancing our commitment to equality, diversity and inclusion.
- 11.3 Additionally, the expansion of our Customer Voices is focused on creating a more diverse range of voices actively participating in our engagement structures. In turn, this will support co-creation and influencing which is based on a more diverse range of perspectives.

12. Key issues and conclusions

- 12.1 As we are starting to see the challenges with the cost of living rises for our Loretto Customers, we continue with strong performance in a number of key areas. Complaint response timescales are improving, tenancy sustainment is only below target by one sustained let, emergency repair timescales on average are being completed in less than three hours, medical adaptation completion timescales are now within target, gross rent arrears are also better than target. Although we are behind target on the percentage of relevant lets to homeless applicants, this is only by one homeless let.
- 12.2 Areas remaining in focus include non-emergency timescales, social housing new build completions and staff absence percentage.
- 12.3 Our project delivery is on track for the first quarter of the year.

13. Recommendations

- 13.1 The Board is asked to:
 - 1) note the contents of this report; and
 - 2) approve one change to the strategic projects for 2022/23 as per proposal at 4.45.

List of Appendices:

Appendix 1 - Strategic Results Dashboard
Appendix 2 - Strategic Projects Dashboard

Appendix 1 - Loretto Housing Board - Delivery Plan 22/23 - Strategic Measures

1. Delivering Exceptional Customer Experience				
	2021/22	YTD 2022/23		
Measure	2021	2022		
	Value	Value	Target	Status
Average time for full response to all complaints (working days) - overall	4.94	5.76	6	✓
Average time for full response to all complaints (working days) - Stage 1	3.62	3.66	5	✓
Average time for full response to all complaints (working days) - Stage 2	21.6	16.29	20	✓
Percentage of stage 1 complaints responded to within 5 working days (SPSO)	97.48%	100%	100%	✓
Percentage of stage 2 complaints responded to within 20 working days (SPSO)	100%	100%	100%	✓
Group - Percentage of calls to the CFC resolved at first contact	92.33% (March 2022)	88.45%	90%	⚠
Group - Call abandonment rate	3.81% (March 2022)	3.66%	7%	✓
Group - Percentage of CFC customer interactions that are passed to Housing and Lowther staff for resolution	New	6.13%	<10%	✓
Group - % calls answered <30 seconds (Grade of Service)	85.42% (March 2022)	86.94%	80%	✓
Group - Average waiting time (seconds)	30 (March 2022)	25.75	30	✓
% new tenancies sustained for more than a year - overall	88.57%	89.57%	90%	⚠
Number of customers involved in Customer Voices Programme	New	60	14	✓
Number of customer voices activities carried out	New	13	8	✓

	2021/22	YTD 2022/23		
Measure	2021	2022		
	Value	Value	Target	Status
Number of WHG Geographical panel sessions	New	3	3	✓
Number of customers involved in Wheatley Homes Glasgow Geographical panels	New	41	30	✓
Number of Scrutiny focus groups	New	0	0	✓

2. Making the Most of Our Homes and Assets

	2021/22	YTD 2022/23		
Measure	2021	2022		
	Value	Value	Target	Status
Reduce volume of repairs	775 (Apr to Jun 2021/22)	904	16.65%	✗
Average time taken to complete emergency repairs (hours) – make safe	3.16	2.77	3	✓
Average time taken to complete non-emergency repairs (working days)	6.98	8.78	5.5	✗
% reactive repairs completed right first time	95.81%	96.59%	97%	⚠
Number of gas safety checks not met	0	0	0	✓
% of tenants who have had repairs or maintenance carried out in last 12 months satisfied with the R&M service	88.43%	87.32%	89%	⚠
Average time to complete approved applications for medical adaptations (calendar days)	61.36	18.3	35	✓
% Planned repair spending	67.96%	39.55%	60%	✗
% Reactive repair spending	32.04%	60.45%	40%	✗
New build completions – Social rent	30	4	51	✗
Number of HSE or LA environmental team interventions	0	0	0	✓



	2021/22	YTD 2022/23		
Measure	2021	2022		
	Value	Value	Target	Status
Number of accidental fires in workplace	0	0	0	✓
Group - Number of open employee liability claims	8	8	Contextual	
Group - Number of days lost due to work related accidents	211	78	Contextual	
Number of new employee liability claims received	0	0	0	✓

3. Changing Lives and Communities




	2021/22	YTD 2022/23		
Measure	2021	2022		
	Value	Value	Target	Status
% ASB resolved	100%	100%	98%	✓
% Lets Homeless Applicants - overall (ARC)	48.35%	33.33%	Contextual	
% Relevant lets to Homeless Applicants	53.29%	47.62%	50%	⚠
Number of lets to homeless applicants	88	20	Contextual	
Total number of jobs, training places or apprenticeships created including Wheatley Pledge	5	1	1	✓
Group - Over 70% of our customers live in neighbourhoods categorised as peaceful	70.1%	67.9%	68.5%	⚠
Group - 100% of relevant properties have a current fire risk assessment in place	100%	100%	100%	✓
Group - The percentage of non-relevant properties that have a current fire risk assessment in place	100%	100%	100%	✓
Number of accidental dwelling fires recorded by Scottish Fire and Rescue	7	0	Contextual	

4. Developing Our Shared Capacity


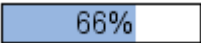



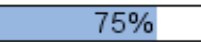
2021/22	YTD 2022/23
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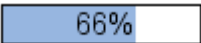
Measure	2021	2022		
	Value	Value	Target	Status
Group - Number of vacancies across Group and Subsidiary Boards	New	6	Contextual	
Group - Attendance levels across Group and Subsidiary Boards	New	79%	Contextual	
Group - Instances where Board reports are not issued 7 days in advance of Group and Subsidiary Boards	New	0%	5%	
Sickness Rate	3.5%	5.87%	3%	

5. Enabling Our Ambitions

Measure	2021/22	YTD 2022/23		
	2021	2022		
	Value	Value	Target	Status
% lettable houses that became vacant	7.16%	7.31%	8%	
% court actions initiated which resulted in eviction - overall	100%	-	25%	
Average time to re-let properties	17.38	15.63	16	
Loretto A - Gross rent arrears (all tenants) as a % of rent due	3.4%	3.76%	Contextual	
Loretto B - Gross rent arrears (all tenants) as a % of rent due	4.02%	4%	Contextual	
Loretto C - Gross rent arrears (all tenants) as a % of rent due	3.67%	3.87%	4.18%	


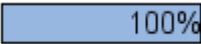




Appendix 2 - Loretto Housing Board - Delivery Plan 22/23 - Strategic Projects

A. Repairs Programme Stream							
Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
Improve Customer Contact & Communications	31-Dec-2022			01. Taking into account customer feedback, implement revised customer comms for all repair types (including owner repairs)	30-Jun-2022	Yes	Milestones 1 and 2 complete. In progressing Milestone 3, work is on-going with Localz on messages to customers and the repairs event (e.g. agreeing an appointment, reminder on day of repair, operative on route, etc.) that will trigger a message being sent. Detailed technical design work is underway and the full action plan will be reprogrammed to reflect implementation timescales.
				02. Proposals for customer feedback to Boards developed and agreed	30-Jun-2022	Yes	
				03. Approach to real time repairs feedback on repairs agreed	31-Dec-2022	No	
Develop IT & Systems	31-Dec-2022			01. CBG Servitor upgrade implemented	31-May-2022	Yes	Milestone 1, the Servitor upgrade, is now complete.
				02. Localz phase 1 installation (pilot with CBG)	31-Oct-2022	No	
				03. Localz phase 1 full roll out programme agreed	31-Dec-2022	No	
Service & process redesign	30-Jun-2022			01. DGHP improvement plan defined and agreed	31-May-2022	Yes	Update provided in separate Board paper on transformation programme.
				02. Quick wins for the repairs service in the West implemented (opening up appts, better communication between CBG and CFC,	30-Jun-2022	Yes	

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
Meet the needs of owners	31-Mar-2023			approach to customer comms)			
				03. Planning complete for implementing redesigned repairs delivery model	30-Jun-2022	Yes	
				04. DC approach to migrate to Group Servitor agreed	30-Jun-2022	Yes	
				01. Review owner billing inc. suitability of existing SoRs and approach to lower value jobs	30-Jun-2022	Yes	Milestones 1 to 4 are now complete.
				02. Review current approach to owner repairs and define & agree reshaped owner repairs service delivery model	30-Jun-2022	Yes	During May and June this involved:
				03. Review processes that support owner repairs service and refine	30-Jun-2022	Yes	<ul style="list-style-type: none"> • Lowther staff reviewing bills • meetings with senior staff in Lowther, CB and My Repairs • cross Group staff Focus Groups • customer focus groups.
				04. Design and deliver customer engagement focus groups involving Lowther Tenants, that will improve communication and shape Lowther's repair service	31-Jul-2022	Yes	Improvements to current owner repairs approach and processes identified and work has begun on implementing quick wins.
				05. Implement revised processes to support owner repairs	31-Dec-2022	No	
				06. Deploy revised owner repair service delivery model	31-Mar-2023	No	Customer focus groups included both Tenant and Owner customers and were in-person, online and some via telephone. Sessions focused on overall Lowther repair service and


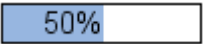


Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
							communication, including billing. Improvements identified to billing include wording/description of location of works & quantities


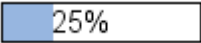
B. CFC Programme Stream

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
CFC interim review	31-May-2022			01. External interim review concluded	30-Apr-2022	Yes	Project is complete.
				02. Present findings of interim review to Group Board	30-Apr-2022	Yes	Full external interim review now concluded, and findings reported to Group and subsidiary Boards.
				03. Present findings of interim review to RSL Boards	31-May-2022	Yes	
CFC year 1 evaluation	31-Mar-2023			01. Scope of full evaluation agreed by ET	31-Dec-2022	No	It is proposed that the full year 1 evaluation is moved to Quarter 1 of the 2023/24 reporting year to allow for one full year of operation.
				02. Undertake evaluation of the first year of the CFC including customer experiences	28-Feb-2023	No	
				03. Present findings to ET	31-Mar-2023	No	It is anticipated that a further interim review will be carried out across Quarter 4 of this reporting year and this will be defined across Quarter 3.
RSL digital services model	31-Mar-2023			01. Review existing digital services offering with customers, including existing usage rates, functionality, and	31-Aug-2022	No	Work is ongoing towards completion of milestone 1. A draft service catalogue spanning our main

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				projected future lifespan			customer engagement channels has been defined, and Group Board have agreed key digital metrics (June Board).
				02. Scope future RSL digital services model, including role of apps, online services, repairs digital offering and self-service	31-Oct-2022	No	
				03. Undertake themed engagement discussions with Glasgow 1000 Panel on digital services	28-Feb-2023	No	
				04. Present recommendations to ET for next 3 years	31-Mar-2023	No	


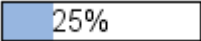
C. Engagement Programme Stream

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
Wheatley Whole Family approach	30-Sep-2022			01. Complete the research phase, including survey of households with children and follow up focus groups	31-May-2022	Yes	Milestones 1 and 2 are complete.
				02. Present findings and proposed approach to ET	30-Jun-2022	Yes	
				03. Engagement with customer voices on the proposed Whole Family approach	31-Aug-2022	No	
				04. Final implementation approach agreed by ET	30-Sep-2022	No	
Engagement Framework – Phase 2	31-Mar-2023			01. Develop a programme of engagement using customers' preferred methods	31-May-2022	Yes	Milestones 1 and 2 are complete. Most recently, Engagement Plans, including funding mechanisms, were agreed
				02. 2022/23 Engagement plans, including mechanisms	31-May-2022	Yes	


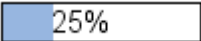


Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				for allocation of funding, agreed by Boards			by Boards in May.
				03. Develop learning and development programme for staff as well as Customer and Community Voices	30-Sep-2022	No	Work on the Learning and Development programme (Milestone 3) is now well underway and the programme will now be launched by the end of September.
				04. Customer voices feedback to group wide governance event(s)	31-Mar-2023	No	
				05. Complete recruitment of Customer and Community Voices	31-Mar-2023	No	
Customer data collection exercise (Contact info, equalities and communication preferences)	30-Nov-2022			01. Project approach and proposed resource requirements agreed Group Executive	31-May-2022	Yes	Milestone 1 is complete, with the project approach and resource requirements approved by ET end of June.
				02. Data collection exercise undertaken (RSL tenants, Lowther tenants & Care customers)	30-Sep-2022	No	
				03. Update to Group Executive on outcome of data collection exercise and proposed actions	31-Oct-2022	No	
				04. Update to Boards on outcome of data collection exercise	30-Nov-2022	No	

D. Assets & Sustainability Programme Stream

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
Corporate Estate	31-Mar-2023			01. East Glasgow and Bathgate Hubs complete	31-Jul-2022	No	Work is ongoing towards completion of milestones.


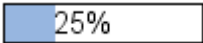

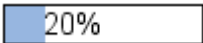
Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
Strategic Sustainability Framework	31-Jan-2023			02. West Glasgow Hub complete	30-Sep-2022	No	This includes work on site currently for milestones 1 to 3 and proposal for Lipton House being developed.
				03. East Hub (NMR) complete	30-Sep-2022	No	
				04. CFC Lipton House complete	31-Dec-2022	No	
				05. South Hub (Dumfries) complete	31-Mar-2023	No	
				01. Pathway to Net Zero Advisory Group recruited and in place	31-May-2022	Yes	Milestones 1 and 2 complete, with: <ul style="list-style-type: none"> • The Pathway to Net Zero Advisory Group held its first meeting on 13 May. • Supplier to undertake independent review identified and proposal agreed.
				02. Commission an independent review of energy efficient technologies and low emission heating systems installed to date	31-May-2022	Yes	
				03. Draft framework reviewed by Advisory Group	31-Jul-2022	No	
				04. Update on sustainability framework and independent review to Group Board	31-Aug-2022	No	
				05. Independent review complete	30-Sep-2022	No	
				06. Draft framework and outcome of independent review to ET	31-Oct-2022	No	
				07. Draft framework approved by Group Board	31-Dec-2022	No	
				08. Group wide launch of strategic sustainability framework	31-Jan-2023	No	

E. Governance Programme Stream

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
Equality, Diversity & Inclusion	31-Oct-2022			01. ET agree proposed survey approach for staff and tenants	31-May-2022	Yes	Milestone 1 complete.
				02. EDI update to Group Board, including revised Equality, Diversity and Inclusion Policy for approval	25-Aug-2022	No	ET agreed we should undertake a mailing to tenants in August, providing a clear audit trail for our SHR compliance and in keeping with revised SFHA guidance.
				03. Equalities results from customer data collection exercise analysed and proposed actions to Group Executive	30-Sep-2022	No	We have undertaken 3 focus groups (totalling 20 tenants) to co-create the content for the tenant mailing. The mailing will be undertaken during August.
				04. Update SHR Annual Assurance Statement on progress with equalities	31-Oct-2022	No	Policy and update on track for ET in early August pre Group Board. The policy was rescheduled to the September Group Board as part of the Group Board agenda planning.
Updated Strategic Agreement with GCC	31-Mar-2023			01. Group Executive agree an outline updated strategic agreement for discussion with GCC	30-Sep-2022	No	Initial draft prepared and provide to GCC, comments expected by mid-August. Meeting also scheduled with exec lead at GCC to address key points and plan through to completion.
				02. Present outline strategic agreement to Group Board for consideration	31-Oct-2022	No	
				03. Update to Wheatley Homes Glasgow Board	30-Nov-2022	No	



Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				04. Board approvals of draft strategic agreement with GCC	28-Feb-2023	No	
				05. Present to GCC for approval	31-Mar-2023	No	

H. Other - Changing Lives & Communities

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
Implement year 2 of the Group Homelessness Framework	31-Mar-2023			01. Undertake a review of existing customer engagement in homelessness service design and delivery	30-Jun-2022	Yes	Milestone 1 complete on target. review of existing engagement has been undertaken. slides on findings have been prepared. Project plan has been drafted which details key tasks to deliver each milestone.
				02. Develop an action plan to maximise engagement opportunities	30-Nov-2022	No	
				03. Undertake a review of existing tenancy sustainment performance reporting and develop and agree a new consistent group wide approach to reporting	31-Dec-2022	No	
				04. Proposal drafted and available for ET review	31-Mar-2023	No	
Review of group allocations policy and systems	31-Mar-2023			01. Updates to policy agreed by ET and RSL Boards for consultation with tenants	31-May-2022	Yes	Milestone 1 complete with staff and customer focus groups undertaken.
				02. Undertake customer consultation	31-Jul-2022	No	
				03. Present findings to Wheatley Board	31-Aug-2022	No	We are now analysing focus group responses.
				04. Present findings to RSL Boards	30-Sep-2022	No	

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				05. Undertake testing of the new system in D&G	31-Mar-2023	No	

J. Other - Enabling our Ambitions

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
NETs Digital service	30-Nov-2022			01. Undertake build phase	31-Jul-2022	Yes	Milestone 1 complete. Work towards completion of Milestone 2, User Testing Phase 1, commenced June 2022.
				02. Undertake testing of the product	31-Aug-2022	No	
				03. Commence pilot	30-Sep-2022	No	
				04. Go Live	30-Nov-2022	No	
				05. Provide update to Board	30-Nov-2022	No	

Report

To: Loretto Housing Association Board

By: Sarah Stocks, Finance Manager

Approved by: Pauline Turnock, Director of Financial and Legal Services

Subject: Finance Report to 30 June 2022

Date of Meeting: 15 August 2022

1. Purpose

- 1.1 The purpose of this paper is:
- to provide the Board with an overview of the financial results for the period to 30 June 2022 and the Q1 forecast;
 - to seek the Board's approval to amend loan agreements; and
 - to provide a summary of updates to our Treasury Management Policy.

