



**LORETTO HOUSING ASSOCIATION**

**BOARD MEETING**

**Monday 15 February 2021**

**AGENDA**

1. Apologies for Absence
2. Declarations of Interest
3. Minute of 9 November 2020 and matters arising

**Main Business Items**

4. Service mobilisation update
5. Cube strategic review update
6. Rent and service charges 2021/22
7. Transforming our rent payment methods
8. Your Home, Your Community, Your Future: 2021-26 strategy
9. Stronger Voices, Stronger Communities – our new engagement framework
10. Operating model update: approach to service delivery
11. Group Homelessness Policy 2021-2026
12. Five year development programme
13. 2021/22 Financial projections

**Other Business Items**

14. Scottish Child payment
15. Finance Report for the period to 31 December 2021
16. Delivery Plan 2020/21: Quarter 3
17. AOCB

## Report

**To:** Loretto Housing Association Board

**By:** Laura Henderson, Managing Director

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

**Subject:** Service Mobilisation Update

**Date:** 15<sup>th</sup> February 2021

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### 1. Purpose

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

### 2. Authorising context

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

### 3. Risk appetite and assessment

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

## 4. Background

- 4.1 This report provides a further update to Board members on our contingency operations to support both essential business and the new issues faced by our customers. It outlines our current remobilisation status across key customer facing areas following the Scottish Government's move to tier 4 restrictions on 26 December and then to a lockdown from 5 January applying to the whole of the Scottish mainland.
- 4.2 Maintaining service delivery in line with restrictions, ensuring safety and providing the best customer service possible remains a challenging operation. Rapid changes in Scottish Government guidance and in local situations means our service planning and our staff have to be highly agile. We continually review our services in the light of guidance but also from our own learning, seeking to ensure that our approach and processes remain exemplars for the sector.
- 4.3 Staff and customer communication is at the heart of this approach to ensure that they understand what we are doing, why and to be reassured that our processes keep them safe. Despite these challenges we have continued to meet or exceed the targets we have set for our remobilisation plans.

## 5. Discussion

- 5.1 Over the latter part of last year we expanded from our essential services, scaling up delivery as restrictions have allowed. This allowed us to bring many services back to normal volume levels. Achievements included:
- Returning to a position where all gas services are being done on time after delays were caused by the first lockdown;
  - The number of void properties returned to normal levels in January following increased numbers during the first lockdown when almost no letting was possible;
  - From 22 June 2020 repairs moved from essential only to Safety First (including for example repairs to showers, controlled entries, persistent leaks) and from 2 November 2020 to an extended repairs service which was closer to business as usual except for works which could not be done safely.
- 5.2 Our agility and rapid ability to scale up services has allowed us to create a much stronger position going into 2021 than would otherwise have been the case. However, the lockdown means that we have had to review and amend our services in line with new restrictions. Our experience and agility means that we have strong planning mechanisms to help us consider service areas and move quickly to alternative models.

### *Letting*

- 5.3 It is now a legal requirement to stay at home in level 4 areas except for essential purposes. Given the higher transmissibility of this new strain of the virus, it is of even greater importance than before that home moves, activities related in connection with home moves and essential housing services are delivered in a manner that minimises the risk of transmission and looks to keep everyone safe.

- 5.4 We have clarified the position on lettings and are able to continue what is effectively a business as usual position of letting homes in line with our remobilisation plans. This means that we are focussed on letting our homes to those in housing need – most often homeless households but also others who are in need due to medical priority or other issues.
- 5.5 Letting continues to take place using safe working procedures for viewings and sign ups. We are currently reviewing our position on applications to undertake a mutual exchange with a view to postponing those which are not essential in line with Scottish Government guidance.
- 5.6 Despite the challenges faced we have let 80 homes in the year to date in an average of 19 days against a 26-day target, the vast majority since the start of phase 2 of our letting in August. 40 of these homes were to let to homeless customers.
- 5.7 Tackling homelessness and helping customers continues to be a priority for us. As part of our remobilisation we have committed to the following actions:
- Gradually reducing the level of additional stock leased to GCC with Loretto now only having 1 unit remaining to be returned.
  - To provide 300 Housing First tenancies across Group by 2021 (currently 201 have been provided); and
  - To “flip” 150 temporary furnished flats across Group to permanent tenancies by March 2021 across Group – 91 tenancies have already been flipped across Group.
- 5.8 We continue to prioritise lets to homeless households as part of our letting remobilisation. In the year to date 50% of lets have gone to homeless households. We anticipate that this figure will rise over the coming months as some of our initial lettings had been offered to households prior to lockdown and so could not be offered to homeless households. We have been working closely with our Local Authority partners to ensure that nominations given to them are also prioritised for homeless households.
- 5.9 The long term homelessness framework for the Group has been developed (included under separate agenda item). This has a strong focus on preventing homelessness from happening. It also focuses on the support homeless households need to settle into and become part of communities as well as the support communities need to ensure they remaining welcoming and supportive to new neighbours.
- 5.10 The next area of focus was on properties which have major repairs (R1). These include extensive rot works and major structural works. These repairs are more challenging to do in a Covid-19 environment where the workforce has to be safely socially distanced. These are now subject to individual assessment to identify when repairs can safely be carried out. Loretto has one R1 property which we have already been able to start work on for a roof and ceiling repair.

## *Rental income*

- 5.11 Maintaining our rental income so that we can continue to provide services, alongside supporting our customers to be able to pay their rent have been key priorities through the pandemic. Housing officers continue to successfully operate our virtual model of support through telephone and digital contact. This has enabled us to provide support and advice to customers at the point they need it most. It has been backed up by easy digital methods to pay which avoid unnecessary contact, with housing officers again providing support to help customers through the process.
- 5.12 We suspended home visits for rent issues on 5 January in line with lockdown restrictions. However, our housing officers continue to use all other methods to support our customers and collect income. Visits to customers will now only take place where there are acute welfare concerns.
- 5.13 The 6-month notice period for Notice of Proceedings and evictions extended by the Scottish Government remains in place until 31 March 2021. In line with our revised escalation process we continue to take action where appropriate for 'won't pay' households and reviewing each individual case, providing support to those who 'can't pay'. The escalation process includes clear messaging for customers, stakeholders and staff. This makes it clear that only customers who repeatedly will not pay rent, have defaulted on an agreed repayment plan and repeatedly failed to engage with us would receive a letter about further action being taken.
- 5.14 Our Housing staff continue to focus on supporting customers out of rent debt. Our income collection performance has improved significantly over the last year and continues to exceed our 4.8% target for 20/21 at 3.83%, a reduction of 1.28% since financial year end. This also compares favourably to our comparator group in terms of rental performance as published by the Scottish Housing Regulator which is currently 4.53%.
- 5.15 Our annual rent campaign was delivered with a more digital focus this year, utilising social media, graphic image files and dialler technology to reach out to more customers as well as our more traditional approaches of writing to particular customer groups and making personal contact over the phone. We focused on promoting digital ways to pay such as Direct Debit and Web Self Service and highlighting the financial benefits and savings to be made by signing up for MySavings.
- 5.16 Encouraging take up of the new Scottish Child Payment was a key element of the campaign. We also provided £30 vouchers to families (one voucher for each child) to enable them to better face the financial pressures of Christmas. In total we were able to support 173 families (279 vouchers) with an additional resource to provide an easier Christmas at the end of a hard year. This has been very positively welcomed by our customers.

### *Other Wheatley 360 services*

- 5.17 We have had 12 Accidental dwelling fires in 2020-21. This is an increase also seen nationally by the Scottish Fire and Rescue Service and was largely attributable to people spending more time at home. Fire safety visits for vulnerable households recommenced in the summer as part of our remobilisation plan. Visits will continue for vulnerable households during the current lockdown.
- 5.18 Close cleaning services had resumed at the end of September. Since the 5<sup>th</sup> of January we have temporarily ceased this in-line with the most recent restrictions. We aim to reinstate this when it is safe and permissible to do so.
- 5.19 Wider environmental services continue as normal. These include snow clearing and gritting given the weather and bulk uplifts, this helps to mitigate the risk of fire in our communities given that local authorities have suspended these services.
- 5.20 115 anti-social behaviour cases have been recorded on our Streetwise system in the year to date. This is more than double the level for the same period last year. Over 80% of these cases relate to low level noise, aggressive behaviour and neighbour disturbance that could directly be related to lockdown circumstances. Police Scotland have also noted an increase of notifications in relation to Wheatley estates in the same time frame. We have continued to support people through our adapted service model which uses telephone and digital methods of contact wherever possible.

### *Customer support*

- 5.21 In addition to our core services we continue to provide support to our customers through our wraparound services and through our specific provision during Covid. Although our housing officers continue to be based primarily from home they have made over 15,000 outbound calls to customers. Though the current restrictions have meant that work of home visiting team has had to be curtailed, we continue to safely deploy housing officers to sign customers up in new tenancies and accompany City Building on gas appointments. Operating Safety Manuals are being adhered to and PPE is being issued as standard.
- 5.22 School closures have meant that some housing staff are juggling home schooling responsibilities with work. In such instances our flexible working arrangements ThinkYes culture have enabled staff members to adapt to these challenges and adopt varying work patterns.
- 5.23 Our Wheatley emergency fund also continues to help customers in crisis situations. An example of this is our Housing Officers recently provided tablets to customers in need, such as one customer who had two young children sharing a mobile phone for home-schooling. We have also continued to provide food provisions for our customers during these challenging times through our Eatwell service with 117 food parcels and 62 supermarket vouchers issued since April 2020.

## *Repairs, Investment & Compliance*

- 5.24 From 2nd November 2020, in line with the Group's agreed remobilisation plans, City Building began transitioning from the safety first and essential services to an extended repairs service. In doing this the aim was to achieve a near business as usual position, where it was safe to do so, by January 2021.
- 5.25 This extended repairs service included the remobilisation and management of thematic backlog projects in a controlled and consistent manner such as roof repairs, medical adaptations and cyclical works. Extended services also included security related works such as window and door renewal, and other works including internal joinery and drainage repairs.
- 5.26 The latest lockdown meant that these plans for returning to a more business as usual service had to be put on hold and an essential service in line with government guidance introduced. This service includes emergency repairs, compliance related works and works where there is a risk to the tenant's health and safety.
- 5.27 We have contacted all customers who had reported a repair prior to lockdown which will now not be done due to restrictions to explain the situation. They will be kept updated by text throughout lockdown where they have this facility. Customers will not have to report the repair again at the end of the lockdown – we will process and book in repairs as soon as we are able to do so. A similar approach is taken for those who call in to report repairs which are non-essential. Customers have been understanding of the situation and have appreciated the fact that we are keeping them up to date.
- 5.28 City Building's ability to deliver investment activity has also been restricted throughout the year; again in line with the service model that Board agreed in response to the pandemic. Soft start pilot projects commenced late summer and all other agreed core programme works for 2020/21 were gradually resumed through November and December. The initial focus was on external works, using applicable social distancing restrictions and safe methods of working that had been developed and agreed in line with our remobilisation plan. Internal capital investment works were planned to start from January 2021 but are now suspended in line with government guidance on essential works. External investment works continue with appropriate safety procedures in place.
- 5.29 We are working through the backlog of medical adaptations which built up during earlier restrictions. Prior to undertaking work, we contact customers to assess with them whether it is appropriate to do the work at this time. This decision will depend on the urgency of the requirement and the ability to do the work while maintaining safe distancing. Some adaptations are crucial in enabling hospital discharge or avoiding admission to care homes and where possible we will always seek to do these projects.
- 5.30 We continue to monitor our supply chain for repairs and investment following Brexit. So far there have been no major issues but there remains the potential for disruption, particularly around engineered parts which mostly come from Europe.

5.31 Repairs to voids continue with safe working practices in place. This supports our letting to households in need in line with the Scottish Government guidance that house moves, while allowed, should only be undertaken where essential.

5.32 Gas safety compliance has been consistently 100% since August 2020 and will continue to be a priority.

## **6. Value for money implications**

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

## **7. Impact on financial projections**

7.1 Set out above. These will continue to be updated as the situation persists over the coming weeks and months.

## **8. Legal, regulatory and charitable implications**

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

## **9. Partnership implications**

9.1 We continue to utilise our strong relationships with Scottish Government, local authorities and national agencies to support delivery during the crisis but also to influence planning to the benefit of our customers and services. We work closely at a local level with third sector organisations to benefit local communities.

## **10. Implementation and deployment**

10.1 Co-ordination of all activity set out in this paper continues to be led by the Group CEO and Executive Team.

## **11. Equalities impact**

11.1 None noted.

## **12. Recommendation**

12.1 The Board is asked to note this update.



## Report

**To: - Loretto Housing Association Board**

**By: - Stephen Devine, Director of Business Growth**

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

**Subject: - Cube strategic review update**

**Date of Meeting: - 15<sup>th</sup> February 2021**

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### 1. Purpose

1.1 This paper provides the Board with an update on the proposed transfer of Cube's housing stock outside Glasgow to Loretto Housing and sets out our next steps for agreement.

### 2. Authorising context

2.1 Under the Group Authorise/Manage/Monitor Matrix, the Loretto Board has responsibility for authorising new operating/service delivery models in its areas. Transferring Cube's stock outside Glasgow to Loretto will see changes to how Loretto operates as management of the Cube stock is brought into existing structures.

2.2 The strategic significance of Loretto and Cube joining together, as part of wider restructuring, to consolidate all Wheatley Group operation in west central Scotland (outside Glasgow) to further collective ambition, commitment to excellence and transformation means that the proposed transfer is also subject to consideration and approval by Wheatley Group Board.

### 3. Risk Appetite and assessment

3.1 The possible transfer of stock from Cube is covered by the Operating model (modernising services etc) category in the Group's risk appetite framework. Risk appetite in this area is "**Hungry**". This level of risk tolerance is defined as "eager to be innovative and choose options offering potentially higher business rewards (despite greater inherent business risk)". The key high-level risks associated with the possible transfer of Cube's stock to Loretto are:

High level risk	Mitigation and controls
<b>Cube tenants do not agree the transfer</b>	<ul style="list-style-type: none"><li>▪ Develop a compelling offer for Cube tenants</li><li>▪ Engage Cube tenants in developing the offer to ensure they understand it and can shape it</li></ul>
<b>The transfer has an adverse impact on Loretto</b>	<ul style="list-style-type: none"><li>▪ Detailed business and operating planning</li></ul>

- 3.2 This report addresses both these identified risks through providing results from the tenant ballot and an update on diligence on Cube which will be presented in final form to the Board's next meeting.

#### 4. Background

- 4.1 The Loretto Board agreed to the possible transfer of Cube stock outside Glasgow at its meeting in October 2020, following consideration of detailed information on Cube and its operations. If the transfer goes ahead, it will bring both Group partners together in Loretto as a single organisation operating in nine local authority areas – Glasgow, North Lanarkshire, South Lanarkshire, Renfrewshire, East Renfrewshire, West Dunbartonshire, East Dunbartonshire, Falkirk and Argyll and Bute. As part of the transfer, all properties owned and managed currently by Cube outside Glasgow would transfer to Loretto through a Transfer of Engagements. The value of these assets and financial information relating to them are shown below.

<b>Asset value (current stat accounts)</b>	£52.0m
<b>Net Income</b>	£5.7m
<b>Operating Costs (excluding depreciation)</b>	(£2.8m)
<b>Operating Profit</b>	£2.9m

- 4.2 Developing the possible transfer from Cube to Loretto is part of wider restructuring which also includes transferring Cube's housing stock in Glasgow transferring to GHA. The inter-dependencies between these aspects has been reflected in the approach taken to, and timing of, the proposed transfer to Loretto.

#### 5. Discussion

- 5.1 To support the proposed transfers from Cube to Loretto, Cube developed and consulted on a detailed proposal on the benefits and implications for tenants. This included:

Aspect	What was proposed
<b>Investment</b>	over £7 million being invested in modernising and improving Cube homes over five years
<b>Rents</b>	Rents increases capped at 1% for next 3 years
<b>New build</b>	Cube and Loretto together building an estimated 500 new homes for rent
<b>Services</b>	No change, customers will continue to enjoy the same high quality services they have currently
<b>Landlord capacity/coverage</b>	Tenants would transfer from Cube to Loretto and customer needs locally will be better served
<b>Jobs and training</b>	300 job, training or apprenticeship opportunities for Cube customers as a result of the additional investment above.

- 5.2 In-depth, engagement and consultation took place with tenants on the proposal and the transfer over the last four months or so. This included consultation, with the opportunity for tenants to provide feedback on the proposed benefits of transfer before Christmas and a formal transfer offer that was made at the start of January. As part of this in-depth engagement, TPAS (Tenant Participation Advisory Service) was available throughout to provide independent advice to tenants.
- 5.3 Staff spoke with 3,178/ 85% of Cube tenants to discuss their views on the proposals prior to the formal ballot. The feedback from Cube tenants outside Glasgow was very positive about the benefits of joining with Loretto, with 90% in favour of the proposal. It was recognised that both organisations could deliver more together than they could apart; with the rent proposals, additional investment in homes and ability to deliver 500 new homes being particularly welcomed. We also engaged with other stakeholders such as elected members and MPs/MSPs, who were supportive of the proposals for Cube and Loretto to come together on the basis of what it could deliver for tenants.
- 5.4 The last stage of tenant engagement was a ballot, that was conducted independently by Civica Electoral Reform Services (ERS), between 7 January 2021 and 5 February 2021 inclusive, in line with legislative requirements on potential transfers.
- 5.5 Overall 36.8 % of eligible Cube tenants (i.e. those with a Scottish secure tenancy) voted in the ballot on the transfer to Loretto, with 92.6 % of tenants voting in favour and 7.4% against.
- 5.6 In parallel with the successful ballot, legal due diligence has begun on Cube on behalf of Loretto. This due diligence will help to inform the partnership and reflects the extensive knowledge of Cube and its operations that exists already given its position as a group partner. This legal diligence is part of the overall approach set out below

	Advisor	Purpose
<b>Tax</b>	EY	To ensure that the proposed transfer to Loretto had no adverse implications
<b>Pension</b>	Spence and Partners	To ensure that Cube's existing pension arrangement do not present a risk to Loretto or the group more generally
<b>Legal</b>	Thorntons LLP	To ensure there are no major legal issues in concluding the proposed transfer

- 5.7 Findings from EY and Spence were provided for consideration by the Board in October as part of the Board deciding to progress the proposed transfer and final reports will be provided at the Board's next meeting. Thorntons' due diligence is on-going at present focusing on identifying any legal issue that might be a barrier to the transfer proceeding and identifying any potential liabilities. Summary findings to date are provided below.

## **Tax**

- 5.8 EY has indicated that no adverse tax liabilities are anticipated as a result of the transfer. No corporation tax liabilities should arise to either Cube or Loretto as both are "relevant bodies" for the purposes of section 217D TCGA 1992 and the chargeable assets are transferring on a nil gain nil loss basis. Cube's income from the rental of social housing is exempt for VAT purposes. Again, as with Loretto, VAT on costs that relate directly to these supplies would be irrecoverable. LBTT (land and building transaction tax) would be applicable. However full relief from LBTT is available for transactions where the buyer and seller are RSLs.

## **Pensions**

- 5.9 Spence have indicated that it should be straightforward to transition the pension benefits between Cube and Loretto as both organisations are already in the SHAPS Scheme. They have also noted that adding the Cube benefits to those of Loretto will reduce the cessation risk to Loretto by ensuring that more members are actively participating within the scheme. Work is on-going with the pension administrator to put the necessary steps in place for the transition. Arrangements are also being put in place for Cube staff that are members of Salvus. This will be done through registering Salvus as the auto-enrolment scheme for Loretto Housing which would allow the Cube Salvus members to transfer employers to Loretto Housing.

## **Legal diligence**

- 5.10 Thorntons' due diligence is on-going at present focusing on identifying any issue that might be a barrier to the transfer proceeding and identifying any potential liabilities. So far no particular issues of concern have been identified. Thorntons analysis, which is subject to being finalised, has confirmed Cube and Loretto's ability – from their respective constitutions – to conclude the transfer. Analysis of key contracts examined so far including for development has confirmed these can be transferred to Loretto and that there are no on-going liabilities other than might be expected, such as to pay for work undertaken. Cube's operating arrangements have also been examined, and confirmation provided that it has access to necessary business operations infrastructure such as IT, finance etc through Group service arrangements, just like Loretto. Ongoing court actions have also been examined and confirmation provided that there is nothing unusual other than routine housing management related cases.

## **Transfer of Engagements**

- 5.11 The transfer from Cube to Loretto will be through a transfer of engagements (ToE). A transfer of engagements is a process through which Cube's business undertaking including its housing stock outside Glasgow, any remaining contracts, funding agreements, staff contracts of employment etc would transfer to Loretto. A ToE is a "once and for all" transfer, since the transferring society (i.e. Cube) is normally wound up and removed from the register of societies which is kept by the Financial Conduct Authority, shortly after completion of the transfer. The legal effect and consequence of a ToE from Cube is that Loretto will automatically acquire all of Cube's assets and liabilities without the need for a contractual transfer agreement, or to undertake any conveyancing in order to

transfer the housing stock titles or to transfer contracts by way of contractual assignment or novation.

- 5.12 In order to complete the Transfer of Engagements, Cube's shareholding members will need to agree specific resolutions over the course of two special general meetings. Loretto's Board will also need to agree to the transfer at a Board meeting that is held between the two SGM. The timing of these meetings is likely to be in June 2021 although this is still to be finalised. Precise timing will depend on the completion of activities as part of the wider restructuring of Cube; notably the transfers of stock to GHA which has to conclude before the transfer to Loretto.

#### Funder consent

- 5.13 Consent is needed from the Group's lenders to the proposals. Discussions are underway, and the lenders will require copies of due diligence reports to support their decisions. As the proposals are financially neutral from their perspective, since all assets remain within the Group, we do not anticipate any issues with obtaining the required consents.

#### SHR consent

- 5.14 SHR consent is not required although they have been kept informed of progress and will be updated on the ballot result as this is a notifiable event.

#### Operational considerations

- 5.15 Loretto's strategy, along with the operating model and supporting frameworks will be updated to reflect the integration of Cube stock into Loretto. The Delivery Plan and associated performance measures will also be reviewed to reflect the new size and demographic of Loretto.
- 5.16 An implementation plan is well underway, involving teams across Loretto, Cube and Group to ensure a smooth transition of stock and service delivery to Loretto customers.
- 5.17 Cube stock outside Glasgow spans seven Local Authority areas, four of which Loretto already have a footprint in and three additional. Loretto's presence in these Local Authority areas will grow upon transfer as will the size and scale of Loretto's new build program, which is anticipated to deliver up to 500 new homes.
- 5.18 To support Loretto's strategic outcomes and continue to deliver excellent personalised services to customers, at the point of transfer, housing officer patches will be realigned to take account of the new combined neighbouring communities, whilst retaining a 1:200 ratio of stock per patch.

## **6. Key issues and conclusions**

- 6.1 Tenants of Cube outside Glasgow have expressed their clear support for the proposals to join with Loretto. Feedback from the consultation and ballot process is that tenants recognise the benefits that a larger, financially stronger Loretto will be able to deliver. This includes building 500 more homes than would otherwise be possible, keeping rents affordable and allowing housing officers to work even more closely with their customers, with patch sizes of 200 homes in closer geographical areas.
- 6.2 The technical aspects of the proposed transfer are progressing to plan. Diligence is proceeding, with no issues of particular significance having been identified, to date, that would adversely impact the proposed transfer for Loretto. We are now working to conclude the transfer, including completing legal due diligence, securing necessary consent from funders and planning for the Transfer of Engagements.

## **7. Value for money implications**

- 7.1 The proposed transfer from Cube to Loretto is expected to positively impact our investment in homes value driver through accelerating improvement works for tenants in homes that transfer from Cube and improving value for money for tenants through the 1% rent guarantee for three years.

## **8. Impact on financial projections**

- 8.1 The impact of the proposed transfer from Cube has been assessed previously on the Loretto business plans. No Issues have been identified as work has progressed to adversely impact the positive assessment presented previously or the Board's decision to progress the transfer.
- 8.2 Loretto's business plans for 2020/21 includes the proposed changes through the transfer for Cube being in place next financial year and is presented as a separate report to this meeting.

## **9. Legal, regulatory and charitable implications**

- 9.1 Legal advice has been sought and due diligence undertaken on Cube commensurate with the nature of transaction and information we already have from previous partnerships and funding exercises. No issues have been identified of significance to call into question what is proposed.

## **10. Partnership implications**

- 10.1 Partners, including the SHR and funders have been kept informed throughout and we are working with them, as necessary, to conclude the aspects of the transfers that are applicable to them.

## **11. Implementation and deployment**

- 11.1 We are aiming to conclude the transfer of engagements around the end of June 2021 subject to securing funder consent and the Board agreeing the transfer of engagements at an appropriate point.
- 11.2 The transfer from Cube to Loretto will require various systems and operational changes including migrating to Loretto's operating and performance management environment. A group wide implementation team bringing together expertise from Cube, Loretto, finance, ICT, assurance etc has been established to ensure a smooth migration. We expect necessary changes to be in place in line with the proposed transfer timetable.

## **12. Equalities impact**

- 12.1 The particular needs of individual tenants were considered and support provided through Housing Officers and TPAS, as part of the consultation and engagement process.

## **13. Recommendations**

- 13.1 The Loretto Board is asked to:
- 1) note progress in developing the transfer from Cube including the positive result of the tenant ballot; and
  - 2) agree that the transfer is developed with a view to seeking final approval to it at the Board's next meeting.





## Report

**To:** Loretto Housing Association Board

**By:** Laura Henderson, Managing Director

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

**Subject:** Rent and other charges 2021/22

**Date of Meeting:** 15<sup>th</sup> February 2021

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### 1. Purpose

1.1 This report:

- Provides feedback from our consultation on the 2021/22 RSL rent and service charge increase; and
- Seeks Board approval for the 2021/22 rent and service charge increases.

### 2. Authorising context

2.1 The Group Board is responsible for agreeing the overarching rent parameters for rent setting. Thereafter each individual partner Board agrees their own individual rent increase proposals within the agreed parameters.

2.2 The Group Board agreed that a base increase of 1.7% should be the basis of consultation with each RSL's tenants, but with some element of variation taking into account individual RSLs circumstances. The Board agreed to consult all tenants on the 1.7% base increase.

2.3 It also agreed that a second option, 0.5% above the base level, should be discussed with tenants, with tenants asked whether they would be prepared to pay these higher levels in return for additional local investment.

### 3. Risk Appetite and assessment

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

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

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

#### 4. Background

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

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

4.2 The Board considered the first three principles as part of agreeing the baseline consultation levels during discussions at the November 2020 meeting. The consultation with tenants is the final element of our rent setting process prior to formally agreeing rent levels.

#### 5. Discussion

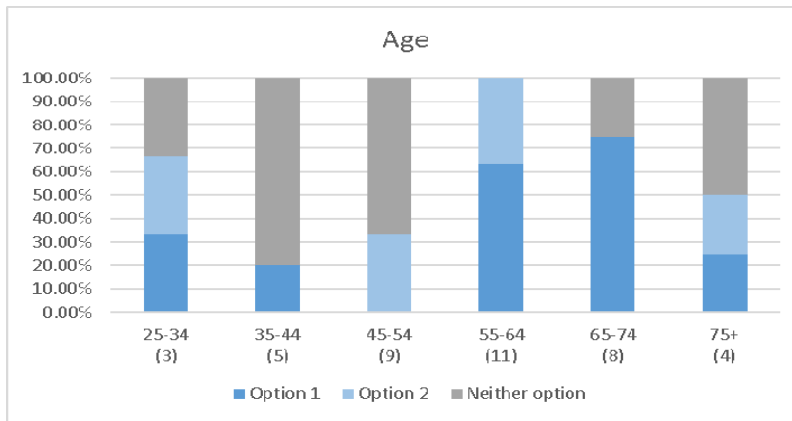
5.1 Our consultation with tenants encompassed two elements. Firstly, our consultation with all existing tenants based on the options agreed by the Board. In addition to this, a further 1084 Cube tenants outwith Glasgow were consulted on a future 1% increase as part of the ballot process for transferring to Loretto Housing.

5.2 We received a total of 46 responses from tenants. In total **54% indicated they supported** one of the two options. A further breakdown of the results is set out below:

	Number	% of total
<b>Option 1</b>	16	34.78%
<b>Option 2</b>	9	19.57%
<b>Neither Option</b>	21	45.65%
	46	100.00%

#### Age

5.3 A total of 40 tenants provided their age range in their response, with the results as follows:



5.4 Due to the relatively small sample size both overall and for each category it is difficult to draw any firm conclusions.

### Cube

5.5 A key element of the Cube ballot proposals was the 1% rent guarantee for three years. Our pre ballot engagement with tenants indicated that the rent offer would be a key consideration at the formal ballot stage. The results from the Cube ballot indicated that a total of 420 tenants (36.7%), who would become our tenants, voted on the transfer proposals, with 92.6% in favour.

#### *Qualitative feedback*

5.6 We invited respondents to provide feedback on why they elected to choose the option they did. Those who selected the higher option, although a small number, showed a strong preference for additional investment being focussed on internal works such as skirting and doors

5.7 Those who did not support either option primarily indicated that affordability was a key consideration, particularly within the context of the pandemic.

## **6. Key issues and conclusions**

6.1 The feedback from tenants indicates that the majority of tenants wish us to maintain current service levels and apply a rent increase accordingly. The results of the Cube ballot also indicate strong support for the rent proposals contained in the offer.

## **7. Value for money implications**

7.1 The level of rent increase proposed during the consolation included detailed analysis in areas such as affordability and comparability. We know that overall rent levels are an element of how tenants perceive value for money. This is however set within the context of the services we provide, particularly repairs, through the rental income.

## **8. Impact on financial projections**

8.1 The financial implications of our rent uplift are set out in the financial projections, which are subject to a separate paper.

## **9. Legal, regulatory and charitable implications**

- 9.1 Consultation with tenants on any increases in rent or service charges is a requirement of the Housing (Scotland) Act 2001. The approach set out in this paper therefore discharges our requirement to consult under the Act.
- 9.2 The 2016 Scottish Housing Regulator Thematic Review of Rent Setting detailed a number of recommendations, including provision of options to tenants during rent setting consultations. The approach taken this year responds to these recommendations.

## **10. Partnership implications**

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

## **11. Implementation and deployment**

- 11.1 Following approval of the 2020/21 rent and service charge levels, tenants will subsequently receive notification of the final decision in writing 28 days clear of a change in rent being applied.
- 11.2 In recognition of the increasing importance for tenants to notify the relevant authority of the change, we are undertaking additional communication to remind and encourage tenants to notify the change of circumstances as soon as possible.

## **12. Equalities impact**

- 12.1 Feedback by age was analysed and set out in the report. The ethnicity element of our returns comprised almost 90% of the one category, White Scottish/British. It is intended that as part of our Equality and Diversity policy implementation and new engagement framework we will seek to increase the diversity of responses in future years.

## **13. Recommendations**

- 13.1 The Board is asked to:
- 1) Consider the feedback received through the extensive consultation process with tenants on our 2021/22 RSL rent and service charge increase;
  - 2) Agree that a 1% rent increase be applied to the Cube tenants transferring to us;
  - 3) Approve a 1.7% rent and service charge increase for 2021/21 for all other tenants; and
  - 4) Agree that we formally write to tenants to confirm this subject to Group Board approval.