2. Authorising and strategic context

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

3. Background

Financial performance to 30 June 2022

- 3.1 The results for the period to 30 June 2022 are summarised below.

£000	Year to Date (Period 3)		
	Actual	Budget	Variance
Turnover	4,018	8,048	(4,031)
Operating expenditure	(3,628)	(3,677)	50
Operating surplus	390	4,371	(3,981)
Net interest payable	(796)	(846)	49
(Deficit)/ surplus	(406)	3,526	(3,932)
Net Capital Expenditure	2,184	2,153	(31)

4. Discussion

4.1 Period to 30 June 2022

We have reported a statutory deficit of £406k for the period to 30 June 2022, which is £3,932k unfavourable to budget. The key driver for the variance is reduced grant income recognised due to the delay in completion of new build units at Dargavel and Hallrule now expected in August 2022 and September 2022 respectively.

Key variances against budget include:

- Void lost rent is £63k favourable to budget, with a year to date void rate of 1.54% against the budgeted rate of 3.29%.
- Grant income has been recognised on completion of 4 new build units delayed from 2021/22, whereas the budget anticipated completion of 47 units in Q1. These units have been delayed until later in the year.
- Running costs (direct and group services) are £36k favourable to budget, linked to the timing of spend.
- Repairs and maintenance costs of £679k are £31k higher than budget as a result of an increase in customer demand and clearance of the backlog in programmed repairs.
- Bad debt costs are £46k favourable to the budget.
- Interest payable is £49k lower than budget, driven by floating interest rates than assumed in the budget.
- Net capital expenditure is £31k higher than budget, which is related to the new build programme. New build spend is £498k favourable to budget due to re-profiling of spend. New build grant income is £555k lower than budget, which is linked to the reduced spend in Q1. The investment programme is broadly in line with budget.

4.2 Q1 Forecast out-turn

The forecast reports a statutory surplus of £16,512k for the full year out-turn to March 2022, which is £942k favourable to budget.

Key variances against budget include:

- Total income is forecast to be £876k favourable to budget, as a result of the expected continued favourable void performance and handover of the Vellore Road turnkey development earlier than anticipated.
- Total expenditure is forecast to be £31k favourable to budget. A forecast reduction of bad debt costs, reflecting the favourable performance to date, is partially offset by higher revenue repairs and maintenance costs.
 - Increase customer demand for repairs is expected for the remainder of the year and costs have been forecast £120k higher than budget.

- Bad debt costs have been forecast £145k lower reflecting performance to date and in 2021/22 retaining a provision for higher arrears around the Christmas period.
- Interest payable is forecast at £35k lower than budget due to lower floating interest rates in the first quarter and the forecast reduction in net capital expenditure.
- Net capital expenditure is forecast to be £2,361k lower than budget, mainly linked to the investment programme with the Duke St works moving to 2023/24. Whilst new build spend is forecast to be lower, this is offset by a related forecast reduction in grant income.
- It is our aim to manage the forecast variations to budget on individual lines within the parameters of the overall budget for 2022/23. The Q1 forecast presented to the Board has been prepared on a prudent basis and reports an underlying surplus (ie excluding the impact of new build grant income and including cash spent on our existing properties in place of depreciation) of £1,798k. This is £3,122k favourable compared to the budgeted underlying deficit of £1,324k.
- Further support to customers in light of the cost of living situation is under consideration, and the Board will be updated at its next meeting, including any budgetary impact.

4.3 WLHP/DC business transfer consent

- Following a successful tenant ballot, the dissolution of West Lothian Housing Partnership Limited (WLHP) is to proceed by way of a business transfer to Dunedin Canmore Housing Limited on 5 September 2022, following regulatory approvals. Our funders have consented to the reorganisation, subject to provision of various documentation (including the Business Transfer Agreement).
- On winding up, WLHP will no longer be a member of the RSL borrower group and will be removed as a Guarantor in Wheatley's funding arrangements.
- As a Guarantor in the borrower group the Loretto Board is required to approve the Amendment Letter, Officer's Certificate and proforma minute for each of our lenders to remove WLHP. These documents are included in Appendix 2 and have been prepared by our solicitors. These documents will amend our debt facilities with our lenders to allow the proposed reorganisation.

4.4 Update to Treasury Management Policy

- The Treasury Management Policy ("TMP") applies to the whole Group. Periodic updates are required every 5 years, most recently in June 2020. Several material changes have been made to the Group's funding arrangements since 2020 which have accelerated the requirement to update the TMP ahead of schedule. The key areas which have been changed and/or are introduced for the first time in the 2022 version of the TMP are set out below:
 - a) Changes resulting from the accession of DGHP and Wheatley Developments (Scotland) Limited to the RSL Borrower Group and WFL1 funding arrangements which took effect on 1 April 2022; and
 - b) The increase of £15m to the on-lending agreement between GHA and Lowther which was agreed in May 2021.

- The TMP makes clear that any new funding, whether at WFL1, WFL2 or for any RSL on a bilateral agreement (such as new lending with Allia or THFC) is subject to the approval of Wheatley Group Board, prior to the relevant subsidiary board approvals.
- The 2020 TMP was reviewed by independent treasury risk consultants, Chatham Financial Europe (formerly, JC Rathbone Associates) who confirmed it was comprehensive and met best practice for the sector. The proposed amendments to the TMP do not fundamentally alter the processes and procedures set out in the policy documentation and, accordingly, we have not submitted these relatively minor revisions for external review. The Group Board approved the revised TMP (Appendix 3) at their June 2022 meeting.
- The approved June 2022 TMP is appended to this paper (clean version) as is the redline version which sets out the formatting and content changes from the June 2020 policy document.

5. Customer Engagement

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

6. Environmental and sustainability implications

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

7. Digital transformation alignment

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

8. Financial and value for money implications

- 8.1 The statutory deficit for the period to 30 June 2022 is £3,932k unfavourable to budget, which is linked to lower grant income. Delivery of our cost efficiency targets is a key element of continuing to demonstrate value for money. The underlying result for the period to 30 June 2022 is £185k favourable to budget ensuring that these efficiency targets are met.

9. Legal, regulatory and charitable implications

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

10. Risk Appetite and assessment

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

11. Equalities implications

11.1 There are no equalities implications arising from this report.

12. Key issues and conclusions

12.1 This paper presents the financial performance position for the period to 30 June 2022.

13. Recommendations

13.1 The Board is requested to:

- 1) Note the management accounts for the period ended 30 June 2022 at Appendix 1;
- 2) Approve the amendments to our loan agreements; and
- 3) Note the amendments to the Treasury Management Policy.

LIST OF APPENDICES:-

Appendix 1: Period 3 – 30 June 2022 Finance Report

Appendix 2: Business Transfer lender consent documents [redacted]

Appendix 3: Treasury Management Policy [redacted. Available under publication scheme [Publication scheme | LHA \(lorettoha.co.uk\)](http://lorettoha.co.uk)]

Finance Report

Appendix 1 – period to 30 June 2022

1. Operating Statement	2-3
2. Quarter 1 full year forecast	4
3. Management Information	5-9
4. Balance Sheet	10

Operating Statement – YTD June 2022

	Period To 30 June 2022			Full Year Budget £k
	Actual £k	Budget £k	Variance £k	
INCOME				
Rental Income	3,599	3,601	(2)	14,823
Void Losses	(55)	(119)	63	(478)
Net Rental Income	3,543	3,483	61	14,345
Other Income	108	79	29	315
Grant Income	366	4,487	(4,121)	18,875
Total Income	4,018	8,048	(4,031)	33,535
EXPENDITURE				
Employee Costs - Direct	348	346	(2)	1,384
Employee Costs - Group Services	149	149	(0)	596
ER / VR	0	0	0	185
Direct Running Costs	482	509	27	1,812
Running Costs - Group Services	88	96	9	385
Revenue Repairs and Maintenance	679	648	(31)	2,569
Bad debts	52	98	46	394
Depreciation	1,830	1,830	0	7,320
TOTAL EXPENDITURE	3,628	3,677	50	14,645
OPERATING SURPLUS / (DEFICIT)	390	4,371	(3,981)	18,890
Interest Payable	(796)	(846)	49	(3,320)
STATUTORY SURPLUS / (DEFICIT)	(406)	3,526	(3,932)	15,571

	Period To 30 June 2022			Full Year Budget £k
	Actual £k	Budget £k	Variance £k	
INVESTMENT				
Total Capital Investment Income	44	599	(555)	8,088
Investment Programme	390	386	(4)	5,339
New Build Programme	1,785	2,283	498	14,115
Other Capital Expenditure	53	83	30	434
TOTAL CAPITAL EXPENDITURE	2,228	2,753	524	19,888
NET CAPITAL EXPENDITURE	2,184	2,153	(31)	11,800

Income and Expenditure account – key points

- Net operating surplus of £390k is £3,981k unfavourable to budget. Statutory deficit for the year is £406k, £3,932k unfavourable to budget. The main driver of the unfavourable variance is the timing of grant income for new build completions.
- Gross rental income of £3,599k is £2k unfavourable to budget. Inchyra service charge income was reconfigured this year, with the actuals £14k higher than the prudent budget. This increase is offset by reduced rental income due to delays in new build completions for Dargavel and Queens Quay.
- Void losses in the year to date are 1.54% against a budget of 3.29%.
- Grant income relates to medical adaptations and the release of grant for New Build completions with completions at Dargavel (15 units) and Hallrule (32 units) e delayed.
- Employee costs are £2k unfavourable to budget, this is mainly relating the timing of claims for Annual Homeworking Allowances. Employees recharged from Group Services are for Loretto's share of Wheatley Solutions staff.
- Direct running costs are £27k favourable to budget, with most budget lines showing underspends. Group Services running costs are £88k YTD.
- Revenue repairs and maintenance expenditure is £31k unfavourable to budget due to an increase in customer demand and clearance of a backlog in programmed repairs.
- Bad debts are £46k favourable to budget. A prudent approach was taken when setting the budget.
- Gross interest payable of £796k represents interest due on the loans due to Wheatley Funding Ltd. Costs are £49k lower than budget.
- The net capital position of £2,184k is £31k unfavourable to budget. This is due to the timing of new build spend and capital investment income (grant) received.
- Grants of £387k and £184k were budgeted for Main St Maddison and Forfar Avenue, respectively. The Main St Maddiston site start date is delayed until September and Forfar Avenue has been delayed as GCC planning required a design change. It is anticipated that the Maddiston grant will be claimed later in the year. Forfar is likely to move to 2023/24.
- Investment programme expenditure of £390k mainly relates to core programme works, capitalised repairs and voids.
- Expenditure on the new build programme of £1,785k, is £498k lower than budget and relates mainly to 3 ongoing sites – Hallrule, Dargavel, and Queens Quay.
- Other capital expenditure of £53k relates to the Loretto contribution to Wheatley Group IT and office refurbishments. The full year budget includes £100k for office refurb and conversion of housing properties previously used as offices by Wheatley Care. No spend is reported against the YTD budget of £25k.

Underlying surplus – P3 June 2022

Key comments:

- The Operating Statement (Income and Expenditure Account) on page 2 is prepared in accordance with the requirements of accounting standards (Financial Reporting Standard 102 and the social housing Statement of Recommended Practice 2014).
- However, the inclusion of grant income on new build developments creates volatility in the results and does not reflect the underlying cash surplus/deficit on our letting activity.
- The chart below therefore shows a measure of underlying surplus which adjusts our net operating surplus by excluding the accounting adjustments for the recognition of grant income and depreciation, including capital expenditure on our existing properties.
- In the period to the end of June 2022, an underlying Surplus of £668k has been generated using this measure which is £185k favourable to budget. The variance is primarily driven by lower levels of expenditure. The full year budget reflects an underlying deficit of £1,324k.

Loretto Underlying Deficit - June 2022				
	YTD Actual £k	YTD Budget £k	YTD Variance £k	FY Budget £k
Net operating surplus	390	4,371	(3,981)	18,890
add back:				
Depreciation	1,830	1,830	0	7,320
less:				
Grant income	(366)	(4,487)	4,121	(18,875)
Net interest payable	(796)	(846)	49	(3,320)
Total expenditure on Investment Program	(390)	(386)	(4)	(5,339)
Underlying surplus/(deficit)	668	483	185	(1,324)

2. Q1 2022/23 Forecast

	Full Year 2022/23		
	Forecast £k	Budget £k	Variance £k
INCOME			
Rental Income	14,823	14,823	0
Void Losses	(223)	(478)	255
Net Rental Income	14,600	14,345	255
Other Income	315	315	0
Grant Income	19,496	18,875	621
Total Income	34,411	33,535	876
EXPENDITURE			
Employee Costs - Direct	1,384	1,384	0
Employee Costs - Group Services	596	596	0
ER / VR	185	185	0
Direct Running Costs	1,812	1,812	0
Running Costs - Group Services	379	385	6
Revenue Repairs and Maintenance	2,689	2,569	(120)
Bad debts	249	394	145
Depreciation	7,320	7,320	0
TOTAL EXPENDITURE	14,614	14,644	31
OPERATING SURPLUS / (DEFICIT)	19,797	18,890	907
Interest Payable	(3,285)	(3,320)	35
STATUTORY SURPLUS / (DEFICIT)	16,512	15,570	942

Comments:

- This table shows the 2022/23 budget presented to the Board compared to the Q1 forecast for 2022/23, compiled following the June year to date results.
- Forecast operating surplus of £19,797k is £907k favourable to budget and statutory surplus of £16,512k is £942k favourable to budget, mainly driven by recognition of grant income relating to the Vellore Road turnkey new build development earlier than anticipated and lower void losses.

Key points to note:

- Void losses are £255k favourable to budget, with the forecast reflecting a continuation of the favourable performance at June.
- Grant income is £621k favourable to budget, due to the anticipated earlier handover of the Vellore Road turnkey new build development.
- Revenue repairs and maintenance forecasts an unfavourable variance of £120k, due anticipated higher reactive repairs costs over the coming months with the increase in customer demand experienced in the first quarter expected to continue for the remainder of the year.
- Bad debts are £145k favourable to budget, with the forecast reflecting bad debt costs at levels similar to those experienced to date and in 2021/22..
- Interest payable forecasts an underspend of £35k, as a result of the forecast reduction in net capital expenditure.
- Net capital expenditure is forecast to be £2,361k lower than budget, mainly linked to the investment programme.
- New build expenditure and capital investment income (grant) are both forecast to be lower than budget due to changes in the profile of the programme.
- Investment programme spend is forecast to be £2,800k lower than budget as a result of Duke St works moving to 2023/24.

	Full Year 2022/23		
	Forecast £k	Budget £k	Variance £k
INVESTMENT			
Total Capital Investment Income	5,422	8,088	(2,666)
Investment Programme	2,538	5,338	2,800
New Build	11,888	14,115	2,227
Other Capital Expenditure	434	434	0
TOTAL CAPITAL EXPENDITURE	14,860	19,887	5,027
NET CAPITAL EXPENDITURE	9,438	11,799	2,361

Rental and Other Income – YTD June 2022

Income	1 April 2022 - 30 June 2022			22/23 Annual Budget £k
	Actual £k	Budget £k	Variance £k	
Rental Income	3,599	3,601	(2)	14,823
Voids	(55)	(119)	63	(478)
Net Rental Income	3,543	3,483	61	14,345
WC Management Fee	52	52	-	206
Mid Market Rental Income	21	21	-	85
Garage/ Lock-ups	4	6	(2)	24
Miscellaneous Income	31	-	31	-
Other Income	108	79	29	315
Grant Income	366	4,487	(4,121)	18,875
TOTAL INCOME	4,018	8,048	(4,031)	33,535

Comments

Net rental income

- Rental income of £3,599k includes the 1.9% rent increase (1% for stock transferred from Cube) and is £2k unfavourable to budget.
- The Inchyra service charge income was reconfigured this year, with the actuals £14k higher than the budget, which was set on a prudent basis. This increase is offset by reduced rental income from new build with the properties at Hallrule (32 units) and Dargavel (a further 15 units) due in June but yet to complete.
- Void lost rent of £55k YTD is £63k favourable to budget and the YTD void rate is 1.54%, versus the blended budgeted rate of 3.29% which included higher provision for supported tenancies.