## Report

**To: -** Loretto Housing Association Board

**By: -** Laura Henderson, Managing Director

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

**Subject:** Transforming our rent payment methods

**Date of Meeting:** 15<sup>th</sup> February 2021

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### 1. Purpose

- 1.1 This report seeks approval to modernise our approach to rent payment methods as we fully harness the opportunities presented by technology for the benefit of both customers and our business as part of our vision for 2026.
- 1.2 The report also outlines how this modernisation is the first phase of a wider review of our approach to income and collection of rents and related service charges across group.

### 2. Authorising context

- 2.1 Under the terms of the Group Authorising Framework and Group Authorise/Manage/Monitor Matrix the Board is responsible for monitoring operational performance and implementing the Board's strategy.
- 2.2 The Executive Team is responsible for ensuring that operations are well managed including approving how services are organised and delivered, such as payment methods. The Board is responsible for approving the overarching operating model and key elements within the model.

### 3. Risk appetite and assessment

- 3.1 Our risk appetite related to both digital (including channel shift) and Welfare Reform is Open, defined as willing to choose the one that is most likely to result in successful delivery while also providing an acceptable level of reward.
- 3.2 A detailed project risk matrix has been developed and outlines the key risks that require to be managed and mitigated as part of this project. A comprehensive Implementation and Deployment Plan has also been developed.

## 4. Background

- 4.1 **Our 2026 vision is to enable our customers to reach their potential for a brighter future for themselves and their families.** Our strategy for making this real will see us deliver an unprecedented shift in the balance of power and control towards our customers. Our customers will feel empowered, make choices about services and ways in which they want to engage with us. Our success will depend on our ability to make digital feel effortless, personal and on building customer capacity to do more for themselves. Our performance will move from excellent to outstanding, as defined by our customers.
- 4.2 Our vision will be delivered against a backdrop of significant external challenges, not least the impact of Coronavirus and lockdown restrictions, Welfare Reform including Universal Credit, digital disruption and rising levels of in-work poverty. Over 920 of our customers qualify for Housing Benefit or Universal Credit, with significant numbers having to manage on low incomes.
- 4.3 We therefore, want to make it as easy as possible for customers to pay their rent. Most recent advances, delivered as part of our Digital Transformation Strategy, include:
- The launch of Loretto's Self-Service, MyAccount, in 2017 enabling customers to access their account anytime, and not just for paying rent. Our customers can check their account, see when their rent is due, raise a service request, book a repair and report a neighbourhood issue.
  - MyHousing, launched in 2018, providing customers with an online housing, advice and letting service including advice on the total cost of running a home, budgeting tools and benefit advice to help them maximise their income and build financial resilience. Once registered, the customer account seamlessly moves with them providing access to their new online rent account and wider services once they become a tenant with us.
- 4.4 We currently offer nine ways to pay rent with customers choosing to pay weekly, fortnightly, four-weekly or monthly. Many of these options pre-date modern technological advances. A breakdown of transactions and income from each payment method can be found at appendix 1.
- 4.5 The most convenient and cost effective methods, apart from Housing Benefit and DWP payments are Direct Debit and Loretto Online Self Service (WSS) followed by CSC Touchtone telephone.
- 4.6 Up-rating rents at the beginning of each year will be much more easily controlled and automated the more customers we have on Direct Debit. It also reduces the impact of DWP up-rating issues as we can ensure the correct amount is paid to us for those customers paying by Direct Debit and encourage them to inform DWP at the same time. These are huge business benefits that protect our income streams and support effective rent collection.
- 4.7 There is an opportunity to learn from wider customer service organisations and the banking sectors who have introduced recurring debit or credit card payments. This option offers same or next day payments at the start of a payment plan and provides another digital payment option for customers who wish to pay us in this way, which has become increasingly important during the Coronavirus crisis.

- 4.8 Our preference is for payment methods that will allow us and customers to manage a rent in real time - no delay in the payment reaching a customer account such as the time it currently takes for a payment made through the Post Office to show on a rent account and where customers are able to self-serve and view their accounts as well as access additional services themselves. Payments will be digital, automated and will not rely on customers having to proactively remember or physically do something to pay their rent every month.
- 4.9 Bulk text messaging of rent reminders and overdue reminders where a payment is missed have been successfully introduced during the Coronavirus lockdown. Work is ongoing to automate this process as a result of the positive impact it has had in generating both contact from customers and also payments, which our Housing Officers themselves have been able to take over the phone since March 2020. Over £60,000 in payments has been taken to date, with these payments showing in the customer's account the next day, demonstrating the impact of methods which deliver real time payments and evidencing our preference for them as described above.
- 4.10 A measured and managed approach to modernising our options will:
- use data intelligence to help us predict the most successful payment method based on customer characteristics to ensure ongoing payment success
  - ensure just in time and transparency of payments
  - increase control for customers, facilitating easier access to services and deliver exceptional customer convenience
  - prioritise efficient and effective payment methods to drive value for money, and
  - ensure no customers are left behind with services appropriately tailored to meet their specific needs.

## 5. Discussion

- 5.1 Our proposed payment channel shift will strengthen prevention capacity through Direct Debits, support more digitally enabled income collection methods and help to mitigate the impact of Coronavirus and Universal Credit while protecting our top quartile performance in the most cost efficient way. It will also enhance customers feeling in control and having the information and access they want and need at their fingertips wherever they are.
- 5.2 We are proposing to retain the top three most effective and convenient payment methods and to phase out all other existing options. These are Direct Debit, Loretto Online Self Service and a modernised telephone payment system. We introduced secure payment links in November 2020 and propose to introduce Recurring Card Payments (new) due to the minimum effort required by customers to make payments and deliver value for money. Direct Debit will be our preferred default payment method and where this is not right for the customer we will use data intelligence to predict which of the other acceptable methods will be the most successful payment method based on customer characteristics to ensure ongoing payment success. We also need to gauge how easy customers feel it is for them to make a payment and their satisfaction with available services using our new approach to customer engagement.
- 5.3 The value of scheduled Housing Benefit payments will continue to reduce over time as customers move onto Universal Credit and we expect to see a corresponding increase in the value of DWP payments. We have also now moved to daily payments from DWP and the impact so far has been hugely positive.

5.4 The crisis surrounding Coronavirus has already changed the way some of our customers are making their payments, with traditional face to face payment methods reducing.

5.5 **Measures of success and outcomes** from moving to a new streamlined approach include:

Measure of Success	Baseline	Outcome	Timeline
% increase in customers paying by more efficient methods	13% (DD)	Year on year % increase in usage of modernised payment methods All new tenancies signed up to Direct Debit	From 2020  From 2020
% increase in the no. of customers, in arrears, paying by DD and recurring card payment (new) to mitigate the impact of UC	30%	Payment Plans secured with <b>80%</b> of customers paying by DD/recurring cards	From 2020
Modernised payments approach delivered	9 ways to pay	Phasing out of proposed payment options completed	By 2022
Reduced average transactional payment costs	£0.98 to £3.93	To less than <b>£0.50</b> per transaction for customer facing methods	By 2022
<i>**based on average rent payment of £425</i>	£2.28 to £6.80	To less than <b>£2.00</b> per transaction for back office methods	By 2022
The ways in which to pay rent perceived as easy to use by customers	Not currently measured	90% customer satisfaction	By 2023
Build financial resilience by increasing % customers paying by one month's rent in advance	12% one month in advance; *65% of customers with credit/zero balance	10% year on year increase of credit rent accounts with <b>**50%</b> of customers having a credit balance  <i>**From our learning journeys, we know that Gentoo, for example, aim to have 50% of their customers in credit.</i>	By 2026
Support improved income collection performance to deliver 2021/26 strategic targets	4.80%	% of gross debit at <4%.	By 2026
Keeping UC customers debt free	41%	80% of ALL UC customers paying by DD and/or APA	By 2026

5.6 The pros and cons of existing, new payment methods and those we propose to keep and remove are shown in the following tables.

5.7 Table1. Proposed Customer Facing Payment Methods



Payment Method	Pros	Cons
<p><b>Direct Debit</b></p> <p>650 customers</p> <p>£0.16 cost per transaction</p>	<ul style="list-style-type: none"> <li>• Regular, automatic agreed payments with minimal input and reduced payment failures;</li> <li>• <b>Customers less likely to be in arrears, lower arrears where they exist and paid back more quickly including those on UC;</b></li> <li>• Customer can self-serve to set up own DD via WSS and fee free bank accounts no longer have costs associated with returned DDs;</li> <li>• <b>Huge potential to maximise the ability to amend DD payments to collect arrears and rent in advance;</b></li> <li>• <b>Annual rent increases are easier to collect as we increase the payment rather than relying on customer to do so;</b></li> <li>• Building financial resilience for customers and the business;</li> <li>• Payment date set to coincide with date customer receives wages/UC/Pension/other income;</li> <li>• <b>Opportunity to automate proactive communications</b> to remind customers to ensure they have sufficient funds in their account 1 week prior to payment due and to make contact within 24 hours of any missed Direct Debit to maximise chance of recovery.</li> </ul>	<ul style="list-style-type: none"> <li>• Direct Debit guarantee allows customers to reclaim payments where they feel payment has been made in error despite rent being due. Process for addressing this is being developed;</li> <li>• Some customers do not have access to a bank account or one that can facilitate Direct Debits although we can support them to set one up;</li> <li>• Some customers are reluctant to set up Direct Debit as worried about returned fees;</li> <li>• Time lag between set up and first payment date due to the need to give notice and cooling off period in line with DD guarantee;</li> <li>• Customer bank charges if DD is rejected.</li> </ul>
<p><b>Loretto Self Service (WSS)</b></p> <p>181 customers</p> <p>0.328% to 1.1% cost of transaction value</p>	<ul style="list-style-type: none"> <li>• Customer actively engaging with us on our digital platform;</li> <li>• <b>More holistic services with access to MyAccount, advice, support and services, including transaction history, raise repairs, benefit from MySavings, make service requests, set up Direct Debit, explore job &amp; training opportunities and obtain information needed to make a Universal Credit claim;</b></li> <li>• Informing data intelligence.</li> </ul>	<ul style="list-style-type: none"> <li>• Payment reliant on customer actively logging in to online account.</li> </ul>
<p><b>CSC Touchtone Telephone</b></p> <p>0 customers</p> <p>0.328% to 1.37% cost of transaction value</p>	<ul style="list-style-type: none"> <li>• Quicker for customer to get through to make payment;</li> <li>• No call handler required to take payment;</li> <li>• Can change messaging on IVR (Instant Voice Recording) to suit campaign messaging etc;</li> <li>• Value for money service;</li> <li>• Free phone service.</li> </ul>	<ul style="list-style-type: none"> <li>• Payment reliant on customer actively calling in to payment line each time it is to be made;</li> <li>• Anonymised interaction preventing customer from accessing additional info available via call handler or WSS;</li> <li>• Requires significant amount of guidance and discussion (at least 2-3 times) to nudge customer towards this method and keep them there.</li> </ul>
<p><b>Recurring Card Payments (new)</b></p> <p>We currently have 14% of customers paying by debit card</p> <p>£0.20 + 3% of transaction value</p>	<ul style="list-style-type: none"> <li>• Allow regular/repeat card payments to be set up without repeat contact;</li> <li>• <b>No bank charges for customers if payment is declined;</b></li> <li>• <b>Same day set up and payment; less risk around guarantee – 120 days max rather than for life of mandate as for Direct Debit;</b></li> <li>• <b>More reliable than customer phoning or going online to make payment;</b></li> <li>• Can add alternative cards to try automatically where first one fails, so less work to recover initially failed payments.</li> </ul>	<ul style="list-style-type: none"> <li>• Potential for higher failure rates due to cards being lost/stolen, reaching card spending limit for the day;</li> <li>• Admin costs to keep card details up to date (potential additional system to administer);</li> <li>• Need to develop automatic text reminder that payment is due.</li> </ul>

<b>Secure Payment Links (new)</b>  <b>£0.25 per link</b>	<ul style="list-style-type: none"> <li>• Secure e-mail or text link sent to customer to make payment by card</li> <li>• Payment confirmed there and then</li> <li>• Staff member is able to provide support to customer to make payment with improved PCI compliance</li> <li>• Progress of transaction including confirmation of success or otherwise provided for staff and customer at time; opportunity to find alternative card/method while still in contact with customer reducing missed opportunities</li> <li>• Payment shows next day in account in line with other card payments</li> </ul>	<ul style="list-style-type: none"> <li>• Need to have customer on phone/engaged with service</li> <li>• Only able to send out links individually or in small batches of 30 and specific amount to be paid must be provided</li> </ul>
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5.8 Table 2. Proposed payment methods to be phased out. These will no longer be promoted or offered to new customers and existing customers will be encouraged to migrate to one of our four preferred/acceptable methods of payment by 2022. We will carry out periodic reviews during this two-year period with a view to switching off these less effective and efficient methods on a phased basis.

Payment Method	Pros	Cons	If DD is not the default payment method. Customers are likely to channel shift to:
<b>Paypoint (via local shops and including Post Office)</b>  <b>68 customers</b>  <b>£0.41 per transaction + £30 rent card</b>	<ul style="list-style-type: none"> <li>• Local and convenient for customers;</li> <li>• Allows cash payments to be made;</li> <li>• Retained as residual payment method for customers who are unable to open any other kind of account (diminishing numbers);</li> <li>• Has remained popular with some customers during Coronavirus crisis</li> <li>• Prevent reputational damage for organisation.</li> </ul>	<ul style="list-style-type: none"> <li>• Rent card required to make payment;</li> <li>• Takes around 5 working days for payment to reach rent account;</li> <li>• Third party payment handler involved;</li> <li>• Rent cards are expensive;</li> <li>• Transaction limit of £200 – typically 2 transactions per monthly rent payment.</li> </ul>	Recurring card payments or Secure Payment Link by 2021
<b>CSC Telephone Payments</b>  <b>178 customers</b>  <b>0.328% to 1.37% cost of transaction value</b>	<ul style="list-style-type: none"> <li>• Customer can speak to advisor;</li> <li>• Payments taken 24/7;</li> <li>• Customer can make multiple payments for different things at same time e.g. rent and council tax (in Glasgow) at same time.</li> </ul>	<ul style="list-style-type: none"> <li>• Takes longer than CSC Touchtone to process payment;</li> <li>• Comparatively expensive – staff; Freephone number costs;</li> <li>• High demand on Customer Service Centre lines can lead to missed opportunities to collect payments if customer does not wait.</li> </ul>	Migrated to Direct Debit or Loretto Online Self Service
<b>Bank Payments</b>  <b>142 customers</b>  <b>£0.22 - £0.40 per £100 transaction value</b>	<ul style="list-style-type: none"> <li>• Convenient way for individual customers to make ad hoc payment at their bank.</li> </ul> <p><i>** Within these accounts paid by bank, a significant number are HB scheduled payments that we receive as a manual payment from smaller Local Authorities.</i></p>	<ul style="list-style-type: none"> <li>• Manual reconciliation of exception payments to individual rent accounts.</li> </ul>	Direct Debit in the first instance from November 2020 or recurring card payment by 2021  <p><i>** Income Team will continue to manually process HB payments. It is anticipated this will diminish over time as customers move onto UC</i></p>

- 5.9 As an illustration of the potential impact these changes could have, if all of these customers currently using the payment methods we are proposing to phase out were to be moved to our most efficient and preferred payment method of Direct Debit, we could potentially save almost £240,000 per year in transaction costs alone across the wider Group. This could be used to deliver more in terms of our current suite of wraparound services or assist in bringing in some new ones relating to debt advice for example or providing funding for an additional 6,000 Eatwell parcels/vouchers.
- 5.10 The next stage of our change programme is to transform our service model to offer unrivalled customer experience, identifying digital and tailored services.

To support this, we will:

- a) complete a review of our approach to income and arrears collection, exploring data intelligence to help us tailor our engagement and communication through preventative support and help customers stay debt free.

Improvements in management information and the use of technology will also enable us to strengthen income collection through proactive automated alerts reminding customers to ensure that they have funds in their account to pay their Direct Debit. Payment history will be used to progress proactive interventions; and

- b) shift the balance of power and increase customer choice, exploring the benefits of a Customer App to facilitate easier access to services, deliver exceptional customer convenience and capture just in time feedback. Improvements will include customer alerts and push notifications regarding forthcoming payments.

## 6 Proposals

- 6.1 In order to protect our income stream, a cautious approach is recommended with movement towards our proposed payment methods being facilitated in a controlled and phased basis. The first step will be to begin to phase out the least effective and costliest customer facing payment methods, namely Paypoint (including Post Office). Paypoint individual transaction limits of £200 demonstrate the fact that Paypoint was set up at a time when monthly rent levels were below this amount. Removing this payment method will have no real impact on income collection as currently only 1.42% of our customers pay using this method.
- 6.2 Building on the work done during lockdown we will launch a major campaign to increase the number of customers paying by Direct Debit and drive down the use of telephone payments via CSC Advisors and ad-hoc bank payments. There was an Implementation and Deployment Plan scheduled for this to take place in April. However, it is proposed that this payment method remains for these customers in light of the pandemic but that we will continue to actively encourage them to move to our acceptable payment methods. Since December 2019, customers have also had the facility to set up a Direct Debit using their WSS account with no need for Housing Officer involvement with many customers taking up this option. We have introduced secure payment links which provide customers with the ability to make payment using their debit or credit card quickly and conveniently via a secure link sent to them via text or email and completed in the same way as many other online payments are made.

- 6.3 Table 1 above discusses the benefits of Direct Debit including the uprating of rents at the beginning of each year. Customers who pay using this method are also less likely to be in arrears and have lower levels of arrears as they are paid back more quickly through a Direct Debit including those customers claiming UC, payment dates can be set to coincide with the date the customer receives wages/UC/Pension/other income providing consistency and certainty of payment. Research, learning journeys and data analysis demonstrates Direct Debit as being the most effective payment option with around 80% of customers maintaining their arrangements.
- 6.4 Recurring Credit & Debit Card Payments are proposed to be introduced in 2021 and also promoted to existing Paypoint and Post Office payment customers as part of our Implementation and Deployment Plan where Direct Debit is not the default payment method. It is expected that a significant proportion of customers will easily move to our preferred or acceptable payment methods following some discussion with their Housing Officer around the benefits of moving. However, there will be a smaller group who will be more difficult to persuade and their movement will take a longer time, meaning we have given a more cautious time frame of two years for the full implementation of this project.
- 6.5 The modernisation of CSC Touchtone and agent payments is also currently being considered as part of our wider Digital Delivery Plan from 2021 to 2026.

## **7. Key issues and conclusions**

- 7.1 While we do not want any customer to be left behind, failure to modernise our payment methods means we risk failing those customers who would currently benefit from interacting and transacting with us in the digital arena. Payment options are changing at a phenomenal pace and we need to keep up with this, to improve customer satisfaction and to ensure we are able to collect payments from individual customers as more and more move onto Universal Credit. This is even more important in light of Coronavirus, making face to face visits more challenging in terms of restrictions.

## **8. Value for money implications**

- 8.1 More efficient methods of payments relate to the aim within our VFM Framework of improving flexibility and responsiveness and improving the life chances of our customers.

## **9. Impact on financial projections**

- 9.1 There is no adverse impact on the financial projections, however a move to more efficient payment methods will help us to manage arrears balances and maximise rental income collected. Savings in the transactional costs of administering payments and the production of rent cards will go towards achieving running cost efficiency targets built into the financial projections.
- 9.2 It is envisaged that there will be a cost associated with the introduction of recurring card payments however this will be offset against savings expected from the withdrawal of rent cards. Any variance will be met from existing budgets.

## **10. Legal, regulatory and charitable implications**

10.1 There are no direct legal, regulatory and charitable implications.

## **11. Partnership implications**

11.1 There are no partnership implications arising from this report apart from Council Tax collection from Glasgow City Council, which is provided free through our CSC.

## **12. Implementation and deployment**

12.1 The Group Universal Credit Lead will take ownership for our payment methods approach and drive the delivery of the Implementation and Deployment Plan. A Project Board will be established to drive this change programme, assisted by the Rent & Income COE.

## **13. Equalities impact**

13.1 We will undertake an equalities impact assessment as part of this proposal with a focus on customer characteristics and in particular accessibility.

## **14. Recommendations**

14.1 The Board is asked to:

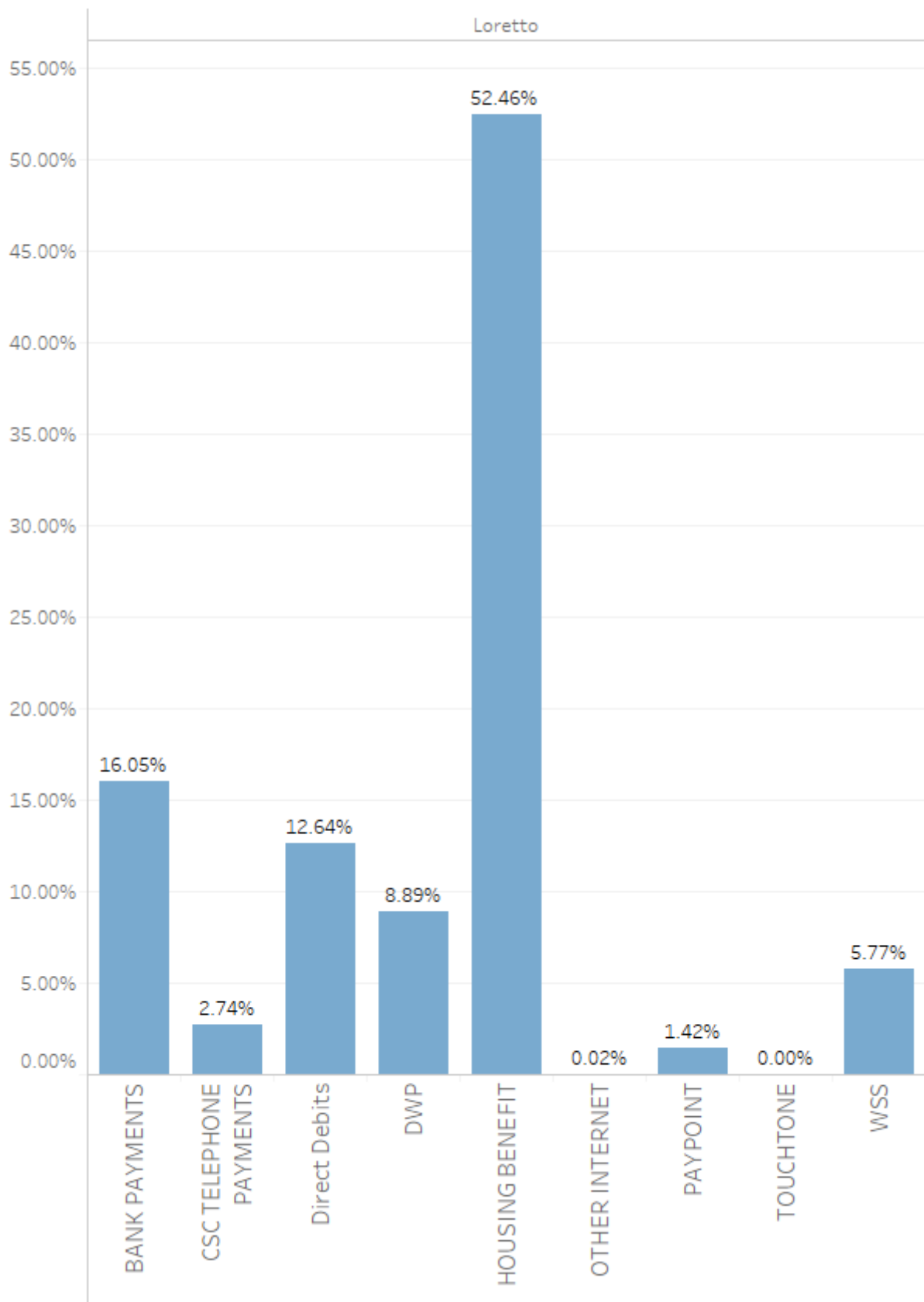
- 1) approve modernising our Group approach to rent payment methods as we fully harness the opportunities presented by technology for the benefit of both customers and our business, including the exploration and introduction of recurring card payments;
- 2) agree a wider review of our approach to rent and income collection, with a progress report to be provided in 2021;
- 3) note that our current self-service offering requires to be reviewed in the longer term and in the context of delivering a customer App to facilitate easier access to services, deliver exceptional customer convenience and capture just in time feedback. Our new approach to customer engagement will need to gauge how easy it is for customers to make a payment and their satisfaction with available services. Improvements will include customer alerts and push notifications regarding forthcoming payments.

## **LIST OF APPENDICES:**

Appendix 1: Percentage of Payment Method by RSL of Payments Made between April 2020 and August 2020

## Appendix 1 –

### % of Payment Method by RSL of Payments Made between April 2020 and August 2020



**To:** Loretto Housing Association Board

**By:** Laura Henderson, Managing Director

**Approved by:** Olga Clayton, Group Director of Housing & Care

**Subject:** Your Home, Your Community, Your Future: Our 2021-26 strategy

**Date of Meeting:** 15<sup>th</sup> February 2021

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## 1. Purpose

1.1. This report:

- provides a summary of the strategy session held by the Board in September;
- seeks the Board's approval for our draft 2021-26 Strategy, *Your Home, Your Community, Your Future*; and
- updates the Board on the engagement plan for staff, customers and stakeholders in respect of our new strategy

## 2. Authorising context

2.1. Under the Group Authorising Framework, the Board are responsible for developing and agreeing our own strategies within the envelope of overall group strategic objectives.

## 3. Risk appetite and assessment

3.1. We do not have a single risk appetite in respect of our strategy. The risk context facing us has changed in light of Covid-19, with an economic shock and expected resultant increases in unemployment and financial difficulties, particularly among lower income households. Our strategy for 2021-26 reflects this new context.

## 4. Background

4.1. During September, a Board strategy workshop was undertaken to consider any necessary updates to our strategy following our experience of the pandemic. The Board agreed the title, updated vision statement and executive summary of the new strategy in September. A copy of the full Group strategy has been made available via AdminControl.

4.2. This strategy has been updated to take into account the successful proposal to transfer Cube stock outwith Glasgow to us. This has a positive impact on new build and investment figures which have been reflected in the strategy.

## 5. Discussion

### (i) Board strategy discussions

5.1. A short summary of the feedback from the Board workshop is provided in Appendix 1, with the full feedback sheet available on request. The key themes are set out in more detail below.

- The vision and five strategic themes remain an appropriate and relevant way to structure the strategy
- The vast majority of the Loretto draft strategy remained appropriate and, as the Fraser of Allander Institute noted, more timely and relevant than ever in light of the pandemic
- The Covid pandemic has provided an accelerant, which we should embrace, to the objectives and plans already set out in the draft strategy in two respects;
  - to increasing the use of digital methods for engaging with our customers and delivering services which are convenient, reliable and give the customer greater control;
  - while around 70% of our staff are not office-based, our staff operating model should transition to a more hybrid home/office working approach now for staff who were previously office-based, accompanied by wider support for our people to work and lead in a more digital context.
- Affordability for our customers will be a key challenge due to the economic impact of Covid-19, particularly in terms of the labour market; so the proposals to bring forward the limit on rent increases to no more than 2.9% from 2025 to immediately was strongly supported.
- The importance of stakeholder support in delivering some key aspects of the strategy, especially local authorities and the Scottish Government in respect of future policy and funding for housing and care.
- The green agenda is increasingly important, and we should seek to work with Scottish Government to deliver the funding necessary to further retrofit customers' homes to save them money on fuel bills and reduce our carbon footprint.
- Challenge in delivering our development and investment work due to Covid-19 restrictions were discussed, as well as the potential impacts and risks in relation to our supply chains.
- The potential structural changes in the labour market increasing home working and the potential increase in demand for access to open spaces and properties which can be used to support home working across all tenure types



- The asks of the Board reflected the view that Wheatley Solutions and the Wheatley Foundation are two key enabling vehicles that support us in service delivery. In terms of Solutions, the Board were keen to see a continued development of digital service offerings and engagement platforms for customers. The role of the Foundation in supporting customers who are experiencing hardship as a result of the pandemic emerged as a common thread. The importance of our continued role in facilitating training and employment for our customers was highlighted, especially with the impact on our communities of the furlough scheme ending.
- There was a strong appetite for us to contribute at a local and national level to the homelessness agenda. This was however within the context of strong feedback that appropriate wraparound support must continue to be provided to a significant number of homeless people using the model of Housing First, and we also have a responsibility to maintain balanced, sustainable communities.

**(ii) Revised Loretto strategy**

- 5.2. Appendix 2 contains the revised strategy document in two formats A) a word version where the changes are in **blue text** for ease of reference and B) a revised 'clean' designed version. The updated strategy reflects the Board's agreement that the vast majority remained appropriate. Our strategy supports our ambition to increase the number of new homes we can build, to keep rents affordable and to expand the regeneration outcomes we can deliver.
- 5.3. Our new strategy, ***Your Home, Your Community, Your Future***, maintains all of the ambition originally contained in our 2020-25 draft, but takes account of the impact of Covid, a successful proposal for Cube joining Loretto, and the changed political and economic context. The strategy reflects:
- Accelerating the introduction of a **new blended operating model**, which maintains a focus on achieving a strongly personalised approach
  - Strengthening our commitment to investment in our **digital infrastructure** to enhance our ability to provide services and engage with our customers digitally.
  - In tandem seeking to use our influence to improve digital inclusion for our customers and support all customers to have affordable home broadband connections
  - Setting ambitious proposals for how we can be a key partner at local and national level as part of a Group response in **tackling homelessness**
  - Drawing on our experience of the pandemic to **strengthen our understanding of families** and tailor our service offering accordingly. This includes introducing a specific family satisfaction target
  - Accelerating our planned rent increase assumption reductions **to year 1** of the strategy

### **(iii) Engagement and consultation**

- 5.4. Across Group we are planning for how we launch the overall Group strategy with staff. As we plan for the introduction of our redesigned service model and new Way of Working on 1 April, we have taken the opportunity to more closely sequence the strategy launch with this.
- 5.5 We will therefore launch the strategy following the introduction of our 'New Normal'. We will wait until we can do this in person, which will allow us to:
- meet in the re-designed offices designated as our new meeting, collaboration and learning hubs; two: it will enable us to
  - retain complete focus on supporting the people we work for in this final stage of the pandemic; and three: and
  - have staff more energised to deliver on the ambitious challenges set out in the new strategy.

## **6. Key issues and conclusions**

- 6.1. The draft 2021-26 strategy reflects the outcome of engagement and discussion with the Board. There was a strong degree of consensus that the majority of the previous draft strategy remained appropriate, with amendments in certain key areas to reflect the impact of the pandemic and changed economic context.
- 6.2. We propose to accelerate progress towards some of the objectives, such as our working model for staff, and expand our ambitions in other areas such as energy efficiency and broadband in our customers' homes. We suggest to reflect a strengthened role in addressing the impacts of the pandemic on financial hardship in our communities, and set out more concrete targets for our role in addressing homelessness.
- 6.3. Given the uncertainty which remains regarding the impact of the pandemic on our future development and investment activity, the strategy targets in these areas will be reviewed in conjunction with the updated business plan at the next meeting.

## **7. Value for money implications**

- 7.1. There are no specific value for money implications associated with this report.

## **8. Impact on financial projections**

- 8.1. Our business plan projections continue to be updated to ensure they align with the objectives set out in our strategy.

## **9. Legal, regulatory and charitable implications**

- 9.1. We will continue to keep the Scottish Housing Regulator informed of any changes to our strategy. Our strategy has been developed taking into account and reflecting the views, need and priorities of our tenants in line with the requirements of Regulatory Standard of Governance (2).