Other income

- Management fee income received from Wheatley Care is for their share of office admin and running costs.
- Mid market rental income is for the lease of Barclay Phase 2 units to Lowther Homes.
- Miscellaneous income is a development management fee for Queens Quay, from our partners Clydebank HA and West Dunbartonshire Council.

Grant Income

- £45k of reported grant income is in relation to medical adaptations.
- The remaining amount of £321k relates to the completion of 4 New build units at Dargavel. The units were delayed from 2021/22.
- An unfavourable variance to budget is reported due to the delay in completion of 47 units at Dargavel and Hallrule.

Direct Running Costs – YTD June 2022

Direct Running Costs	1 April 2022 - 30 June 2022			22/23 Annual Budget £k
	Actual £k	Budget £k	Variance £k	
Equipment and Furniture	0	6	6	23
Initiatives	101	105	4	266
Insurance	28	28	0	112
Misc Running Costs	27	31	4	125
Property Costs	104	116	12	463
Staff Related Costs	8	11	2	43
Group recharges	213	213	0	781
TOTAL RUNNING COSTS	482	509	27	1,812

Initiatives	1 April 2022 - 30 June 2022			22/23 Annual Budget £k
	Actual £k	Budget £k	Variance £k	
Helping Hand - Livingwell	2	2	0	7
Tenancy Support Service	20	26	6	103
Think Yes	10	8	(2)	30
Wheatley Foundation	70	70	0	126
Total	101	105	4	266

Comments

- Direct running costs of £482k are £27k favourable to the budget of £509k. The favourable position is reported due to lower spend across most categories.
- Table 2 provides a breakdown of YTD Initiatives expenditure.
- Group recharges includes:
 - Environmental running costs recharged from Wheatley Homes Glasgow (relating to vehicles, equipment and depot costs);
 - A recharge from Wheatley Homes Glasgow for Loretto's share of the running costs of the Wheatley 360 service; and
 - Payment to Wheatley Care of Loretto's temporary accommodation and Livingwell service charge income (for the services provided by Wheatley Care at these sites) less related property costs paid by Loretto on Wheatley Care's behalf.

Repairs and Maintenance – YTD June 2022

Repairs & Maintenance Expenditure	1 April 2022 - 30 June 2022			22/23
	Actual £k	Budget £k	Variance £k	Budget £k
Reactive repairs	365	309	(55)	969
Cyclical maintenance (compliance)	212	233	21	877
Cyclical property maintenance	-	7	7	82
Other	27	21	(7)	83
Communal Utilities	75	80	4	558
TOTAL R&M Expenditure	679	648	(31)	2,569

Comments

- Revenue repairs and maintenance spend of £679k is £31k unfavourable to the budget of £648k.
- Reactive repairs are £55k unfavourable to budget, reflecting an increase in customer demand and clearance of the backlog in programmed repairs.
- Cyclical Maintenance - Compliance spend relates to gas servicing and the maintenance and repair of any mechanical and electric equipment in Loretto's properties, such as lifts, fire safety equipment and pumps and tanks. Reported costs are £21k lower than budget at present due to the timing of the programme.
- Cyclical property maintenance was programmed to commence in June this year but has been delayed.
- Other R&M expenditure relates to decant/removal costs, laundry equipment, alarm monitoring, key holding and small repairs jobs undertaken by contractors other than City Building. An unfavourable variance is reported due to decant costs.
- Communal Utilities costs are £4k favourable to budget.

Investment Programme – YTD June 2022

Investment Programme	1 April 2022- 30 June 2022			22/23 Annual Budget £k
	Actual £k	Budget £k	Variance £k	
Investment Programme Grant Income				
Adaptations	44	28	16	110
Total	44	28	16	110
Investment Programme Expenditure				
Adaptations	44	28	(17)	110
Core programme	156	174	18	1,553
Capitalised repairs	87	52	(35)	191
Capitalised staff	23	23	0	91
Duke Street	0	0	0	2,954
Void repairs	80	110	30	440
Total	390	386	(4)	5,339

Comments

- Overall investment Programme expenditure of £390k for the year is £4k unfavourable to the budget of £386k.
- Core programme works are £18k lower than budget this month due to the timing of works. Central heating reports an overspend currently due to acceleration of replacements, linked to the timing of the gas servicing programme.
- Note that the Duke St works had been phased over the last three months of the year.
- The cost of adaptations is offset by grant income.

New Build Programme – YTD June 2022

Name	Year To Date			FY Budget
	Actual £k	Budget £k	Variance £k	£k
Cobblebrae Farm	0	0	0	42
Dargavel	1,113	951	(162)	1,548
Duke St	0	0	0	347
Forfar Avenue	33	184	151	2,814
Gartcosh	0	0	0	897
Hallrule Drive	328	288	(40)	288
Main St-Maddiston	0	387	387	2,322
Queens Quay	222	363	141	593
Sawmill Field	0	0	0	4,661
Vellore Road	1	0	(1)	0
Land Acquisition	0	25	25	100
Loretto	1,697	2,199	502	13,612

Capitalised Interest	0	0	0	166
Capitalised Staff Costs	88	84	(4)	337
Gross New Build Costs	1,785	2,283	498	14,115

Grant Income	0	571	(571)	7,978
Net new build costs	1,785	1,712	(73)	6,137

New Build Programme Expenditure

Dargavel: 58 Social Rent units. Site acquired in December 2019. Start on site took place 15 February 2021. Works are progressing well, 9 units handed over in March and 4 in April 2022, the remaining handovers will be delayed until August 2022.

Forfar Avenue c.30 units for Livingwell. GCC did not approve the tender and require savings. Planning also requested design change. New brief established with Livingwell and re-design work commencing with design team.

Gartcosh: 18 units for social rent. The developer has now obtained planning however the land acquisition has not concluded and the site start may be delayed into 2023/24.

Hallrule Drive: 32 units for over 55s Social Rent. Start on site 16 November 2020. The contractor has intimated a further delay to handovers, now anticipated September 2022.

Maddiston Fire Station: 24 Social Rent units. S75 with Miller Homes. Tender approval obtained March 2022. Contract concluded. First golden brick tranche anticipated September 2022, completions phased February 2023 – June 2023.

Queens Quay: 80 Social Rent units as part of wider regeneration project with West Dunbartonshire Council and Clydebank HA. Extension of Time granted for Covid-19 delays. Handovers anticipated in phases between July and August 2022.

Sawmill Field: 36 units for social rent. Bellway making good progress and engaging well. Handovers anticipated in phases between August 2022 and March 2023.

Vellore Road: 8 Social Rent units, S75 Turnkey proposal with Lovell in Maddiston, Falkirk. Contract now concluded and tender approval in place. Handovers anticipated August 2022. The business plan provides funding in 2023/24 for the site.

Future schemes

South Crosshill Rd, Bishopbriggs: 38 Social Rent units, S75 with Barratt Homes. Developer has been successful at planning appeal and the project can progress. Programme awaited but developer has now intimated first units can be accelerated within FY 22/23. Potential for 6 additional units being explored.

Crofthead Rd, Bishopbriggs: The developer has now obtained planning permission and has intimated a site start in calendar year 2022. November 2022 committee approval planned.

Balance Sheet

	30 June 2022 £k	31 March 2022 £k
Tangible Fixed Assets		
Housing Properties	141,427	141,082
Investment Properties	1,300	1,300
Other Assets	1,126	1,072
	<u>143,853</u>	<u>143,454</u>
Current Assets		
Rent and service charge arrears	250	97
Intercompany balances	76	13
Other debtors	1,802	2,086
	<u>2,128</u>	<u>2,196</u>
Cash at Bank and in Hand	768	(430)
	<u>2,896</u>	<u>1,766</u>
Short Term Creditors		
Amounts due within one year	(8,012)	(8,757)
Deferred Income	(16,158)	(16,479)
	<u>(24,170)</u>	<u>(25,236)</u>
Net Current Assets	<u>(21,274)</u>	<u>(23,470)</u>
Long Term Creditors		
Amounts due after one year	(77,177)	(74,176)
Deferred Income	(302)	(302)
Pension Liability	(383)	(383)
	<u></u>	<u></u>
Net Assets	<u>44,717</u>	<u>45,123</u>
Capital and Reserves		
Share Capital	-	-
Revenue Reserve - b/fwd	45,506	24,345
Current year surplus/(deficit)	(406)	21,161
Pension Reserves	(383)	(383)
	<u></u>	<u></u>
Association's Funds	<u>44,717</u>	<u>45,123</u>

Comments

The balance sheet reported reflects the 31 March 2022 year end, 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** – These are the Barclay Street Mid Market Rent properties, leased to Lowther Homes.
- **Debtors** – Other Debtors have decreased from March 2022 position as a result of the timing of grant claims. The level of tenant arrears (net of bad debt provision) has increased from the year end position of £97k to £250k due to timing of housing benefit payments.
- **Cash at Bank** - The change from the year end principally reflects the timing of the supplier payments and loan drawdowns.
- **Deferred grants** – This relates to the schemes currently on site. Upon completion of the properties this income will be released to the I&E as grant income.
- **Long-Term Creditors** - This includes £77.3m of loans due to Wheatley Funding No 1 Ltd, excluding deferred loan fees.

Report

To: Loretto Housing Board

By: Jennifer Anderson, Wheatley 360 Lead

Approved by: Laura Pluck, Group Director of Communities

Subject: Review of Protecting People Policy Framework

Date of Meeting: 15 August 2022

1. Purpose

- 1.1 To provide the Board with information around the review of the Protecting People Policy Framework (PPPF) and suite of Group Protection Policies that sit within this.
- 1.2 To seek comment from the Board on the revised content contained within the individual policies and PPPF, which will then be incorporated and taken onto the Wheatley Group Board for final sign off on each document.

2. Authorising and strategic context

- 2.1 Under the Intra Group Agreement the Group Board are responsible for the designation of policies as Group policies. Individual Boards are responsible for approval of individual operational policies and implementing Group policies to reflect local circumstance. Feedback is being sought from individual Boards on the proposed policy amendments in advance of their presentation to the Group Board.
- 2.2 Our work in this area will align to each of the five strategic themes within our Group strategy as follows:

Strategic Theme	Areas of activity where this theme will be met
Delivering exceptional customer experience	<ul style="list-style-type: none">The policies in the framework are designed to empower our customers to enable them to lead a life free from risk of harm and support them to do so through the provision of advice, support, and guidance, wraparound support services, and clear identified pathways to access additional assistance as required.
Making the most of our homes and assets	<ul style="list-style-type: none">The voice of the customer is represented within our Domestic Abuse Policy through engagement with key partners from the Domestic Abuse Specialist Services Sector, who are well placed to provide comment around the content and policy applicability and suitability in supporting victims.

Changing lives and communities	<ul style="list-style-type: none"> Our policies allow us to deliver on our strategic outcome around developing peaceful and connected neighbourhoods, where they clearly set out our services and wraparound support for customers, to help staff identify where there are concerns individuals are at risk of harm and abuse
Developing our shared capacity	<ul style="list-style-type: none"> Having a Protecting People Policy Framework (PPPF) supports staff to confidently deal with safeguarding concerns within our communities and affords them the knowledge to be able to safely recognise and respond to any issues of this nature that arise.
Enabling our ambitions	<ul style="list-style-type: none"> The existence of a suite of policies pertaining to public protection issues puts us in a very strong position as being sector leading in this area. Taking the Domestic Abuse policy, this is a prerequisite for signing up to the Chartered Institute of Housing's Make a Stand Pledge and allows us as an organisation to have signed up and demonstrate our clear commitment as an organisation towards supporting victims and their families.

3. Background

- 3.1 The Group Protecting People Policy Framework (PPPF) is our group wide approach to keeping our communities safe and provides us with a strong platform for sharing learning and best practice around public protection and safeguarding issues across all Group subsidiaries.
- 3.2 The strategic aim of the PPPF is to ensure that: *we work with customers, staff, and partners to make homes and lives better and safer for all and that we will design and deliver services to minimise the risk of harm and abuse within our communities*
- 3.3 The documents contained within the PPPF include:
- Group Protecting People Policy Framework;
 - Group Multi Agency Public Protection Arrangements (MAPPA) Policy;
 - Group Domestic Abuse Policy;
 - Group Child Protection Policy; and
 - Group Adult Support and Protection Policy.
- 3.4 The PPPF and policies sit within the remit of the Group Protection Team, who assume responsibility for ensuring these documents remain current, compliant with relevant legislative and regulatory requirements, and remain fit for purpose for those who use the documents, to obtain clear guidance around supporting some of our most vulnerable customers.
- 3.5 The policies within the PPPF were approved by Wheatley Group Board in April 2017 and reviewed with updates in April 2019. They are now due again for review under the 3-year cycle outlined in the policy review and consultation section of each policy.

- 3.6 Loretto staff routinely link in with the Group Protection Team when they are dealing with any cases involving Group Protection issues and access the expertise within the team to help find the best and safest solutions, options, and pathways to support available for their customers. Part of this involves our staff utilising the PPPF and policies within to help support them in their understanding of Group Protection issues faced by customers, their requirements around reporting and what support options are available to best address any concerns.

4. Discussion

- 4.1 Since initial drafting of the PPPF and policies within, there have been some significant changes occur which have had a profound impact on how we deliver our services and engage with our customers, communities, and partners; most notably the global covid-19 pandemic, Brexit, and the current ongoing cost of living crisis.
- 4.2 The PPPF and suite of policies within were reviewed to take account of the developments above, as well as new legislation implemented, organisational changes, partnership developments and services introduced. They also take cognisance of updated figures and trends across each of the areas covered in the policies, to demonstrate the current picture at this time of writing.
- 4.3 The main changes with the PPPF and each individual policy are summarised below. It is worth noting that for all policies and the PPPF, the following updates were applied across them commonly, to bring them fully up to date:
- Updated throughout to remove references to our previous Group strategy, Investing in our Futures, and replaced with information of relevance contained within our 2021-2026 Your Home, Your Community, Your Future Strategy;
 - Figures provided throughout updated to more current statistics available across all separate areas;
 - Updated our objectives within each document to include the creation of tailored training for staff and the development of a communications and engagement strategy;
 - Organisational changes accounted for in terms of our new operating model, partnerships, team structures and services delivered;
 - Formation of a Group Protection Team accounted for in the policy, whereas originally it was only the Group Protection Liaison Manager in post;
 - Revised with Wheatley Foundation current service offering, including revised model for Eat Well;
 - Confirmation that a full performance monitoring framework has been established within the Group Protection Team and is compiled for use in statistical data analysis and resource planning;
 - Change from My Contribution to My Appraisal system;
 - Additional detail around some of the work undertaken by the Group Protection Team to support the frontline in dealing with cases, including publishing a regular Group Protection Matters Bulletin, development of staff training and overview sessions;
 - Revised to incorporate the correct section of the GDPR policy which must be considered – which is appendix 2 and not appendix 3;
 - Language updated in line with National change, where significant case reviews are now referred to as learning reviews;

- Updated to reflect the current work across the Community of Excellence (CoE) network and no longer specifically restricted to the Protecting Communities CoE;
- Endnotes section incorporated across the PPPF and MAPPA, Domestic Abuse and Child Protection Policies.

Protecting People Policy Framework (PPPF)

- 4.4 This overarching framework which sits above the Group Protection Policies was designed and signed off in 2016, in advance of the policies themselves, which came the following year in 2017.
- 4.5 The PPPF document required to be revised to bring it up to date with the 2019 refreshed policies and the changes that went alongside implementation of these policies in each of the key areas.
- 4.6 The PPPF allows us to define what it means to keep our communities safe from harm and to set sector leading standards in Group Protection areas. The PPPF clearly outlines how the activity and service delivery within each of the policies aligns with our strategy.
- 4.7 The main changes made within the revised version of the PPPF are as follows:
- Updated in line with development work around attendance at additional Multi Agency forums since last iteration of policy was formulated;
 - Revised to update the formal name of the third category of offender managed under MAPPA;
 - Additional points made to strengthen the success measures that will be used to demonstrate the PPPF is making a difference and having a positive impact;
 - Information included around the rationale for sharing information around Domestic Abuse, as no one single agency holds the full picture of risk faced by a victim and their children, however, collectively can see this by working together;
 - Legislation section brought up to date in line with all amendments within individual policies.

Multi Agency Public Protection Arrangements (MAPPA)

- 4.8 Multi Agency Public Protection Arrangements (MAPPA) are a set of statutory partnership working arrangements introduced in 2007 by virtue of Section 10 and 11 of the Management of Offenders etc (Scotland) Act 2005. The 2005 Act places a statutory duty on the Responsible Authorities in a local authority area to jointly establish arrangements for assessing and managing the risk posed by certain categories of offender. These categories of offender are as follows:
- Registered Sex Offender (RSO);
 - Mentally disordered restricted patient;
 - Other Risk of Serious Harm Offender (previously referred to as violent offenders).