## **10. Implementation and deployment**

- 10.1. A performance management framework is being developed and will be presented to the Board for information. This will be accompanied by a delivery plan for 2021/22, being the first year of the new strategy period. These documents will set out the key performance measures and strategic projects which will be reported to the Board on a quarterly basis to enable progress against our strategy to be monitored.

## **11. Partnership implications**

- 11.1 None

## **12. Equalities impact**

- 12.1. The strategy recognises the importance of diversity and any significant changes to service delivery in the implementation of our strategy will be subject to impact assessments.

## **13. Recommendations**

- 13.1 The Board is asked to:

- 1) Note the feedback from the Board strategy workshops;
- 2) Agree, subject to any comments, the updated Loretto Strategy: *Your Home, Your Community, Your Future*; and
- 3) Note and provide any comment on the proposed approach to staff, customer and stakeholder engagement

## **LIST OF APPENDICES:**

Appendix 1- Loretto Board Feedback

Appendix 2a-Revised Loretto Strategy: *Your Home, Your Community, Your Future*  
(blue text)

Appendix 2b-Revised Loretto Strategy: *Your Home, Your Community, Your Future*  
(clean)

## Appendix 1 – Loretto Board Feedback

Board	Challenges/barriers or opportunities/enablers	Vision, brand, flag and message	Strengthening/adjusting existing strategic priorities	Asks of Group
<b>Loretto Housing (combined sessions)</b>	<ul style="list-style-type: none"> <li>▪ Opportunity to further develop engagement/communication with both customers and staff through multiple channels including face-to-face, digital, phone</li> <li>▪ A challenge will be ensuring human, social interaction is not lost in digital engagement</li> <li>▪ An enabler has been our proven ability to be agile and flexible. This will be important in addressing future challenges</li> <li>▪ Opportunity to further support homeless customers as they move into permanent accommodation</li> <li>▪ Whilst recognising challenges, reiterated keen desire to retain a strong development programme</li> </ul>	<ul style="list-style-type: none"> <li>▪ Vision could be more ‘tenant friendly’ and succinct</li> <li>The sentiment of Building Stronger Communities Together was considered to more accurately reflect the key messages in the strategy</li> <li>Strategic Themes still very much relevant</li> </ul>	<ul style="list-style-type: none"> <li>▪ Ensure we continue to support staff as they work from home and look towards accelerating the future with a blended model of working will help this</li> <li>▪ Opportunity to strengthen digital inclusion</li> <li>▪ Reduce poverty for our customers through maximising use of wraparound services, Foundation funding and introducing lower rent increase</li> <li>▪ Strengthen engagement focus in more outlying stock areas</li> </ul>	<ul style="list-style-type: none"> <li>▪ More detail on the Engagement Framework in order to facilitate community resilience</li> <li>▪ Community Academy programme to <a href="#">drawn on</a> relevant offerings from in-house MyAcademy provision</li> <li>▪ Continue to influence at national level</li> </ul>

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Loretto  
Housing

## Your Home, Your Community, Your Future



# 2021-2026



Loretto part of Wheatley Group  
Our five-year strategy



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## OUR VISION FOR 2021 TO 2026

Loretto Housing, part of Wheatley Group, is rooted in its local communities and committed to delivering outstanding, customer-focused services.

**Your Home, Your Community, Your Future**, sets out how we will take our services to the next level on this, the next stage of our journey, from 2021 to 2026.

Our ambitious, new-build programme has seen us work closely with our key partners, our [nine](#) local authorities (Glasgow City Council, Renfrewshire Council, North and South Lanarkshire, Falkirk Council, [Argyll & Bute](#), [East Renfrewshire](#), West and East Dunbartonshire Council) and the Scottish Government, to bring forward much-needed new affordable homes. [The integration of Cube has extended our geographic footprint across central Scotland and enables us to strengthen our presence within communities.](#) Over the lifetime of this strategy we will build [at least 400 new homes](#) while continuing to invest in the fabric of our existing homes.

But our mission is, and always will be, focused on much more than just bricks and mortar. **"Better homes, better lives"**, is what guides us on now, and as we look to the next five years.

Having the keys to one of our homes will continue to lead to a new world of opportunity. We will remain committed to helping people break down the barriers, too often created by disadvantage and poverty. This will include offering people in our homes real opportunities - such as jobs and training - to improve their lives and have more control over what happens in their area. We will also work with our partners, and tenants, to create safe, peaceful and connected communities.

Tenants will be at the heart of decisions and we will offer people more choice in how they engage with us as well as how they access our services.

We will deliver our vision for our communities against a backdrop of significant external challenges, not least of all the impact of Welfare Reform, digital exclusion, rising levels of poverty, continuing public spending cuts and the continuing gap between housing need and supply.

[We also recognise the challenges our customers are facing in this Covid-19 era. Our response demonstrated the adaptability and agility of our model as we supported our customers and communities when they needed us most. From supporting vulnerable customers accessing vital food supplies, providing families with essential items to support their children, to expanding wrap around services to help with benefit claims and fuel advice we have reaffirmed that we are about more than just a home. This experience leaves us ideally placed, working alongside our partners, to support them and play a strong role in a fair and socially just economic recovery.](#)

By 2026, we know that the expectations of our customers and our staff will be very different. We will evolve how we work, listening and responding so that Loretto Housing remains in the best possible shape to deliver on its ambitions. [Our close relationship with](#)

Wheatley Care enables us to meet the various housing and care needs of our diverse customer groups, many of whom are older customers who have varying support requirements.

Operating across central Scotland, Loretto Housing will continue to identify opportunities to make it easier for our customers to access services in the most convenient way for them. We understand that in order to achieve our ambitions it will be important to continue our strong partnerships with the [nine](#) local authorities within which we operate.

At the heart of our strategy for 2021 to 2026 are five strategic themes:

- Delivering exceptional customer experience
- Making the most of our homes and assets
- Changing lives and communities
- Developing our shared capability
- Enabling our ambitions.



## OUR VISION - LORETTO HOUSING IN 2026

Our vision is to enable our customers to reach their potential for a brighter future for themselves and their families. Our strategy for making this real will deliver an unprecedented shift in the balance of power and control towards our customers, empowering them to make their own choices about the services they want, ensuring they are properly equipped to do things for themselves and involving them in the design of products and services from start to finish.

We will work ethically and sustainably, ensuring our homes are affordable for our customers, digitally enabled and low or net-zero carbon. We will share our expertise and work with others to improve the fabric of our customers' lives while creating great communities.

We will deliver this vision through five strategic themes, under which we have defined 16 strategic outcomes. These are summarised below.

<b>Our Purpose:</b> Making Homes and Lives Better				
<b>Our Vision:</b> Customers have increased control over their services, their communities and their lives, with new opportunities for building skills and resilience				
<b>Strategic Themes</b>				
Delivering exceptional customer experience	Making the most of our homes and assets	Changing lives and communities	Developing our shared capability	Enabling our ambitions
<b>Strategic Outcomes</b>				
Progressing from excellent to outstanding Enabling customers to lead Developing a customer led repairs service	Increasing the supply of new homes Investing in existing homes and environments Setting the benchmark for sustainability and reducing carbon footprint Building community voice, engagement and resilience	Developing peaceful, connected neighbourhoods Supporting economic resilience in our communities	W.E. Think – creating our “Think Yes Together” culture W.E. Create – driving innovation W.E. Work – strengthening the skills and agility of our staff	Raising the funding to support our ambitions Maintaining a strong credit rating and managing financial risks Evolving digital platforms to support our activities Influencing locally and nationally to benefit our communities

These themes and outcomes align the strategic priorities across our Group. The particular priorities of Loretto Housing's strategy for 2021-26 are detailed in the following sections of this document under each strategic theme.

We have reviewed and updated our values for this new strategy and these are set out below.

Performance indicators will be measured and monitored on a regular basis. These are detailed below each of the relevant themes within this document. The impact measures will quantify our societal and economic impact and provide evidence of statements made in the strategy. These will generally require periodic evaluation studies to assess the results. Our impact measures relate to the following key areas:

**Strengthening the Economy** –this will include tracking the significant impact this strategy will make to the Scottish GDP. It is projected by Loretto Housing that the operating and capital spend over the 2021- 26 period is estimated to [support jobs, training places and apprenticeships and have a significant impact on GDP](#).

**Reducing Poverty and Improving Wellbeing** -this will include measuring how we are reducing the cost of running a home and tracking the positive impact our support services are making to both customers' financial circumstances and overall wellbeing and resilience.

**Improving our Environment and Mitigating Climate Change** - this will include reducing our corporate carbon footprint to [net zero](#), reducing the CO2 emissions in our Wheatley homes and raising the environmental standard of our New Build homes making them more energy efficient and cheaper to run.

**Strengthening our communities** - this will include increasing customers' social capital, expanding our engagement methods and measuring the positive impact this is making to our customers and our communities. We will also track how our increased community cohesion is helping to make our neighbourhoods more 'peaceful'.

Our values:

- Excellence -we raise the bar in everything we do
- Community - people direct what we do and together we build strong communities
- Ambition - we push the boundaries in new ways so everyone can fulfil their potential
- Trust - we inspire customers and staff to shape the future.

## 1. DELIVERING EXCEPTIONAL CUSTOMER EXPERIENCE

Excellence is embedded in Loretto Housing's culture and we want to build on this foundation of excellence to deliver even more outstanding services.

Our vision is that services will be easy to access and feel seamless for our customers. We'll have a renewed focus on their overall 'experience' with us, seeking to maintain our existing high levels of customer satisfaction.

Following our past success in achieving top quartile performance, we will work with our customers to define what 'outstanding' service means to them now and what it will mean in future. Understanding what creates value for our customers will help us improve services and track the impact of changes we make.

We will prioritise the services which mean the most to customers and engage with customer groups who tell us they are less satisfied so we better understand their needs.

We want to offer quick resolutions to issues which affect how satisfied people feel with our services. That's why we'll build engagement channels into the development of services so that we capture and respond to customer feedback.

Analysis shows that families tend to be less satisfied as they struggle to deal with competing demands on their time and money so we will develop a Whole Family Approach to support them through every stage of life.

Our new Whole Family Approach is focused on improving outcomes for our families. 80% of our homes are 2 and 3 bedroom properties and almost a quarter of our households have children under 16 years of age. Children and young people will become part of decision-making in our neighbourhoods. In our homes, we'll look to develop more child-friendly features such as better storage for family equipment.

New-build homes will be designed to suit modern family living. We will build a variety of mixed tenure development in areas previously agreed by Board to complement existing stock with a focus on flexibility of house layouts to suit a range of family compositions. As children grow we will support families with employment and training opportunities through the Wheatley Foundation. Young adult children in our homes will be offered a housing options consultation as they consider setting up their own home.

We will drive digital transformation to deliver innovative solutions to issues facing Loretto Housing and our customers, building thriving customer communities online as well as in the real world.

Our digital-based services, such as GoMobile and MyHousing, will continue to help us strengthen our customer insight, ensuring we can meet the different needs of customers. We will work with partners locally and nationally to anticipate the profile and demography of our future customers as well as the issues they will face in 2026 and beyond.

We will re-design the way we engage with customers, taking into account the lessons learned whilst working through the Covid-19 pandemic. Enabling them to have more choice and control to make changes that are important to them. Co-designing the transformation of our services with our customers will ensure no one is left behind. Services will be tailored to meet the specific needs of customer groups, whether they are delivered digitally or face to face.

We will also work with colleagues in Wheatley Care to ensure we continue to offer our supported customers a range of choices in how they interact and engage with us. We will encourage a diverse range of customers to talk about their experiences and the issues that matter to them and will encourage our customers to challenge our performance and outcomes.

Our co-design process will focus on the key customer journeys of repairs, allocations, complaints and anti-social behaviour.

We will demonstrate Loretto Housing's progress towards the outcomes under **delivering exceptional customer experience** through the following key performance indicators and impact measures.

**Our key performance indicators:**

- Overall customer satisfaction is above 90%
- Implement "Rate it" score from book it, track it, rate it repairs approach and aim to improve performance by 10%
- Tenant satisfaction with value for money increased to 85%
- Satisfaction with complaint handling increased by 10%
- Overall satisfaction amongst households with children improved to 90%
- 90% of customers feel they can participate in the landlord's decision making process
- 95% of customers actively engaged in shaping services feel they participate in decision making
- Satisfaction with the process of getting my new home is improved by 10%

## 2. MAKING THE MOST OF OUR HOMES AND ASSETS

Our primary purpose of changing lives through providing quality homes remains unchanged. Building on the unparalleled success of the last five years we have set ourselves another challenging target. We will deliver **at least 400** new homes between 2021 and 2026.

One of our most significant developments will be in West Dunbartonshire, where we are the main strategic partner with the local authority. The Queen's Quay regeneration project in Clydebank will result in almost 150 new energy-efficient, affordable homes being developed that will incorporate Scotland's first major water-sourced district heating system.

Improving our existing customers' homes remains a key strategic priority. We will use our financial strengths to invest a further **£16m** over the next five years in improving, modernising and maintaining homes. **In addition, our investment in repairs** will allow us to reduce the levels of emergency, reactive and maintenance repairs which create inconvenience to our customers as well as being poor value for money.

The safety and security of customers will continue to be of paramount importance.

**Our new engagement framework, "Stronger Voices, Stronger Communities"** will place the customer at the heart of how we plan and design our improvement programme and new-build developments. We will maximise the use of technology to engage a diverse range of customers across our geographic footprint in both the investment planning process and the development of our new homes. We will help customers to both design and visualise their new kitchen or bathroom. When pre-allocating our new homes customers will be able to decide on kitchen preferences and finishes to interior decor.

We will harness technology to make home life more convenient for our customers and to support people to live independently for as long as possible. We will build on our investment in technology through touchscreens, our OK each day service and technology that will improve the cost of running a home and energy efficiencies.

**Our new operating model, combined with increased levels of digital and online customer engagement, will allow us to accelerate the reduction of our corporate estate and explore options such as repurposing for housing and disposing offices no longer required.**

**Highly agile working patterns and methods will be more suited to touch-down points rather than assigned desk space, enabling us to replace our current workplace estate and relocate to creative hubs and workspaces.**

**The resulting capital gains and efficiency savings will help fund our investment ambitions and be reinvested in customer priorities. In addition, it will generate new opportunities for supporting entrepreneurship and resilience in our communities through provision of dedicated spaces for customers, social enterprises and local business incubation.**

We will ensure our people are equipped with the skills and confidence they need to successfully make this transition and will develop ways of working so that no staff member feels isolated or unsupported due to more flexible working patterns.

A warm, safe and energy efficient home in the right location is a life changing experience for a household that can transform health and well-being, educational attainment and life opportunities. Over the next five years our ambition is to make a giant leap forward on our journey towards our long term aims of becoming carbon neutral and eliminating fuel poverty. Our new build programme will continue to deliver highly energy efficient homes with renewable technologies.

The wider social and economic benefits from increased house building activity are well documented and the continuing scale of our programme will deliver significant benefits in employment, training and apprenticeship opportunities for our customers and communities.

Moving through to 2026, we want to review empty or underused assets within our communities and, if viable, deliver innovative restoration projects which bring more homes to existing neighbourhoods.

Our Wheatley 24 homes will be highly adaptable and can easily change as the needs of the household evolves. This means homes will support people at all stages of life creating truly 'lifetime homes'.

In addition to the added value this brings to our customers, it will deliver significant business benefits, including reducing tenancy turnover and future- proofing our homes against changing demographics. We will work with innovative development partners to ensure our house types evolve, and that they are sustainable, connected and intelligent homes for the future. They will be built as efficiently as possible with the most limited impact on the environment.

Our new engagement framework will encourage customers to help shape initial house designs and offer opportunities to stay connected throughout the project. This approach will place the customer at the heart of how we plan and design our new-build developments. We will adopt the same approach and principles for major improvement programmes.

Tackling fuel poverty, improving energy-efficiency and mitigating increases in energy costs for our customer base continues to be key. We will prioritise solutions for electrically heated homes that enhance control and cost savings for customers, and draw on external research to solve long-standing challenges for improving energy efficiency in non-standard construction types.

We will demonstrate Loretto Housing's progress towards the outcomes under **making the most of our homes and assets** through the following key performance indicators.

**Our key performance indicators:**

- Develop **at least 400** new homes across all tenures
- Invest **£56m** of new public and private finance in new build housing

- 95% of customers satisfied with their new build home
- Invest £16m in improving, modernising and maintaining homes
- Achieve a 60:40 ration of planned to reactive repairs
- Reduce the volume of emergency repairs by 10%
- Maintain existing tenant satisfaction with the quality of their home at over 90%

### 3. CHANGING LIVES AND COMMUNITIES

By 2026, we want our customers and our communities to be more resilient. Many of our customers and communities face multiple challenges that have been exacerbated by the Covid-19 pandemic, such as financial hardship, working in sectors disproportionately economically impacted by the pandemic and poor mental health.

Through the Wheatley Foundation, [Wheatley Care](#) and [Wheatley 360](#), we provide a portfolio of wraparound services and opportunities which help change Loretto Housing tenants and their families' lives and encourage individuals not just to harbour aspirations but also to realise them. The Wheatley Works programme will continue to grow, helping customers into jobs, training or apprenticeships and our Wheatley bursaries programme will support customers to attend higher education.

The pandemic has further heightened the national policy focus on homelessness. We have already made a strong contribution to tackling homelessness and this was reinforced during the pandemic. Through our new [Group Homelessness Policy](#), we will take a leading role in the national agenda around Rapid Rehousing and Housing First for those who have been homeless, supporting the Scottish Government and local authorities in their plans.

We will increase the amount of our homes that go to those who are already homeless. We will ensure that we do this in a way which builds the strength and resilience of the new households and the surrounding community. Our work with people who have lived experience of homelessness to map their customer journeys will be used to direct our services in the way which works best for this customer group and the wraparound services they need. The insight this provides will help us lead the way in strengthening the pathways for homeless people to ensure they can access the support they need easily and at the time they need it.

Our close working relationship with [Wheatley Care](#), who are a key partner in the Glasgow Alliance to End Homelessness will facilitate our work to tackle homelessness in our communities.

We will support our older tenants to be as active and independent as possible. Building on the success of our Livingwell model at Lourdes Avenue and Partickhill Road, we will work with [Wheatley Care](#) and [Wheatley 360](#) to maximise the support delivered to older people and tailor this for other households who need this type of support.

Over the last five years we worked with our customers and communities to ensure our neighbourhoods are peaceful and places customers are proud to live. Using both online and offline platforms and approaches, we will support local engagement and encourage customers to work together to design local solutions in response to local priorities building resilience, skills and confidence so people can make things happen for themselves. Our Community Improvement Partnership approach will take communities from being merely safe to ones which are improving, peaceful and with high levels of satisfaction.



This will be based on building a confidence cycle with communities which will support communities to become more resilient through increased confidence to report crimes and other issues. In turn, this will help Loretto Housing and our partners to make customers feel safe in their neighbourhood, and communities stronger and more peaceful. This will be supplemented by our high quality environmental services and our strong focus on best quality fire safety provisions which will help to reduce the incidence of fires.

Loneliness is a real issue for many people in our communities. Our aim will be to put the 'Neighbour' back into our neighbourhoods, creating a modern version of 'Neighbourliness' as a hallmark of our communities by 2026. We will seek to co-create opportunities with a focus on supporting families, young people and overcoming isolation across the generations. Digital neighbourhoods will provide a virtual forum where our customers can connect to further support each other and co-create local solutions to improve their local community. Our forum will provide an easy location for people to advertise community events and help increase the use of key community spaces.

We will work with communities to co-create a 'Place Measure' that reflects the criteria our customers identify as the hallmarks of a successful and resilient community. We have listened to our customers and we recognise the importance of connectivity for communities, and we will work to influence the improvement of transport infrastructure and services for our communities. We will use Voice of the Customer real-time digital feedback to track the impact and progress of all our new developments, when we carry out major investment work, and for Wheatley Foundation activities.

Involving customers in co-designing with us will ensure our services are tailored to meet the needs of particular groups, whether they are delivered digitally or face to face. Designing our digital services to ensure they feel personal will be crucial for ensuring our customers continue to feel we care about them and they have a strong connection with us even though engagement is through digital channels.

Extending our Outcomes Star approach from care into housing will shift the balance of power and control to the customer and ensures the service they experience is personalised based on what is most important to them.

Our new engagement framework will include an innovative community led development approach, involving our customers and wider communities in decision making at all the key stages of our work, whether it be new-build, in existing housing or around service development. As we move through key project milestones we will provide regular opportunities for communities and customers to re-engage, stimulating deeper and richer connection with the communities that we are investing in.

Tenant Control of Expenditure – we will be open and transparent about how we are spending customers' money at both an individual and a community level, providing relevant performance information for customers to hold us accountable, and enabling customers to engage more meaningfully in decision making around repairs.

Our refined 'Community Benefit Model' will involve engaging our customers and communities in identifying and prioritising the type of community benefits they most want to see derived from our investment in existing homes and new-build housing projects. We will continue to use our procurement frameworks to drive wider community benefits with our suppliers in order to expand the 'Wheatley Benefit for Customers' providing them with a growing range of opportunities through the MySavings rewards gateway to save money and reduce the cost of running their home.

We will demonstrate Loretto Housing's progress towards the outcomes under **changing lives and communities** through the following key performance indicators and impact measures.

**Our key performance indicators:**

- Meet the agreed contributions to accommodation for homeless households in each local authority we operate in
- Over 70% of our customers live in neighbourhoods categorised as peaceful
- Achieve 85% satisfaction with Wheatley Environmental Services
- Reduce the number of accidental dwelling fires by 10%
- 100% of applicable properties have a fire risk assessment
- 300 jobs, training and apprenticeships delivered
- Five customers supported by Wheatley bursaries to attend higher education and university
- 230 vulnerable children benefit from targeted Foundation programmes
- 60% of tenants with online accounts are using the MySavings rewards gateway.

#### 4. DEVELOPING OUR SHARED CAPABILITY

During 2020 we made significant progress in reshaping our operating model as we moved to deliver services using a blended approach of face to face and virtual engagement with our customers. Our staff have risen to this challenge remarkably and during the life of this strategy, we will continue to invest in our people to ensure they have the exceptional skills, attitude, engagement and influence to excel in this new, increasingly virtual working environment.

Our unique Think Yes culture inspires staff to develop innovative solutions and build insightful, trusting relationships with customers and communities. By 2026 our culture will have evolved still further under our W.E. Think approach so that our customers will increasingly be 'thinking yes' for themselves. As a result of our 'Think Yes Together' culture, we will transform our culture and our thinking in order to create value for customers in different ways as they increasingly self-serve and do more for themselves.

The success of our transition towards self-directed services will require significant skill and capacity building for both staff and customers: our shared capability. As our service offerings change, the skillsets required to deliver them will also change. At the same time, building the capacity of our customers and communities over the next five years will be equally important in bringing about the new empowering relationship we are seeking to establish with them. We will measure both staff and customers on 'distance travelled', linked to our outcomes-based approach and showing the impact our staff make for their customers.

W.E.Create will drive innovation across all aspects of our business and in our communities. Loretto Housing's tenants and communities will benefit from the creation of a Community Academy, taking the Academy on the road and into the heart of our communities with both virtual and physical spaces for innovation and learning. Creating environments and opportunities for our staff and customers to learn together will re-enforce our Think Yes Together culture. By 2026, our Community Academy will:

- embed customer driven learning, ensuring learning is designed with customer involvement
- focus on building individual capacity to help customers prepare for the world of work
- bring access to Wheatley Scholarships and apprenticeships to our customers' doorstep
- provide opportunities for customers to come into our business and get work experience through a Wheatley Customer Work Experience programme.

W.E. Work will deliver the transformational changes to our roles and operating model required to ensure this Strategy is delivered. For example, by 2026 our customer-facing roles will have evolved to include developing relationships of trust online, building the capacity of customers to do things for themselves, helping communities have a stronger voice, linking people with their neighbours/ into activities and engaging with influence.

We anticipate the workforce of 2026 will be significantly different from the workforce of today; fully digital and increasingly looking for more flexible career models, work arrangements, reward programmes and career development opportunities. Up to 75% of our workforce will no longer work a traditional Monday to Friday pattern by 2026. Our aim

is to deliver a gradual and smooth transition towards a new workforce model that is more agile in responding efficiently to changes in customer requirements. We will:

- explore opportunities for co-designing modern employment terms and conditions and working practices that appeal to our evolving workforce and ensure maximum flexibility to meet changing needs
- re-design our work roles, rationalising and professionalising the number of different roles to reflect the creativity and agility of our staff to deliver our vision
- introduce a new career marketplace platform, putting staff in control of managing their own career and encouraging leaders to share talent for the benefit of the business
- value staff who are highly skilled in building and managing relationships and have the capacity to lead creative outcomes.

In addition, we will work to improve the diversity of our workforce.

Our Future 250 programme will provide a sought-after route for young people to develop their talent, attracting an external talent pipeline for our evolving business requirements. Each year a cohort will be identified and provided with structured opportunities to move around the business to build their skills and experience portfolio, honing their talents and demonstrating their potential. At Loretto Housing we will encourage young people in our communities to engage with this programme and we will provide opportunities for those on the programme.

We will demonstrate our progress towards the outcomes under **developing our shared capability** through the following key performance indicators.

**Our key performance indicators:**

- Over 90% of staff say they feel appreciated for the work they do
- Staff absence is maintained at 3%
- Staff turnover remains at less than 7%
- Over 80% of customers' self-report positive distance travelled towards 'self-reliance'
- 40% of promoted posts filled with internal candidates.

In addition to the above Loretto Housing specific KPIs, Loretto Housing will also contribute to and monitor against the following Group-wide KPIs:

- Our workforce's demographic makeup more closely resembles that of the communities in which we operate
- 50 graduates provided with opportunities to work and gain experience in our sectors
- 250 young people provided their skills within the Group.

## 5. ENABLING OUR AMBITIONS

The funding platforms we put in place provide a strong basis to raise the funding to support our ambitions. However, new facilities will be required in the latter years of the strategy period and we will look to bond, bank and other potential sources to identify the most advantageous options. Access to Scottish Government grant, which was such a vital element of the new-build programme we delivered from 2015-20, will continue to be key to our ambitions.

Our continuing focus on social rented housing, supported by Scottish Government subsidy, will help in our objective to maintain a strong credit rating and manage financial risks. We will test our business plan against a set of financial golden rules and ensure we have mitigating actions ready to address a wide range of adverse scenarios and stresses.

By 2026 Loretto Housing's customers and staff will become the most digitally enabled in Scotland. Our evolving digital platforms will help to support our activities and provide a rich portal for customers to draw down services, save money on fuel bills, interact with their community and tap into a host of other benefits. Importantly, the transition that our customers and staff make to self-managed services must be both successful and sustainable as well as being based on offerings that fundamentally improve services beyond that which is possible in an off-line environment.

To achieve this, we will optimise digital channels for customers to drive positive engagement and give them finger-tip access to the data they need to make informed decisions.

Technology and digital innovation will also augment the work that is done by people in the organisation. Creating a single source of trusted, secure information for all core front line staff will ensure our decision-making is informed in real time and that our decisions strategically, tactically and operationally are intelligence led.

To support our ambitions and ensure that our investments are properly focused on those areas that will realise both customer and business value, we will continue to mature our model for assessing digital investment to consider strategic fit, complexity, risk, people and quality measures as well as financial considerations. We will explore opportunities to measure the progress in our digital maturity against others in our sector and beyond.

Our success over the last five years has ensured Wheatley has been accepted and recognised as a force for good in Scotland. Building on these strong foundations, Loretto Housing is well positioned to confidently and deliberately take a leading role on the UK and international stage influencing locally and nationally to benefit our communities.

Over the next five years we will also adopt an international dimension to our search for best practice. Identifying and exploring different ways of working and solutions developed across a broader range of contexts will stimulate and inform our thinking. This will enhance our international profile and reputation through showcasing our own role-model approaches across the world.

Loretto Housing staff will increasingly be recognised as thought leaders and practice experts in their particular discipline. Staff will increasingly liaise with, inform and influence strategic decision makers in Scotland through membership of committees and advisory groups.

As part of our evolving business intelligence approach we will map and maintain strategic profiles across our existing and potential future footprint. This will ensure we systematically identify new opportunities for growth and partnership working to maximum effect.

We will demonstrate Loretto Housing's progress towards the outcomes under **enabling our ambitions** through the following key performance indicators.

**Our key performance indicators:**

- Limit rent increases to **2.9% throughout the life of the strategy**
- Maintain gross rent arrears below 4%
- Average days to let a home maintained at less than 14 days
- Over 50% of customers actively using their online account to transact with Loretto Housing.

In addition to the above Loretto Housing specific KPIs, Loretto Housing will also monitor against the following Group-wide KPIs:

- Maintain a strong investment credit rating of A+ stable.

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Loretto  
Housing

Your Home, Your Community, Your Future

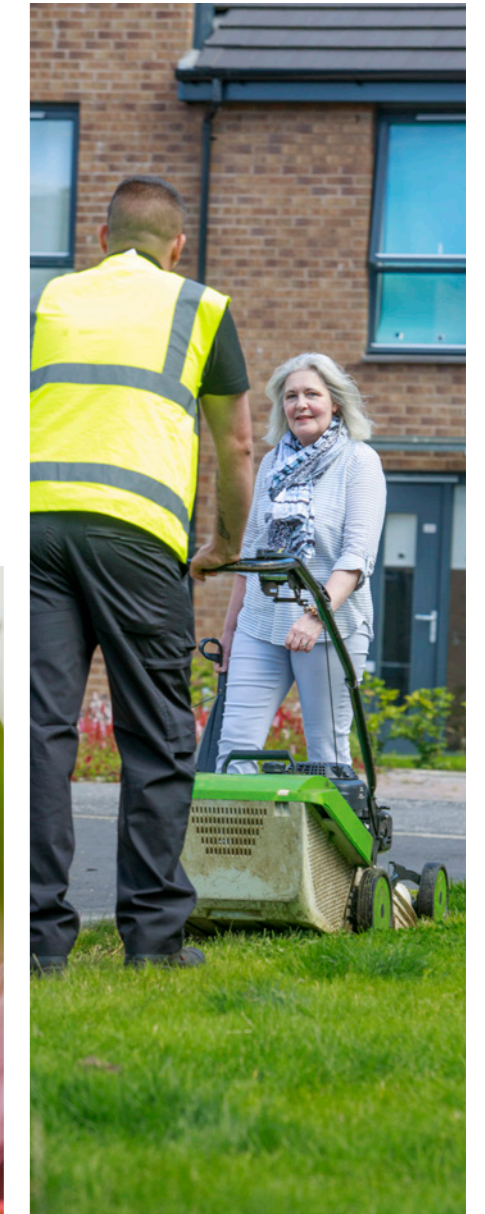


2021-2026



Loretto part of Wheatley Group  
Our five-year strategy





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# OUR VISION FOR 2021 TO 2026

**Loretto Housing, part of Wheatley Group, is rooted in its local communities and committed to delivering outstanding, customer-focused services.**

**Your Home, Your Community, Your Future**, sets out how we will take our services to the next level on this, the next stage of our journey, from 2021 to 2026.

Our ambitious, new-build programme has seen us work closely with our key partners, our nine local authorities (Glasgow City Council, Renfrewshire Council, North and South Lanarkshire, Falkirk Council, Argyll & Bute, East Renfrewshire, West and East Dunbartonshire Council) and the Scottish Government, to bring forward much-needed new affordable homes. The integration of Cube has extended our geographic footprint across central Scotland and enables us to strengthen our presence within communities. Over the lifetime of this strategy, we will build at least 400 new homes, while continuing to invest in the fabric of our existing homes.