- 4.9 There have been no direct MAPPA legislative changes since the initial draft of the policy. The Children (Scotland) Act 1995 is due to be modified through The Children (Scotland) Act 2020, however this is not currently in place yet. It has been included within the legislation section to future proof the document for when this does come into force.
- 4.10 In terms of guidance, there has been an updated version of the MAPPA National Guidance in March 2022 published, however nothing contained within this document has resulted in any fundamental changes to our policy.
- 4.11 The main changes made within the revised version of the MAPPA policy are as follows:
- Update of team name non Registered Social Landlord (RSL) requests should be directed to – Group Information Governance Team;
 - Confirmation of exact name of legislation which outlines the duty to cooperate requirement for RSLs;
 - Revised to provide additional guidance to staff around potential risks to take into consideration when working with RSOs which require to be fed into the responsible authorities to support with their risk management (eg antisocial behaviour, pregnancy of any partners) and also to dispel some common myths around RSOs;
 - Revised to include the improved community care allocations process for restricted patients returning to the community;
 - Removed reference to short term National Accommodation Strategy for Sex Offender (NASSO) working group and Scottish Government short life working group on Environmental Risk Assessments, which have both now concluded;
 - Removed reference to change of circumstances being picked up at annual review at the latest;
 - New section incorporated to explain the occurrence of RSOs having their status outed within the community;
 - Information provided on the keeping children safe scheme, also referred to as the Police Scotland Sex Offender Community Disclosure Scheme.
- 4.12 As noted above, the policy had the insertion of an additional section on advice and guidance for staff around RSOs having their status 'outed' within the community. The reason for this is linked to a noted rise in occurrences of this activity and therefore a requirement to ensure staff are equipped to feel confident in dealing with these types of enquiries.

Domestic Abuse

- 4.12 Our service offering as a team and organisation has increased significantly since the original draft of the Domestic Abuse Policy in 2017.
- 4.13 There have been legislative changes since the last iteration, which have been included into the document. The changes include:
- Domestic Abuse (Scotland) Act 2018 coming into force in 2019, recognising coercive control as a specific criminal offence;
 - Future legislation which has been passed in the form of the Domestic Abuse (Protection) (Scotland) Act 2021, which received royal assent on 5th May 2021, however, has yet to be formally implemented. As such full details of this new legislation was not included in the document at this

time, however in line with the agreed review periods, this will be incorporated when the legislation is formally implemented.

4.14 The main changes made within the revised version of the Domestic Abuse policy are as follows:

- Strengthened to provide some further examples of coercive controlling behaviours in line with the new legislation which came into force criminalising this abuse and also details a wider range of sexual abuse examples;
- Details of established partnerships to support in dealing with cases of Domestic Abuse;
- Overview of our increased service offering in relation to Domestic Abuse, including attendance at the Multi Agency Risk Assessment Conferences, information sharing, training package to support staff and role of Group Protection for offering support;
- Updated with a new section detailing our award winning training package for supporting staff to recognise and respond to domestic abuse.

4.15 There were also suggested changes made by colleagues within the Domestic Abuse Specialist Services sector as part of the customer engagement piece carried out for this policy, which are picked up in section 5.4 below.

Child Protection

4.16 Child Protection is an area of development for the Group Protection Team within 2022/2023, where we are working to strengthen our service offering, established partnerships and training for staff in relation to these vital issues. Recent concerning cases of child neglect and abuse in the media make the existence of a Child Protection Policy even more pertinent, to ensure staff are adept at spotting the signs of a child or young person at risk, and importantly, having the knowledge around how best to help them.

4.17 There was withdrawal of proposed legislation in relation to the named person scheme, which was mentioned within the initial policy, which has now subsequently been removed. The Children (Scotland) Act 1995 is due to receive some modifications through The Children (Scotland) Act 2020, however this is not currently in place yet. It has been included within the legislation section to future proof the document for when this does come into force. The Domestic Abuse (Scotland) Act 2018 was also included within the legislation section as this is applicable.

4.18 In terms of guidance, there has been an updated version of the Child Protection National Guidance in 2021, however nothing contained within this document resulted in any fundamental changes to our policy.

4.19 The main changes made within the revised version of the Child Protection policy are as follows:

- Information emphasised around requirement to submit the required Child Protection referrals to the Local Authority and also details of each Social Work Child Protection Team across Scotland provided;

- Enhanced information outlined in terms of how Child Protection concerns may originate;
- Revised wording around requirement to pass concerns to local authority and contact Police if any criminality is established;
- Update provided around Group Protection Team Multi Agency Meeting Attendance to support with issues around Child Protection;
- Information included to support victims of domestic abuse who wish to remain within their property.

Adult Support and Protection

- 4.20 Adult Support and Protection is another key area of development for the Group Protection Team in 2022/2023, where the intention is to strengthen our service offering and establish partnerships and training for staff in this area. We know that a number of our customers could be described as vulnerable and some of these customers will be susceptible to harm, abuse or neglect, or indeed self-neglect.
- 4.21 Our Adult Support and Protection Policy supports staff to notice concerns and have awareness of the established mechanisms to report these concerns to the appropriate authorities. It also outlines the service provision and support available to our customers through our wraparound support services.
- 4.22 There have been no legislative changes since the initial draft of the policy was made. In terms of guidance, the Adult Support and Protection Code of Practice document was revised in July 2021. This document is primarily aimed at those with the statutory duty to investigate and perform functions under the act, however it is also of relevance to those organisations reporting concerns. There isn't anything specific within this guidance document that changes the nature of the policy in terms of its review.
- 4.23 The main changes made within the revised version of the Adult Support and Protection policy are as follows:
- Updated to include potential for disclosure of Adult Support and Protection issues at Multi Meeting Attendance of the Group Protection Team and role in attendance at these meetings for supporting our customers;
 - Strengthened to outline the steps that will be taken if any customer informs a member of staff that they intend to take their life;
 - Information provided around the 32 Local Authority Adult Support and Protection Teams for ease of staff reporting concerns;
 - Revised to update role of Multi Agency meeting attendance in recognising adult support and protection concerns.

5. Customer Engagement

- 5.1 As part of our overarching policy framework we have identified all policies where customer engagement should form part of the review process. This reflects our strategy commitment that customers have greater influence over our policies.

- 5.2 The Domestic Abuse policy is a policy identified within the PPPF requiring specific customer engagement consideration built into the review process.
- 5.3 Given the sensitivities around customer engagement with victims/survivors who have experienced domestic abuse, including the potential for re-traumatisation, we undertook that engagement via partners within the domestic abuse specialist services sector would be a more suitable alternative, to ensure the voice of the customer is reflected in our policy. This is an addition to the feedback/views we hear regularly from customers affected which are always considered when developing or reviewing policies.
- 5.4 The Domestic Abuse policy was sent to an Operations Manager within ASSIST (Scottish Government funded service to support victims of Domestic Abuse going through Court), Wigtownshire Women's Aid and our partners at Home Connections (Revive England) for comment.
- 5.5 The feedback received from all organisations was that the policy was robust, victim focussed and fit for purpose. All suggested additions and amendments were incorporated into the revised policy document.

6. Environmental and sustainability implications

- 6.1 There are no environmental and sustainability implications relative to the content of this report.

7. Digital transformation alignment

- 7.1 All policies will be held digitally on our Protecting People WE Connect page and when approved and ready for relaunch, a full communications plan, including a digital plan, will be adopted to ensure all relevant staff are aware of the update to these documents, to allow them to engage digitally with the new PPPF.
- 7.2 Our new operating model will support a digital roll out of the updated policies and allow information regarding their launch to reach the relevant staff across Group who have a stake in these documents and the vital content they include to promote and enhance safeguarding our vulnerable customers.

8. Financial and value for money implications

- 8.1 The costs associated with the delivery of the PPPF lie within ensuring staff receive the appropriate training, information, and support to understand the content and the requirements of what is expected from them to keep our customers safe from harm. This is picked up within the current staffing structure of the Group Protection Team, where delivery of training is contained within their remit to work with academy colleagues to provide this and all other associated information, guidance and process mapping is devised by the team and cascaded to staff as necessary.
- 8.2 Value for money is provided where we can support our customers to remain within their homes safely, without requirement to move on to seek safety if this is their desired choice. We achieve this through information sharing and partnership working with key agencies, providing access to pioneering safety products, and ensuring the appropriate safety measures are in place to facilitate this.

9. Legal, regulatory and charitable implications

- 9.1 Each policy within the PPPF has been fact checked to ensure all relevant legislation remains current and compliant in relation to the area in which it covers.
- 9.2 Where there have been any amendments to legislation, or new legislation implemented, this has been incorporated. For example, the Domestic Abuse policy contains details of the new Domestic Abuse (Scotland) Act 2018.
- 9.3 Colleagues within the legal team have reviewed each policy within the framework and the framework itself, and any suggested amendments have been incorporated into the documents.

10. Risk Appetite and assessment

- 10.1 This report cuts across all 5 key themes within our Group strategy Your Home, Your Community, Your Future; in particular, delivering exceptional customer experience, changing lives and communities, and developing our shared capability.
- 10.2 The existence of this suite of policies helps support our customers from risk of harm, therefore without these documents our risk level around safeguarding and public protection concerns would rise. It is of equal importance that these documents are kept up to date and take full account of legislative, regulatory, and procedural changes, therefore this review of the suite within the PPPF is crucial to adhere to this.
- 10.3 In terms of the Risk Appetite, it would be described as minimal - *preference for ultra-safe business delivery options that have a low degree of inherent risk and only have a potential for limited reward*.
- 10.4 As our policies and subsequent procedures within Group Protection require tight legislative and regulatory compliance, it is essential that we would *'want to be very sure we would win any challenge'*.

11. Equalities implications

- 11.1 The policies were updated accordingly to take cognisance of equality impact; within the Adult Support and Protection Policy where it referenced 'his or her' this was changed to 'their', and within the Domestic Abuse Policy where it referenced men and women, this was changed to reference 'individuals'.
- 11.2 Policies within the PPPF cover all customers across Group and have been designed to be inclusive, non-judgemental and promote a consistent approach being undertaken when dealing with those impacted by the issues covered across the policy framework.
- 11.3 Equality Impact Assessments (EIA) were undertaken on the following documents as part of this process:
 - Protecting People Policy Framework;
 - Domestic Abuse;
 - Child Protection;
 - Adult Support and Protection.

12. Key issues and conclusions

- 12.1 The PPPF and policies within have been reviewed in line with their 3 year review schedule and updated to reflect all relevant legislative, regulatory, organisational and procedural amendments that have occurred since the last version of each policy.
- 12.2 This applies to the following documents in the suite:
- Group Protecting People Policy Framework;
 - Group Multi Agency Public Protection Arrangements (MAPPA) Policy;
 - Group Domestic Abuse Policy;
 - Group Child Protection Policy; and
 - Group Adult Support and Protection Policy.
- 12.3 Customer engagement has taken place on the Domestic Abuse policy, which was issued to partners within the Domestic Abuse Specialist Services Sector in line with agreed sensitivities with engaging directly with customers impacted.
- 12.4 The policy was sent to one of the Operations Manager from ASSIST, Wigtownshire Women's Aid, and the Revive England Manager at Home Connections, to get a balance of input and engagement.
- 12.5 Each document has been reviewed by colleagues within the legal team to ensure they are fully compliant.
- 12.6 The policies have been reviewed in line with our strategy and are aligned to the strategic themes and key outcomes accordingly, to ensure compliance and continuity across Group activity.
- 12.6 The policies within the framework are a key tool for staff to support some of our most vulnerable customers across Group and are utilised to ensure the correct measures are implemented, reporting processes are followed, and support offerings are provided, to help mitigate against any risk of harm or abuse.
- 12.7 Having a structured PPPF ensures that as an organisation we are taking a coordinated approach towards issues of public protection and safeguarding, which enhances staff confidence in dealing with these issues and ultimately strengthens our response to support our most vulnerable customers.

13. Recommendations

- 13.1 The Board are asked to review the PPPF and individual Group Protection Policies and provide feedback and comments on each, for incorporation into the final versions to go before the Wheatley Group Board for final approval.

LIST OF APPENDICES:- [redacted. Available under [Publication scheme | LHA \(lorettoha.co.uk\)](https://www.lorettoha.co.uk)]

- Appendix 1 Revised Protecting People Policy Framework;
- Appendix 2 Revised Multi Agency Public Protection Arrangements Policy
- Appendix 3 Revised Domestic Abuse Policy;
- Appendix 4 Revised Child Protection Policy;
- Appendix 5 Revised Adult Support and Protection Policy

Report

To: Loretto Housing Association

By: Frank McCafferty, Group Director of Repairs and Assets

Approved by: Martin Armstrong, Group Chief Executive

Subject: Transforming our repairs environment update

Date of Meeting: 15 August 2022

1. Purpose

- 1.1 This report provides an update on the on-going programme to transform the repairs and maintenance service provided by City Building (Glasgow) LLP ("CBG") to our customers across the Group.

2. Authorising and strategic context

- 2.1 Under the Group Standing Orders, the Loretto Housing Association Board is responsible for considering matters of strategic significance. The nature and performance of our repairs service, given its importance to customers and our business, is a strategic matter.
- 2.2 The Group Board agreed the repairs transformation at its February 2022 Board meeting and the details of the programme are being provided to each of the Group subsidiaries.
- 2.3 The Group strategy, '*Your Home, Your Community, Your Future*' recognises the quality and importance of the repairs service, and the need to build on this with continued innovation to create an outstanding service.

3. Background

- 3.1 The plan for transforming the repairs service that the Board agreed previously has three inter-related elements:
- reducing the current number of live and overdue repairs jobs, so they return to normal pre-pandemic levels;
 - delivering 'quick wins' that make an immediate difference to the repairs service; and
 - the wider transformation to an exceptional, modern service.
- 3.2 The vision in our 2021-26 strategy is a customer led repairs service. Having the customer voice shape the service will help ensure it continues to deliver value for money and meets the needs and expectations of different customer groups. This last point is key; reflecting that there are various customer groups – RSL tenants in Glasgow, RSL tenants outside Glasgow, Mid Market Rent

("MMR") tenants, Private Rental Sector ("PRS") tenants, factored owners, all with different service needs, challenges and opportunities to address.

- 3.3 Work on the repairs transformation is being taken forward jointly by staff in CBG and Wheatley, and a steering group has been established to monitor and ensure progress. This steering group meets every two-weeks and is chaired by our Group Director of Repairs and Assets, and CBG's Executive Director.

4. Discussion

- 4.1 It is important that the Board is kept apprised of the work being carried out as part of the Transformation Programme. The repairs service is delivered by CBG through the joint venture arrangement; there was no significant backlog of repairs to clear during the reducing live repairs programme that was delivered.
- 4.2 Loretto have their own CBG Operational Delivery Manager and a dedicated team of operatives who work almost exclusively on our properties, building up knowledge of the stock, replacement materials and so on. They have completed over 3,000 responsive repairs to our housing stock since 1 April 2022.
- 4.3 There is also a dedicated void manager to ensure vacant properties are inspected and repaired quickly to minimise lost rental income. Average end to end void repair timescale was 4.91 days in July 2022.
- 4.4 The CBG team work closely with our frontline housing teams and have regular liaison meetings to discuss performance and service delivery.
- 4.5 As noted at 3.1, the repairs transformation has three inter-related phases. The first phase, reducing the number of responsive repairs that are 'live' at any given time, is a pre-requisite for successful transformation. Over the past few months, the number of live responsive jobs peaked at approx. 9,500. This is significantly more than acceptable for normal operations and is despite the extensive efforts of CBG staff in completing work required by customers.
- 4.6 To address this, CBG put a specific plan in place with extra trades resources and logistic arrangements to reduce the volume of live responsive repairs to 4,500 by end July 2022. This target was achieved by the required date and the number of live jobs has now to be kept at or below 4,500 through a combination of the service improvements expected from the transformation and better matching CBG resources to customer demand.
- 4.7 In parallel with reducing the number of live jobs, the number of overdue repairs also needed to be reduced. These levels peaked at over 1,000 and the target of under 200 was achieved by the required date of the end of July 2022.
- 4.8 Six quick wins were identified as part of the repairs transformation programme, with the aim of making significant progress on each by the end of June 2022. The six wins, associated progress measures and current status are shown below:

Quick win	Progress measure	Status
Direct Customer First Centre ("CFC") access to Servitor	CFC staff are able to view repair jobs and status directly on CBG's servitor and DRS platforms.	Complete
Centralised CBG team to support CFC	CBG having a team of at least 6 people in place, with operating procedures agreed to satisfaction of CFC.	Complete
Increase use of next day appointments	Diagnostics restructured so emergency jobs are raised as a last resort, and Customer Service Advisors are trained accordingly.	Complete
CFC follow up on emergency no access	Process in place whereby the CFC make follow-up contact with customers where a no access occurs on an emergency job. Specification developed to automate process via ASTRA	Complete
Refresh customer messaging	Approach agreed to revise customer comms through Localz. Pilot programmed at the end of 2022.	Design work on going
New approach to cancelled lines	Process in place whereby the CFC have full visibility over all cancelled lines and new cancellation reasons are defined for improved monitoring.	Review being undertaken

4.9 In general, steady progress is being made across the quick wins; the two ongoing are because of a dependency on CBG's planned upgrade to its Servitor system. Servitor is the core system that CBG uses to manage repairs delivery workflows and interface with our Customer First Centre. This upgrade was scheduled for May 2022, however the installation was re-programmed and complete in July 2022.