But our mission is, and always will be, focused on much more than just bricks and mortar. **“Better homes, better lives”**, is what guides us on now, and as we look to the next five years.

Having the keys to one of our homes will continue to lead to a new world of opportunity. We will remain committed to helping people break down the barriers, too often created by disadvantage and poverty. This will include offering people in our homes real opportunities - such as jobs and training - to improve their lives and have more control over what happens in their area. We will also work with our partners, and tenants, to create safe, peaceful and connected communities.

Tenants will be at the heart of decisions and we will offer people more choice in how they engage with us as well as how they access our services.

We will deliver our vision for our communities against a backdrop of significant external challenges, not least of all the impact of Welfare Reform, digital exclusion, rising levels of poverty, continuing public spending cuts and the continuing gap between housing need and supply.

We also recognise the challenges our customers are facing in this Covid-19 era. Our response demonstrated the adaptability and agility of our model as we supported our customers and communities when they needed us most. From supporting vulnerable customers accessing

vital food supplies, providing families with essential items to support their children, to expanding wrap around services to help with benefit claims and fuel advice we have reaffirmed that we are about more than just a home. This experience leaves us ideally placed, working alongside our partners, to support them and play a strong role in a fair and socially just economic recovery.

By 2026, we know that the expectations of our customers and our staff will be very different. We will evolve how we work, listening and responding so that Loretto Housing remains in the best possible shape to deliver on its ambitions. Our close relationship with Wheatley Care enables us to meet the various housing and care needs of our diverse customer groups, many of whom are older customers who have varying support requirements.

Operating across central Scotland, Loretto Housing will continue to identify opportunities to make it easier for our customers to access services in the most convenient way for them. We understand that in order to achieve our ambitions it will be important to continue our strong partnerships with the nine local authorities within which we operate.

**At the heart of our strategy for 2021 to 2026 are five key outcomes:**

- › Delivering exceptional customer experience
- › Making the most of our homes and assets
- › Changing lives and communities
- › Developing our shared capability
- › Enabling our ambitions.

# OUR VISION – LORETTO HOUSING IN 2026

Our vision is to enable our customers to reach their potential for a brighter future for themselves and their families. Our strategy for making this real will deliver an unprecedented shift in the balance of power and control towards our customers, empowering them to make their own choices about the services they want, ensuring they are properly equipped to do things for themselves and involving them in the design of products and services from start to finish.

We will work ethically and sustainably, ensuring our homes are affordable for our customers, digitally enabled and low or net-zero carbon. We will share our expertise and work with others to improve the fabric of our customers' lives while creating great communities.

We will deliver this vision through five strategic themes, under which we have defined 16 strategic outcomes. These are summarised below.



<b>Our purpose:</b> Making Homes and Lives Better				
<b>Our vision:</b> Customers have increased control over their services, their communities and their lives, with new opportunities for building skills and resilience				
<b>Strategic themes:</b>				
Delivering exceptional customer experience	Making the most of our homes and assets	Changing lives and communities	Developing our shared capability	Enabling our ambitions
<b>Strategic outcomes:</b>				
Progressing from excellent to outstanding	Increasing the supply of new homes	Developing peaceful, connected neighbourhoods	W.E. Think – creating our “Think Yes Together” culture	Raising the funding to support our ambitions
Enabling customers to lead	Investing in existing homes and environments	Supporting economic resilience in our communities	W.E. Create – driving innovation	Maintaining a strong credit rating and managing financial risks
Developing a customer led repairs service	Setting the benchmark for sustainability and reducing carbon footprint		W.E. Work – strengthening the skills and agility of our staff	Evolving digital platforms to support our activities
	Building community voice, engagement and resilience			Influencing locally and nationally to benefit our communities

These themes and outcomes align the strategic priorities across our Group. The particular priorities of Loretto Housing's strategy for 2021-26 are detailed in the following sections of this document under each strategic theme.

We have reviewed and updated our values for this new strategy and these are set out below.

Performance indicators will be measured and monitored on a regular basis. These are detailed below each of the relevant themes within this document. The impact measures will quantify our societal and economic impact and provide evidence of statements made in the strategy. These will generally require periodic evaluation studies to assess the results. Our impact measures relate to the following key areas:

- **Strengthening the Economy** – this will include tracking the significant impact this strategy will make to the Scottish GDP. It is projected by Loretto Housing that the operating and capital spend over the 2021-26 period is estimated to support jobs, training and apprenticeships and have a significant impact on GDP.
- **Reducing Poverty and Improving Wellbeing** – this will include measuring how we are reducing the cost of running a home and tracking the positive impact our support services are making to both customers' financial circumstances and overall wellbeing and resilience.
- **Improving our Environment and Mitigating Climate Change** – this will include reducing our corporate carbon footprint to net zero, reducing the CO2 emissions in our homes and raising the environmental standard of our New Build homes making them more energy efficient and cheaper to run.
- **Strengthening our communities** – this will include increasing customers' social capital, expanding our engagement methods and measuring the positive impact this is making to our customers and our communities. We will also track how our increased community cohesion is helping to make our neighbourhoods more 'peaceful'.



## Our values:

- **Excellence** – we raise the bar ...in everything we do
- **Community** – people direct what we do ...and together we build strong communities
- **Ambition** – we push the boundaries in new ways ...so everyone can fulfil their potential
- **Trust** – we inspire customers and staff ...to shape the future.

# 1. DELIVERING EXCEPTIONAL CUSTOMER EXPERIENCE

Excellence is embedded in Loretto Housing's culture and we want to build on this foundation of excellence to deliver even more outstanding services.

Our vision is that services will be easy to access and feel seamless for our customers. We'll have a renewed focus on their overall 'experience' with us, seeking to maintain our existing high levels of customer satisfaction.

Following our past success in achieving top quartile performance, we will work with our customers to define what 'outstanding' service means to them now and what it will mean in future. Understanding what creates value for our customers will help us improve services and track the impact of changes we make.

We will prioritise the services which mean the most to customers and engage with customer groups who tell us they are less satisfied so we better understand their needs.

We want to offer quick resolutions to issues which affect how satisfied people feel with our services. That's why we'll build engagement channels into the development of services so that we capture and respond to customer feedback.

Analysis shows that families tend to be less satisfied as they struggle to deal with competing demands on their time and money so we will develop a Whole Family Approach to support them through every stage of life.

Our new **Whole Family Approach** is focused on improving outcomes for our families. 80% of our homes are 2 and 3 bedroom properties and almost a quarter of our households have children under 16 years of age. Children and young people will become part of decision-making in our neighbourhoods. In our homes, we'll look to develop more child-friendly features such as better storage for family equipment.

New-build homes will be designed to suit modern family living. We will build a variety of mixed tenure development in areas previously agreed by Board to complement existing stock with a focus on flexibility of house layouts to suit a range of family compositions. As children grow we will support families with employment and training opportunities through the Wheatley Foundation. Young adult children in our homes will be offered a housing options consultation as they consider setting up their own home.

We will drive digital transformation to deliver innovative solutions to issues facing Loretto Housing and our customers, building thriving customer communities online as well as in the real world.

Our digital-based services, such as GoMobile and MyHousing, will continue to help us strengthen our customer insight, ensuring we can meet the different needs of customers. We will work with partners locally and nationally to anticipate the profile and demography of our future customers as well as the issues they will face in 2026 and beyond.

We will re-design the way we engage with customers, taking into account the lessons learned whilst working through the Covid-19 pandemic. Enabling them to have more choice and control to make changes that are important to them. Codesigning the transformation of our services with our customers will ensure no one is left behind. Services will be tailored to meet the specific needs of customer groups, whether they are delivered digitally or face to face.

We will also work with colleagues in Wheatley Care to ensure we continue to offer our supported customers a range of choices in how they interact and engage with us. We will encourage a diverse range of customers to talk about their experiences and the issues that matter to them and will encourage our customers to challenge our performance and outcomes.

Our co-design process will focus on the key customer journeys of repairs, allocations, complaints and anti-social behaviour.

We will demonstrate Loretto Housing's progress towards the outcomes under **delivering exceptional customer experience** through the following key performance indicators and impact measures.





### Our key performance indicators:

- › Overall customer satisfaction is above 90%
- › Implement “Rate it” score from book it, track it, rate it repairs approach and aim to improve performance by 10%
- › Tenant satisfaction with value for money increased to 85%
- › Satisfaction with complaint handling increased by 10%
- › Overall satisfaction amongst households with children improved to 90%
- › 90% of customers feel they can participate in the landlords’ decision making
- › 95% of customers actively engaged in shaping services feel they participate in decision making
- › Satisfaction with the process of getting my new home is improved by 10%.

## 2. MAKING THE MOST OF OUR HOMES AND ASSETS

Our primary purpose of changing lives through providing quality homes remains unchanged. Building on the unparalleled success of the last five years, we have set ourselves another challenging target of delivering at least 400 new homes between 2021 and 2026.

One of our most significant developments will be in West Dunbartonshire, where we are the main strategic partner with the local authority. The Queen's Quay regeneration project in Clydebank will result in almost 150 new energy-efficient, affordable homes being developed that will incorporate Scotland's first major water-sourced district heating system.

Improving our existing customers' homes remains a key strategic priority. We will use our financial strengths to invest a further £16m over the next five years in improving, modernising and maintaining homes. In addition, our investment in repairs will allow us to reduce the level of emergency, reactive and maintenance repairs that create inconvenience to our customers as well as being poor value for money.

The safety and security of customers will continue to be of paramount importance.

Our new engagement framework, "**Stronger Voices, Stronger Communities**" will place the customer at the heart of how we plan and design our improvement programme and new-build developments. We will maximise the use of technology to engage a diverse range of customers across our geographic footprint in both the investment planning process and the development of our new homes. We will help customers to both design and visualise their new kitchen or bathroom. When pre-allocating our new homes customers will be able to decide on kitchen preferences and finishes to interior decor.

We will harness technology to make home life more convenient for our customers and to support people to live independently for as long as possible. We will build on our investment in technology through touchscreens, our OK each day service and technology that will improve the cost of running a home and energy efficiencies.

Our new operating model, combined with increased levels of digital and online customer engagement, will allow us to accelerate the reduction of our corporate estate and explore options such as repurposing for

housing and disposing of offices no longer required.

Highly agile working patterns and methods will be more suited to touch-down points rather than assigned desk space, enabling us to replace our current workplace estate and relocate to creative hubs and workspaces.

The resulting capital gains and efficiency savings will help fund our investment ambitions and be reinvested in customer priorities. In addition, it will generate new opportunities for supporting entrepreneurship and resilience in our communities through provision of dedicated spaces for customers, social enterprises and local business incubation.

We will ensure our people are equipped with the skills and confidence they need to successfully make this transition and will develop ways of working so that no staff member feels isolated or unsupported due to more flexible working patterns.

A warm, safe and energy efficient home in the right location is a life changing experience for a household that can transform health and well-being, educational attainment and life opportunities. Over the next five years our ambition is to make a giant leap forward on our journey towards our long term aims of becoming carbon neutral and eliminating fuel poverty. Our new build programme will continue to deliver highly energy efficient homes with renewable technologies.

The wider social and economic benefits from increased house building activity are well documented and the continuing scale of our programme will deliver significant benefits in employment, training and apprenticeship opportunities for our customers and communities.

Moving through to 2026, we want to review empty or underused assets within our communities and, if viable, deliver innovative restoration projects which bring more homes to existing neighbourhoods.

Our **Wheatley 24** homes will be highly adaptable and can easily change as the needs of the household evolves. This means homes will support people at all stages of life creating truly 'lifetime homes'.

In addition to the added value this brings to our customers, it will deliver significant business benefits, including reducing tenancy turnover and future proofing our homes against changing demographics.



We will work with innovative development partners to ensure our house types evolve, and that they are sustainable, connected and intelligent homes for the future. They will be built as efficiently as possible with the most limited impact on the environment.

Our new engagement framework will encourage customers to help shape initial house designs and offer opportunities to stay connected throughout the project. This approach will place the customer at the heart of how we plan and design our new-build developments. We will adopt the same approach and principles for major improvement programmes.

Tackling fuel poverty, improving energy-efficiency and mitigating increases in energy costs for our customer base continues to be key. We will prioritise solutions for electrically heated homes that enhance control and cost savings for customers, and draw on external research to solve long-standing challenges for improving energy efficiency in non-standard construction types.

We will demonstrate Loretto Housing's progress towards the outcomes under **making the most of our homes and assets** through the following key performance indicators.





**Our key performance indicators:**

- › Develop at least 400 new homes across all tenures
- › Invest £56m of new public and private finance in new build housing
- › 95% of customers satisfied with their new-build home
- › Invest £16m in improving, modernising and maintaining homes
- › Achieve a 60:40 ratio of planned to reactive repairs
- › Reduce the volume of emergency repairs by 10%
- › Maintain existing tenant satisfaction with the quality of their home at over 90%



## 3.

# CHANGING LIVES AND COMMUNITIES



By 2026, we want our customers and our communities to be more resilient. Many of our customers and communities face multiple challenges that have been exacerbated by the Covid-19 pandemic, such as financial hardship, working in sectors disproportionately economically impacted by the pandemic and poor mental health.

Through the Wheatley Foundation, Wheatley Care and Wheatley 360, we provide a portfolio of wraparound services and opportunities which help change Loretto Housing tenants and their families' lives and encourage individuals not just to harbour aspirations but also to realise them. The **Wheatley Works** programme will continue to grow, helping customers into jobs, training or apprenticeships and our Wheatley bursaries programme will support customers to attend higher education.

The pandemic has further heightened the national policy focus on homelessness. We have already made a strong contribution to tackling homelessness and this was reinforced during the pandemic. Through our new **Group Homelessness Policy**, we will take a leading role in the national agenda around Rapid Rehousing and Housing First for those who have been homeless, supporting the Scottish Government and local authorities in their plans.

We will increase the amount of our homes that go to those who are already homeless. We will ensure that we do this in a way which builds the strength and

resilience of the new households and the surrounding community. Our work with people who have lived experience of homelessness to map their customer journeys will be used to direct our services in the way which works best for this customer group and the wraparound services they need. The insight this provides will help us lead the way in strengthening the pathways for homeless people to ensure they can access the support they need easily and at the time they need it.

Our close working relationship with Wheatley Care, who are a key partner in the Glasgow Alliance to End Homelessness will facilitate our work to tackle homelessness in our communities.

We will support our older tenants to be as active and independent as possible. Building on the success of our Livingwell model at Lourdes Avenue and Partickhill Road, we will work with Wheatley Care and Wheatley 360 to maximise the support delivered to older people and tailor this for other households who need this type of support.

Over the last five years we worked with our customers and communities to ensure our neighbourhoods are peaceful and places customers are proud to live. Using both online and offline platforms and approaches, we will support local engagement and encourage customers to work together to design local solutions in response to local priorities building resilience, skills and confidence so people can make things happen

for themselves. Our **Community Improvement Partnership** approach will take communities from being merely safe to ones which are improving, peaceful and with high levels of satisfaction.

This will be based on building a confidence cycle with communities which will support communities to become more resilient through increased confidence to report crimes and other issues. In turn, this will help Loretto Housing and our partners to make customers feel safe in their neighbourhood, and communities stronger and more peaceful. This will be supplemented by our high quality environmental services and our strong focus on best quality fire safety provisions which will help to reduce the incidence of fires.

Loneliness is a real issue for many people in our communities. Our aim will be to put the 'Neighbour' back into our neighbourhoods, creating a modern version of 'Neighbourliness' as a hallmark of our communities by 2026. We will seek to co-create opportunities with a focus on supporting families, young people and overcoming isolation across the generations. Digital neighbourhoods will provide a virtual forum where our customers can connect to further support each other and co-create local solutions to improve their local community. Our forum will provide an easy location for people to advertise community events and help increase the use of key community spaces.

We will work with communities to co-create a 'Place Measure' that reflects the criteria our customers identify as the hallmarks of a successful and resilient community. We have listened to our customers and we recognise the importance of connectivity for communities, and we will work to influence the improvement of transport infrastructure and services for our communities. We will use **Voice of the Customer** real-time digital feedback to track the impact and progress of all our new developments, when we carry out major investment work, and for Wheatley Foundation activities.

Involving customers in co-designing with us will ensure our services are tailored to meet the needs of particular groups, whether they are delivered digitally or face to face. Designing our digital services to ensure they feel personal will be crucial for ensuring our customers continue to feel we care about them and they have a strong connection with us even though engagement is through digital channels.

Extending our Outcomes Star approach from care into housing will shift the balance of power and control to the customer and ensures the service they experience is personalised based on what is most important to them.

Our new engagement framework will include an innovative community led development approach, involving our customers and wider communities in

decision making at all the key stages of our work, whether it be new-build, in existing housing or around service development. As we move through key project milestones we will provide regular opportunities for communities and customers to re-engage, stimulating deeper and richer connection with the communities that we are investing in.

Tenant Control of Expenditure – we will be open and transparent about how we are spending customers' money at both an individual and a community level, providing relevant performance information for customers to hold us accountable, and enabling customers to engage more meaningfully in decision making around repairs.

Our refined 'Community Benefit Model' will involve engaging our customers and communities in identifying and prioritising the type of community benefits they most want to see derived from our investment in existing homes and new-build housing projects. We will continue to use our procurement frameworks to drive wider community benefits with our suppliers in order to expand the 'Wheatley Benefit for Customers' providing them with a growing range of opportunities through the MySavings rewards gateway to save money and reduce the cost of running their home.

We will demonstrate Loretto Housing's progress towards the outcomes under **changing lives and communities** through the following key performance indicators and impact measures.



### ***Our key performance indicators:***

- › Meet the agreed contributions to accommodation for homeless households in each local authority we operate in
- › Over 70% of our customers live in neighbourhoods categorised as peaceful
- › Achieve 85% satisfaction with Wheatley Environmental Services
- › Reduce the number of accidental dwelling fires by 10%
- › 100% of applicable properties have a fire risk assessment
- › 300 jobs, training and apprenticeships delivered
- › Five customers supported by Wheatley bursaries to attend higher education and university
- › 230 vulnerable children benefit from targeted Foundation programmes
- › 60% of tenants with online accounts are using the MySavings rewards gateway.





## 4. DEVELOPING OUR SHARED CAPABILITY

During 2020 we made significant progress in reshaping our operating model as we moved to deliver services using a blended approach of face to face and virtual engagement with our customers. Our staff have risen to this challenge remarkably and during the life of this strategy, we will continue to invest in our people to ensure they have the exceptional skills, attitude, engagement and influence to excel in this new, increasingly virtual working environment.

Our unique Think Yes culture inspires staff to develop innovative solutions and build insightful, trusting relationships with customers and communities. By 2026 our culture will have evolved still further under our **W.E. Think** approach so that our customers will increasingly be 'thinking yes' for themselves. As a result of our **'Think Yes Together'** culture, we will transform our culture and our thinking in order to create value for customers in different ways as they increasingly self-serve and do more for themselves.

The success of our transition towards self-directed services will require significant skill and capacity building for both staff and customers: our shared capability. As our service offerings change, the skillsets required to deliver them will also change. At the same time, building the capacity of our customers and communities over the next five years will be equally important in bringing about the new empowering relationship we are seeking to establish with them. We will measure both staff and customers on 'distance travelled', linked to our outcomes-based approach and showing the impact our staff make for their customers.

**W.E.Create** will drive innovation across all aspects of our business and in our communities. Loretto Housing's tenants and communities will benefit from the creation of a Community Academy, taking the Academy on the road and into the heart of our communities with both virtual and physical spaces for innovation and learning. Creating environments and opportunities for our staff and customers to learn together will re-enforce our Think Yes Together culture. By 2026, our Community Academy will:

- embed customer driven learning, ensuring learning is designed with customer involvement
- focus on building individual capacity to help customers prepare for the world of work
- bring access to Wheatley Scholarships and apprenticeships to our customers' doorstep
- provide opportunities for customers to come into our business and get work experience through a Wheatley Customer Work Experience programme.

**W.E. Work** will deliver the transformational changes to our roles and operating model required to ensure this Strategy is delivered. For example, by 2026 our customer-facing roles will have evolved to include developing relationships of trust online, building the capacity of customers to do things for themselves, helping communities have a stronger voice, linking people with their neighbours/ into activities and engaging with influence.

We anticipate the workforce of 2026 will be significantly different from the workforce of today; fully digital and increasingly looking for more flexible career models, work arrangements, reward programmes and career development opportunities. Up to 75% of our workforce will no longer work a traditional Monday to Friday pattern by 2026. Our aim is to deliver a gradual and smooth transition towards a new workforce model that is more agile in responding efficiently to changes in customer requirements. We will:

- explore opportunities for co-designing modern employment terms and conditions and working practices that appeal to our evolving workforce and ensure maximum flexibility to meet changing needs
- re-design our work roles, rationalising and professionalising the number of different roles to reflect the creativity and agility of our staff to deliver our vision
- introduce a new career marketplace platform, putting staff in control of managing their own career and encouraging leaders to share talent for the benefit of the business
- value staff who are highly skilled in building and managing relationships and have the capacity to lead creative outcomes.

In addition, we will work to improve the diversity of our workforce.

**Our Future 250** programme will provide a sought-after route for young people to develop their talent, attracting an external talent pipeline for our evolving business requirements. Each year a cohort will be identified and provided with structured opportunities to move around the business to build their skills and experience portfolio, honing their talents and demonstrating their potential. At Loretto Housing we will encourage young people in our communities to engage with this programme and we will provide opportunities for those on the programme.

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### Our key performance indicators:

- › Over 90% of staff say they feel appreciated for the work they do
- › Staff absence is maintained at 3%
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- › Over 80% of customer's self-report positive distance travelled towards 'self-reliance'
- › 40% of promoted posts filled with internal candidates.

In addition to the above Loretto Housing specific KPIs, Loretto Housing will also contribute to and monitor against the following Group-wide KPIs:

- › Our workforce's demographic makeup more closely resembles that of the communities in which we operate
- › 50 graduates provided with opportunities to work and gain experience in our sectors
- › 250 young people provided their skills within the Group.

## 5. ENABLING OUR AMBITIONS

The funding platforms we put in place provide a strong basis to raise the funding to support our ambitions. However, new facilities will be required in the latter years of the strategy period and we will look to bond, bank and other potential sources to identify the most advantageous options. Access to Scottish Government grant, which was such a vital element of the new-build programme we delivered from 2015-20, will continue to be key to our ambitions.

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To achieve this, we will optimise digital channels for customers to drive positive engagement and give them finger-tip access to the data they need to make informed decisions.

Technology and digital innovation will also augment the work that is done by people in the organisation. Creating a single source of trusted, secure information for all core front line staff will ensure our decision-making is informed in real time and that our decisions strategically, tactically and operationally are intelligence led.

To support our ambitions and ensure that our investments are properly focused on those areas that will realise both customer and business value, we will continue to mature our model for assessing digital investment to consider strategic fit, complexity, risk, people and quality measures as well as financial considerations. We will explore opportunities to

measure the progress in our digital maturity against others in our sector and beyond.

Our success over the last five years has ensured Wheatley has been accepted and recognised as a force for good in Scotland. Building on these strong foundations, Loretto Housing is well positioned to confidently and deliberately take a leading role on the UK and international stage influencing locally and nationally to benefit our communities.

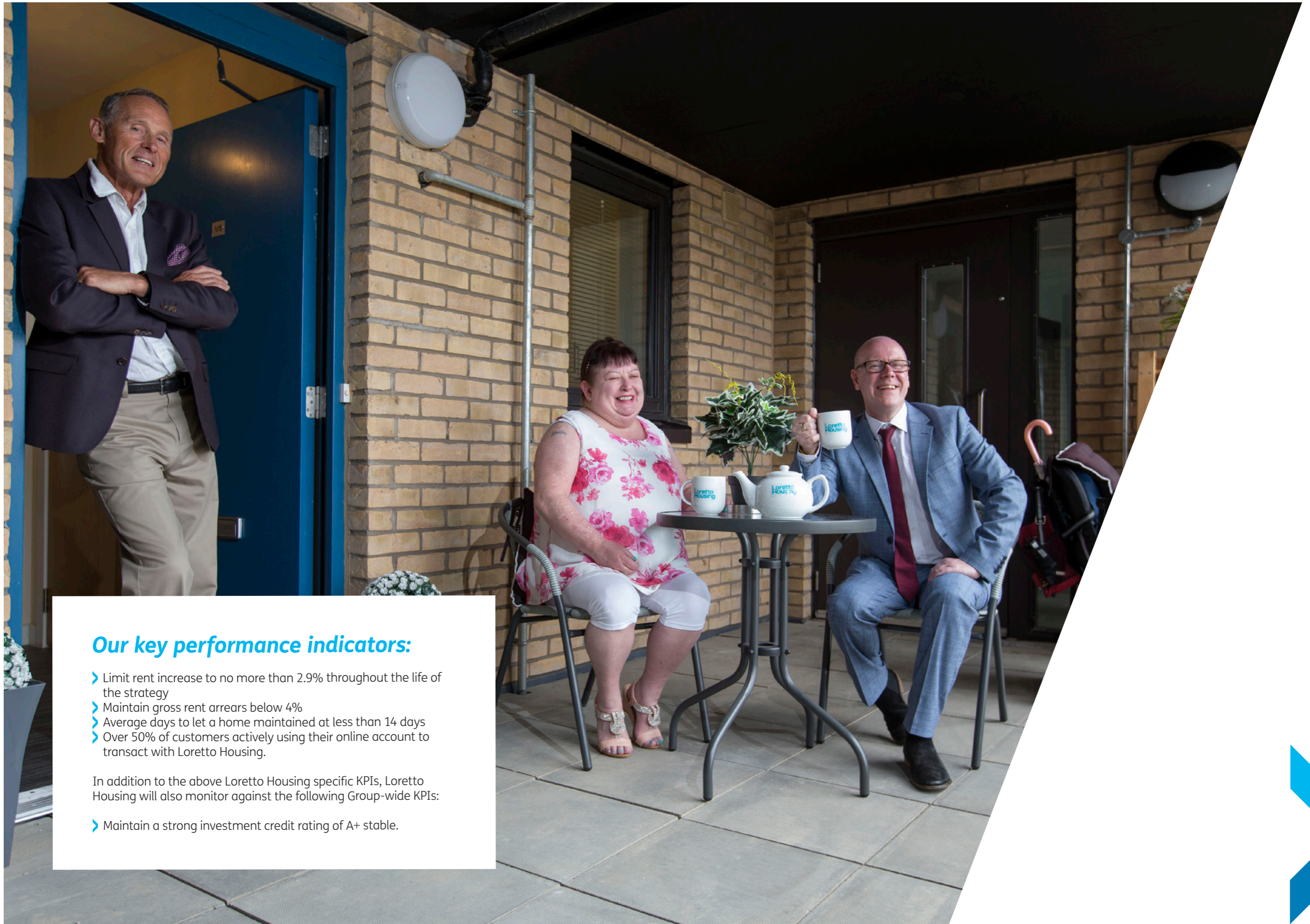
Over the next five years we will also adopt an international dimension to our search for best practice. Identifying and exploring different ways of working and solutions developed across a broader range of contexts will stimulate and inform our thinking. This will enhance our international profile and reputation through showcasing our own role-model approaches across the world.

Loretto Housing staff will increasingly be recognised as thought leaders and practice experts in their particular discipline. Staff will increasingly liaise with, inform and influence strategic decision makers in Scotland through membership of committees and advisory groups.

As part of our evolving business intelligence approach we will map and maintain strategic profiles across our existing and potential future footprint. This will ensure we systematically identify new opportunities for growth and partnership working to maximum effect.

We will demonstrate Loretto Housing's progress towards the outcomes under **enabling our ambitions** through the following key performance indicators.





### Our key performance indicators:

- › Limit rent increase to no more than 2.9% throughout the life of the strategy
- › Maintain gross rent arrears below 4%
- › Average days to let a home maintained at less than 14 days
- › Over 50% of customers actively using their online account to transact with Loretto Housing.

In addition to the above Loretto Housing specific KPIs, Loretto Housing will also monitor against the following Group-wide KPIs:

- › Maintain a strong investment credit rating of A+ stable.

**Our values are what unites everyone at Wheatley**



[www.wheatley-group.com](http://www.wheatley-group.com)

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## Report

**To:** Loretto Housing Association Board

**By:** Laura Henderson, Managing Director

**Approved by:** Olga Clayton, Group Director of Housing & Care

**Subject:** Stronger Voices, Stronger Communities – our new engagement framework

**Date of Meeting:** 15<sup>th</sup> February 2021

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### 1. Purpose

- 1.1. This report presents the new Wheatley Group engagement framework, which supports the ambition in ***Your Home, Your Community, Your Future*** to transform our engagement approach and shift the balance of power towards our customers. It also presents the draft Loretto customer engagement programme for 2021/22.

### 2. Authorising context

- 2.1. The Group Board has responsibility for setting the overall Group frameworks within which each partner organisation will operate. The engagement framework is a new approach which supports the delivery of the 2021-26 strategy. The Loretto Board is responsible for deciding how this will be operationalised for us.

### 3. Risk appetite and assessment

- 3.1. Our risk appetite for service improvement is “open”. This means we are prepared to take the risk of adopting the approach that is most likely to result in successful delivery of our service objectives.
- 3.2. Shifting the balance of power towards the customer brings some risk as we empower customers to take more decisions around priorities and resources. Creating an engagement plan to take this forward for our customers and ensuring this aligns with our strategic delivery plan to manage this transformation will help to mitigate any risks.

### 4. Background

- 4.1. Our 2021-26 strategy - ***Your Home, Your Community, Your Future*** – sets a clear ambition that *“customers will have increased control over their services, their communities, and their lives, with new opportunities for building skills and resilience”*.

- 4.2. A new Group engagement framework – **Stronger Voices, Stronger Communities** – has been developed to help support the delivery of this ambition. Through the deployment of this framework, we will seek to ensure that our customers and communities will feel more in control of their personal and collective wellbeing, inspired to raise their aspiration and able to realise their potential.
- 4.3. The Group framework (attached at Appendix 1) is designed to be accessible and flexible, enabling customers to engage with us at a time and in a way which suits them. Through this framework we aim to improve the opportunities for engagement which are available to our customers and widen the diversity of customers who are actively involved in shaping services. The table below sets out some key differences under the new framework.

**Table 1**

Previous framework	New framework
Subsidiary specific	Community and/or service specific
Membership requirements and official positions	Accessibility – anyone can volunteer for an activity without further commitment
Formal meetings at set times – physical presence required including requirement to travel	Flexible input eg express views at a time and in a way that suits - online, 24/7, from home, in person
Enabled skills development for those with formal roles	Focus on skills and capacity development with informal and formal development opportunities available
Small percentage of customers involved – less than 0.5%	Marketing to reach a wide range of customers, including quarterly Group-wide Stronger Voices newsletter – highlighting opportunities to engage and featuring how views have made a difference
Characterised by <ul style="list-style-type: none"> <li>• Unintentional exclusivity</li> <li>• Lack of diversity and wider opportunity</li> <li>• Focused on RSL customer to the detriment of other Group customers eg factored homeowners, care customers</li> </ul>	Characterised by <ul style="list-style-type: none"> <li>• Improved diversity and opportunity</li> <li>• Group-wide approach which integrates with our care and support services and builds capacity</li> <li>• Connects and publicises our Foundation activities</li> </ul>

- 4.4. An example of an approach to engagement which is community specific rather than subsidiary specific is the You Choose Challenge project that Dunedin Canmore and West Lothian Housing Partnership are carrying out jointly in Whitburn at the moment. Wheatley Foundation provided them with a £5,000 Community Benefit grant and they have been consulting with both DC customers and WLHP customers to see how they would want to see this spent. Going forward we hope to scale this up to include larger projects and in other communities this might also include Lowther customers or Wheatley Care customers. This project is also designed to test digital engagement and co-creation methods with our customers and to use a voting technique to find consensus on priorities.

- 4.5. Our current approach to engagement is strong and has been recognised as such by external assessments such as EFQM. Our Think Yes culture which has been embedded through the Group over a number of years, means that any staff member engaging with a customer will listen and respond to what the customer is saying, finding a positive solution. Community groups/meetings are another way in which customers can raise issues which matter to them for instance, as the Board are aware, we also met quarterly with our Community Action Group. This included residents from a variety of localities, and provided a space for our members to provide feedback and agree actions for improving neighbourhoods and services including our investment priorities in local areas. We also held very successful expanded AGM events where members and customers came together and could engage with staff and other residents at the Old Fruitmarket and Hampden Park.
- 4.6. Prior to the Coronavirus pandemic we had carried out conversations with customers across Loretto, asking their views about engagement. Customers welcomed having more varied channels for engagement, and valued being able to engage on improving services and their local neighbourhoods. Customers also liked the idea of more apps being available to assist engagement and access to services. Formal meetings were less popular but customers welcomed the opportunities for activities such as open days or pop-up events.
- 4.7. The Covid-19 pandemic has accelerated our digital strategy and both staff and customers have developed their digital skills. Engagement with customers has been taking place in a digital space both on a 1-2-1 basis with individual customers, and with groups of customers. Through the Wheatley Foundation Emergency Response Fund, we have been able to provide customers with tablets which have increased their ability to connect and communicate with us, with other providers, and with their friends and families.
- 4.8. In developing the customer engagement framework, we have sought to take advantage of the opportunities that a more digital environment can bring to our engagement approach in terms of accessibility and flexibility, whilst ensuring that face-to-face contact remains an important part of our engagement and our service provision.

## **5. Discussion**

- 5.1. Our vision is to support our customers to reach their potential. Our strategy for realising this will deliver an unprecedented shift in the balance of power and control towards our customers, empowering them to make their own choices about the services they want.
- 5.2. Each customer is an individual who will want and/or need different levels of engagement to feel empowered and in control. Our engagement approach is designed to support customers' choices for the experience they want. The emphasis will not be on expecting customers to form constituted groups, meeting in specified locations at set times. Instead the approach will be to encourage accessibility – anyone can volunteer for an activity without further commitment – and flexibility – people can express views at a time and in a way that suits - online, 24/7, from home, or in person.



- 5.3. The engagement framework consists of 4 pillars which support our engagement with customers, as illustrated in Figure 1 below.

**Figure 1 – The Stronger Voices framework**



- 5.4. The supporting processes; job roles; and outcomes which are sought for each pillar are set out within the framework document at Appendix 1. These cover the range of options which customers will have available to them, such as

- providing a single comment or piece of feedback;
- suggesting an idea for improvement;
- being involved in a focus group discussion;
- scrutinising our performance;
- assessing the standard of our estates;
- redesigning a customer service journey;
- testing a new product;
- making decisions on a budget or policy priority
- accessing learning or accreditation opportunities; or
- joining an apprenticeship programme

- 5.5. The **We Listen** pillar is a very open form of engagement which we would expect all customers can and will access at some point in their relationship with us. It enables customers to put forward ideas which are not driven by our agenda. Customer conversations carried out by Housing Officers are an example of this – where the customer can bring up anything which is important to them, and the Housing Officer listens to understand what our role might be and how we can help. Often this will be about opening service options for customers, but it might also be about supplying information, or developing insight which will help for example to create a community project or influence a service change. The main outcomes from this pillar are increased customer satisfaction; faster complaints resolution; lower levels of waste demand, better customer relationships.

- 5.6. The main purpose of the **We Consult and Co-create** pillar of engagement is to test and consult on proposals; identify what doesn't work in current processes or policies; co-design new services or products; and challenge our collective thinking in order to improve. The outcomes are increased customer satisfaction; fewer complaints; lower levels of waste demand; and better value for money as resources are deployed in accordance with customer priorities.
- 5.7. The **We give power...** pillar focuses on ways in which we can safely empower our customers to make decisions on their own homes and environments, and to make decisions on priorities and resources. Our development of on-line, self-service tools help to promote this for the individual customer - for example, they can decide and track when and where they want a repair carried out; use a budget calculator to make a decision about whether they can afford their own tenancy; or use a Wheatley MyCommunity app to seek consensus with neighbours to improve a shared garden area or other neighbourhood improvement ideas. Increasing the proportion of our budgets that customer have a direct say over is an important outcome from this pillar.
- 5.8. The main purpose of the **We Support** pillar of engagement is to support people to develop their potential and build capacity and resilience in our communities. We have experience of using approaches which support this already, especially helping our over 55 customers with digital skills in our 2 Livingwell Services and our Wheatley Care support services where residents may need assistance to overcome addiction. Encouraging volunteering in our communities such as individual expression through music and art; and supporting youth development projects are all ways in which we can support people to develop their potential. Working closely with our Wheatley Foundation colleagues will maximise the opportunities for using grant funding to support these activities and integrate them with our engagement approach.
- 5.9. The Group framework sets out the commitment to create a programme of engagement activity which is linked to the Group strategic delivery plan and to recruit 100 customers across our partner organisations in Group to become *Customer* or *Community Voices*. This will be attractive to customers who would like the opportunity to be more involved in discussion and co-design with us, and will be supported by a learning and development programme. The programme will ensure customer involvement at an early stage within all appropriate strategic delivery projects, with business leads having the responsibility for leading this engagement as part of project development. The performance target for this will be that 50% of Group strategic delivery projects will have customer engagement as an early milestone.
- 5.10. We will use this approach to re-energise our customer involvement. Some of our currently engaged customers are likely to be interested, for example our Community Action Group members, and it will provide an opportunity to recruit a wider range of our customers. We will also work with Wheatley Care to engage our supported tenants. Increasing the diversity of actively engaged customers is something the Board and officers are very keen to take forward, and the Customer and Community Voice programme provides an ideal opportunity and support to do this. This will enable our customers to engage not only around local community issues but also to be involved in co-creating and improving Group-wide services such as repairs, environmental services,

24-hour customer service etc. This will be a good opportunity for us to integrate our new larger communities following the transfer of Cube stock to us.

- 5.11. As we change the engagement environment to strengthen the customer voice and shift more power to our customers the approach of our staff will need to change to support this. Table 2 below uses some examples to illustrate this for different job roles, showing how over time the customer role becomes more pro-active and the staff role becomes more enabling.

**Table 2 – changing the engagement environment for staff**

Roles in 2020	Roles in 2026
I am a Housing Officer and I contribute to the Connect newsletter which is sent quarterly to our customers.	I am a Housing Officer and every day I review the posts on our MyCommunity app to keep in touch with customers and respond to issues.
I am Head of Housing and I present performance reports to the Customer Panel for their information	I am Head of Housing and yesterday my local Community Voices presented their Keep Scotland Beautiful assessment findings/recommendations for my action
I am Director of Development and I negotiate with developers, contactors and partner agencies.	I am Director of Development and I work alongside our current and future customers to ensure our development programme meets customer and community needs
I am Group Director of Repairs and Assets and I work with the Joint Venture and our in-house contractors to ensure a customer-focused and efficient repairs service across Group	I am Group Director of Repairs and Assets and I meet regularly with Customer Voices to discuss their recommendations on the repairs service

- 5.12. The customer engagement environment will also feel different for Boards as we increase the involvement and empowerment of our customers. Table 3 provides some illustrations as to how this could develop for Boards.

**Table 3 – transforming the customer engagement environment for Boards**

Roles in 2020	Roles in 2026
I am a Board member and I receive an annual report on customer satisfaction which we consider when developing our strategy.	I am a Board member - we receive quarterly reports on customer feedback and regular recommendation reports from our local Customer and Community Voices. This helps me ensure our strategies and services are responsive to our customer needs.
I am a Board member and when we receive a Board paper on a new	I am a Board member, and when we receive a paper on a new product it includes a video

product it always covers what this will deliver for the customer	presentation from Customer Voices explaining how and why they have co-created it with officers
I am Chair of the Board – we have 3 tenant Board members to ensure the customer voice is heard strongly as part of the decision-making process	I am Chair of the Board - we have a board portal which tells us what customer engagement activities are taking place in Loretto and the outcome of these, including where tenants have voted on options

- 5.13. The framework document also sets out how we can build a suite of digital engagement tools which will enable a wider diversity of customers to become involved both in our communities and at a strategic Group level depending on their personal preference. The concept of a *MyCommunity* app will provide a flexible easy tool for our customers to engage with us and with each other. It will enable us to reach out to customers with information and opportunities such as volunteering, apprenticeships, grants and benefits. Customers and other agencies who work with us will be able to interact with the app and share information and insight.
- 5.14. As we develop our online service offering and encourage self-service by customers we will ensure that feedback is sought from customers at relevant points in the service journey. This could range from a simple text message after a repair is carried out to a more qualitative phonecall or webchat after a customer has been in a tenancy with us for one year. Integrating feedback opportunities within service journeys will provide better insight for improving the customer experience.
- 5.15. Our 2021-26 strategy emphasises co-creation with our customers and promoting their ability to be in control and self-direct their services. By 2026 we hope that our customers will be empowered to make their own choices about the services they want, be properly equipped to do things for themselves and involved in the design of products and services from start to finish. Through this journey with our customers we hope that our communities will become stronger; more resilient; and able to make their voices and their expectations heard more widely.

## 6. Key issues and conclusions

- 6.1. The new engagement framework *Stronger Voices, Stronger Communities* is designed to support the delivery of the ambition in *Your Home, Your Community, Your Future* and shift the balance of power and control towards our customers, empowering them to make their own choices about the services they want.
- 6.2. The link between the engagement framework, budget setting and our strategic delivery plan will ensure that the voice of the customer is fully embedded in our plans and priorities, driving change and innovation. Through strong engagement with our customers we will support them to develop potential and build stronger communities.

## 7. Value for money implications

7.1. Ensuring that the customer voice is at the heart of our activities and our strategic planning will help to drive increased value for money.

## **8. Impact on financial projections**

8.1. The 2021/22 financial projections include a provision of £0.6m over the five-year period for customer directed investment. In 2021/22 alone investment priorities to be decided by tenants equate to 10% of the overall core programme allocation. Within the Wheatley Foundation, £0.8m of funding has been set aside to support the You Choose Challenge project across the Group's RSLs.

## **9. Legal, regulatory and charitable implications**

9.1. There are no legal implications arising from the proposed engagement framework.

## **10. Implementation and deployment**

10.1. The deployment of this framework will be supported by the introduction of a new Community Engagement Officer who will oversee our annual engagement programme which supports the customer voice. A draft programme is included at Appendix 2 to illustrate the programme of activities which will take place for our customers in 2021/22.

10.2. The 2021/22 Group strategic delivery plan will include customer engagement as an early milestone in at least 50% of the projects.

## **11. Partnership implications**

11.1 All partner organisations will adopt the framework set out in Appendix 1, tailored to their own customer profiles and contexts.

## **12. Equalities impact**

12.1. The proposed framework seeks to expand the opportunities available to customers to engage with us. By adopting a blended digital/off-line approach and increasing accessibility and flexibility it is intended to increase the diversity of customers who are involved in providing feedback and shaping our services.

## **13. Recommendations**

13.1 The Board is asked to

- 1) note the new Group engagement framework set out at Appendix 1
- 2) note and make any comment on the Loretto draft engagement programme set out at Appendix 2

## **LIST OF APPENDICES:**

Appendix 1- Group engagement framework: *Stronger Voices, Stronger Communities*

Appendix 2- Loretto Housing draft engagement programme 2021/22

## Loretto draft engagement programme – 2021/22

Month	Activity	Outcome	Supporting pillar
April	Discussion with Community Action Group on the new engagement framework	New opportunities for involvement	You influence and co-design
May	6 monthly performance is published on line and customer scrutiny invited through MD webinar	Customers are involved in scrutiny and improvement ideas	You influence and co-design
June	Programme for Customer and Community Voices is developed based on Board's strategic delivery plan	New opportunities for involvement	You influence and co-design
June	Recruitment drive for Customer and Community Voices launches	New opportunities for involvement	You influence and co-design
June/July	Summer gala days/outdoor events	Publicise services, publicise feedback loop, community consultation, local investment priorities, apprenticeship programme	You are heard
August	Apprenticeship programme launches	Young customers are supported into the labour market, building skills and resilience	Your voice is stronger
August	Learning and development programme to support the Customer and Community Voices	Customers are supported to develop knowledge and skills	Your voice is stronger

<b>October</b>	Rent consultation <ul style="list-style-type: none"> <li>- Face-to-face focus groups (balanced for age/gender)</li> <li>- MD Webinar</li> <li>- Interactive email and Website feedback</li> </ul>	Consultation informs budget setting	You are heard
<b>November</b>	6 monthly performance is published on line and customer scrutiny invited through MD webinar	Customers are involved in scrutiny and improvement ideas	You influence and co-design
<b>January</b>	Annual Group You Choose Challenge launched	Ideas are crowdfunded, innovation is supported	You decide
<b>February</b>	Co-creation session with staff and Customer Voices identify 3 ideas to take forward	3 ideas are identified	You decide
<b>March</b>	Group Delivery plan approved	At least 50% of projects have specific milestones covering customer engagement – which helps develop the Customer and Community Voice programme	You influence and co-design
<b>April</b>	The 3 “You Choose” ideas are marketed on-line and voting takes place	Customers decide on policy	You decide
<b>April</b>	Customer and Community Voices annual Group conference – presenting their findings	Confidence building and skills development – showcasing achievement	Your voice is stronger

	to senior staff, Boards and other stakeholders, including interested customers		
<b>May</b>	Customer ideas and feedback are incorporated in Board strategy sessions for Board consideration	Customer input informs strategy development	You influence and co-design



# **Stronger Voices, Stronger Communities**

## **Customer Engagement Framework**

**December 2020**

# Stronger Voices, Stronger Communities

## Vision

Our vision is to support our customers to reach their potential. Our strategy for making this real will deliver an unprecedented shift in the balance of power and control towards our customers, empowering them to make their own choices about the services they want.

The development of our approach has been informed by feedback from our customers and by the research project carried out for us by The Democratic Society “Democracy Starts at Home”.

We want to challenge ourselves in our approach to engagement – to create that unprecedented shift in power to the customer. Our 2021-26 strategy **Your Home, Your Future, Your Community** emphasises co-creation with our customers and promoting their ability to be in control and self-direct their services. By 2026 our customers will be empowered to make their own choices about the services they want, be properly equipped to do things for themselves and involved in the design of products and services from start to finish.

This shows how a Wheatley Customer will personally experience our engagement with them in 2026 – how it looks and feels to them.

### ***I feel in control and have choices***

- I take charge of my life, I self-direct my services.
- I have access to training, life skills, employability, support.
- I see a brighter future for myself and my family.

### ***I shape the services I receive***

- I influence the things that matter to me.
- I can give instant feedback.
- I understand performance from both a customer and business perspective.
- I can get involved through crowdsourcing ideas, designing, voting, on/offline discussions.

### ***I have access to the information I need***

- Online access provides me with all info about my home and community at my fingertips – account, costs, maintenance history, investment plans etc.

Each customer is an individual who will want and/or need different levels of engagement to feel this experience. Our engagement approach is designed to support customers' choices for the experience they want. The emphasis will not be on expecting customers to form constituted groups, meeting in specified locations at set times. Instead the approach will be to encourage **accessibility** – anyone can volunteer for an activity without further commitment – and **flexibility** – people can express views at a time and in a way that suits - online, 24/7, from home, or in person.

By making our engagement options more flexible for customers we seek to improve the opportunities for engagement which are available to our customers and widen the diversity of customers who are actively involved in shaping services. We will support our customers and communities to feel more in control of their personal and collective wellbeing, inspired to raise their aspiration and able to realise their potential.

## The Framework

The engagement framework consists of 4 pillars which support our engagement with customers, as illustrated in Figure 1 below.

**Figure 1 – The Stronger Voices framework**



### **1. We Listen** **You are heard**

#### Processes

This is a very open form of engagement which we would expect all customers can and will access at some point in their relationship with us. It enables customers to put forward ideas which are not driven by our agenda. Currently we engage with customers under this pillar in a variety of ways. Our **Think Yes culture** means that any staff member engaging with a customer listens and responds to what the customer is saying to find a positive solution. **Customer conversations** carried out by Housing Officers are an example of this – where the customer can bring up anything which is important to them, and the Housing Officer listens to understand what our role might be and how we can help. Often this will be about opening service options for customers, but it might also be about supplying information, or

developing insight which will help for example to create a community project or influence a service change. **Facebook** can also be used by customers to express what is on their mind rather than responding to any focused question we have asked.

**Voice of the Customer** is the process we use to identify on-line feedback on various service areas or topics. This type of process will become increasingly important as customer on-line self-service increases.

**Community groups/meetings** are another way in which customers can raise issues which matter to them, for example a staff member might attend a community meeting where the main topic of conversation is lack of public transport. While we do not have a direct role in this it helps us to build community insight and we may be able to help influence other community partners or support grant funding applications.

**Learning from complaints analysis** is also an important way in which we listen to what our customers are saying, and change the way we deliver our services as a result of their feedback.

### Key Roles

Our main job roles who engage with customers in this way are our front-line staff

- Housing Officers
- Engagement and Foundation Officers
- Care Workers and Managers
- Customer Service Centre staff
- Lettings Advisors
- Repairs and Investment staff
- NETs staff
- Locality Directors/Heads of Housing

### Outcomes

The main purpose of this pillar of engagement is to provide solutions to our customers for the issues they raise. This is a cornerstone of our Think Yes culture.

The outcomes are increased customer satisfaction; faster complaints resolution; lower levels of waste demand, better customer relationships.

Another outcome is the ideas and innovation that customers can bring to our business. Insight gathered through this form of engagement is collected and

structured through the locality planning process, complaints analysis and survey feedback.

## **2. *We consult and co-create You influence and design with us***

### Processes

As part of this pillar we currently use a number of consultative processes. These include **rent consultation** or other **policy proposals, project proposals, surveys** ranging from small/local, service specific eg repairs, to wide ranging such as our annual customer satisfaction surveys. **Focus groups** are a method we also use to seek more qualitative responses which can still be used to provide structured and representative views.

These are important processes, but our ambition is to support more opportunities for customers to become proactively involved in working with us to design services. We believe some customers will find this very rewarding although we recognise it will not appeal to all customers as it requires a greater degree of time and effort. So the key processes focus on design – service design; estate design; system design; and home design.

We will introduce the concept of **Customer and Community Voices**. These will be customers who will work alongside officers to inspect, advise on and design how we deliver services and projects. We will design an annual programme for our Customer and Community Voices which will be informed by our Group strategic delivery plan so the customer voice is at the heart of our strategic projects. There will be a recruitment and training programme for customers to encourage and support involvement in this and to help build capacity. An early example of this type of involvement is the programme we have to train customers as Keep Scotland Beautiful (KSB) assessors – so that they can carry out joint estate inspections with our staff and contribute to how we can jointly improve our environments.

One of the activities our Customer and Community Voices will be involved in is **customer journey mapping**. When we explored this as a concept with our customers during our International Conference on Engagement it was one of the most popular activities with our customers, and brings huge insight as to how our processes and systems can be improved to deliver a better customer experience.

On a more individual basis, our Health & Wellbeing Assistants work with individual care customers using an **Outcome Star method** which supports the people we work

for to identify the aspects of their life they want to improve and how to go about it.

### Key roles

Our main job roles who engage with customers in this way are those with a responsibility for service and strategy development

- Community of Excellence Leads
- Business Leads
- Investment Managers
- Development Managers
- Project Officers
- Service Improvement staff

### Outcomes

The main purpose of this pillar of engagement is to test and consult on proposals; identify what doesn't work in current processes or policies; co-design new services or products; and challenge our collective thinking in order to improve. The outcomes are increased customer satisfaction; fewer complaints; lower levels of waste demand; and better value for money as resources are deployed in accordance with customer priorities.

Ensuring that the customer voice is heard and enabling co-design as an early milestone in our strategic projects will deliver innovation and fresh thinking in our delivery. Customer focused design has always been important to us, but the process of co-creating with customers in the design process is a new part of our approach.

## **3. *We give power to... You decide***

### Processes

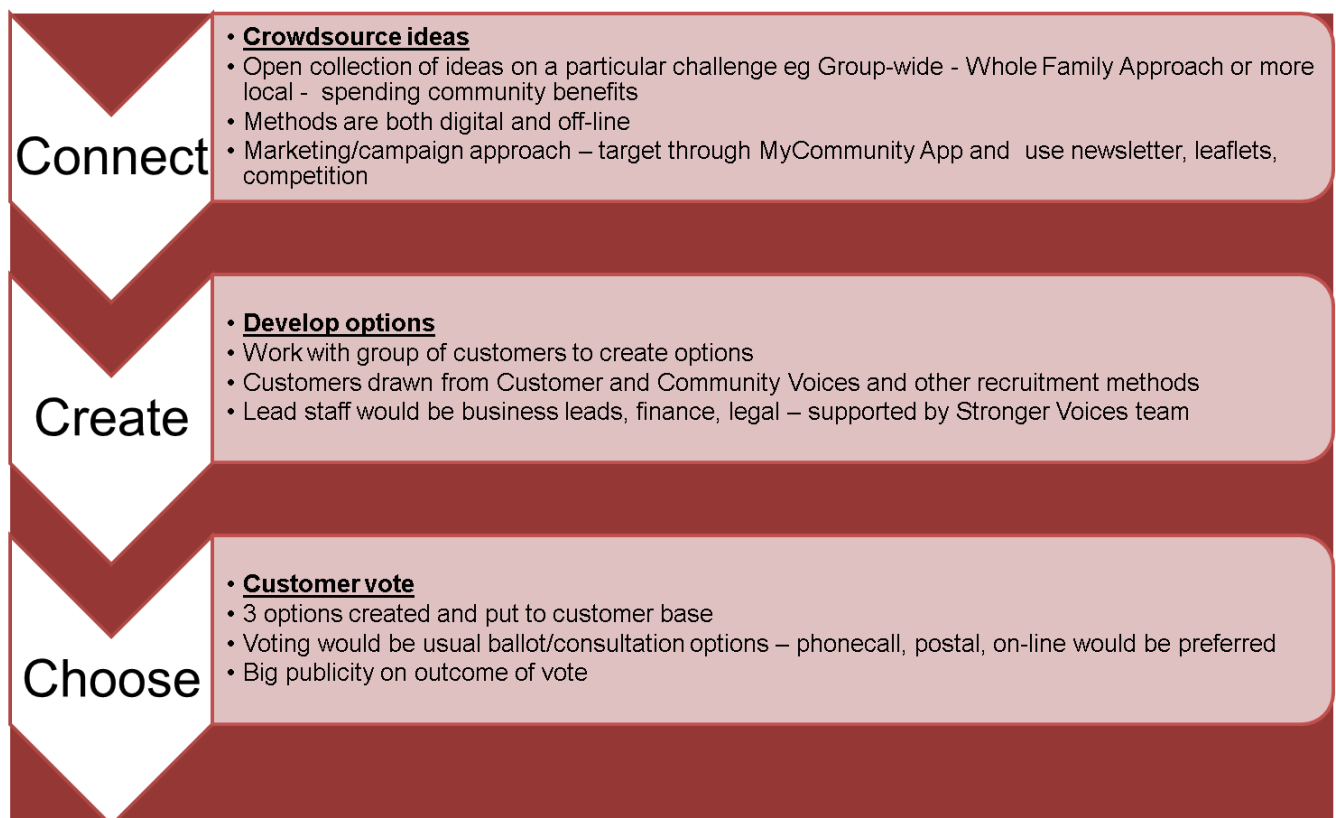
The processes for this pillar focus on ways in which we can safely empower our customers to make decisions on their own homes and environments, and to make decisions on priorities and resources. Our development of on-line, self-service tools help to promote this for the individual customer - for example, they can decide and track when and where they want a repair carried out; use a budget calculator to

make a decision about whether they can afford their own tenancy; or use the Wheatley MyCommunity app to seek consensus with neighbours to improve a shared garden area or other neighbourhood improvement ideas. The LivingWell model for older people uses supportive technology to give people more control and independence in their homes and communities.

An example of further empowerment for the individual customer is **Your Homechoice**. This will provide an allowance for customers taking up their new home with us to choose some work to be done that helps turn the house into a home for them. For example this could be the installation of additional power points which helps them to create a home office environment, or the installation of additional shelving or a kitchen unit which assists with storage solutions.

The **You Choose Challenge** will be one of the key methods we use to engage customers to make collective decisions about priorities and resources. This method is illustrated in Figure 2.

**Figure 2 – You Choose Challenge**



You Choose Challenge can be used to support a Group-wide decision, for example how to make a policy more family-friendly. But it can also be deployed more locally for example to decide on community projects or local investment decisions.



## Key roles

The key staff roles involved in this pillar will be those which carry budget responsibility and decision-making power as this power will need to be appropriately devolved

- Executive Team
- Director of Finance
- MDs
- All Directors

## Outcomes

The main purpose of this pillar of engagement is to empower customers to make decisions and choices about what matters to them. Our customers and communities will feel more in control of their personal and collective wellbeing, inspired to raise their aspiration and able to realise their potential. Self-directed services, innovative approaches such as Outcome Star, Livingwell for older people and Housing First help build the trust, confidence and ability of individuals to make the changes that are important to them, giving people more power and control over their lives and their futures.

The outcomes are increased ideas and innovation; increased customer satisfaction; fewer complaints; more customers feeling involved in decision-making; and better value for money as resources are deployed in accordance with customer priorities.

## **4. *We support*** ***Your voice is stronger and people listen to you***

### Processes

The processes for this pillar focus on ways in which we can support people to develop their potential and raise aspirations. We have experience of using many of these processes already, especially within Wheatley Care and other support services provided throughout the Group. Encouraging volunteering, as in the LivingWell service; encouraging individual expression through music and art; and supporting youth development projects are all ways that we currently support people to develop their potential. On-line tools such as the MyCommunity app will help people connect better with these opportunities and with each other.

The support provided through the Wheatley Foundation to access apprenticeships and bursaries is another method by which we support capacity development. This engagement framework provides an opportunity to integrate this support and develop it further through wider engagement opportunities. We will provide a learning suite and potential accreditations for those customers who become Customer and Community Voices, helping them to develop their skills to assess information, challenge approaches and express their views. This will form one of the pathways for customers who may be interested in positions as Board members.

### Key Roles

Our main job roles who will support customers to develop their potential are

- Stronger Voices Officers
- Care and Support staff
- Health and Wellbeing Assistants
- Wheatley Foundation Officers
- Academy staff

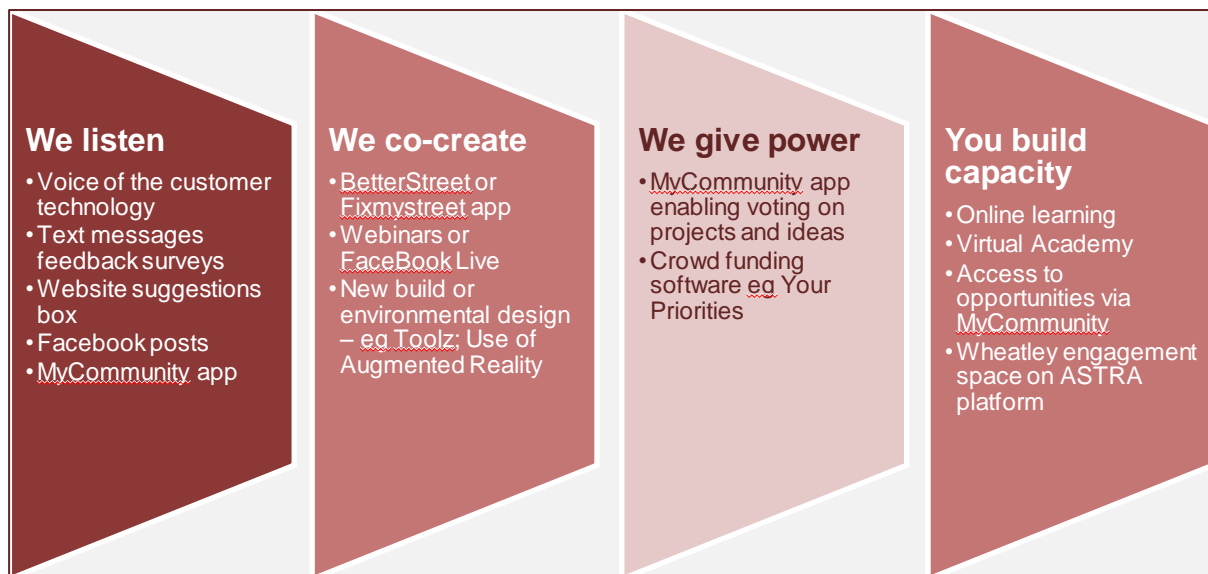
### Outcomes

The main purpose of this pillar of engagement is to support people to develop their potential and build capacity and resilience in our communities.

## Digital Engagement

The engagement framework is based on a blended approach which understands the value of face-to-face interaction but also the opportunities that can come through digital methods of engagement. We will develop digital engagement tools which will support the different pillars of the engagement framework as illustrated in Figure 3.

**Figure 3 – Digital tools to support engagement**



The development of the **MyCommunity app** will be the key mechanism to support digital engagement. This will enable customers to join a local neighbourhood digital engagement forum where they can engage with their Housing Officer or other key staff on community issues. We will be able to share local information specific to each community and also Group-wide information where appropriate eg to promote benefit take-up campaigns. Customers will also be able to promote activities or information and support which is available locally, as will other partners with whom we work.

Digital engagement can replace or supplement off-line community activity such as a meeting to discuss investment in a block. This should enable a wider range of input by increasing the methods by which people can take part in sharing information and views; building community consensus; and reaching decisions. Importantly, we will ensure that digital engagement is used to increase the range of customers who are able to participate. We will support customers to engage on-line but we will also ensure that no-one is excluded from involvement because they are unable to participate in this way.

Other digital methods which we will develop include the **integration of feedback within the customer service journey**. The opportunity to provide feedback will be

available at different points in the service journey – for example to provide feedback on-line through text, web or app feedback after ordering a repair; then again after receiving the repair. This can also be developed for example to contact a customer after they have completed their first year of tenancy with us, to seek feedback on their experience.

We will develop our **digital toolkit** to seek opportunities to make engagement more fun and engaging for our customers. This may be through working with our partners eg new build contractors on video technology so that customers can take a visual on-line tour of a development. There are also apps available such as BetterStreet which can help engage residents in assessing their neighbourhood environment and providing comment on what works for them, what makes them feel safer etc.