4.10 Highlights for each quick win are as follows:

- **Direct CFC access to servitor** – arrangements are in place at present for Wheatley staff to access servitor. all CFC servitor accounts have been set up and shared with staff. **This action is complete.**

- **Centralised CBG team to support CFC** – CBG has recruited six staff for this support team and operational procedures including approach to communications and working hours have been agreed with the CFC team. **This action is complete.**
- **Increase use of next day appointments** – changes have been made to the diagnosis system, so it no longer defaults to raising an emergency and CFC staff are being trained to channel the repair and agree an appointment for appropriate repairs with customers. **This action is complete.**
- **CFC follow up on emergency no access** – reporting tools have been developed so CFC staff have much more rapid information when there is no access on an emergency repair. Processes are now being developed to use this information and follow up with the customer. Specification has been agreed with Verint to automate the process via ASTRA **This action is complete.**
- **Refresh customer messaging** – work is on-going with Localz on messages to customers and the repairs event (e.g. agreeing an appointment, reminder on day of repair, operative on route) that will trigger a message being sent. Information for these ‘triggers’ will be needed through the CBG Servitor upgrade. Detailed technical design work is underway and the **action is being reprogrammed in line with the Servitor post-implementation work.**
- **New approach to cancelled lines** – work to analyse the reasons for cancellation has been carried out, and new cancellation codes are being agreed which will provide greater insight and are planned as part of the Servitor upgrade. **This action has been partially complete and will be finalised as part of the Servitor upgrade post-implementation works.**

4.11 As set out in previous updates, the wider transformation is structured around seven work streams.

4.12 Detailed planning, including scoping workshops have been undertaken for each workstream, and key outcomes and required activities have been defined. Work is now on-going to develop detailed project implementation plans and a project manager is in place. The seven workstreams are:

- **Customer contact and communications** – this looks to ensure that it is easy for customers to raise and change repairs through the CFC and online web self-service. It also aims to provide customers with accurate and timely information on their repair; a full review of the who, how and why customers are being contacted has been mapped and is being analysed in conjunction with the additional functionality of both the Servitor and Localz systems to map a refined strategy for customer communication. This work is currently ongoing and a pilot was programmed for July 2022, however this is likely to be reprogrammed due to complications with the architecture of the various systems involved. **It is anticipated that the pilot will commence later in 2022. This will fit well as a further digital service development for customers following the plan redeployment of Web Self Service system in August 2022;**
- **IT and systems** – this includes various priorities such as the upgrade to CBG’s Servitor and DRS systems, developing Localz, creating an overarching IT strategy and simplifying the systems architecture and interfaces that support repairs delivery. Six Scoping workshops covering the key areas of Repairs have been planned for Mid-August to Early September. Resources across Group and CBG have been agreed for the workshops

- **Service and process redesign** – this workstream is closely linked to the IT one as it looks to improve current repairs processes. Priorities include making repairs categorisation and diagnostics more straightforward and scoping the extent to which core repairs activities relating to building compliance can be embedded in the core Servitor IT system. Early successes include recategorisation of medical adaptation to improve completion timescales for customers;
- **Encouraging diversity** – this workstream is working through apprentice recruitment and encouraging more leadership progression for women through the Equality Working Group. Recommendations and actions proposals are programmed to be presented for approval by the **end of September 2022**;
- **Cleaner and greener** – the Working Group engaging in this workstream is progressing. Fifteen new electrical vehicle chargers were installed within Darnick Street as part of the pilot for our fleet and employees as well as additional segregation of waste products within vans from repairs;
- **Meeting the needs of MMR/PRS tenants and owners** – this considers and looks to improve core processes for these customer groups including repairs timescales, completions and cancellations, billing and complaints. Early progress includes holding workshops covering core processes and developing the approach to customer engagement to ensure the needs of customers shape service development; and an action plan is being prepared which will be complete prior to the **end of September 2022**.
- **Information and performance** – this recognises that timely, reliable and shared information is essential in transforming the repairs service. Priorities include specifying an updated performance framework, ensuring data is collected at source and making use of reporting capabilities in Servitor, to improve the customer experience. An action plan has been drafted and proposals will be presented for consideration by the **end of September 2022**.

5. Customer Engagement

- 5.1 Developing the customer voice so actual experience of the service helps shape the transformation is a key priority and included in the transformation programme.

6. Environmental and sustainability implications

- 6.1 A specific workplan is included in the transformation programme to make the repairs service including CBG greener and cleaner.

7. Digital transformation alignment

- 7.1 Digital transformation is key to a range of priorities that are included as part of the workstreams discussed above including having direct access to CBG systems for CFC staff, tracking progress with a repair and providing real time feedback on satisfaction, or otherwise.

8. Financial and value for money implications

- 8.1 The repairs transformation is expected to provide a service that better meets customer needs and expectations of value, while also improving processes so that waste is reduced and business value increased.

9. Legal, regulatory and charitable implications

- 9.1 There are no specific legal implications as a result of what is discussed in this paper.

10. Risk Appetite and assessment

- 10.1 The risk appetite relating to our Operating Model (Modernising services, JV, repairs service, NETS and CPP) is “Hungry” i.e. eager to be innovative and to choose options offering potentially higher business rewards (despite greater inherent risk).
- 10.2 The plans set out here are ambitious and will require close management, as planned through the Executive level scrutiny and steering group, to ensure progress is delivered as planned.

11. Equalities implications

- 11.1 The repairs transformation included a specific workstream to increase the diversity of staff that deliver the repairs service. Having this is expected to contribute to the stated aim of having a repairs service that is tailored to the needs of customers.

12. Key issues and conclusions

- 12.1 Progress is continuing to be made across the three areas that make up the repairs transformation:
- 1) reducing the number of live repairs jobs in the system;
 - 2) quick wins; and
 - 3) wider transformation activities.

13. Recommendations

- 13.1 The Board is asked to note progress and that updates on progress will continue to be provided to future meetings.

Report

To: Loretto Housing Association Board

By: Natalya Macholla, Managing Director of Customer Services

Approved by: Laura Pluck, Group Director of Communities

Subject: Complaint Handling and Performance 2021/2022

Date of Meeting: 15 August 2022

1. Purpose

- 1.1 The purpose of this report is to provide the Board with:
- An overview of complaint handling and performance across Loretto Housing Association for 2021/22;
 - Information on our learning and customer insight from complaints across 2021/22;
 - An update on developments relating to our onward approach to complaint handling; and
 - Seek feedback on the updated Complaints Policy and Unacceptable Actions Policy.

2. Authorising and strategic context

- 2.1 Under the Group Authorising Framework, subsidiary Boards are responsible for monitoring operational performance and for addressing any specific regulatory requirements including complaints handling.
- 2.2 The commitment to delivering exceptional customer experience and progressing from excellent to outstanding service are key outcomes in our 2021-26 strategy. Our approach and performance relating to complaint handling is a key part of our vision for realising this.

3. Background

- 3.1 The Group Complaints Policy outlines our two-stage complaints process which is compliant with the requirements of the Scottish Public Service Ombudsman (SPSO) model Complaint Handling Procedure (CHP). There is a requirement that we ensure:
- All complaints are recorded;
 - Complaint handling and performance is reported to the Board and Executive Management Team on a regular basis;
 - We record service improvements as a result of complaint handling; and
 - Publicly report performance and share this information with our customers.

- 3.2 In February 2020, the SPSO launched its new Model Complaint Handling (MCH) guidance which all public organisations across Scotland were required to bring into effect by April 2021 as reported to Board in February 2021. The key change to their complaint handling guidance is the focus on resolving complaints and included the option to close complaints as 'Resolved'. The key focus of these changes being to support organisations in evaluating performance, driving improvement and sharing good practice thus ensuring the provision of excellent service to customers through effective complaints handling procedures.
- 3.3 In line with the new MCH guidance, a complaint is resolved when both the organisation and the customer agree what action (if any) will be taken to provide full and final resolution for the customer, without making a decision about whether the complaint is upheld or not upheld. Working collaboratively with the Complaints Handlers Network we developed guidance to use in the deployment of this new approach, including the use of practical examples of when to use the new 'resolved' outcome. This is available to all of our staff who handle complaints. Resolved complaints still need to be reported as overall complaint figures.
- 3.4 The CHP also encourages consistent application and reporting of performance against the KPIs defined in its latest guidance issued in April 2022. There are four mandatory KPIs that we are required to report on. It is a minimum requirement for all organisations to:
- Report at least quarterly to senior management on the KPIs and analysis of the trends and outcomes of complaints;
 - Publish on a quarterly basis information on complaints outcomes and actions taken to improve services, i.e. good practice and lessons learned (there is no requirement to also publish quarterly data on KPIs); and
 - Publish an annual complaints performance report on our website that includes performance statistics in line with the KPIs, complaint trends and actions that have been taken or will be taken to improve services as a result.
- 3.5 For Registered Social Landlords, there are four KPIs that we must adopt. They are quantitative and help organisations and SPSO monitor practice and identify trends by showing: how many complaints organisations received; how long it took to deal with them at each stage; and how many were resolved, upheld, partially upheld or not upheld. The four KPIs we must adopt are:
- Total number of complaints received.
 - The number and percentage of complaints at each stage that were closed in full within the set timescales of five and 20 working days.
 - The average time in working days for a full response to complaints at each stage.
 - The outcome of complaints at each stage.

- 3.6 Over the period of the pandemic, like other organisations, we experienced a considerable downturn in the reporting of complaints. However, this was against a back-drop of restricted service delivery and significant disruption to wider public services. Complaint levels across Scotland have since risen above pre-pandemic levels with the SPSO itself reporting a 17% increase in the complaints they have received when comparing the 2021/22 and 2020/21 reporting years. They also noted an increase in the overall rate of complaints being upheld.
- 3.7 Complaints are managed and monitored in line with our Group Complaints Policy.

4. Discussion

Complaint Handling and Performance 2021/22

- 4.1 The Annual Return on the Charter (ARC) represents the key statistical reporting requirements to the Scottish Housing Regulator (SHR). The SHR has developed a set of indicators for landlords to report against. The following performance indicators relate to complaint handling and is supported by technical guidance provided by the SHR to calculate and report complaint handling performance on an annual basis:
- **The percentage of all complaints responded to in full at Stage 1 and the percentage of all complaints responded to in full at Stage 2.** The complaint response date is the date that the complaint has been closed and issued to the customer to confirm the outcome of their complaint.
 - **The average time in working days for a full response at Stage 1 and the average time in working days for a full response at Stage 2.** The target timescales as set out in the guidance issued by SPSO for handling complaints is within 5 working days at Stage 1 and within 20 working days at Stage 2.
- 4.2 During 2021/22, 153 complaints were received by Loretto and 150 (98.04%) concluded in this period. For the purpose of reporting, the discrepancy between the complaints received and resolved in each reporting period is understood by the SHR. It is defined in the technical guidance issued by the SHR that landlords:
- Must count complaints received late in the reporting period, the outcome of which may not be reported until the next reporting period.
 - Must count the outcome of complaints received in the previous reporting period.
- 4.3 A summary of Loretto complaint performance data against key complaint handling performance indicators for 2021/22 is provided in Table 1 below. It is noteworthy that the ARC requires us to combine Loretto and Lowther complaint performance data as Lowther deliver factoring services on behalf of Loretto and therefore, considered as a service provided by Loretto.

Table 1: Loretto Annual Return on the Charter 2021/22 complaint performance data (including Lowther complaints)

ARC Indicators	Number of complaints	Percentage	Target
Complaints received in the reporting year	153 <ul style="list-style-type: none"> Loretto: 144 Lowther: 9 		
Complaints responded to in full in the reporting year	150 <ul style="list-style-type: none"> Loretto: 139 Lowther: 11 		
Percentage of Complaints responded to in full within SPSO timescales		Stage 1: 97.10% Stage 2: 83.33% Overall: 96.00%	96%
Average working days to provide a full response to all <u>Stage 1</u> complaints	<ul style="list-style-type: none"> Loretto: 3.50 Lowther: 5.33 Combined: 3.62 		5 working days
Average working days to provide a full response to all <u>Stage 2</u> complaints	<ul style="list-style-type: none"> Loretto: 18.9 Lowther: 33.5 Combined: 21.33 		20 working days

- 4.4 As noted in Section 3.6 above, a consistent theme as organisations have emerged from the COVID-19 pandemic, has been a general rise in the number of complaints raised. This is consistent with what we have seen across Loretto during 2021/22 when compared to the total number of complaints received during the previous year and indeed the pre-covid year of 2019/20.
- 4.5 During 2021/22, Loretto received 153 complaints in comparison to the 140 received during 2019/20 (pre-pandemic year). Since 2019/20, Loretto stock has increased by 42% as a result of the Cube transfer. Table 1 confirms the average working days to respond to Stage 1 and Stage 2 complaints received by Loretto as 3.62 days and 21.33 days respectively.
- 4.6 In comparison to other Wheatley Group subsidiaries, Loretto reported 57.97% of Stage 1 complaints and 66.66% of Stage 2 complaints upheld or partially upheld. Table 2 below demonstrates how Loretto has performed against the other Wheatley Housing Group RSLs in the year on this measure. The performance in terms of responding to complaints within SPSO timescales has decreased from 97.56% in 2020/21 to 96% in 2021/22. Comparison with the other Wheatley Group RSL subsidiaries is outlined in Table 3 below.

Table 2: Percentage of Stage 1 and 2 Complaints, per RSL subsidiary, that were upheld or partially upheld in year.

Subsidiary	Stage 1 % Upheld or Partially Upheld	Stage 2 % Upheld or Partially Upheld
<i>Target</i>	50%	50%
Wheatley Homes Glasgow	55.89%	57.80%
Dunedin Canmore	58.03%	65.31%
WLHP	59.26%	N/A
Loretto	57.97%	66.66%
DGHP	41.73%	66.66%

Table 3: Percentage of all complaints, per RSL subsidiary, responded to in full at Stage 1 and 2 of the complaints process compared to number of complaints received within 21/22.

2021/22 Performance			
Subsidiary	Stage 1	Stage 2	All Complaints
Wheatley Homes Glasgow	97.49%	98.94%	97.67%
Dunedin Canmore	95.72%	102.08%	96.49%
WLHP	100.00%	N/A	100.00%
Loretto	97.87%	100%	98.04%
DGHP	99.06%	100%	97.25%
2020/21 Performance			
Subsidiary	Stage 1	Stage 2	All Complaints
Wheatley Homes Glasgow	97.16%	91.60%	96.21%
Dunedin Canmore	100.00%	91.18%	98.89%
WLHP	100.00%	N/A	100.00%
Loretto	97.30%	100.00%	97.56%
DGHP	96.53%	84.62%	95.81%
2019/20 Performance			
Subsidiary	Stage 1	Stage 2	All Complaints
Wheatley Homes Glasgow	97.27%	95.97%	97.13%
Dunedin Canmore	98.80%	95.83%	98.49%
WLHP	90.91%	100.00%	91.67%
Loretto	97.01%	100.00%	97.18%
DGHP	100.00%	100.00%	100.00%

- 4.7 Table 4 below confirms that 96% of all complaints were closed within timescale compared to our target of 96%.

Table 4: Loretto Complaints Responded to within SPSO Timescale 2021/22

	All		Stage 1		Stage 2	
	Amount	%	Amount	%	Amount	%
Loretto Complaints						
Complaints Responded to within SPSO Timescale	144	96%	134	97.10%	10	83.33%

- 4.8 A key indicator for assessing the strength of our ability to handle complaints effectively and appropriately is centred on the escalation of complaints to Stage 2 of the procedure or an overall low number of Stage 2 complaints. If a low volume of complaints are being upheld following an investigation at Stage 2 then this is an indication that issues raised by tenants and customers are being identified, investigated and resolved appropriately.
- 4.9 During 2021/22, there was an increase in the number of complaints escalated to Stage 2 of the complaints process. We have investigated and responded to 12 Stage 2 complaints from Loretto tenants and customers. Following investigation, 8 (66.66%) Stage 2 complaints were upheld. Across both Loretto and Lowther, complaints about our repairs and maintenance service was the main reason our customers raised a complaint that escalated to Stage 2 of our complaints process. This is reflected across all Wheatley Group subsidiaries. The Repairs Transformation Plan, previously reported to Board reflects areas of improvement identified.

External Review (SPSO and First-Tier Tribunal)

- 4.10 The SPSO have reported that they have a significant backlog of cases as a direct result of the Covid-19 pandemic and the subsequent increase they have experienced in reported complaints (17% increase). In their recent contact with our Customer Insight and Complaints Team they confirmed that some customers are waiting up to 12 months to receive their final decision.
- 4.11 In total, 1 complaints (0.007% of all complaints) from Loretto tenants were subject to external review by the SPSO during 2021/22. After completing their initial assessment of the information provided by our Customer Insight and Complaints Team in relation to our own investigation of the issues raised, the SPSO concluded that they would not take the complaint forward and were satisfied with the information provided by Loretto.
- 4.12 The First-tier Tribunal for Scotland (Housing and Property Chamber) considers complaints raised by homeowners and private rented tenants. During 2021/22, there were no Loretto complaints that were referred to the first-tier tribunal for consideration.
- 4.13 The detail above highlights consistency in the robust arrangements established for handling and investigating escalated complaints, identifying issues, establishing clear strategies for seeking an appropriate resolution and, importantly, mitigating risk for the Group. Critical to our ongoing success in this area is our Group Complaints and Customer Insight Teams continual monitoring of the number of complaints recorded to ensure that any expression of dissatisfaction from customers is appropriately recorded as a complaint and the issue effectively managed.

Learning and Customer Insight from Complaints

- 4.14 As detailed above analysis of Loretto complaints confirms that the greatest proportion of complaints received during 2021/22 related to repairs and maintenance (49%). Of these, 63% were upheld or partially upheld. During the year 6124 repairs raised for Loretto customers and 60 (0.009%) complaints were raised. Complaints relating to repairs included common issues such as quality of service, timescale for completing repairs, notification of incomplete

repairs and communication around repair appointments or missed appointments where the contractor did not attend. This matter has been highlighted, where appropriate, to City Building Glasgow with the Repairs Transformation fundamental in driving satisfaction in respect of the Repairs and Maintenance Service in the West.

- 4.15 It is also noteworthy that we have used significant learning from repairs complaints to help inform the wider Repairs Transformation Plan that was presented to Boards earlier this year. The use of this insight has been critical in forming several of the key areas that have been identified for transformation and improvement.
- 4.16 Despite repair complaint volumes being high when compared against other key business areas, the number of occasions where customers have cause to complain as a proportion of repairs raised, is not considered to be a significant concern or risk factor. Indeed, it must also be read against a back-drop of restricted, remobilising services and national shortages of materials as a result of Brexit and the Covid-19 pandemic. These issues alone have caused delays to customer repairs which in turn has led to dissatisfaction given the ultimate extension to timescales for completing repairs.
- 4.17 Table 5 below provides details of the type of repairs and maintenance complaints received by Loretto during 2021/22.

Table 5: Repairs and Maintenance Complaints for Loretto during 2021/22

Loretto Repairs and Maintenance Complaints	Stage 1				Stage 2				Total No. of By Type
	Resolved	Upheld	Partially Upheld	Not Upheld	Resolved	Upheld	Partially Upheld	Not Upheld	
Contractor Liability	2	1	1	0	0	0	0	0	4
Incomplete Repair	1	3	1	0	0	0	0	0	5
Missed/Late Appointment	2	8	2	2	0	0	0	0	14
Quality Of Repair	2	3	0	1	0	0	0	0	6
Quality of Service	5	8	1	2	0	0	0	0	16
Timescale	2	8	1	1	0	1	0	0	13
Right to Repair	0	0	0	2	0	0	0	0	2
	14	31	6	8	0	1	0	0	60

- 4.18 The second greatest proportion of complaints received was about staff 38 of the 153 (28%) received. Despite staff complaint volumes being high when compared against some of our other complaints categories, the number of occasions where customers have cause to complain as a proportion of the number of customer contacts made in any given period, is not considered to be a significant concern or risk factor. To offer some context in comparison to the number of staff interactions with customers during 2021 / 22, the Customer First Centre alone received over 8,000 calls from Loretto tenants. It is also noteworthy, that a number of staff complaints received can also be linked to customer challenge around our defined processes and regulatory compliance that we must adhere to. A common example of this is customers challenging the banding that they receive when using MyHousing whereby they don't agree with their banding and associate this service failure to how the staff member has handled the case.
- 4.19 The range of issues highlighted across our staff complaints include failed customer commitments and overall customer experience. Customer experience complaints are handled by line managers responsible for service delivery and,

where appropriate, further training and support is provided to reduce the likelihood of errors happening again. Where trends of poor customer service are noted, this is raised as part of our one-to-one performance discussions with staff. It should be noted that from the review of our complaints we have no concerns over staff attitude to our customers.

- 4.20 Complaints allocated to Tenancy Management was the third highest proportion of complaints received (10%). The range of issues highlighted include tenancy management issues, such as succession to tenancy, requests for management transfers and mutual exchanges.
- 4.21 These matters are a key focus for our community-based staff who arrange meetings face-to-face with customers in order to address these matters. Often these matters are complex given the need for us to adhere to our core policies and procedures whilst managing customer expectations. Housing Leads utilise learning from Stage 1 and Stage 2 complaints in this area to continually improve service delivery. They will present clear information on performance at VMBs and, where necessary, identify local leads to own these complaints, share good practice and the learning from them.

Policy and Practice

- 4.22 To support our wider ambition around complaint handling and performance we have completed a full review of our Complaints Policy, associated guidance and the core complaints information that we hold on our websites, social, media, to ensure that this is clear and easy-to-use and access for our staff and customers. This also includes an area on our website where we regularly report on our complaints performance and demonstrate our learning from complaints.
- 4.23 As part of this most recent review, we have taken the opportunity to streamline our documentation and update our Complaints Policy in line with our Strategy and our new operating model. We have also accompanied this with a review of our Unacceptable Actions Policy in collaboration with the Union. Our updated Complaints Policy and Unacceptable Actions Policy are appended to this report for information and feedback. We would note that there are no material changes to these documents, but the following points are noteworthy:
- The language in the Policy has been updated and aligned with our new ways of working and 2021-26 Strategy;
 - We have clearly articulated our timescales and expectations around complaint responses and made these specific to the channels our customers opt to use. We have introduced more ambitious targets on our digital channels to further strengthen our commitment to digital channel shift and customer choice, whilst recognising that we will not limit our channels for customers to complain so that we continue to ensure that no one customer is left behind.
 - We have incorporated an area within the Policy that clearly outlines key roles and responsibilities surrounding our complaints handling;
 - We have emphasised our approach around customer engagement and the co-creation of the onward development of our complaint handling policy and procedures;
 - We have incorporated more detail around how we will utilise lessons learned and insight from complaints to continually improve; and
 - Included a section on our operational arrangements for complaint handling which reflects the SPSO model complaints handling approach.

4.24 Our Complaints Policy outlines a number of commitments which are pertinent to our successful complaint handling and management. We have listed below a few of these key commitments and details of how we meet our commitments under each, notably:

- **Promote a customer-centric culture focussed on 'Think Yes Together'** – we regularly promote and instil our 'Think Yes Together' culture both at a local level but also in our corporate messaging. Staff are empowered to do the right thing for our customers and act promptly to resolve matters. Importantly, we instil our 'Think Yes Together' culture in our induction process for new staff so that it is one of the very first things that they learn about Wheatley.
- **Adopt a uniform approach to complaint management** – we have an agreed method of reporting on complaints each month within our performance management reports. These are used as part of local VMBs, DMTs and also detailed in the monthly Group performance report. In recent months, we have developed the performance reporting further to show key themes and lessons learned from complaints. Our Customer Insight and Complaints Team, a centralised function within Group, continually review SPSO feedback and good practice to ensure that our approach remains up to date. The centralised function also ensures that we are consistent in our approach across all Group subsidiaries.
- **Management decisions taken are informed by the complaints we receive and learning from complaints is communicated effectively across the Group** – as noted above, we have developed our complaints reporting significantly over the current reporting year. The inclusion of insight and greater detail around the root cause of complaints is included in monthly reports to our Managing Directors and Executive Team. Learning from complaints is also reviewed regularly through our Communities of Excellence to help inform future policy and procedure development. Moving forward, we will also be using our corporate website to share learning and lessons learned from complaints with our customers on a regular basis and in line with revised SPSO guidance.
- **Support staff to see how their work practices contribute to complaint management** - there is a significant focus on complaints and how we utilise them to support our continuous improvement approach. As part of this focus, we are reviewing and refreshing training materials for staff, reviewing the introduction of real-time feedback to support resolution and inform learning, combining our complaints information with City Building and looking at specific call control and conflict management training for our Customer First Centre staff. Staff are also provided with regular insight to complaints and, importantly, their role in preventing complaints at local VMBs where time will be taken to discuss complaint performance, individual cases and lessons learned.
- **Executive Team take individual responsibility** – as noted above, information being reported to the Executive Team on complaints each month has been developed significantly over this reporting year. This provides each Executive Director with important information and content on their business area each month and helps to inform the decisions they will take that impact the Group and their separate directorates. Adhoc requests are also made by the Executive Team to carry out more

in depth analysis of complaints and to look at more specific learning journeys.

- 4.25 Our new operating model focusses on our ability to resolve customer enquiries at the first point of contact through our new Customer First Centre. Still in its infancy, we are already seeing several positive outcomes which are impacting our complaint handling and performance. During the first quarter of 2022 / 23 (April 22 – June 22), we have noted a 5.7% reduction in the number of Stage 1 complaints being received in comparison to the final quarter of 2021 / 22 (January 22 – March 22). Our Customer First Centre staff take ownership of issues raised by customers, responding promptly and following up on our customer commitments. We expect this to result in the number of promptly 'resolved' complaints increasing across 2022/23 and for the number of Stage 2 complaints to reduce.

5. Customer Engagement

- 5.1 The approaches to service delivery set out in this paper consider feedback received from customers, including the over 5,000 responses to our RSL consultation late last year. We will continue to focus on meaningful and rich customer engagement through our Stronger Voices team with a view to continually improving and refining our delivery approach to complaint handling.
- 5.2 Across the 2022/23 reporting year, we will have engaged as a minimum, 50 customers from across Group and seek their feedback on the improvements they want to see in our complaint handling process. We will also share with them feedback and lessons learned from our complaints to establish key areas that are important to them – using this to define a '*You Said, We Did*' approach. We envision this approach being delivered through a series of focus groups and panel discussions with customers who represent each of our subsidiaries across Group.
- 5.3 Over the next two years, we intend to increase that engagement, including through engagement with our Stronger Voices Team and a range of online engagement services designed to integrate feedback from tenants and owners into the future service design and delivery of our complaints handling processes. Customer input is vital to providing us with assurance that our complaints process is fit for purpose, easy-to access and is trusted to deliver on our customer commitments.

6. Environmental and sustainability implications

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

7. Digital transformation alignment

- 7.1 It is noteworthy that complaints route into the business through several channels such as email, our Customer First Centre, web self-service, face-to-face, etc. These channels and methods of inbound contact will be continually reviewed in line with our digital strategy with a clear focus on providing customers with choice and access to personalised services.

7.2 In our Complaints Policy, we have explicitly outlined the experience that our customers can expect based on the channel that they submit their complaint through. As outlined in 4.23 above, we have introduced more ambitious targets on our digital channels to further strengthen our commitment to digital channel shift and the introduction of greater customer choice. Our Complaints Policy clearly details that we will aim to respond quicker to complaints that are submitted through our digital channels, notably; email, web self-service and webchat.

7.3 Despite the focus on digital channels we are also conscious of not limiting our channels for customers to complain through and therefore voice and face-to-face methods still feature prominently in our Policy. This demonstrates our commitment to providing personalised services for our customers and, importantly, that no one customer will be left behind.

8. Financial and value for money implications

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

9. Legal, regulatory and charitable implications

9.1 There are no direct legal, regulatory or charitable implications as a result of this report. However, the implementation of our activities will be assessed to ensure that they fulfil and comply with any legislative, regulatory or charitable implications that apply.

10. Risk Appetite and assessment

10.1 This report correlates with the strategic outcome 'Progressing from Excellent to Outstanding' under the Delivering Exceptional Customer Experience strategic theme.

10.2 End-to-end complaint handling, including monitoring and continuous learning and improvement processes are key to mitigating risks of:

- Decreasing customer satisfaction
- Reputational damage; and
- Failure to meet SPSO guidance.

10.3. The Strategic Risk Register sets out the following risk appetites for strategic outcome 'Progressing from Excellent to Outstanding':

- **Reputation/credibility** - *Minimal, Tolerance for risk taking limited to those events where there is no chance of significant repercussion.*
- **Laws and regulation** – *Cautious; Limited tolerance for “sticking our neck out”. Want to be reasonably sure we would win any challenge.*

11. Equalities implications

- 11.1 There is no equalities impact identified as a result of this report. A specific equalities impact assessment will be carried out before any potential significant service change to our complaints handling process and the outcome reported to the board as part of the approval process for any such changes.

12. Key issues and conclusions

- 12.1 Our five-year strategy sets out an ambition to deliver exceptional customer experience whilst progressing from excellent to outstanding services. We are clear that our approach to complaint handling and our performance in this area are key to us realising this vision. We start from a good base, with our new operating model maturing and with the Customer First Centre having been successful since its launch in December last year.
- 12.2 Over the period of the pandemic, like other organisations, we experienced a considerable downturn in the reporting of complaints. However, this was against a back-drop of restricted service delivery and significant disruption to wider public services. The rise this year sees us surpass pre-pandemic levels and is consistent with what is being seen across the housing and wider public and private sectors.
- 12.3 The increase in the volume of complaints received during 2021/22 has had an impact on our performance figures. We are working to fully embed our new operating model and our Customer First Centre to ensure quicker resolutions, improved follow-up and delivery on our customer commitments and improved quality of responses to our customers. We are already seeing early signs of improvement across early 2022/23 as is reported to Board separately in Q1 performance reports and we will continue to build upon this across the remainder of this reporting year.

13. Recommendations

- 13.1 The Board is asked to:
- 1) note Loretto complaints performance during 2021/22;
 - 2) note the work undertaken to learn from the complaints we receive;
 - 3) note the development work we are undertaking to further improve our approach to complaint handling and our performance in this area; and
 - 4) Feedback on the updated Complaints Policy and Unacceptable Actions Policy appended to this report.

List of Appendices: [redacted: avaoable under publication scheme here [Publication scheme | LHA \(lorettoha.co.uk\)](#)]

Appendix 1: Complaints Handling Policy

Appendix 2: Unacceptable Actions Policy

Report

To: Wheatley Care Board

By: Anthony Allison, Director of Governance

Approved by: Hazel Young, Group Director of Housing and Property

Subject: Wheatley Solutions: delivery model update

Date of Meeting: 15 August 2022

1. Purpose

- 1.1 To provide the Board with an update on the Wheatley Solutions delivery model.

2. Authorising and strategic context

- 2.1 Under the terms of our Intra Group Agreement (“IGA”) we have agreed with Wheatley Housing Group that Wheatley Solutions is the central service and corporate service provider to us and partner organisations across the Group. We have subsequently entered into a services agreement with Wheatley Solutions which confirms this.
- 2.2 The service standards agreed with Wheatley Solutions are set out in a Business Excellence Framework and appended to the Services Agreement.

3. Background

- 3.1 Wheatley Solutions was created as a standalone entity in April 2016. The key drivers for its creation were: improving the quality and level of co-creation of services for customers (Wheatley Group subsidiaries); achieving operational and financial efficiencies; and enhancing transparency and accountability.
- 3.2 Wheatley Solutions’ approach is characterised by the deep understanding of its staff, and their commitment to ensuring that all partners in the Group can deliver excellent services for their tenants and other customers.
- 3.3 Wheatley Solutions has successfully achieved its objectives through a combination of:
- Formal service agreements and Business Excellence Frameworks defining the service relationship between Wheatley Solutions and subsidiaries.
 - Subsidiary staff having an ongoing role in defining the priorities and measures within the service relationship and Wheatley Solutions services being adapted to reflect these;

- Wheatley Solutions Board membership being drawn from subsidiary Boards, who then approve its strategy, business plan and budget and receive and scrutinise finance and performance reports;
 - Pooling central services across a growing number of subsidiaries and in turn reducing recharge levels;
 - Access to Group-wide contracts which harness the buying power of the Group, using our scale to achieve lower costs and wider reach; and
 - Access to in house expertise, such internal audit, for services which would previously have been outsourced with limited ability to influence service priorities.
- 3.4 The role of Wheatley Solutions has evolved since its creation. More recently, its Board has been given an oversight role in relation to the Group's approach to sustainability and equality, diversity and inclusion. These are areas of concentrated focus and it is appropriate that the Group tasks a single entity with a particular role in overseeing the Group wide strategy in these areas.