### **Staff resources**

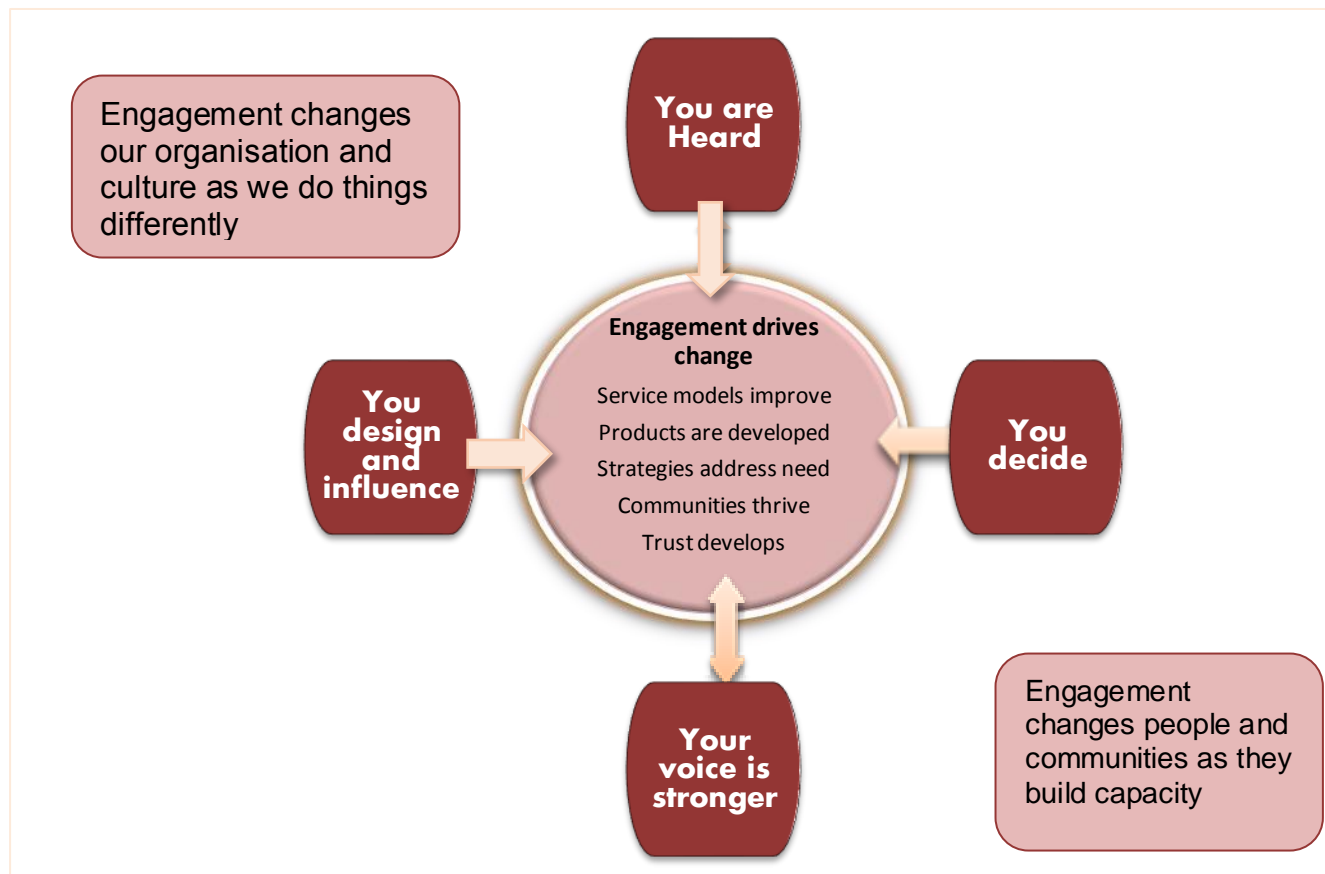
Every member of staff in Wheatley Group has a role in promoting engagement and responding to the customer voice in all our activities. The Stronger Voices team will support business leads to ensure this happens and will oversee the annual engagement programme which supports the customer voice throughout our strategic activities. A sample programme is attached at Appendix 1 of this document.

The team will include Digital Officers who will be responsible for exploring digital opportunities for engagement and supporting customers to develop their digital skills.

## Framework outcomes

This engagement framework is designed to support our ambition to promote a culture which places the customer voice at the heart of everything we do. Through our strategy **Your Home, Your Future, Your Community**, we have set out to challenge ourselves in our approach to engagement – to create that unprecedented shift in power to the customer. Our 2021-26 strategy emphasises co-creation with our customers and promoting their ability to be in control and self-direct their services. By 2026 we hope that our customers will be empowered to make their own choices about the services they want, be properly equipped to do things for themselves and involved in the design of products and services from start to finish. Through this journey with our customers we hope that our communities will become stronger; more resilient; and able to make their voices and their expectations heard more widely.

**Figure 4 - Framework outcomes**



## KEY PERFORMANCE INDICATORS

- Overall customer satisfaction above 90%
- Over 90% of Care customers satisfied with the overall service
- Overall satisfaction amongst households with children improved to 90%
- 90% of customers feel they can participate in the landlord's decision making
- 95% of customers actively engaged in shaping services feel they participate in decision making
- 50% of strategic delivery plan projects include customer engagement as an early milestone
- 100 Customer and Community Voices recruited in 2021
- 25% of customer-facing budgets will be controlled by customers by 2026

## Wheatley strategic engagement - sample programme

Month	Activity	Outcome	Supporting pillar
March	Group Delivery plan approved	At least 50% of projects have specific milestones covering customer engagement	You influence and co-design
March	Annual programme for Customer and Community Voices is created	Annual programme of activity is identified	You influence and co-design
April	6 monthly performance is published on line and customer scrutiny invited through MD webinar	Customers are involved in scrutiny and improvement ideas	You influence and co-design
May	Analysis of integrated service feedback is provided as part of quarterly performance report to Boards	Customer feedback drives improvement activity	You are heard
May	Recruitment drive for Customer and Community Voices launches	New opportunities for involvement	You influence and co-design
June/July	Summer gala days/outdoor events	Publicise services, publicise feedback loop, community consultation, local investment priorities, apprenticeship programme	You are heard

<b>August</b>	Apprenticeship programme launches	Young customers are supported into the labour market, building skills and resilience	Your voice is stronger
<b>August</b>	Analysis of integrated service feedback is provided as part of quarterly performance report to Boards	Customer feedback drives improvement activity	You are heard
<b>September</b>	CEO webinar	Provides early context for rent consultation and shows how customer views drive strategy and budget setting	You are heard
<b>October</b>	Rent consultation <ul style="list-style-type: none"> <li>- Face-to-face focus groups (balanced for age/gender)</li> <li>- MD Webinars</li> <li>- Interactive email and Website feedback</li> </ul>	Consultation informs budget setting	You are heard
<b>November</b>	6 monthly performance is published on line and customer scrutiny invited through MD webinar	Customers are involved in scrutiny and improvement ideas	You influence and co-design
<b>November</b>	Analysis of integrated service feedback is provided as part of quarterly performance report to Boards	Customer feedback drives improvement activity	You are heard
<b>January</b>	Annual Group You Choose Challenge launched	Ideas are crowdfunded, innovation is supported	You decide



<b>February</b>	Analysis of integrated service feedback is provided as part of quarterly performance report to Boards	Customer feedback drives improvement activity	You are heard
<b>February</b>	Co-creation session with staff and Customer Voices identify 3 ideas to take forward	3 ideas are identified	You decide
<b>February</b>	Budget process is finalised	Agreed % of customer facing budgets is decided by customer priorities	You decide
<b>March</b>	Group Delivery plan approved	At least 50% of projects have specific milestones covering customer engagement	You influence and co-design
<b>April</b>	The 3 “You Choose” ideas are marketed on-line and voting takes place	Customers decide on policy	You decide
<b>April</b>	Customer and Community Voices annual conference – presenting their findings to senior staff, Boards and other stakeholders, including interested customers	Confidence building and skills development – showcasing achievement	Your voice is stronger
<b>May</b>	Winning idea is incorporated in the strategy review and taken forward	Publicity of process and winning idea – customers see that they have decided on policy	You decide
<b>May</b>	Other ideas and feedback are incorporated in Board strategy sessions for Board consideration	Customer input informs strategy development	You influence and co-design



## Report

**To:** Loretto Housing Association Board

**By:** Laura Henderson, Managing Director

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

**Subject:** Operating model update: approach to service delivery

**Date of Meeting:** 15<sup>th</sup> February 2021

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### 1. Purpose

- 1.1. To present how our approach to service delivery will develop during the 2021-26 strategy period.

### 2. Authorising Context

- 2.1. Under the Group Authorise/Manage/Monitor matrix, the Board are responsible for approving our Strategy and Business Plan. Developing our approach to service delivery including through increasing the use of digital mechanisms is a stated objective, and the direction presented here is a key step in realising this.

### 3. Risk Appetite and Assessment

- 3.1. Our risk appetite relating to operating models and modernising of services is hungry i.e. eager to be innovative and to choose options offering potentially higher business rewards (despite greater inherent risk).

### 4. Background

- 4.1. Our commitment to exceptional customer experience is a key theme in our strategy. Discussions with the Board as part of updating our strategy highlighted that *'Digital service delivery will be the norm, but we will ensure no-one is left behind. We will prioritise the introduction of new service models in the first year of the strategy based on our experience of working during the pandemic, blending digital and face to face service whilst maintaining a strongly personalised approach.'*
- 4.2. This recognition of the importance of digital is not new and has been a clear direction of travel and priority for our staff and customers. However, also as noted in feedback on the strategy from the Board, *'the Covid pandemic has provided an accelerant, which we should embrace, to the objectives and plans already set out in the draft strategy in two respects;*
- *increasing the use of digital methods for engaging with our customers and delivering services which are convenient, reliable and give the customer greater control;*

- *while around 70% of our staff are not office-based, our staff operating model should transition to a more hybrid home/office working approach now for staff who were previously office-based, accompanied by wider support for our people to work and lead in a more digital context.* ‘

- 4.3. At its meeting in November the Board considered and agreed two key elements of our operating model that sit alongside our approach to service delivery. These were our new ways of working and our new corporate hub model. Agreed plans for our ways of working will see us adapt from a “traditional” office-based set-up, with the vast majority of staff working in 9-5 or fixed shift patterns, to a much more flexible approach. This will include a hybrid model, where staff would have the choice of how to achieve the best of both worlds – social contact with colleagues every week, but flexibility to work from home, with reduced travel time and cost.
- 4.4. Our agreed corporate hub model makes clear that our future physical spaces will be places for collaboration, learning and inspiration. This fits with our local operational model and experience over the years. Customer footfall in our office was very low and effectively was a staff base from which mobile working takes place to serve customers in communities, rather than a frontline service delivery asset. It is important to note that Loretto and Cube staff will be on a different change journey and whilst the majority of Cube staff used the Glasgow office as a base for mobile working some are accustomed to having a customer facing office, particularly the West Dunbartonshire office, although customer footfall had steadily declined. All staff are excited about the benefits of this new way of working for them and our customers.
- 4.5. The approach to service delivery discussed here is the final step in defining how we will apply the accelerant from how we have responded this year to realise key aspects of our already agreed strategy more quickly than would have been otherwise possible.

## 5. Discussion

- 5.1. We already have a reputation for delivering excellent services that meet customer needs. This has been achieved through continually refining our approach to service delivery. Our next development of our approach to service delivery will make a major contribution to many of the strategic outcomes we have set in the 2021-26 strategy, including:
- **Delivering Exceptional Customer Experience** - Our approach to service delivery will bring us close to our customers in communities, provides direct customer input to our repairs and other services and positions us as an online business;
  - **Making the Most of our Homes and Assets** - Our approach will reduce travel including to offices and the resources needed to operate them; thereby increasing sustainability and reducing carbon footprint
  - **Changing Lives and Communities** - Our approach to service delivery will concentrate our highly skilled, field based workers in communities where they can work with customer to create peaceful and connected neighbourhoods and support economic resilience
  - **Developing our Shared Capacity** - Our approach is built on collaboration, is innovative and focuses on strengthening the skills and agility of our staff

- **Enabling our Ambitions** - Our approach to service delivery embraces digital platforms to support our activities
- 5.2. We expect all of our approaches to service delivery, albeit some to a greater extent than others, to develop through the accelerant provided by the Covid pandemic. Notable opportunities that will contribute to this include the ability to serve the customer more flexibly, move to hybrid working for staff, have non-customer facing hubs where staff can cluster and develop our digital and online approaches more rapidly than would have otherwise have been possible.
- 5.3. Our services including the environmental NETS team, repairs and dealing with antisocial behaviour will, as now, continue to be built on skilled staff, providing high quality services to customers in their homes and communities. Service models in these area will be enhanced including through greater use of online, digital, video and developing automatic confirmation of appointments and progress/service delivery updates and the ability to anticipate customer actions and respond proactively. An essential aspect of these new service models will be providing our customers with easy routes to let us know when we have not lived up to our commitments. In practice, this will be achieved through having mechanisms, as part of every service, that are focused exclusively on providing a customer with the ability to let us know quickly when they are not satisfied, and that are geared towards us taking immediate action to resolve the situation. Examples of this include:
- As part of every repair, pushing a text to the customer asking for them to rate the service, monitoring this in real time, calling every customer who does not rate the service highly and arranging immediately for necessary action to resolve the situation
  - Our Housing officers leaving cards as part of every customer interaction, with a dedicated helpline number for the customer to call if the experience or service had not met their expectation or resolved the issue
  - Introducing technology into the Customer Service Centre (“CSC”) where a customer is asked to remain on the line at the end of a call to rate the service. Again, any negative feedback would trigger an immediate call to the customer to identify and resolve the issue
- 5.4. The examples above are intended for illustration. In developing this approach multiple mechanisms will be deployed to ensure customers have choices in how they tell us their expectations of how we would meet our commitments were not met. This will ensure we do not require a customer to use an approach they are uncomfortable with (e.g. some might want to avoid providing negative feedback on the phone) or that is not available to them (e.g. not all customers will have access to a mobile phone) when they are taking the time and effort to feedback on where we could do better.
- 5.5. In-depth change will happen in our housing service for staff as they work flexibly to meet the needs of customers at times that suit them in a hybrid environment spanning communities, our new hubs and their homes, and make even greater use of digital methods to keep in contact with customers. The greater strategic focus on knowing quickly where we have not met our commitments and acting will also mean that staff are required to be even more dynamic in their approach so they can get involved and fix the cause of any dissatisfaction, quickly.

- 5.6. Our colleagues in the CSC will also adapt, shifting from call handling to being a resolution centre that meets the customer need at point of contact, with no presumption or ability to pass it on. This will require significant change including not only having the key ThinkYes principle of meeting the customer needs at point of contact embedded in our people, but also in our digital environments. Key to this will be designing customer journeys through webchat and web self-service that are natural for our customers and that encourage the customer to express their needs, so it can be understood and resolved, rather than channelled through pre-determined pathways to pre-set outcomes.

### **Our platforms**

- 5.7. Key to these and other changes will be being clear on the platforms that we will build our approach to service delivery on and their purpose. These platforms will be:
- **Web self-service** for simple transactions (such as making a rental payment) that the customer wants to complete quickly with minimal effort.
  - **Web chat** for transaction where the customer needs a little advice or guidance, such as querying a bill, and that can be completed in a few interactions.
  - **Phone** for more complex interactions, such as a wellbeing check or raising/responding to an issue, where we or the customer want to understand the situation.
  - **Face-to-face** for more complex situations where we need to investigate or the customer is vulnerable, and for high value interaction for the customer and us such as moving into a new home.
- 5.8. At present our **web self-service** offer is immature. We currently have over 50% customers online with 704 registered customers, however the numbers transacting with us regularly is lower. The main uses of this platform currently by customers is for payments, to register for MySavings, or to make service requests, such as a bulk uplift or to request a call back from their housing officer. The ability to raise a repairs was also available on a trial basis earlier in the year but it is not offered currently while we are fully remobilising our service.
- 5.9. As part of developing this platform, priorities will include:
- increasing customer transactions (and registrations).
  - resolving around 20% of all customer service requests through this channel, there and then.
  - making it possible for customers to self-serve less complex repairs (e.g. fix leaking tap, replacing skirting).
  - introducing the ability to book an appointment (e.g. with Housing Officer, for bulk uplift, for a repair) at a time that suits the customer.
  - reflecting the greater speed and simplicity of requests on this platform through having differential service offers. These offers would be built on recognising that where we get a service request and/or we can resolve it more quickly, then this should be available for the customer. An example of this would be making it possible for customers to book 2-hour appointment slots for a repair on this platform rather than a 4-hour slot by phone.

- building customer confidence and supporting use through offering web chat and a phone call if needed by a customer to complete their transaction.
  - exploring the potential of a Loretto App.
- 5.10. **Web-chat** is available on MyHousing at present with approximately 11,000 interactions last year. Maturity of this platform elsewhere in our business is low although the recent upgrade to our CRM system, Astra, means limited development is needed to deploy this capability across multiple service lines. Priorities for deploying this platform include:
- deploying it and promoting it as an alternative to phone for our customers who are comfortable with this platform and way of interacting.
  - Expanding the offer, including the existing 9-5 MyHousing service, to 24/7/365 to support around 10% of all customer transactions.
  - training staff to converse with our customers over chat.
  - developing the ability to choose to speak with an advisor and pushing this to a customer when they appear to be struggling to use the platform effectively.
  - exploring the potential of chatbots and automation for simple transaction.
- 5.11. Our **phone** based service through the customer service centre and customers being able to contact our housing officers is well established and mature. Last year, there were over 700,000 calls to the Glasgow Hub, including in excess of 250,000 for repairs. Other key areas include general enquiries and making a payment. While this is a mature platform, significant change will be made as part of our new approach to service delivering including:
- moving from a traditional contact centre to a resolution at point of contact centre
  - dealing with around 50% of all customer interactions through this platform and resolving well over 95% there and then.
  - anticipatory interventions and proactive outbound calling to support business objectives (e.g. gas servicing), where needed for rectification (e.g. call to reschedule if we expect an appointment to be missed or this happens) and in support of scheduled customer wellbeing campaigns
  - proving a helpline where customer can detail when a service did not meet their expectations and that has the authority to take the action needed to make this right
  - promoting and reinforcing our 24/7/365 service so our customers know they can get full service at any time which will help smooth demand throughout the week and fit with more agile working among many of our customers.
  - introducing automated text confirmation of appointments and the ability to see where repairs operatives are when on route to the customer home.
  - updating the IVR and adding virtual queuing so customers can request a call back rather than waiting on hold when demand is high).
- 5.12. As now, **face-to-face** will be our most important platform going forward. This platform is mature and widely recognised as the main value component for customers, staff and our business across a wide range of activities in communities. These activities range from providing visible presence through our day in, day out actions of Housing Officers and routine service delivery every day through our NETS and repairs, to supporting our most vulnerable customers in complex situations including through Housing First, the work of the CIP and Wheatley Care staff. Going forward, this platform will develop as part of our approach to service delivery through:

- maintaining our focus in communities, never forgetting that most of our staff will work in this way, delivering services and resolving 20% or so of our most complex customer interactions.
  - scheduled welfare checks – building on the value this brought us during lockdown - with customers to make sure they are ‘doing ok’ with the ability to act when not.
  - continuing to use new technology (phone, video, WhatsApp etc.) where appropriate to interact with customers.
  - exploiting flexibility from our new ways of working to serve customers at times, and in locations, that suit them.
  - exploring the value of predictive analytics to anticipate requirements, guide actions and augment staff judgement. This, along with GoMobile and other planned developments in digital will maximise our ability to take action when with customers in their home to meet service needs there and then
- 5.13. In developing our approach to service delivery we also need to recognise the different demographics and segments we serve, and that particular experiences and skills will impact which platform customers are most comfortable using. To support this, we will look to market different options to different demographics. Examples of this might include recognising that some:
- older customers may prefer to use phone and face to face rather than web self-service or web chat, even for what we might regard as a simple transaction
  - younger customers may tend to adopt non-voice platforms because it is their preference even when we think phone or face-to-face are more appropriate for the particular request
- 5.14. Our planned virtual patches through which our resources will be tailored to, and build in-depth expertise in, the needs of particular customer segments such as older people and asylum seekers is also part of how our approach to service delivery will become even more finely tuned and we will make sure no customer or group is left behind.
- 5.15. We expect our approach to service delivery through these platforms and the planned development activities to bring many benefits for our customers and our business including:
- even greater flexibility to serve customers when it suits them.
  - staff no longer working 9-5 or fixed shifts, or from an office based environment.
  - far quicker and simpler resolution for the vast majority of customer service requests, at the first point of contact through web self-service, web chat and by phone.
  - complex, emotional customer interactions dealt with by skilled staff in the field or by other means that suit the customer.
  - much less dependency on geography - staff working remotely can serve customer wherever they are.
  - a more connected group with staff clustering in any location and leaders working across our geography.
  - simpler paths to rapid rectification, as we increasingly anticipate when things have not gone to plan.



## Leadership

- 5.16. As highlighted in our strategy and reinforced through earlier Board consideration of the people and physical aspects that will shape our operating model, adaptive leadership in a more digital context will be key to our future service delivery. As now, we will look to our leaders to collaborate in bringing the approach to service delivery to life. The role our leaders play in developing staff and ensuring the quality of our services will, as now, be critical in our new approach. Achieving this will involve regular in person one-to-one sessions with staff, creating conditions for empowerment and providing clear authorising frameworks, albeit often in less formal settings than the office locations of our past.
- 5.17. Our new models will also require adaptive leadership that is comfortable in two contexts that come with our new operating model, namely:
- Leading when staff cluster in hubs, reflecting how important these physical spaces will be. and
  - Leading when many staff are working more remotely including at home at times through our hybrid model for people.
- 5.18. Our expectation is that leaders will lead by example, operating in a hybrid way spending their time across our various hubs, working from home and engaging stakeholders.
- 5.19. When leaders cluster in hubs with each other and/or their teams they will be expected to:
- champion the service model so it becomes established and we make the most of the opportunities it brings.
  - advocate for the customer to ensure our approach to service delivery meets need.
  - motivate teams and each other including nurturing and sustaining individual wellbeing.
  - innovate and bring new ways of working that benefit the customer, quickly.
- 5.20. Providing the leadership staff need as part of our approach to service delivery when they are working at home or spending time in communities with customers will also be essential. Here we will expect our leadership to:
- enhance performance in an environment where face to face contact is reduced.
  - communicate in virtual environments where this will be less natural and there are fewer visual indicators to go on.
  - be digitally literate, as Zoom, WhatsApp, social media, AI etc. become an ever increasing part of everyday life.
  - adapt to new challenges and ways of working that best meet customer needs.
  - be available when staff need them, especially when working at weekends and evenings is part of our more flexible approach.

## Behaviours

- 5.21. As like now, behaviours will be key to the success of our approach to service delivery. Our new approach will, amongst other things, require our people to be:
- committed to co-creation with our customers and equipping customers to do the right thing for themselves and become self-reliant.
  - comfortable in an environment where 75% of staff do not routinely work 9-5 or fixed shifts.
  - able to balance working in communities and from home.
  - willing to take power to make the right decision and act quickly to resolve customer requests and to seek out and deal with any situation where the customer is not satisfied.
  - proactive in identifying customer/service issues and intervening to correct them.
  - collaborative in working across group and beyond.
  - accountable for their performance and career progress.
- 5.22. Currently our staff bring many of these behaviours as demonstrated by their contribution in already providing an excellent service including during the pandemic. Staff commitment to their own development will be particularly important especially given the hybrid nature of work for many and reduced face to face contact. Key to this in our new model will be our peoples' ability to:
- tap into peer-to-peer networks for ideas, support and sharing.
  - identify and own their development needs and be active in making sure these are met.
  - explore flexible career models and be open to opportunities as they develop.
  - be confident and assertive in dealing with a range of stakeholders.
  - look after their own wellbeing.
- 5.23. As mentioned above, staff wellbeing will, as it is currently, be a major consideration in ensuring the success of our approach to service delivery. Key aspects of this will include:
- continuing, as we have throughout, while the pandemic remains to have a Covid secure workplace and to implement learning in terms of workplace hygiene and infection control.
  - tackling staff isolation including through nurturing collaborative working, introducing tools to support this and retaining a strong focus on the team.
  - making training and coaching sessions interactive with small numbers to encourage participation and establish relationships.
  - developing specific induction and training programme to help younger and new employees adapt to our approach to service delivery.
  - investing in the right technology so that staff are confident of delivering the new service model.
  - ensuring staff have the right home working environment for applicable staff.
  - Encouraging physical activity.
  - Promoting positive mental health including through giving staff control and the ability to make a difference through a service delivery model with staff empowerment and clear authorisation frameworks at its core.
  - Developing wellbeing package that support flexible working.
  - Using our new hubs where staff cluster to make connections.

### Wheatley Solutions

- 5.24. The focus in this paper so far has mainly been on our new approach to service delivery for our customers. However, the platforms and approaches to service delivery discussed here will be equally applicable to Wheatley Solutions and how it works in an agile way to support us as we serve customers when it suits them. The platforms discussed (WSS, web chat, phone and face to face) will be applicable to meeting the needs of internal colleagues and used in similar ways as for customers, with self-service and chat options developed for more straightforward transactions, and phone and face to face for complex matters. Opportunities created through our new approach such as staff being able to work in a hybrid way and not being bounded by geography will be key as Wheatley Solutions develops its approach to service delivery as part of our new operating model. Having a performance framework for Wheatley Solutions that allows group partners to be clear on the contribution made to their business objectives will be a priority.
- 5.25. The new approach to service delivery discussed here is expected to have a major impact in realising the ambition and strategic outcomes in our 2021-2026 strategy including to make digital service delivery the norm, while never losing the personal touch. Our new approach is also expected to deliver particular service outcomes including that:
- 85% of service requests will be fully resolved at first point of contact.
  - 25% of customers will choose to transact with us at times that are convenient for them outside 9-5 weekday hours.
  - 75% of our staff are working more flexibly.
  - 90% of our complex, emotional customer interactions will be dealt with initially by skilled staff in the field or by means that suit the customer.
  - Over 50% of customers will actively use their online account to transact with us.
  - Satisfaction with complaint handling will increase by 10%.

## **6. Key Issues and Conclusions**

- 6.1 Consideration of our strategy by the Board agreed the accelerant that the on-going pandemic has had on reaching the operating model set out in our 2021-2026 strategy. The Board has agreed some elements of how this operating model will be achieved including hybrid, flexible working by staff, and our move from a 'traditional' office based approach to hubs. The final piece of our new operating model is the new approach to service delivery presented here. This approach is based on having platforms, with clear purpose through which customer interactions will take place, leadership approaches that support the approach and behaviours that will underpin its success.
- 6.2 The approach to service delivery discussed here will impact every aspect of our operations.
- 6.3 Our approach to service delivery will provide the framework within which our platforms and core services will be developed at pace.

## **7. Value for Money Implications**

- 7.1 Our new service model will impact each of our value for money drivers – having an effective repairs service, investment in customer homes and 24/7 customer service. Specific details of impact and benefit on each driver will be developed as part of taking forward approaches outlined here for these and other services.

## **8. Impact on financial projections**

- 8.1. The investment needed to accelerate our new operating model was agreed by Wheatley Board at its October meeting.
- 8.2. Specific financial appraisal will be undertaken as part of making investment decisions for each platform.

## **9. Legal, Regulatory and Charitable Implications**

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

## **10. Implementation and deployment**

- 10.1. The approach to service delivery will be in place for summer 21 recognising our existing commitment to having new service models in place during the first year of our strategy, the accelerant impact from the Covid pandemic and most importantly, the value the new approaches to service deliver will bring for customers and staff. Specific implementation plans will be put in place for each of the platforms discussed here.

## **11. Partnership Implications**

- 11.1 The consideration in this report applies to all group partners.

## **12. Equalities Impact**

- 12.1 There are no equalities implications associated directly with this report. Appropriate arrangements will be developed for vulnerable customers, those with particular needs, and different demographics to ensure no one is left behind as part of implementing the new approach to services delivery.

## **13. Recommendations**

- 13.1 The Board is asked to:
  - 1) agree the approach to service delivery set out here for the 2021-2026 strategy period; and
  - 2) note that this approach to service delivery will form part of our operating model along with more flexible working by staff and development of corporate hubs that the Board considered at its previous meeting.

## Report

**To:-** Loretto Housing Association Board

**By:-** Laura Henderson, Managing Director

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

**Subject:-** Group Homelessness Policy 2021-2026

**Date of Meeting:-** 15 February 2021

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### 1 Purpose

- 1.1 This report presents the new Group homelessness policy, which supports the ambition in ***Your Home, Your Community, Your Future*** to lead in the national agenda around rapid rehousing and Housing First, supporting the Scottish Government and local authorities in the delivery of their five year plans.

### 2 Authorising context

- 2.1 Our work on homelessness is a key part of our Group Strategy “Your Home, Your Community, Your Future”. It expands across our housing, care and foundation activities. Our approach to homelessness, and the contribution we will make in terms of social housing provision, are strategic decisions. The designation of a policy as a Group Policy is reserved to the Group Board. The day to day operational work will be delegated to the Group CEO under the Group Standing Orders. The report is provided for information and comment to the Loretto Board.

### 3 Risk Appetite and assessment

- 3.1 Our risk appetite for service improvement is “open”. This means we are prepared to take the risk of adopting the approach that is most likely to result in successful delivery of our service objectives.
- 3.2 Shifting the balance of power towards the customer brings some risk as we empower customers to take more decisions around priorities and resources. A robust framework within which we can support customers and use our strategic delivery plan to manage this transformation will help to mitigate any risks.

## 4 Background

- 4.1 The Group Strategy highlights some key actions that we will take in relation to homelessness:
- Housing 10,000 homeless households by 2026;
  - Strengthening the pathways of services and support for homeless households through working with those who have lived experience;
  - Creating an integrated Group value proposition through our expertise and resources across care, support, housing, advice, training, volunteering and employment.
- 4.2 It emphasises the work we have done over the past five years with customers and communities to ensure our neighbourhoods are places customers want to live. In the next five years we aim to future-proof this by an increased focus on resilience, skills and confidence. This aim is central to our new Homelessness Policy.
- 4.3 This Policy sets out in more detail how these commitments will be delivered. It builds on our existing strong record. As well as providing temporary and permanent homes to homeless households we have provided the most extensive range of additional support in Scotland including money advice, furniture, access to jobs and training and fire safety measures.
- 4.4 Our Care services are highly regarded across our footprint and we have recently been successful as part of the Glasgow Alliance to end Homelessness (GAEH) which will redesign commissioned services to provide a much faster and more effective support to those who have become homeless.

## 5 Vision and Aims

Our Homelessness Policy provides a key contribution to our Group strategic vision:

*Customers have increased control over their services, their communities and their lives, with new opportunities for building skills and resilience.*

- 5.1 It sets out how we will work with our customers and our key partners to reduce homelessness while creating balanced and peaceful neighbourhoods. We are also committed to working towards the UN's sustainable development goals and the Policy will have an important impact on most of these but particularly the goals related to poverty, health and wellbeing, reduced inequalities and sustainable cities and communities.
- 5.2 The key outcomes of the Policy are to:
1. **Create balanced communities** which are peaceful, welcoming, and supportive in which people of all backgrounds want to live and can contribute;
  2. **Prevent homelessness** wherever possible so that more households avoid the trauma and stigma of homelessness;

3. **Co-create** the services in this Policy with customers who have experienced homelessness or the threat of homelessness so that our services and products are directed in the way that works best for the households that need them;
4. **Provide more homes for homeless households** who have become homeless and supplement this with access to our Lowther mid and private rented homes where these are suitable; and
5. **Develop a unique multi-skilled expertise** which ensures an understanding of all the impacts which can face those threatened with homelessness so that our staff can provide an empowering and supportive experience for our customers.