4. Discussion

Wheatley Solutions staffing and service delivery model

- 4.1. Wheatley Solutions corporate services expertise and delivery is provided in-house through approximately 560 staff.
- 4.2. Wheatley Solutions staff are seconded from across all Group partners, who remain their legal employers. This model also helps both us and our Group partners to give our own employees training and career development opportunities, with the ability to move around the Group.
- 4.3. Wheatley Solutions brings together staff expertise across a wide range of services, including:

IT & Digital Transformation		Finance	Governance	Procurement
HR	Customer First Centre	Treasury	Litigation & legal services	Assets and sustainability
Communications & Marketing		Internal Audit		
Organisational Development		Data protection		Policy

- 4.4. This in-house provision from Solutions across the full range of corporate services allows partner organisations to:
- access expertise that has led to many innovations including funding, new build development, procurement and IT/Digital transformation;
 - minimise spend on external advisors, including VAT; and
 - share costs with all other Group partners, meaning services are more efficient

- 4.5. Unlike the other services provided by Solutions, the Customer First Centre (“CFC”) is a frontline customer facing service team, but in common with other corporate service teams, the CFC also provides services across all partner organisations.

Delivering benefits for Loretto Housing and Group partners

- 4.6. Wheatley Solutions is focused on how it can benefit us and our partner organisations. It does not sell services externally, so it can focus on providing the best possible service to other members of the Group.
- 4.7. For example, numerous teams from Wheatley Solutions were key in supporting us with the ballot and transfer from Cube. This included support in shaping the ballot offer; designing the consultation brochures; engaging with customers and other key stakeholders including staff and trade unions; the governance/legal requirements of the ballot and transfer; and the technical migration of the transfer.
- 4.8. Below are a range of examples of where Wheatley Solutions has played a critical role for us and our partners:

Procurement

- 4.9. The scarcity of Personal Protective Equipment (“PPE”) was a business critical challenge for all customer facing businesses during the pandemic. The Wheatley Solutions procurement team were able to use their skill, expertise and foresight to establish supply chains very early and consistently maintain high levels of stock on hand.
- 4.10. As a result of this we never faced any shortages of PPE throughout the pandemic. This ultimately allowed us to protect staff and continue to deliver services to customers that we would not otherwise have been able to.
- 4.11. Beyond the pandemic response, our procurement team has consistently supported partners by harnessing the scale of the Group to deliver efficiencies which can be reinvested in communities or access to opportunities that would not otherwise be available, including:
- New build framework - delivering more certainty on contractor availability and lowers costs;
 - Protected 90% of Group Utilities from market volatility by securing fixed rates – it should be noted that such is market volatility that just this 10% nearly doubled our energy bills;
 - Community benefits – leveraging the scale of contracts to directly benefit our customers and communities.

IT and digital services

- 4.12. The pandemic tested every organisation’s IT resilience and agility. The strength of our IT infrastructure and supply chains for devices such as laptops and phones allowed us to rapidly transition staff to fully homeworking where roles permit. This was essential in supporting staff continuing to undertake their roles, in particular allowing the Customer First Centre to go virtual and staff to make over 15,000 welfare calls to our customers during the pandemic.

- 4.13. Over the last 12 months Wheatley Solutions' IT and digital services team has also significantly invested in group platforms and digital transformation, including
- Cyber Security improvements across Ransomware preparedness, email security, home working service access
 - Supporting the launch of the new CFC through a range of technology deployments, updates to CRM platform and voice services
 - creation of our new Data Team, supporting advanced analytics and reporting and our Digital Team enhancing our digital change and adoption approaches across Group
 - Book, Meet, Communicate, Collaborate digital workplace programme commenced with delivery of Wheatley House project
 - Building a new digital support service for staff providing 8am-8pm support for home workers
- 4.14. This work has been essential in providing the necessary, robust digital infrastructure to allow us to transition to the new operating model that we agreed with our tenants.

Treasury/Governance

- 4.15. We recently undertook a funding and governance restructuring exercise which enhanced our capacity to deliver new homes in the future. This included changes to the overall group covenant package, aligned with the creation of Wheatley Development Scotland to realise efficiencies which can be reinvested in new homes, investment and keeping rents affordable.

Performance measurement

- 4.16. Wheatley Solutions performance is reported in a range of ways, combining quantitative and qualitative measures. As part of the refreshed Group Performance Framework agreed by Boards over April and May performance measures for a number of Wheatley Solutions services were included, such as:
- **CFC** – a range of performance measures such as call answering times, abandonment rates and first time resolution
 - **Sustainability** - CO2 reduction and reaching carbon neutral
 - **Health and Safety** – Number of incidents, days lost and notifiable events
 - **Fire safety** – Accidental fires and fire risk assessments
 - **IT/Procurement** - Online accounts and My Savings
 - **People services** – absence levels, apprentices and graduate opportunities and internal promotions
- 4.17. In addition to the above, our Business Excellence Framework ("BEF") contains an additional range of quantitative performance measures which we have agreed with Wheatley Solutions.
- 4.18. We report progress against the measures in the BEF bi-annually, with a target of 90% of the measures being delivered over the course of each year. The year-end performance for 2021/22 against these measures showed Wheatley Solutions achieved 90% or greater for us and for our partner RSLs.

- 4.19. As part of the BEF we also hold bi-annual reviews with Wheatley Solutions through which our Managing Director provides formal feedback on Wheatley Solutions services and potential areas for refinement.
- 4.20. Areas of particular value highlighted as part of the 2021/22 review included: the support and advice on Loretto specific activities and its availability on demand; the service being adapted to meet their specific needs or challenges, such as the enhancement of HR wellbeing services; and having a lead identified for their organisation, such as in finance and governance, who has in depth knowledge of their organisation.
- 4.21. We also highlighted some areas where Wheatley Solutions could refine its approach. One area was ensuring there is communication to partners organisation staff what services are available in Wheatley Solutions. In response Wheatley Solutions created a directory listing all services, what support they can offer and a named contact for Loretto.
- 4.22. A further area of feedback was that Wheatley Solutions services would benefit from service standards in key areas. Examples included: how long IT support requests should take to be completed; response times to request for support i.e. email; and timescale for the availability of performance related data.
- 4.23. The Wheatley Solutions Services Agreement and BEF is now being reviewed to reflect more fully our new operating model and to take our feedback, and that of our partners, into account. The review will be focused on co-creation, collaboration and understanding partner's priorities.
- 4.24. A rolling programme to test our staff's satisfaction with services delivered by Wheatley Solutions will also be introduced. This will adopt a similar discipline to that of how we test customer satisfaction, with our staff asked to provide feedback on the services they receive and Wheatley Solutions leaders accountable for that feedback.
- 4.25. A question set will be developed based on what partner organisations tell us is important to them from Wheatley Solutions' services, such as:
- Quality of communication
 - Ease of access to support
 - Timeliness of responses
 - Providing tailored support which reflect their organisation
- 4.26. The programme will test satisfaction with Wheatley Solutions as a whole as well as being deployed at service/departmental level. An element of this already exists, with some Wheatley Solutions services, such as Assurance, routinely seeking feedback.
- 4.27. In addition to the above, Wheatley Solutions also delivers services to and engages with Boards directly, such as
- Routine finance and performance reports
 - Governance reports and proposals for Board feedback
 - Thematic reports such as Assurance and cyber security updates

Wheatley Solutions intragroup recharging structure

- 4.28. In addition to transparency on performance and service delivery, there is an established structure for associated recharges. Costs for the provision of Wheatley Solutions services are charged out in full to us and the other trading subsidiaries within the Group on an allocation basis that is representative of use.
- 4.29. As set out in the Group charging policy, this is achieved by allocating costs based on the share of Group turnover. This approach is adjusted in certain cases to take account of the specific nature of the subsidiary (e.g. Care services) or where a subsidiary does not access all services provided by Solutions. The allocations used for 2022/23 are:

Subsidiary	% Allocation
WH Glasgow	68.2%
Lowther Homes	5.4%
Loretto HA	2.6%
Wheatley Care	0.8%
West Lothian HP	0.4%
Dunedin Canmore HA	9.2%
Wheatley Foundation	1.0%
DGHP	12.4%
	100.0%

- 4.29 In order to comply with HMRC transfer pricing requirements, a 5% mark up is added to the core costs recharges. In turn, Wheatley Solutions reimburses us and other relevant RSLs for head office costs for the use of owned office space. This results in Solutions reporting a year financial position close to break even.
- 4.30 For the 2022/23 financial year, Solutions has budgeted costs of £41,032k. This includes all staff and running costs for services, costs for the provision of regulated insurance activities to owners' on behalf of Lowther and head office costs. The table below summarises the 2022/23 budget which is extracted from year 1 of the approved financial projections and shows that after the recharging of its costs to Group subsidiaries a small profit of £3k remains.

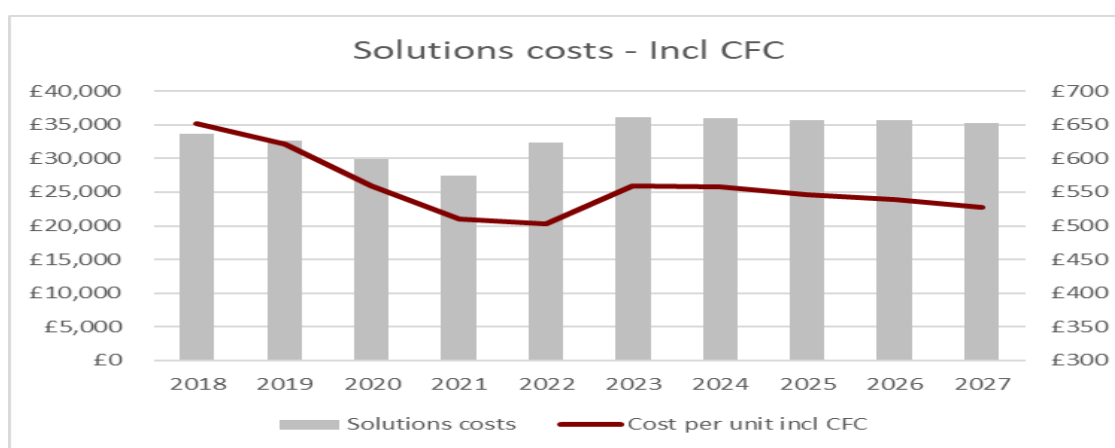
Table 1: Wheatley Solutions 2022/23 approved budget

	2022/23 Budget
	£k
Income	41,035
Expenditure	
Staff costs	(21,772)
Running Costs	(13,862)
	<u>(35,634)</u>
Regulated insurance activities	(3,609)
Head office costs	(1,789)
	<u>(41,032)</u>
Profit before tax	<u>3</u>

Cost efficiencies

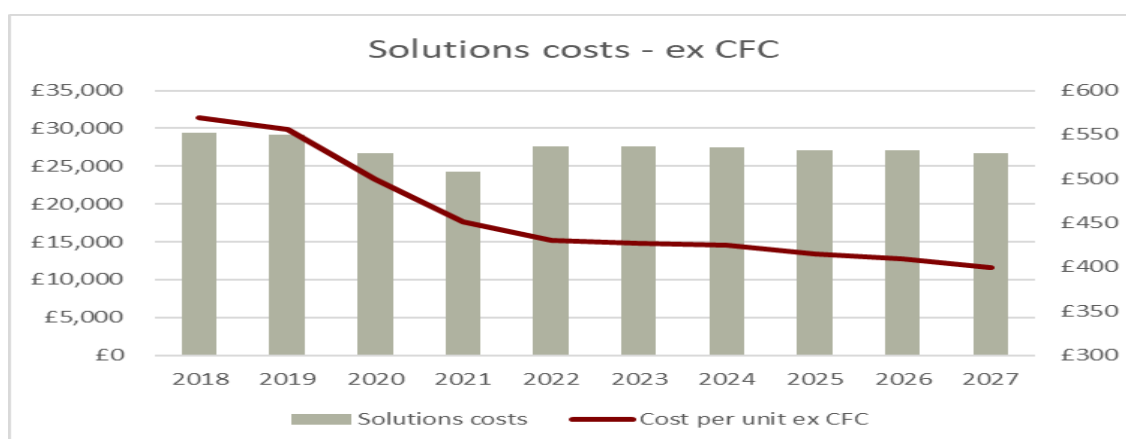
- 4.31 One of the benefits of the in-house provision of support services is the ability to drive cost efficiencies in conjunction with the reshaping of a back office service model and to take advantage of economies of scale through the growth in the size of the Group, contributing to the overall strategic objective to provide the Group's customers with value for money services.
- 4.32 Wheatley Solutions has a well-established track record of delivering efficiencies. From 2018, after adjusting actual costs to restate in real terms to take account of inflation, the cost per unit of Solutions functions reduced from £651 per unit to £503 per unit for the year to March 2022.
- 4.33 These per unit measures include the costs of the services provided by the CFC and the recent changes to their service model which has been significantly reshaped to support our new ways of working. This has created a single point of resolution for all customer queries and freed up housing officers to focus on face to face interactions in their patches.
- 4.34 Additional staffing resources have been deployed in the CFC to support delivery of the new model increasing headcount from 104 FTEs to 260 FTEs through a combination of newly created posts and restructuring of existing staff increasing staff and running costs by £4.5m per annum to £8.6m per annum.
- 4.35 This is the key driver for the increase to Solutions costs between 2021 and 2023 following the phased implementation of the changes in the fourth quarter of 2022. This in turn has uplifted the cost per unit in 2023 to £559 from £503 in 2022. Cost per unit reduces thereafter to £528 by 2027 on the achievement of planned efficiencies as shown in chart 1 below.

Chart 1: Solutions costs and cost per unit



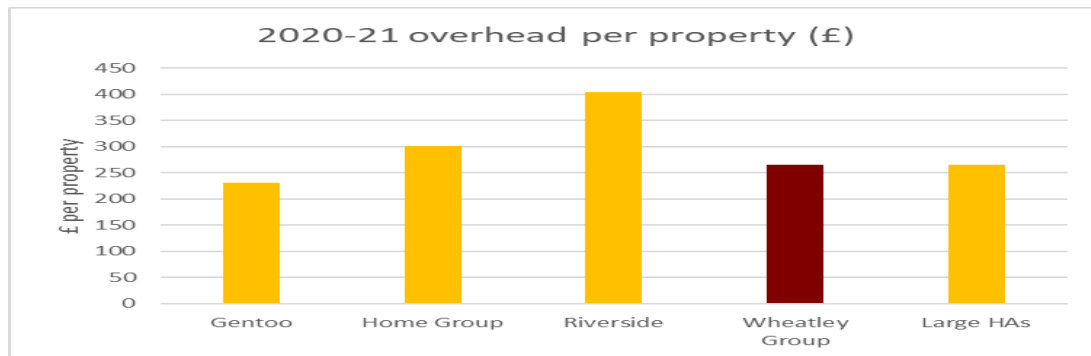
- 4.36 Taking only corporate support functions provided by Solutions and excluding the costs of the CFC gives a clearer view of the underlying cost of the core support service provision. This is shown in Chart 2 with a cost per unit of £559 in 2018 for core back office services reducing to £430 for the year to March 2022. Total overheads also match this reducing trend with the exception of an increase in 2022 from the expansion of the Solutions service offering to DGHP and the secondment of corporate services staff from DGHP to Solutions. This did not however have an impact on cost per unit as the unit numbers increased correspondingly.

Chart 2: Solutions costs and cost per unit excluding CFC



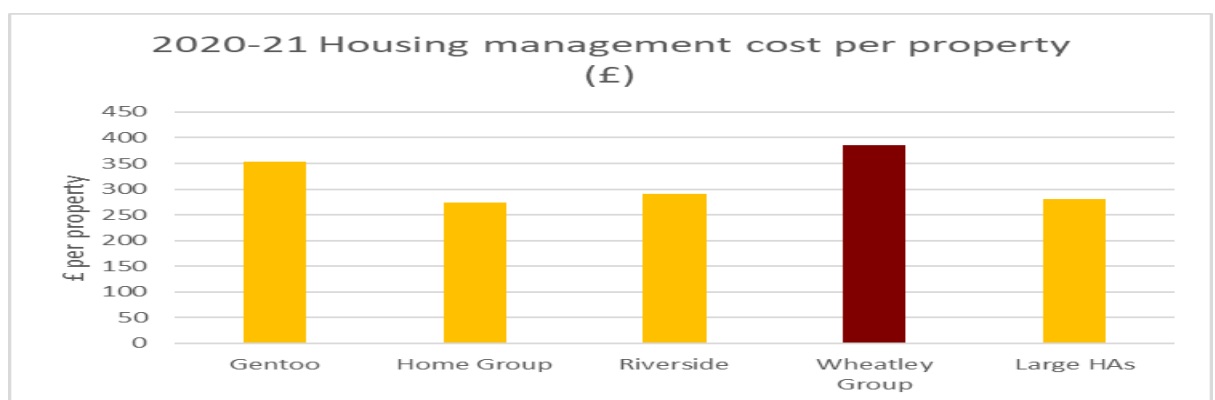
- 4.37 The cost per unit of core corporate support services is projected to continue to reduce from £430 at March 2022 to £399 by 2027 as a result of future cost efficiencies which have been targeted in the Solutions financial projections principally within running costs. These targets are supported by our digital transformation strategy and help reduce our transactional costs with our customers. The integration of DGHP to group wide systems will also allow us to take advantage of cost efficiencies in IT support and maintenance costs. These savings will create additional financial resources for partners to reinvest in customer facing services, investment and wrap around support.
- 4.38 In order to understand the value for money being delivered by Wheatley Solutions we are part of sector benchmarking through Housemark, a data and insight company for the UK housing sector.
- 4.39 Our comparator group is large Housing Associations (over 10,000 units), excluding London and South East based organisations given their different economic context. The comparator group includes large organisations such as Riverside, Home Group and Gentoo.
- 4.40 Housemark applies a standardised benchmarking methodology. The methodology excludes finance and IT costs as they are subject to standalone benchmarking given they are normally the largest corporate services teams. Benchmarking at this level confirms we compare very well. Our finance team is the lowest in its peer group by the cost per property measure and our increased investment in digital transformation has seen us now have revenue costs that are broadly in line with the national average.
- 4.41 The benchmarking feedback for 2020/21 shows that in their assessment of central overheads, less finance and IT, we compare well with other large housing associations in the UK. The Housemark definition of central overheads includes the majority of the remaining Solutions functions, the Executive team as well as other non-pay overheads such as property insurance costs.
- 4.42 The costs of the CFC are allocated according to the activities staff carry out. A small element is accounted for within Housemark's central overhead measure with the majority reported through their housing management benchmark.

Chart 3: Housemark overhead comparison



- 4.43 The direct benefit of the efficiencies that we deliver and how they support higher investment in value added services to customers is also shown by the Housemark data on our housing management costs which shows that relative to other organisations we invest proportionately more in housing management and customer facing services.

Chart 4: Housemark housing management spend



- 4.44 This represents the critical elements of our housing model, such as 1:200 patch sizes, concierge in MSFs and W360 and which are not replicated in the comparator group. The majority of the costs of the CFC are reported here and the additional resources put in place in 2021-22 will show through this measure when it is next updated.

Future priorities

- 4.45 Wheatley Solutions and its Board's future priorities and focus reflect the priorities and strategies of its partners and the Group more widely. A separate report on the agenda sets out in more detail how it is responding to feedback on the development of digital and online services.
- 4.46 Sustainability is now a key priority, with a strategic project agreed to develop a strategic sustainability framework, our Pathway to Net Zero Group ("PTNZG") now in place and sustainability incorporated into the Wheatley Solutions Board Terms of Reference.
- 4.47 The PTNZG has held its first meeting and its Chair attended the last Wheatley Solutions Board in May to give it feedback on its first meeting and plan for the year ahead. The Wheatley Solutions Board will continue to oversee and scrutinise the activity of the PTNZG.

- 4.48 As we continue to implement our new staff operating model we have a wider range of activities planned in the year ahead to support our staff thrive under the model. This includes a review of our Group Learning Framework, the continued roll out of new leadership programmes bespoke to reflect our operating model, and finalising our Centres of Excellence programme.
- 4.49 As discussed earlier in the report we will be refining our approach to receiving feedback from partner organisations on Wheatley Solutions services. We intend, for example, to consider how our customer sentiment analysis tool can support more dynamic satisfaction surveying and immediate feedback.

5. Customer Engagement

- 5.1 Wheatley Solutions is reflecting the group and our partner organisation's focus on enhancing customer engagement and co-creation. Customer engagement is being incorporated into all appropriate Wheatley Solutions activity, as seen in the recent Group Delivery Plan strategic projects.
- 5.2 Recent examples of where we have engaged with tenants in relation to Wheatley Solutions' service delivery includes:
- Tenants testing elements of the digital services to provide feedback on the user experience - the feedback is being used to make changes; and
 - Scrutiny panel engaged on the planned approach to collecting equalities data

6. Environmental and sustainability implications

- 6.1 There are no direct environmental or sustainability implications arising from this report. A key activity is the development of a group strategic sustainability framework and once agreed implementation will be monitored by the Wheatley Solutions Board.

7. Digital transformation alignment

- 7.1 Our digital transformation programme is a central element of delivering our strategy, ranging from how we engage customers also support staff collaborating, to how we deliver our services and keep our data safe.
- 7.2 The Wheatley Solutions Board is responsible for oversight and scrutiny of the delivery of the overall digital transformation programme. It is a standing item at its Board meetings and is also reflected in its performance measures such as digital maturity level.

8. Financial and value for money implications

- 8.1 Wheatley Solutions has a track record of delivering cost efficiency targets having reduced the cost per unit of core corporate services from £559 per unit in 2018 to £430 per unit in the year to March 2022.
- 8.2 Wheatley Solutions has a strategic objective to provide us and our partners in Wheatley Group with excellent services that represent value for money and future cost efficiencies are targeted in the Wheatley Solutions financial projections which were approved by their Board in February 2022.

- 8.3 Wheatley Solutions is financially neutral and any variance to financial projections are passed on to Group subsidiaries with the risk sitting with the individual entities. In year budgetary control within Wheatley Solutions remains key as an unfavourable financial performance could have a material impact on their ability to meet loan covenants or service interest payments.

9. Legal, regulatory and charitable implications

- 9.1 The existing Services Agreement and Business Excellence Framework allow us to meet our regulatory requirements in relation to having clearly defined arrangements for intragroup services in a group structure.

10. Risk appetite and assessment

- 10.1 Our risk appetite in relation to governance is cautious. The creation of Wheatley Solutions was designed to enhance the governance and oversight of the delivery of corporate services across the Wheatley Group.
- 10.2 There is a risk that Wheatley Solutions services are not appropriately tailored to or focussed on our specific priorities. This risk is mitigated through a combination of the composition of the Wheatley Solutions Board, our services agreement, ongoing staff engagement and the formal bi-annual meeting with our Managing Director.

11. Equalities implications

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

12. Key issues and conclusions

- 12.1 Wheatley Solutions has allowed us and our partner organisations to access a wider range of services and expertise than may be otherwise possible. In parallel, Wheatley Solutions has delivered a service which has continuously improved whilst harnessing the scale of the group to deliver efficiencies and greater value for money.
- 12.2 The comparatively low costs in Wheatley Solutions are consistent with our objective that efficiency in Wheatley Solutions enables spending more in customer facing activities and services.

13. Recommendations

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

Report

To: Loretto Housing Board

By: John Crooks, Director of Health and Safety and Compliance

Approved by: Hazel Young, Group Director of Housing and Property

Subject: Group Business Continuity Policy

Date of Meeting: 15 August 2022

1. Purpose

- 1.1 The purpose of this report is to provide the Loretto Housing Board with an update on the revised Group Business Continuity Policy.

2. Authorising and strategic context

- 2.1 Under the Group Standing Orders the Group Board is responsible for approving Group Policies. The Group Business Continuity Policy was approved by the Wheatley Group Board and designated as a Group Policy. The updated policy is being shared with us for implementation with immediate effect.
- 2.2 This report and the revised Business Continuity Policy also aims to satisfy the recommendations outlined in the Group Assurance Audit for Business Continuity Management, that reflects upon the approach and lessons learned for Business Continuity throughout the pandemic and as detailed in the recent Campbell Tickell report, *Nobody Left Behind (2021)*.

3. Background

- 3.1 The current approach to business continuity in Loretto Housing is outlined in the Business Continuity Strategy and Business Continuity Policy that was established and approved by the Wheatley Group Board in 2015 (revised 2018).
- 3.2 Business Continuity and its planning is well established, for the purpose of returning our business to normal levels of service following an incident which causes disruption and affects our ability to provide services to our customers, staff, and stakeholders.
- 3.3 More recently however, our examination of the current business continuity policy and associated plans, having due consideration to the response of Loretto Housing, during the Pandemic, leads us to conclude that going forward in our new operating model, there requires the ongoing development of our approach to business continuity to further strengthen our level of control and consistency in approach.

4. Discussion

International Standardisation Organisation (ISO) 22301: Security and Resilience – Business Continuity Management Systems

- 4.1 Our Business Continuity Strategy and Business Continuity Policy are aligned to the framework set out in ISO 22301: 2019 Security and Resilience: Business Continuity Management Systems:
- 4.2 ISO 22301, Security and Resilience was the first International Standard (ISO) for implementing and maintaining effective business continuity plans, systems, and processes.
- 4.3 ISO's high-level structure aligns with many other internationally recognised management system standards, such as ISO 9001 (quality) and ISO 14001 (environment) and ISO 45001 (health & safety). As such, it is designed to integrate with an organisation's existing management processes.
- 4.4 ISO 22301 is based on a cycle of continuous improvement that is consistent with the group approach to the management of health and safety e.g., Plan, Do, Check, Act.

Business Continuity Response

- 4.5 The existing business continuity strategy, policy and plans provided for a strong platform to navigate Loretto Housing through the pandemic, maintaining essential services and keeping our staff and customers safe in doing so.
- 4.6 As part of the response to the pandemic, a Group Business Continuity Management Team was established, reporting to the Executive Team and Chief Executive on a regular basis.
- 4.7 This team brought together key decision makers and provided a structure for the management of the business at a strategic and local level (Business Continuity Response Teams).
- 4.8 Having a representative on the Response Team from Loretto Housing, ensured that all business interests were considered in key decisions and, where inter-dependencies were critical in maintaining essential services.
- 4.9 The business-critical nature of our response to the pandemic meant that it was a primary focus of the Group Executive team, who had overall leadership in ensuring robust business and service responses throughout the pandemic and, in directing the work through the Group Business Continuity Management team, as necessary.
- 4.10 Following the pandemic, there was identified, an excess of business continuity plans across Group that did not reflect our new operating model which, also involved high numbers of operational staff, giving rise to an increased risk of inconsistency and diminished quality control.

- 4.11 Moving forward, the review and development of Loretto's Business Continuity Plan, will be taken forward by the Business Continuity Response Team, whom shall be afforded, appropriate levels of training relevant to their respective roles, responsibilities, and involvement in business continuity.

Business Impact Analysis (Corporate Business Risks)

- 4.12 On reflection of our new operating model, there is an ongoing review of new and existing business risks.
- 4.13 Business Impact Analysis is a process that allows Loretto Housing, to consider the impact of business disruption with the aim of identifying relevant mitigation strategies, group wide interdependencies in order to return the business to normal levels of service in the soonest practical time.
- 4.14 Our Business Impact Analysis will bring a sharpened focus to our business continuity arrangements and the required mitigation for the following corporate business risks in addition to, those risks identified specifically within our business, as we move further into our new operating model.
- 4.15 Corporate business risks that are under review in all business impact analysis shall include but not limited to the following:
- Loss of Key Suppliers and Supply Chain
 - Loss of IT, Data Networks and Data Servers
 - Epidemic / Pandemic Outbreak
 - Severe Weather Event
 - Local and National Power Outage
 - Loss of Utilities
 - Fuel Supply Shortage

Communication and Escalation (3C Structure)

- 4.16 In the review of our business continuity policy and plans and having due consideration to the group response during the pandemic, our new operating model requires the ongoing development of business continuity management structures, to maintain control and oversight of our approach.
- 4.17 Notwithstanding existing business continuity plans, the revised business continuity policy proposes a revised management structure that is aligned to the generic 3C command structure, recognised, and used by the police, emergency services and other partner agencies, based on the gold, silver, bronze (GSB) hierarchy of command and control.
- 4.18 This structure, as practice has shown, can be applied to the resolution of both spontaneous incidents and planned operations and demonstrates a clear protocol for communication and escalation, from Business Leads to Group Directors and ultimately the CEO.
- 4.19 Our own specific approach to the management of business continuity shall therefore recognise and implement a 3C structure to further enhance our existing communication, escalation and decision making processes.

Testing and Exercising

- 4.20 The testing and regular exercising of our business continuity plans is critical to Loretto Housing readiness to respond and manage potential threats and risks to the delivery of services across our business.
- 4.21 The pandemic that seen our approach, steer Loretto Housing through a period of uncertainty with such vigour and achievement, provides an opportune moment to inject our learning and experience into the current business continuity framework, to further strengthen our resilience and ensure this is reflected in the regular testing and exercising of our business continuity plans.
- 4.22 Under the current business continuity strategy, business continuity leads are responsible for ensuring the regular testing and exercising of business continuity plans and emergency plans are undertaken and documented.
- 4.23 Lessons learned in the testing and exercising of plans shall continue to be undertaken and recorded in the ongoing review of our business continuity plans.
- 4.24 Testing and exercising of business continuity plans shall incorporate a combination of both corporate and business specific risks, led by the group health and safety team and business continuity co-ordinators respectively.

Staff Training

- 4.25 The provision of training in business continuity has been reviewed to reflect the roles and responsibilities under a new training model that will elevate understanding and competence of those identified in the business continuity response team.
- 4.26 Business continuity co-ordinators responsible for the development, management and maintenance of business continuity plans have undertaken more in-depth training delivered at Wheatley House by the Emergency Planning College. This will be further rolled out to business continuity leads over the coming year 2022/23.
- 4.27 Business continuity awareness training shall continue to be available to those not directly involved in business continuity management, via the group online e-learning platform, MyAcademy.

5. Customer Engagement

- 5.1 Loretto Housing are customers of the support, advice and guidance provided by the group health and safety team on business continuity planning. As such it is key that Loretto Housing are represented in the development of the business continuity, strategy, and associated plans.
- 5.2 Terms of reference have been developed to establish a Business Continuity Implementation Working Group, where Loretto Housing have nominated a Business Continuity Co-ordinator to attend and represent Loretto Housing, to drive the ongoing management of business continuity arrangements.

6. Environmental and sustainability implications

- 6.1 Having robust business continuity arrangements in place will help support our new operating model and the environmental sustainability benefits this brings.

7. Digital transformation alignment

- 7.1 Currently all business continuity arrangements and business continuity plans are hosted on Sharepoint. In the event of Network failure or not gaining access, there is a risk that Business Continuity Plans will not be retrieved.
- 7.2 In line with our new operating model and the implementation of home-based agile workers, there is a different risk profile to information technology given our Digital Transformation and increased reliance on digital methods including accessing of networks remotely.
- 7.3 Consideration will be given through the proposed business continuity implementation working group and in updating and implementing plans to new and emerging risks and our ability to respond to business interruption events such as the loss of Network access and ransom ware attacks.

8. Financial and value for money implications

- 8.1 New training requirements for Business Continuity across the Group are likely to result in additional cost to the existing e-learning course that would be required in the next financial year 2022/23 of approximately £1k - £1.5k.

9. Legal, regulatory, and charitable implications

- 9.1 There are no legal, regulatory, or charitable implications associated with this report.

10. Risk appetite and assessment

- 10.1 Having a robust Business Continuity Plan in place helps mitigate the impact on our services following an unforeseen business interruption.
- 10.2 In keeping with this approach to risk, the group assurance team have undertaken an audit of the business continuity arrangements within the group to include, Loretto Housing and have made several recommendations in their conclusions, that this report aims to address through the revised business continuity policy.
- 10.3 Specifically, there is a recommendation to review the existing Business Continuity Policy, learning lessons from the pandemic and ensuring tighter control over our Business Continuity in our business.

11. Equalities implications

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

12. Key issues and conclusions

- 12.1 The alignment of our business continuity policy with ISO 22301:2019 Security and Resilience provides for a strong framework and approach to business continuity across Loretto Housing that is critical to the ongoing delivery of essential services. Furthermore, it demonstrates a recognised national standard that will ensure our response to business interruption events is both robust and resilient.
- 12.2 The introduction of a Group business continuity response team will also ensure tighter control and consistency for the immediate response to business interruption and allow for, the effective escalation of information to the group executive team and CEO, as necessary.
- 12.3 Driven by the Group business continuity implementation working group, our arrangements for the review of business continuity plans, staff training and regular testing and exercising regimes, shall ensure there is group wide representation and involvement to our approach that will strengthen our mitigation strategies and resilience in maintaining our essential services.
- 12.4 Business impact analysis will offer a process where, corporate business risks and those risks identified specifically to Loretto Housing, can be identified, and managed with the wider inter-dependencies across the group given full consideration.
- 12.5 Reflecting on the lessons learned during the recent pandemic and acting on the recommendations of the group assurance team, our business continuity policy has been updated. The updates in our policy and arrangements will ensure our response to business continuity remains strong, robust, and resilient to support our staff, customers, and stakeholders at times of business interruption.

13. Recommendations

- 13.1 The Board is asked to note the contents of the report and the revised business continuity policy.

List of Appendices:

Appendix 1 – Group Business Continuity Policy [redacted: available under publication scheme here [Publication scheme | LHA \(lorettoha.co.uk\)](#)]