5.3 The actions within the Policy are aligned to our Group strategic themes. Some of the key actions are outlined in the diagram below:



5.4 We will measure the success of our delivery of these outcomes through the following key targets:

Measure	Target
Number of homes provided to households assessed as homeless by the local authority	10,000 across group
% of lets provided to homeless households:	
- Glasgow	65%
- West Dunbartonshire	50%
% of homes let through nomination agreement with local authority:	
- North & South Lanarkshire	50%
- Falkirk	50%

Measure	Target
<ul style="list-style-type: none"> <li>- East Dunbartonshire</li> <li>- East Renfrewshire</li> <li>- Renfrewshire</li> </ul>	50% 50% 50%
Increase the number of Housing First tenancies across Group	500
% of Wheatley households at risk of homelessness who are helped to avoid homelessness	Baseline to be determined in 2021
Increase the % homeless households very satisfied with the process of getting their new home	Baseline to be determined in 2021
Increase the supply of new build homes	5,500 across group and 500 in Loretto
Maintain tenancy sustainment levels for all households	Above 90%
Maintain tenancy sustainment levels for households who were previously homeless	Above 93%
Number of households whose temporary let is "flipped" to a mainstream SST (new)	500 across group
Increase the percentage of our customers who live in neighbourhoods categorised as peaceful	70%
Number of jobs, training places and apprenticeships given to people affected by homeless	500 across group

## 6 Context

- 6.1 Almost 37,000 homeless applications were received across Scotland in 2019-20. Around half of these households have a support need and many are families. As a result of the numbers, many households spend considerable time in temporary accommodation often with more than one move. Almost 12,000 households were in temporary accommodation in March 2020 across Scotland, most of them either young single men or families.
- 6.2 As the largest city in the country and the local authority we have a high proportion of our stock in, Glasgow has one of the highest levels of homelessness in the country. More than 5,000 households applied as homeless in the City in 2019/20, representing 16% of all applications in Scotland. The average length of stay in temporary accommodation in Glasgow is just over 200 days (higher than the Scottish average). Glasgow also has some unique issues in Scotland with homeless cases coming from the Asylum Dispersal Contract and with a significant number of former rough sleepers accommodated in hotels during the Covid-19 pandemic.
- 6.3 Loretto already makes a significant contribution to dealing with homelessness. Since we restarted letting in June, 50% of our lets have been to homeless households through joint working across all our local authority areas which we currently operate. During the pandemic we have also supported Glasgow City Council by providing available homes for use as temporary accommodation during the 2020 lockdown. We have also led the way in "flipping" these flats to a permanent home wherever this is suitable for the household. Our Fordneuk accommodation ran by Wheatley Care supports those with complex needs,



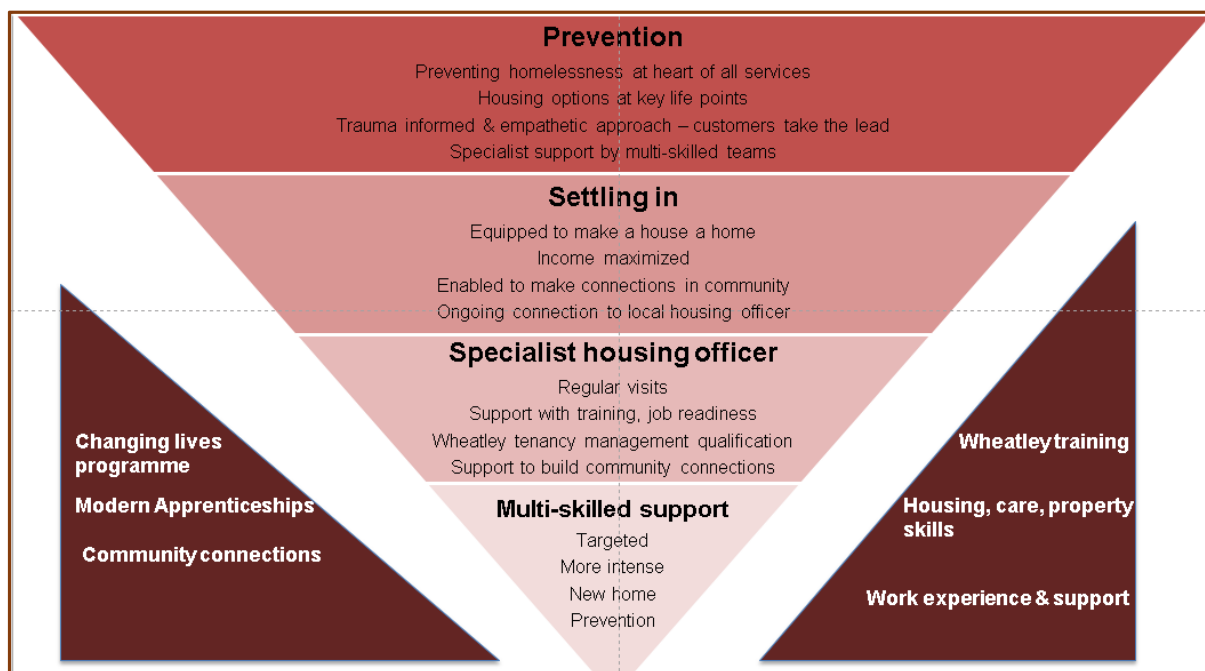
commonly with alcohol or other dependencies, who are often excluded from most or all other housing options in Glasgow.

- 6.4 People who are homeless are often stigmatised by others, further compounding their sense of isolation. Communities which receive high levels of homeless households are also often stigmatised. Part of the work of this Policy will be to help to change the narrative of homelessness in our communities. We aim to create a more positive sense of how the right home and the right support can help people to become valued contributors to the neighbourhood they live in, whilst recognising the challenge this can sometimes bring.
- 6.5 Supply of affordable housing is a major issue in resolving the level of homelessness. In all our Local Authority areas, there is an overall shortage of affordable housing but there is also generally a mismatch between supply and demand with most homeless households requiring smaller houses.
- 6.6 Analysis done before Covid-19 showed that more than 50% of all RSL and local authority lets in Glasgow and surrounding areas would have to go to homeless households for the next 5 years to address the backlog. Glasgow faces a particular issue with high numbers of households in temporary accommodation. In addition, the covid-19 pandemic has resulted in many people who were rough sleeping and/or had complex needs being brought into hotel accommodation as a safe place to stay. The contact and trust built up through these stays means that there is now a unique opportunity to rehouse some people whose homelessness was previously hidden from official statistics.
- 6.7 However, there are other groups on waiting lists who also acutely require rehousing. These include those who are overcrowded, those with medical needs and separating partners. In many instances, failure to help these households through our waiting list would result in an increase in numbers who are homeless.
- 6.8 The Scottish Government has recognised ending homelessness as a key priority. It commissioned the Homelessness and Rough Sleeping Action Group (HARSAG) to look at ways to end homelessness in 2017. These included the introduction of a rapid rehousing approach and Housing First for the most complex cases. HARSAG recently updated the actions after it was reconvened to consider the actions required in the light of the Covid-19 pandemic. Our Policy takes account of these actions.

## **7 Our approach**

- 7.1 Our Policy is underpinned by some key principles:
  - Those with lived experience will be at the heart of the development and ongoing improvement of our services;
  - Our approach will always be “housing first” – providing a home without having to wait until someone is “tenancy ready”;
  - Households should have access to effective additional support to build resilience and reduce the risk of homelessness recurring;
  - We will use our expertise to co-create new and innovative ways of working; and
  - We will work with and influence our partners to deliver the best outcomes for our customers.

- 7.2 The Policy sets out a structured approach to addressing homelessness. In line with our Group Strategy, it focuses on ensuring that our customers will be empowered to make their own choices about the services they want, be properly equipped to do things for themselves and involved in the design of products and services from start to finish.
- 7.3 We will help people avoid homelessness through actions such as housing options advice. Where people do become homeless, finding a new home quickly is important to avoid further disruption and trauma. We will also ensure people can settle quickly with wrap around services co-created with customers.
- 7.4 Across Group we intend to increase our level of lets to homeless households to approximately 10,000 over the lifetime of the Policy. For Loretto, this means providing approximately 65% of lets to homeless households in Glasgow and 50% across our other Local Authority areas. This target provides a substantial increase to our previous targets and reflects the urgent need to move people out of temporary accommodation. Since we remobilised letting in August 2020, 50% of our lets and the lets within the stock being transferred to Loretto have been prioritised for homeless households with the remaining lets being allocated to customers with medical priorities or nominated from existing social work agreements.
- 7.5 Increasing lets above this level would limit the amount of prevention work we can do (e.g. enabling those with medical needs, overcrowding and other priorities to obtain a home) and is likely to mean other households also have to go through a homeless route.
- 7.6 As per 6.4, the table shows our proposed targets for lets to homeless households in some of the Local Authority areas we operate. We also have signed nomination agreements in place with all our local authorities we work with. This means that they nominate the household to be allocated to these homes from their waiting lists. They will choose who to nominate based on their priorities. We have worked closely with all local authorities to ensure that homeless nominations are prioritised to meet the targets outlined in this paper.
- 7.7 We know that many homeless households will require additional support to settle into a home so we will work with our partners to make sure that support is available. The diagram below summarises how we will do this.



- 7.8 Housing First provides the most extensive support in this spectrum. It helps those who have the most complex needs to take control of their lives and choices. It provides a home as soon as possible, avoiding the approach of waiting until someone is “tenancy ready”.
- 7.9 To date, Wheatley have provided homes and/or support for more than 190 cases, representing approximately 50% of the cases in Scotland, 4 of which within the stock transferring to Loretto. A crucial element to the success of Housing First will be the provision of high quality support that is available over the long term. We will use our influence in health and social care partnerships and through the Glasgow Alliance to End Homelessness to help ensure that this is the case.
- 7.10 The Policy recognises that resolving homelessness requires a partnership of many organisations. We will continue to recognise our different local authorities and establish relationships with our new local authorities to support them in their statutory role and to further strengthen relationships with support providers. Our teams are supported and trained to think innovatively, to think yes together with their customers and to provide leadership in digital transformation. We will use this innovative style to help provide thinking which challenges and encourages a new approach to services internally and with partners.
- 7.11 Effectively supporting homeless people into settled accommodation is a vital part of our creation of sustainable communities. We recognise that other households also face acute challenges, whether they access housing through transfers, mutual exchange, medical priority or other routes. These households will also be able to access the full range of services we provide. We will continue to ensure strong links with other statutory agencies so that referrals can be made wherever appropriate.
- 7.12 Given the importance of this policy the approach will be reviewed annually to assess progress and consider any changes which may be required. The key actions from the policy will be included in our annual Delivery Plan monitoring programme.

## **8 Key issues and conclusions**

- 8.1 The Group Homelessness Policy will be a key part of the delivery our strategic aims over the next 5 years. It provides clear actions and measures to determine our progress. Given the importance, it will be reviewed annually to ensure it will still deliver our vision and aims.

## **9 Value for money implications**

- 9.1 There will be costs associated with a number of the proposals. As they are developed, they will be considered via business case assessment and reported to Board as appropriate. Most costs will be incorporated within the existing budgets.

## **10 Impact on financial projections**

- 10.1 No implications

## **11 Legal, regulatory, and charitable implications**

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

## **12 Partnership implications**

- 12.1 Partnership working will be essential to the delivery of this Policy. This will include Scottish Government, local authorities, health and social care partnerships and third sector organisations. Most importantly, customers will help to co-create the services and approach that will work best.

## **13 Implementation and Deployment**

- 13.1 Homelessness is an issue that matters across the Group. Part of this Policy will be to ensure that all our staff understand our approach to preventing and resolving homelessness. The main responsibility for implementation will lie with Wheatley 360 and Wheatley Care.
- 13.2 As part of our deployment, we will work with partners and stakeholders to ensure that they understand our Policy and help to inform the delivery of its aims. Co-creation with customers is a key part of the Policy and mechanisms to allow this will be developed in conjunction with the proposed new Customer Engagement Framework.
- 13.3 Key actions within the Policy will form part of the annual delivery plan which allows the Board to review progress quarterly. A set of targets has been identified as part of the Policy to quantify success in some of the main areas and these will also be reported to Board as part of the Delivery Plan.
- 13.4 The Policy and the Equalities Impact Assessment (EIA) will be subject to review at least annually to consider progress and to identify whether any changes are required.

## **14 Equalities impact**

- 14.1 A full EIA has been carried out for this Policy. This assessment has been undertaken as the first pilot in developing a new approach within the Group. The assessment has been informed by a review of relevant data across each of the protected characteristics, knowledge gained from our partnership working with key local authorities and other stakeholders, and support from an external equalities expert.
- 14.2 The assessment has reviewed the impact of actions in each strategic theme against the nine protected characteristics identified in equalities legislation. This shows that the Homelessness Policy will have a positive or neutral impact on all characteristics because it will improve the supply of housing for homeless households, increase the effectiveness of support and improve prevention of homelessness.

## **15 Recommendations**

- 15.1 The Board is asked to note the Group Homelessness Policy

## **LIST OF APPENDICES**

Appendix 1: Group Homelessness Policy

# Homelessness Policy 2021-2026:

Changing lives and communities

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## Introduction

Our Group Strategic vision is that:

Customers have increased control over their services, their communities and their lives, with new opportunities for building skills and resilience.

Our Homelessness Policy is a key contributor to this vision. It sets out how we will work with our customers and our key partners to reduce homelessness while creating balanced and peaceful neighbourhoods. It forms part of our contribution to the UN's sustainable development goals as laid out in our Group Strategy. In particular, it will have a positive impact on poverty, health and wellbeing, reduced inequalities and sustainable cities and communities.

The key outcomes of the Policy are to:

1. **Create balanced communities** which are peaceful, welcoming and supportive in which people of all backgrounds want to live and can contribute;
2. **Prevent homelessness** wherever possible so that more households avoid the trauma and stigma of homelessness;
3. **Co-create** the services in this Policy with customers who have experienced homelessness or the threat of homelessness so that our services and products are directed in the way that works best for the households that need them;
4. **Provide more homes for homeless households** who have become homeless and supplement this with access to our Lowther mid and private rented homes where these are suitable; and
5. **Develop a unique multi-skilled expertise** which ensures an understanding of all the impacts which can face those threatened with homelessness so that our staff can provide an empowering and supportive experience for our customers.

We have set out a range of targets which will help us to assess the impact of the policy in the table below.

Measure	Target
Number of homes provided to households assessed as homeless by the local authority	10,000
% of lets provided to homeless households:	
- Glasgow	65%
- Edinburgh	50%
- Dumfries & Galloway	50%
% of homes let through nomination agreement with local authority:	
- West Lothian	50%
- West Dunbartonshire	50%
Increase the number of Housing First tenancies across our footprint	500
% of Wheatley households at risk of homelessness who are helped to avoid homelessness	Baseline to be determined in 2021
Increase the % homeless households very satisfied with the process of getting their new home (segmentation of existing indicator)	Baseline to be determined in 2021
Increase the supply of new build homes	5,500
Maintain tenancy sustainment levels for all households	Above 90%



Measure	Target
Maintain tenancy sustainment levels for households who were previously homeless	Above 93%
Number of households whose temporary let is "flipped" to a mainstream SST (new)	500
Increase the percentage of our customers who live in neighbourhoods categorised as peaceful	70%
Number of jobs, training places and apprenticeships given to people affected by homeless (new)	500

Ending homelessness is a key priority for our partners in the Scottish Government, local authorities and Health and Social Care Partnerships who have the statutory responsibilities in this area. We will work closely with them to help prevent homelessness from happening in the first place and to rapidly house people where they do become homeless.

The Wheatley Group (The Group) is Scotland's leading housing, care and property management organisation and one of the UK's best-accredited organisations. It is in a unique position to support these aims through its range of sector leading skills, its size and its geographic range. It owns or factors over 89,000 homes, provides care services to approximately 7,000 individuals each year and delivers award-winning services to over 250,000 people across Central and South Scotland.

Our care services are experts in support services to homeless households, in resettlement from temporary accommodation and in working with households with some of the most challenging support needs. We are able to combine this with our housing expertise where our housing officers have a patch size of 200 and know each of their customers well. They are increasingly skilled in support and trauma needs which they can use to help each of their customers.

Our approach to joint working has allowed our Care services to lead in the creation of a partnership to successfully bid for Glasgow's "alliance to end homelessness". This 10-year partnership will be focused on delivering innovative responses to redesign commissioned services in line with the rapid rehousing approach. Our joined up housing and care expertise places us well in the development of this new approach.

Our work has helped to support and strengthen communities across our geography. The people we house almost always stay in their home and neighbourhood and many go on to make significant contributions in their community or further afield. Some of our customers, including those housed from a homeless route, have gone on to become Board members, members of staff and key volunteers in the community.

Given the importance of this Policy it will be reviewed annually to assess progress and consider any changes which may be required.

## Our organisation

Wheatley Group has a unique integrated Group value proposition that gives our customers unrivalled access to expertise and resources across housing, homelessness, care, support, advice, training, volunteering and employment. Our Subsidiaries are:



Wheatley Care provides services to approximately 7,000 customers each year. The majority of these customers are in homelessness related services or have experience of homelessness. Its services cover prevention of homelessness, support through and after homelessness and specialised accommodation.

Wheatley Care is part of the Stirling, Edinburgh and Glasgow Housing First Pathfinders



Glasgow Housing Association, Scotland's largest social landlord, has 40,000 affordable homes in Glasgow, providing more than 3,000 lets to customers each year, 30% of them to households assessed as homeless by the City Council. In addition, GHA provides 1,000 homes to Glasgow City Council for use as temporary accommodation.

GHA was part of the first Housing First project to be piloted in the UK between October 2010 and September 2013. It is a core member of the Glasgow Housing First Pathfinder.



Dunedin Canmore provides over 5,000 homes in Edinburgh, the Lothians and Fife with almost 500 lets each year. Approximately 50% of these go to households assessed as homeless by the relevant local authority. Dunedin Canmore is a Housing First partner in the Edinburgh pathfinder



Cube Housing Association, has more than 3,500 homes across the West of Scotland and more than 500 lets each year. In addition, Cube leases over 100 properties to local authorities for use as temporary accommodation.

Cube is part of Glasgow's Housing First consortium.



Loretto Housing Association has more than 1,300 affordable homes in the central belt. Approximately 30% of lets are provided to households assessed as homeless by the relevant local authority. Loretto is renowned as a specialist in the provision of housing for those with support needs.

Loretto is a member of Glasgow's Housing First Consortium

West Lothian Housing Partnership, with over 700 affordable homes provides approximately 50% of all voids as nominations to West Lothian Council

WLHP is expanding with more than 100 new homes completed in the last 2 years.



DGHP joined Wheatley Group in December 2019 with 10,300 affordable homes from Dumfries to Stranraer. It provides the vast majority of the social rented stock in the area, Approximately 40% of its almost 1,000 lets each year are provided to households assessed as homeless by the local authority.

DGHP also provides 24 units of temporary accommodation with support, an out of ours accommodation unit in Dumfries and a specialist project for young people who have experienced care



Lowther Homes manages a growing portfolio of over 1,800 mid and full-market apartments.



Wheatley 360 is our wraparound support division changing lives from every angle. It incorporates Housing Advice and homelessness, Housing Options for Older People, Group Protection, Community Improvement Partnership, Fire Safety and Home Safety teams



Wheatley Foundation invests over £3million annually on improving the life opportunities of disadvantaged people in Wheatley's communities which includes funding our Home Comforts and Eat Well services to customers experiencing poverty.

## Our track record

Our Group already has a strong track record in preventing homelessness and in supporting customers when homelessness does happen, working jointly with our partners. Over the last five years we have delivered a range of innovative and successful new services including:

- Development of the MyHousing on line application and allocation system;
- Leading on the Housing Options approach across Glasgow, using this to influence other areas in which we operate;
- Developing innovative protocols to help young care leavers access housing without needing to navigate the homelessness system;
- Taking a leading role in the implementation of Housing First;
- Progressing the development of a virtual home experience for young people in our housing support services;
- The creation of hub and cluster services for some of our vulnerable customers, bringing together housing, care and health services;
- Using our combined expertise in our Flexible Housing Outreach Support Service and Housing Access Team to remove barriers to settled housing for households in temporary accommodation;
- Co-production of the tenancy star approach;
- Creation of a tenancy support service which uses our Care expertise to support housing tenants;
- Development of our locations as hate crime and third party reporting centres; and
- Award winning training in relation to domestic abuse.

Our customers live in high quality, refurbished or new homes, but we also support them to have better lives. Our housing officers have small local patches and are on hand to welcome and support tenants in their homes. They are often the first or only contact in our customers' homes. Our housing management approach already helps to reduce homelessness through our work to reduce anti-social behavior and to mitigate the impacts of poverty.

Drawing on our care expertise, we have developed a Tenancy Support Service which helps customers to settle into a home or to navigate through a crisis. This builds on a long history of expertise and partnership working around housing support, resettlement and supporting those with complex needs.

Tenancy support expertise is increasingly integrated into the frontline of housing services through training, co-working and direct access to advice from care specialists. This means that we can link housing and support issues together in a way few other organisations can.

Our Changing Lives employability programme supports people living in our communities who have multiple barriers to work; including experience of homelessness. It provides a one year practical placement within our Neighbourhood Environmental teams. Trainees are given support by a dedicated Support Officer who works closely with them to build essential work skills and the confidence needed to help make the transition into work. This worker makes a huge difference to job sustainment, with subsequent positive impacts on tenancy sustainment.

Our care and housing expertise is supported by a specialist homelessness team which can liaise across all our services and ensure strong links with each local authority. This team not only works with customers once they are homeless, but has led on the design and implementation of a number of innovations.

The table below shows some of the ways in which we support different groups of homeless customers.

<b>All households</b>	My Great Start (package to assist in setting up a home) Welfare advice Fuel advice Eat Well Home Comforts Suicide and Mental Health support via signposting Fire Safety Referral Jobs and training opportunities including changing lives
<b>Housing First</b>	Specialist support integrated with housing provision Fire protection (LD1/stove guard)/ Fire retardant bedding Furniture package/ Eatwell Training & employment opportunities
<b>Families</b>	Modern apprenticeships for young tenants and children of tenants
<b>Care leavers</b>	Housing options and early intervention to prevent homelessness Additional meetings with SWS to do check-ins to pick up any issues early and address them
<b>Domestic abuse</b>	Access to tailored support, information and guidance from their Housing Officers and our specialist Group Protection Team Referral to MARAC forum where Wheatley are a key strategic partner Home Safety Service Bespoke signposting to Domestic Abuse organisations and agencies where Wheatley have a strategic partnership

We provide a proportion of our stock to local authorities to use as temporary accommodation in a more independent and “homely” environment. We also provide emergency accommodation to provide services and support to our customers at the point of need.

Our Dunedin Harbour Hostel delivers an integrated pathway into housing. The hostel provides 35 bedspaces alongside on site independent flats. Fordneuk supports those with complex needs, commonly with alcohol or other dependencies, who are often excluded from most or all other housing options in Glasgow. We also have temporary accommodation units in Dumfries and Galloway.

These strengths provide a positive basis on which to build our services of the future. Appendix 1 provides a current position statement of our work by local authority while appendix 2 provides some case studies.

## Homelessness in Scotland

Homelessness has been a key priority for the Scottish Government and local authorities over many years. As a result, Scotland has some of the most progressive legislation to support those at risk of, or experiencing, homelessness. Appendix 3 outlines the range of statutory changes which have been made in the last 20 years.

The statutory duties for homelessness lie with local authorities. However, a whole system approach has been adopted in Scotland with RSLs at the heart of services. Our RSLs have the largest number of social rented homes in Scotland and Wheatley will continue to be at the forefront of these partnerships.

The number of households applying as homeless remains high and has increased in the last two years. Almost 37,000 homeless applications were received across Scotland in 2019-20. The dislocating effects of homelessness are substantial. These include the impact on health, relationships and educational outcomes. Often, homeless households face stigma across all aspects of their life, including as they move into a new neighbourhood. Similarly, neighbourhoods which receive high numbers of homeless households can also be stigmatised. Changing this narrative is an important part of our approach.

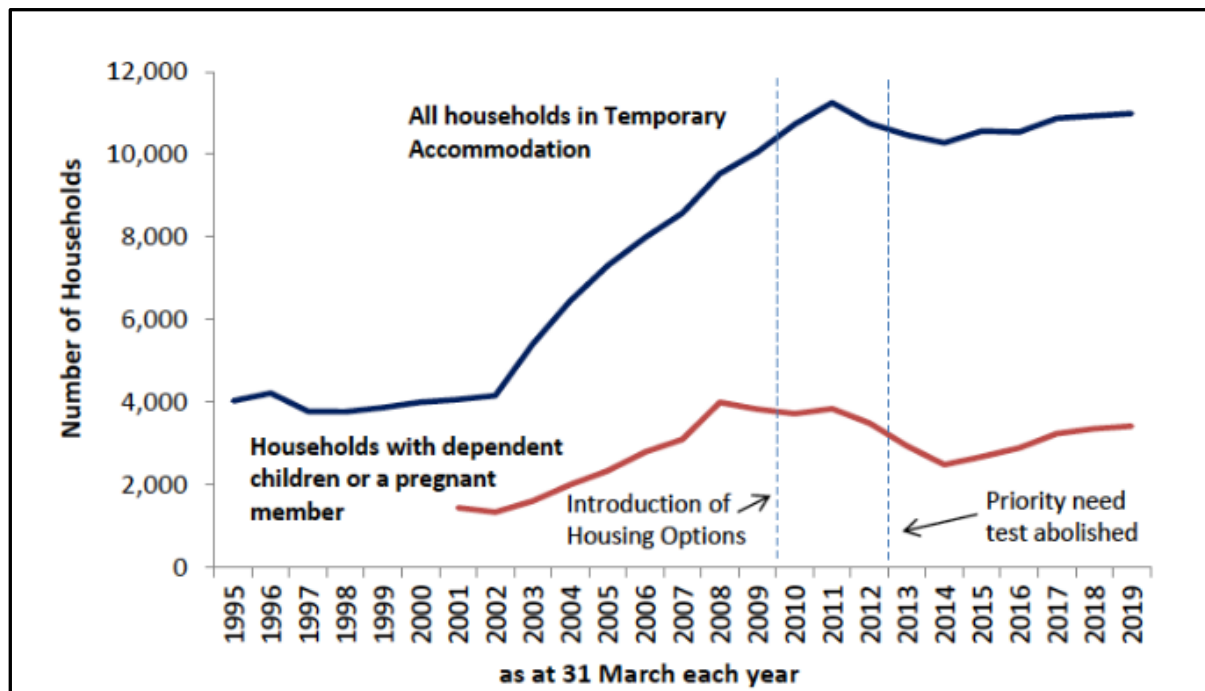
Homelessness can present in a variety of ways. For some households, the provision of a new home in the right place will resolve their issue and allow them to continue their lives. However, the shortage of supply across Scotland means that even the provision of a home in the right place is not always straightforward. In many of the areas in which we operate there is exceptionally high demand for limited numbers of social rented homes, particularly for smaller homes. In rural areas there are often no homes available in the areas of choice.

Families are the second biggest segment of homeless applicants after young single males. Supporting families is at the heart of our Group Strategy and where they have become homeless there is even more need for support. Many of these families have a single female parent and there are often particular issues around safety and/or domestic abuse which may need to be addressed. Support will enable families to settle in an area connecting well to schools, clubs and other networks. It is important that this support is delivered in a way which gives parents more confidence and allows them to parent rather than having things “done to them”.

For others, homelessness is in part a symptom of other issues. Those who experience poverty, childhood trauma, domestic abuse and mental health issues are often more likely to experience homelessness. Drug and alcohol issues can also compound the likelihood and impact of homelessness. For these households, the solution will generally require more than bricks and mortar. They will need additional support to settle into a home and may need more long term services to help avoid homelessness recurring. Creating opportunities such as training, employment and stronger community networks can be key to better life chances.

Almost 12,000 households were in temporary accommodation on 31 March 2020. The number of households in temporary accommodation increased by 6% in 2019/20 but is likely to have increased further in the first quarter of 2020/21 due to the suspension of

letting during the coronavirus lockdown. The chart below shows the trend in numbers in temporary accommodation.



The Scottish Government announced in September 2019 that it would extend the Homeless Persons (Unsuitable Accommodation) (Scotland) Order. This previously required local authorities to limit the time that pregnant women and households with children were placed in unsuitable temporary accommodation. The 2020 Order extends this requirement to all households. The extension of the order is likely to increase pressure on local authorities to move people out of certain types of temporary accommodation more quickly or to avoid the need for its use altogether.

We know that homelessness remains a key priority for the Scottish Government. In September 2017 it announced £50 million of additional expenditure for tackling homelessness over the next 5 years (the Ending Homelessness Together Fund). This was followed with the creation of a shortlife Homelessness and Rough Sleeping Action Group (HARSAG) in October 2017. HARSAG was tasked with identifying both short and long term solutions to end homelessness and rough sleeping in Scotland. The group’s recommendations were brought together in “Ending Homelessness: The report on the final recommendations of the Homelessness and Rough Sleeping Action Group” published in June 2018. The report made 70 recommendations.

This resulted in the development of some key changes in the way homelessness is considered. The Government has required all local authorities to deliver **Rapid Rehousing Transition plans**. The aim of the Plans is to take a housing led approach, ensuring people get a settled housing option as soon as possible. This approach will require strong and agile support services that are commissioned and managed in new ways to ensure individual households build resilience and increase sustainment.

Research carried out prior to Covid-19 showed the scale of letting required to clear the backlog. The table below shows the results of this work. The Covid-19 pandemic will have increased the backlog.

Housing Option Hub	Current total lets in year to homeless SRS + PRS	Total annual lets needed for homeless annually for next five years **	Proportional increase in lets to meet annual new demand and backlog	Proportion of all social lets to homeless households IF SR was to meet ALL homeless need
Ayrshire and South	1,531	2,365	54%	40%
Edinburgh, Lothians and Borders	3,850	6,750	75%	84%
North & Islands	2,635	3,572	36%	54%
Tayside, Fife and Central	3,903	5,138	32%	54%
West Hub	5,766	9,485	65%	50%
Total Scotland***	18,871	27,310	45%	52%

An important element of the rapid rehousing initiative is the **Housing First** approach. This is designed to ensure that those who are homeless and have complex needs can also take control of their lives and choices. It ensures that settled accommodation is provided as soon as possible, avoiding the approach of waiting until someone is “tenancy ready”. Instead, customers are provided with the support they need at the same time so that they can successfully maintain that home. New models to deliver Housing First may need some smaller scale housing developments linked to support for those with the most complex needs. Our existing care services give us the experience to build and develop this approach.

As a consequence of the transition to rapid rehousing, the proportion of temporary accommodation required from our stock should reduce. Positively, this will increase the number of homes available permanently. However, it is likely to affect demand in some of our multi-storey stock where there tends to be more temporary accommodation.

## Covid-19

Letting was suspended during lockdown but in many areas applications from homeless households have continued at a significant rate. This means the numbers awaiting housing have risen, particularly in Edinburgh and Glasgow. Many of these households are currently in temporary accommodation. Wheatley has assisted local authorities in meeting this challenge by providing more than 400 additional homes for temporary lets. Where possible we are now working with local authorities and customers to “flip” these to permanent lets where they are suitable.

Some of those in hotel accommodation were previously rough sleeping or had significant other issues. It is likely that enabling move on for some of these households may require a process similar to that used when decommissioning the large scale hostels.

In response to the Covid-19 pandemic the Scottish Government reconvened HARSAG to consider further recommendations. Their report was issued in June 2020 and contained 105 recommendations, followed by an action plan published in October 2020. The recommendations include:

- Increased new build supply;



- Increased use of the private rented sector;
- Extension of the emergency legislation delaying eviction processes; and
- That 80-90% of social housing lets should be made to homeless households.

These recommendations have been agreed in principle by the Scottish Government.

## Our key areas

Although in total we have services in 18 local authorities, our care services and homes are focused in 5 key areas – Glasgow, Edinburgh, Dumfries and Galloway, West Lothian and West Dunbartonshire. We have strong relationships with the local authorities in each of these areas although the nature of the relationship varies.

In Dumfries and Galloway, DGHP was created from the transfer of all local authority housing stock and as a result we are the main provider of social housing in the area. In Glasgow we are the largest landlord in the city and have specific arrangements in relation to homelessness. These situations result in a unique partnership with the relevant local authorities. In other areas our homelessness services and homes provide part of a range of services in the area.

The table below shows some of the statistics across our key local authority areas. Unsurprisingly, Scotland's two largest cities have the highest levels of applications. The data also shows that approximately half of customers in most areas have at least one support need. This level has risen over recent years. The length of stay in temporary accommodation is also high, with the shortest average stay in our key local authorities still over 100 days.

	Scottish Figure	Glasgow	City of Edinburgh	Dumfries and Galloway	West Dunbartonshire	West Lothian
Total applications	36,465	5,679	3,229	910	1,037	1,516
Applications accepted	29,894	4,660	3,077	716	930	1,110
% assessed with at least one support need	14,506 (49%)	2,099 (45%)	1,286 (42%)	587 (82%)	475 (51%)	458 (41%)
Average length of days in temporary accommodation	180 days	204 days	268 days	107 days	159 days	179 days

The diagram below summarises some of the key issues in each authority.

## Local authority

## Challenges

### Glasgow

- Access to temporary and settled accommodation
- Speed of process from application through to settled home
- Impact of Asylum Dispersal contract on homelessness and house size
- Large scale resettlement from hotels required post Covid-19

### City of Edinburgh

- Cannot deliver rapid rehousing over 5 years as demand exceeds supply
- Long average time in temporary accommodation
- Propose major reduction in emergency accommodation and move to temporary furnished flats including homeshare and private sector leasing

### Dumfries and Galloway

- High levels of support needs identified in homeless population
- Challenge of meeting housing need across a rural area with many individual towns and villages
- Support services & temporary accommodation concentrated in main towns

### West Dumbartonshire

- Highest rate of homelessness per 1,000 of the population
- High rate of youth homelessness
- High support needs

### West Lothian

- High levels of youth homelessness
- Lack of supply of affordable housing
- Local authority nominates a lower proportion of homeless households to our stock

# Our Wheatley Strategy

Our Strategy for 2021 -2026 sets out our vision for Wheatley, our customers and communities.

## Wheatley in 2026

We want our customers to reach their potential for a brighter future for themselves and their families. We recognise the challenges our customers are facing in this post-Covid 19 era and we believe we are ideally placed, working alongside our partners, to support them and play a strong role in a fair and socially just economic recovery.

Our Strategy will deliver an unprecedented shift in the balance of power and control towards our customers, empowering them to make their own choices about the services they want, ensuring they are properly equipped to do things for themselves and involving them in the design of products and services from start to finish.

We will continue to make a significant social impact by investing in our communities, supporting the lifelong health and wellbeing of our customers, creating job and apprenticeship opportunities and reducing the inequalities experienced by many of those living in our communities. We will deliver an ambitious Wheatley Green Investment Plan to accelerate our transition to net zero carbon, enhance our role in combatting the effects of deprivation and strengthen our role in tackling homelessness across Scotland.

## Our strategic purpose, vision and values

**Our Purpose:**  
Making Homes  
and  
Lives Better

**Our vision:**

Customers have increased control over their services, their communities and their lives, with new opportunities for building skills and resilience.

We will work ethically and sustainably, ensuring our homes are affordable for our customers, digitally enabled and low or net-zero carbon. We will share our expertise and work with others to improve the fabric of our customers' lives while creating great communities.

**Our Values**

- Excellence** - *we raise the bar in everything we do*
- Community** - *people direct what we do and together, we build strong communities*
- Ambition** - *we push the boundaries in new ways, so everyone can fulfil their potential*
- Trust** - *we inspire customers and staff to shape the future*

## Our Approach

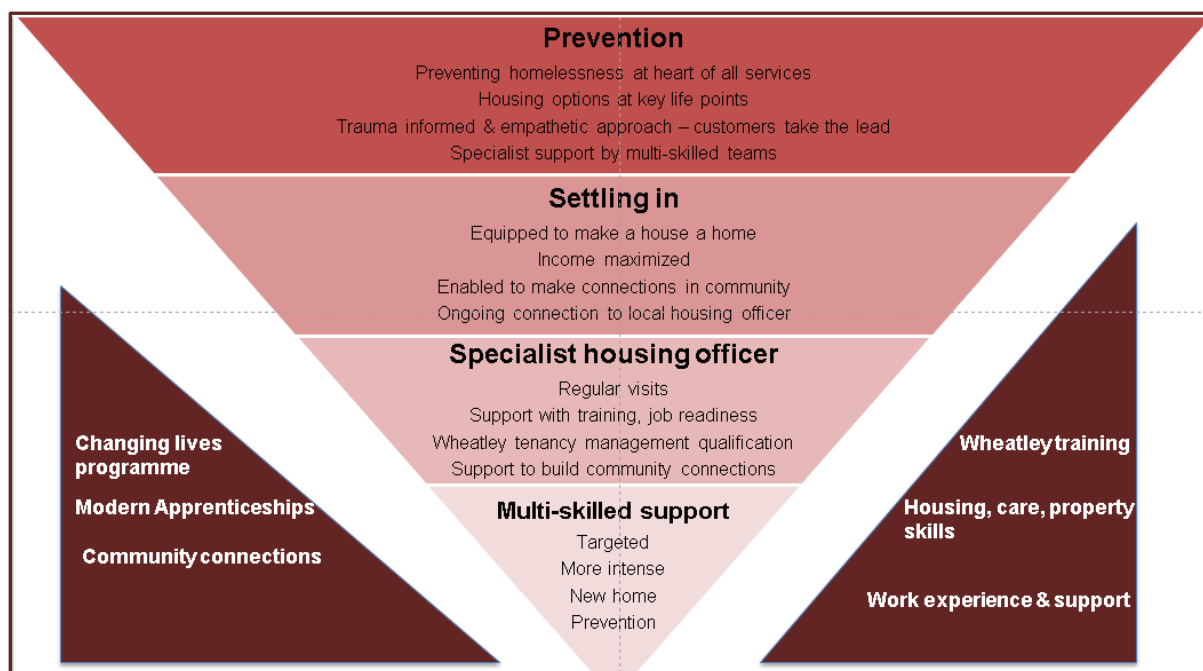
Our approach is to reduce homelessness by creating balanced, strong and peaceful communities. It will be shaped and developed by our customers who know best what they need and will help to build resilient, strong households and communities. Where people do become homeless our approach will help them to return to a home of their own as quickly as possible with the support and services they may need to help them stay in that home.

This approach is underpinned by some key principles:

- Those with lived experience will be at the heart of the development and ongoing improvement of our services;
- Our approach will always be “Housing First” – providing a home without having to wait until someone is “tenancy ready”;
- Households should have access to effective additional support to build resilience and reduce the risk of homelessness recurring;
- We will use our expertise to co-create new and innovative ways of working; and
- We will work with and influence our partners to deliver the best outcomes for our customers.

Our Policy sets out a structured approach to addressing homelessness. In line with our Group Strategy, it focuses on ensuring that our customers will be empowered to make their own choices about the services they want, be properly equipped to do things for themselves and involved in the design of products and services from start to finish. It will support digital provision of services where these are appropriate, recognising that it is important that “no-one is left behind”. In particular, we recognise that those who are homeless may have particular challenges in gaining access to or using digital services. Our communities will be key to the success of this Policy by providing safe, resilient and engaged places which people want to stay in or move too.

The benefit of having a home as soon as possible, irrespective of support requirements, is well evidenced. For that reason, we will always seek to provide a home as soon as possible. We also recognise that many homeless households will require additional support to settle into a home, to resolve or manage other issues and we will work with our partners to ensure the support required by the household is also in place at the right time and for the right length of time. The diagram below summarises how we will do this.



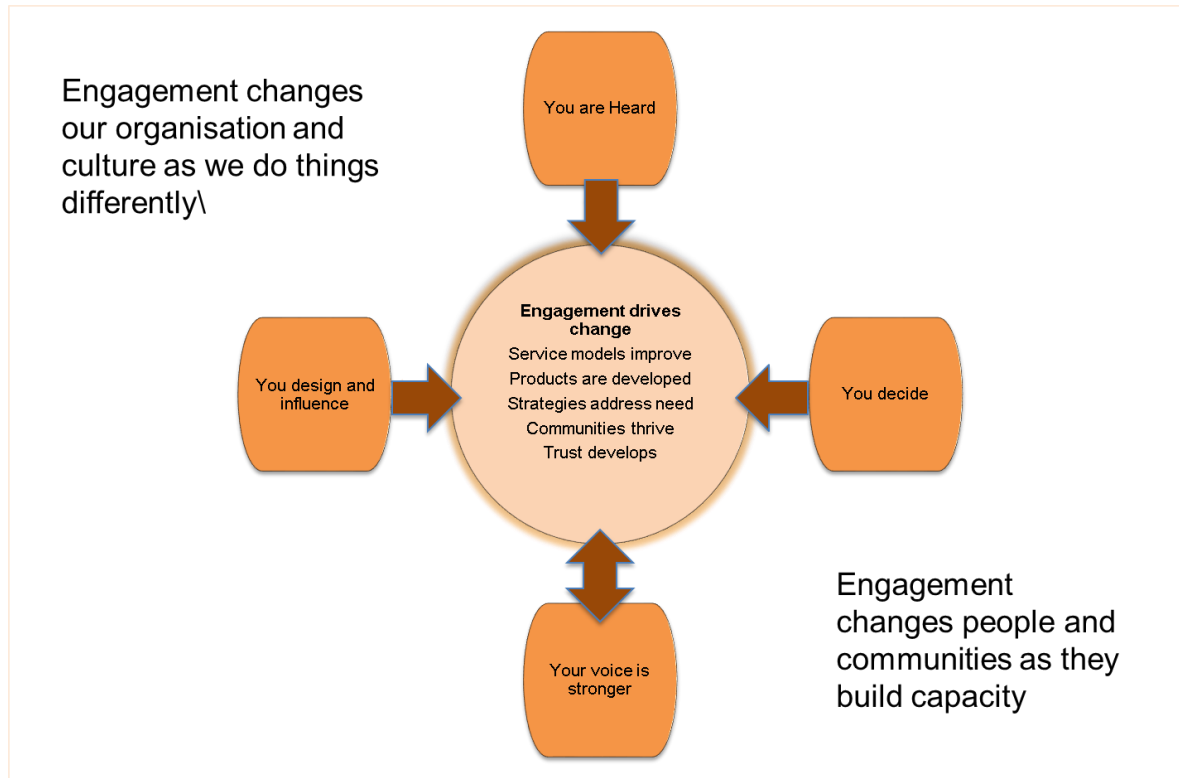
Excellence is embedded in the Wheatley DNA, so we will build on the innovative approaches that we have used to date. We will continue to push towards outstanding service, challenging our performance and outcomes in each area. As part of our new relationship with customers, we will measure this in different and more stretching ways, looking to further improve the aspects of service which matter most to customers.

Homelessness is a vital part of our creation of sustainable communities but it is not the only part. Other households with acute needs will receive our services through different routes including transfers, mutual exchange and medical priority. These households will also be able to access the full range of services we provide. They can also be linked to other agencies for specialist support and care where this is required. This will help to increase the resilience within wider communities.

This Policy recognises that ending homelessness requires a partnership of many organisations. We will continue to support local authorities in their statutory role and to further strengthen relationships with support providers. Our people are supported and trained to think innovatively, to think yes together with their customers and to provide leadership in digital transformation. We will use this innovative style to help provide thinking which challenges and encourages a new approach to services. We will work with partners across the country to share innovation and best practice to deliver our aims.

## Voice of the customer

In line with our Group Strategy, the process of refining and developing our services in relation to homelessness will be led by our customers. Wheatley customers already influence services through a wide range of engagement processes. Our new Engagement Framework “Stronger Voices, Stronger Communities” puts customers at the heart of decision making as shown in the chart below.



This Policy will take engagement to a new level for those customers who have experienced or are experiencing homelessness. A key part of this process will be mapping lived experience through the customers’ journey in a range of areas. We recognize that our prospective and potential customers may have many issues in their lives and will ensure that our engagement approach makes it as easy as possible for people to talk to us and to become involved in directing service decisions. Our partners will also be working to engage with customers so we will work with them to ensure maximum joint benefit from each engagement. The diagram below sets out the key pillars of our approach.



Our engagement will look at a range of issues which will be directed by our customers but are likely to include:

- What do you need at the start of your new tenancy to help make your house a home?
- How can Wheatley help you to make the connections you want to make in your community?
- What are the key things your housing officer can do to help you?
- What have you learned from your journey that could be helpful for others who face the same situation?
- For those transferring to avoid homelessness – what are the key things that you need to know and the services you require to make that work?
- What else could we do to help you fully understand your housing options?

Some key items are shown in the chart below.



In addition to specific engagement related to homelessness, our customers can become involved in a range of Wheatley wide engagement forums which provide the opportunity

to come together around specific topics to help shape our products and services. They include:

- Becoming a tenant inspector to help improve the environment where they live;
- taking part in focus groups and surveys;
- one-to-one customer conversations in their home;
- sharing their views at engagement events;
- through social media, compliments and complaints; and
- Care engagement processes



## Our key actions

The actions within the Policy are structured around the key outcomes from our Group Strategy as shown in the diagram below. All of these are relevant to the Policy, for example without funding and digital platforms we will not be able to progress the ground breaking services we aspire to achieve. However, those highlighted are those most relevant.

Strategic themes:				
Delivering exceptional customer experience	Making the Most of our Homes and Assets	Changing Lives and Communities	Developing our Shared Capacity	Enabling our Ambitions
Strategic outcomes:				
Progressing from Excellent to Outstanding	Increasing the supply of new homes	Shaping Care services for the future	W.E. Think – creating our “Thinking Yes Together” culture	Raising the funding to support our ambitions
Enabling customers to lead	Investing in existing homes and environments	Developing peaceful and connected neighbourhoods	W.E. Create – driving innovation	Maintaining a strong credit rating and managing financial risks
Developing a customer led repairs service	Setting the benchmark for sustainability and reducing carbon footprint	Supporting economic resilience in our communities	W.E. Work – strengthening the skills and agility of our staff	Evolving digital platforms to support our activities
Differentiating Lowther from its competitors	Building community voice, engagement and resilience			Influencing locally and nationally to benefit our communities

The following sections summarise the key actions we will undertake through this Policy.

<b>Delivering exceptional customer experience</b>	<p><b>Progressing from excellent to outstanding:</b> our new models of service will be faster and more effective. We will:</p> <ul style="list-style-type: none"> <li>Enhance our existing excellent prevention service through:</li> </ul>
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- Developing a multi-skilled team to support those at acute risk of homelessness.
- Further strengthening the focus and effectiveness of our wraparound services
- Increasing resilience through community involvement skills, training and job opportunities
- Defining our contribution and approach to prevention at key life points where homelessness is an identified risk – for example when leaving prison, care or the armed forces)
- Using priority transfers for existing customers in immediate need who might otherwise become homeless (for example rehousing perpetrators of domestic abuse linked to the proposed new legislation from the Scottish Government, finding transfer arrangements for those whose relationships have broken down)
- Housing options advice and support for young family members in our tenant households include experience using our virtual home
- Identifying pathways of support for those at risk of repeated homelessness through anti-social behaviour
- Ensure a rapid rehousing model for all our customers by undertaking a customer led review of processes to minimise the time between application and housing, both in our own services and by influencing our partner local authorities.
- Provide at least 10,000 homes to homeless households
- Piloting a joint research approach with our partners to further enhance our understanding of the causes and prevalence of homelessness amongst particular groups
- Use our experience in award winning Housing Options development to benefit customers in other local authority partner areas.
- Further developing our Tenancy Support Service to help people settle in their home or stay in their home using early assessment of issues. TSS will also link customers to their community; expanding a virtual service where that will work for our customers
- Continue to enhance and evolve our commissioned support services to enable the rapid transition of homeless households from temporary accommodation into permanent accommodation

**Enabling customers to lead:** Customers will be at the forefront of the development of our new services.

- Our customers will drive the continued strengthening of our services through:
  - Detailed customer journey analysis by those who have lived experience of homelessness to improve our rapid rehousing approach and further increase the effectiveness of our sector leading support and advice services

- Ongoing digital customer engagement across the range of our services from instant feedback to full scale review.
- Customers will lead in their own lives through:
  - Using our innovative tenancy star to lead their discussions with our staff and direct their support resources to where they are most needed
  - Their involvement in the creation of a sector leading self-service model which allows them to draw down additional support and services through quick and slick digital options. These will include the use of our virtual home, virtual shop front and technology enabled living. Face to face discussions will still be used to support those who need them.
  - Developing the connections in their community which allow the level of active participation each household wants, enabling the increase in resilience and confidence which comes from linking with and helping others.
  - Having an organisation and its staff who understand their story and needs – equipped to ensure the story only needs to be told once through our digital care platform and other developments
- Our communities will be supported to direct the future of their neighbourhood through informed co-creation of plans and the building of community connections,

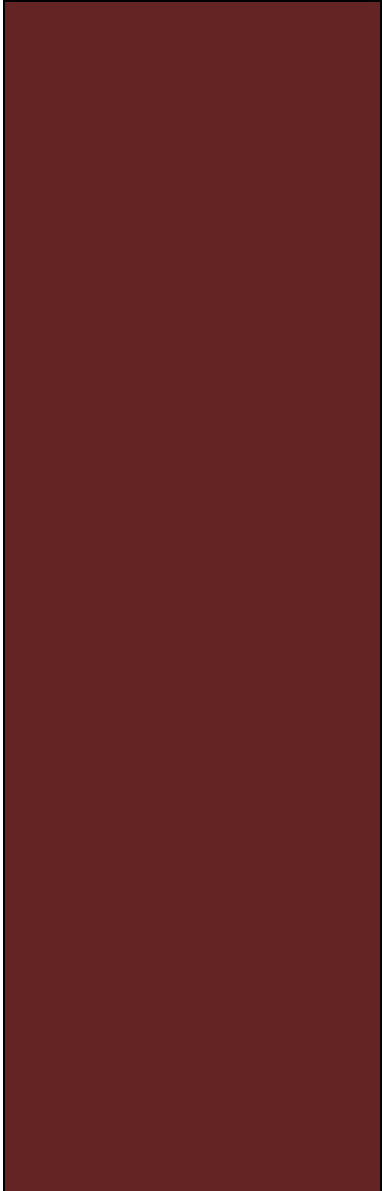
**Differentiating Lowther from its customers** Lowther mid-market and full market rent homes will be an easy and quick option for some working households. We will:

- Use our housing options approach to maximise the potential use of our mid-market and full rent homes where these are appropriate
- Creating an easy online tool to review full and mid-market housing rent options immediately at point of homeless application, housing options interview or before.
- Creating rapid pathways to move into a selected home with advice and support available to help navigate any challenges and settle into the neighbourhood.

**Making the most of our homes and assets**

**Increasing the supply of new homes:** Homeless households will have direct access to our high quality new build. New build will increase the supply of homes available but we will also use our existing stock to increase supply where we can. We will:

- Deliver 5,500 new build homes to provide one of the biggest contributions to social housing supply in the country
- Ensure customer led design input to our new build including input in relation to the cultural needs of New Scots



- Explore options to increase the availability of flexible, larger family homes and downsizing options through our new build and acquisition programme.
- Explore the options for new types of temporary provision in partnership with HSCPs and other partners

**Investing in existing homes and environments:** We will make the best use of our existing assets by:

- Using the rapid rehousing approach to allow us to review our current temporary accommodation provision and develop a managed transition plan to move this into permanent accommodation where appropriate
- Flip temporary accommodation leases into permanent lets where this is appropriate for the occupying household to minimise disruption
- Deliver homes for 500 Housing First customers

**Building community voice, engagement and resilience:** Our customers will be supported to overcome challenges and create better lives for themselves and their families.

- Through our Alliance partnership in Glasgow, and our influence in other areas, ensuring that commissioned support services have a strong focus on building customers' community connections
- Providing training in tenancy management for customers who want this
- Using our customer engagement and housing officers to promote community networks for those customers who do not receive additional support
- Working with our partners to develop options to end the repeat cycle of anti-social behaviour, eviction and homelessness that occurs in a small number of cases.

**Changing lives and communities**

**Shaping care services for the future:** Services will be completely transformed to support the delivery of outcomes that matter most to our customers by:

- Ensuring our alliancing approach in Glasgow leads in innovation and new ways of working to provide the best outcomes for customers and is an exemplar for other areas
- Reviewing the options to strengthen the pathways through our care and housing services to provide our customers with the most integrated service possible
- Developing a DGHP specific proposal for Housing First using our own housing and care services
- Developing a Group Housing First Action Plan
- Working with partners to develop clear pathways to the right support services for all our customers

**Developing peaceful and connected neighbourhoods:**

Settling in a welcoming neighbourhood will be a key element to sustaining a home and successfully ending homelessness:

- Our better lives focus will include connecting households to their neighbourhoods through support which encourages engagement including group activities, volunteering and other actions.
- We will review the options to build community resilience and connectedness through volunteer community connectors and activists, building on the experience of others in the community who may once have been homeless or faced trauma, supporting communities where high turnover might result in a rapid change in demographics.
- We will use our virtual spaces to create room for community discussion to help grow the understanding and support for newcomers but also to address the impacts or concerns existing tenants may have.
- We will provide specific support to families to ensure that they are settled in new schools and activities
- Using our expertise across Community Improvement and fire safety to ensure people can live in peaceful environments, safe in their own homes.

**Supporting economic resilience in our communities:** Jobs, skills and income are at the heart of sustaining a home and achieving the ambitions people have. We will help those who are in our most vulnerable communities and those who have been or are at risk of homelessness through:

- Using our changing lives and other Wheatley Foundation services to increase employment opportunities for those who have been homeless or threatened with homelessness.
- Reviewing our Wheatley Foundation and other wider services to maximise the employment, training and skill building opportunities available to customers who have been homeless or are at risk of homelessness.
- Using our expanded Wheatley Benefit to harness our size and buying power to get the best deals possible for our customers, providing them with a growing range of opportunities to save money and reduce the cost of running their home.

**Developing our shared capability**

**W.E. Think – creating our “Thinking Yes Together” culture:**

- Our customers will tailor the service and support that works for them using sector leading self-service models to draw down what they need and innovative online engagement tools to shape the services of the future.

**W.E. Create – driving innovation:**

	<ul style="list-style-type: none"> <li>• We will examine the use of predictive analytics to target our tiered levels of prevention support to achieve the best results.</li> <li>• Testing, delivering and evaluating new service options will be core to the Policy.</li> <li>• Working with local authorities to find a more efficient way to deliver fast outcomes for our customers.</li> <li>• Working with our partners to examine options for integrated commissioning of support across homelessness, addictions, mental health, criminal justice and general health budgets in order to achieve a comprehensive and effective service for our customers</li> <li>• Enabling customers to access online learning to build up Wheatley Credits for housing, care and property management that will be a recognised part of Wheatley's Pathways into Work programme.</li> </ul> <p><b>W.E. Work – strengthening the skills and agility of our staff:</b></p> <ul style="list-style-type: none"> <li>• All our staff will be trained in our approach to preventing homelessness and building community resilience</li> <li>• Our staff will be trained in supporting community connections across all our services.</li> <li>• We will create a specialist digital qualification for frontline housing, care and other staff which develops an empowering approach to support and the skills to support customers through trauma and disruption. This will be complementary to the Scottish Government's national trauma training programme led by NHS Education for Scotland.</li> </ul>
<p><b>Enabling our ambitions</b></p>	<p><b>Influencing locally and nationally to benefit our communities:</b></p> <ul style="list-style-type: none"> <li>• We will use our existing strong partnership arrangements with local authorities, care services and others to enable the delivery of increasingly excellent services which meet our customers' needs.</li> <li>• Influencing our neighbourhood organisations to support new residents</li> </ul>

## How we will measure our progress

We will measure our progress using the following key measures

Measure	Target
Number of homes provided to households assessed as homeless by the local authority	10,000
% of lets provided to homeless households: <ul style="list-style-type: none"> <li>- Glasgow</li> <li>- Edinburgh</li> <li>- Dumfries &amp; Galloway</li> </ul>	65% 50% 50%
% of homes let through nomination agreement with local authority: <ul style="list-style-type: none"> <li>- West Lothian</li> <li>- West Dunbartonshire</li> </ul>	50% 50%
Increase the number of Housing First tenancies across our footprint	500
% of Wheatley households at risk of homelessness who are helped to avoid homelessness	Baseline to be determined in 2021
Increase the % homeless households very satisfied with the process of getting their new home (segmentation of existing indicator)	Baseline to be determined in 2021
Increase the supply of new build homes	5,500
Maintain tenancy sustainment levels for all households	Above 90%
Maintain tenancy sustainment levels for households who were previously homeless	Above 93%
Number of households whose temporary let is "flipped" to a mainstream SST (new)	500
Increase the percentage of our customers who live in neighbourhoods categorised as peaceful	70%
Number of jobs, training places and apprenticeships given to people affected by homeless (new)	500

## **Innovation**

Innovation is at the heart of our Group Strategy. It is no less important to this Homelessness Policy. Achieving our vision will require a completely new approach to each facet of what we do. Through our shared capability theme we have developed three key outcomes which will support our future innovation: W.E. Think, W.E. Create and W.E. work.

W.E. Think sets our organisation the challenge to “Think Yes together” with our customers as we consider the services that are needed and how we design them. It will support our people to work together with our customers and communities to design the outcomes that will work best for them as individuals and groups.

W.E. Create is our approach to stimulating innovation across our people and our communities. We will do this with new partnerships with academic and other institutions to inform our new Community Academy. Our training and skills development will be increasingly customer driven. It will include increasing use of community technology and crowdsourcing style approaches to inform our progress.

W.E. Work will develop new more agile work roles within a redesigned authorising environment. It will focus on rewarding talent and innovation from within our workplace and from our communities.

## **Legislation, planning and guidance**

This Policy has been developed taking into account relevant legislation, strategic drivers and guidance:

### **Legislation**

- Housing (Scotland) Act 2001;
- Homelessness etc (Scotland) Act 2003;
- Housing (Scotland) Act 2010;
- Housing (Scotland) Act 2014;
- Regulation of Care Act 2001;
- General Data Protection Regulation (Regulation (EU) 2016/679);
- The Data Protection Act 2018;
- Equalities Act 2010

### **Plans and Guidance**

- Rapid Rehousing Transition Plan Guidance (June 2018)
- Local Authority Rapid Rehousing Transition Plans 2018/19 – 2023/24
- Social Allocations in Scotland: A Practice Guide (February 2019)
- Code of Guidance (interim update November 2019)



## **Complaints**

Our aim is to get it right first time, however, where there is dissatisfaction with this Policy or its operation, customers can make a complaint.

A summary of our Complaints Policy and Procedure is available on our website and in local offices.

## Appendix 1: Current position statement

Across all of our subsidiaries there is a commitment in everything we do to improve the fabric of customers' lives while creating great communities. Since 2015 the Group has continually evolved and improved its services with actions including:

- Creation of a centralised homelessness team to coordinate our operational response to homelessness;
- Commitment to provide 300 tenancies for Housing First customers over 2 years, participating in 3 Housing First partnerships in relation to housing and/or care;
- Leading Glasgow's award winning development of Housing Options across 55 RSLs covering 72% of the social rented stock;
- Increased supply of affordable housing of national significance with almost 3,000 new homes delivered in the last 5 years
- Launch of MyHousing – our Group online housing information, advice and letting service – to improve accessibility for customers;
- Allocations targets that prioritise homeless prevention and homeless applicants;
- Creation of Wheatley 360, our wraparound support division;
- Wheatley Care's creation of the Flexible Homeless Outreach Support Service (FHOSS);
- Creation of Wheatley Care's tenancy support service and more recently Tenancy Support Plus which provide short term reablement and support to tenants to help tenants through a crisis or to settle in a new tenancy; and
- Close working with City of Edinburgh Council to ensure that our Dunedin Harbour Hostel supports their objectives of prevention of homelessness and efficient move on to permanent accommodation

Across our 18 local authority areas we provide high quality social rented homes to our customers alongside the biggest programme of additional support and opportunities in the country. Our housing officers have an average patch size of 200 and are therefore able to be familiar with all their customers. As part of the approach to moving into a Wheatley house, we work with tenants to identify any support they may need. Using our Wheatley 360 division, we are able to provide support with access to specialist support to start a tenancy (My Great Start), benefits advice, financial inclusion services, fuel advice and specialist support in relation to Universal Credit. Where customers need it we can explore options for carpets, white goods, furniture and food vouchers. Our Eat Well package provides support with food packages in crises where tenants have no income to ensure they can at least have food on the table.

Where our housing officers identify a customer as needing extra support extra visits and calls can be arranged in addition to our standard new tenancy visits. Customers are also provided with access to our 24 hour call centre and encouraged to call at any point they might need to. Call centre staff are equipped with knowledge about our wrap around services and can also link effectively to housing officers.

Our specialist Tenancy Support Service provides support for tenants who are struggling with aspects of maintaining their tenancy. It works for 6-8 weeks to help tenants get back

on their feet and ensures the transition to other longer term services where these are required. The Tenancy Support Service Plus is designed specifically to support tenants through their transition onto Universal Credit. Housing officers are able to draw on home fire safety visits to ensure tenants are as safe as possible in their property.

Housing officers' expertise in the services we offer and their knowledge of their customers means they can quickly link tenants to support services they might need at any point. Housing Officers are often "first through the door" and can use this to identify early signs of crisis before it will impact the tenancy. Our staff have training in housing options, allocations systems, domestic abuse and hate crime which can all be used to support customers. They use this knowledge to work closely with our partners in social work, police and fire to link tenants to the services they may require from these agencies.

In addition to wrap around services, being a tenant of the Wheatley Group provides a range of opportunities. Over 2,500 jobs, training places or apprenticeships have been created either within the organization or through our work since 2015/16. More than two thirds of these go to our customers. A further 50 customers each year are supported with bursaries for further education. We also run programmes to support child literacy, tenant internet skills and sports and cultural engagement.

Our co-ordinated support to provide both better homes and better lives ensures that across Group more than 90% of our tenants who have been homeless sustain their tenancy for at least a year.

We provide specialist care services across our priority areas through Wheatley Care. Almost 1,000 people are provided with housing related support at any one time. These services include outreach housing support in Glasgow, Stirling, South Lanarkshire, Falkirk and Fife, some of which specialize in services for young people. We provide a specialist alcohol and accommodation unit in Glasgow, together with a related outreach service. We also deliver the care and support element of Housing First in some of the earliest projects in the country in Edinburgh and Stirling.

## **Glasgow City**

Our housing provision in Glasgow City Council is led by GHA and supported through Cube and Loretto Housing Associations. Together they provide almost 43,000 social rented homes. A significant proportion of our care services are located in Glasgow, managed by Wheatley Care. These support approximately 1,000 customers at a time through tenancy support, outreach housing support and building based services. Through Wheatley Care we have been successful as part of the partnership to deliver the Council's "Alliance to end homelessness" which will take the lead in the City's move to rapid rehousing. Much of our new build programme is contained within Glasgow and since 2015/16 this has added 1,700 new homes in the local authority area.

Glasgow City Council receives the largest number of homeless applications in the country, with over 5,500 each year (16% of the total). It faces particular challenges in providing temporary and permanent accommodation for the scale of applicants it receives. Glasgow City's draft Rapid Rehousing Transition Plan states that resources will be focused on:

- The fastest possible journey through temporary accommodation to settled housing; and
- The provision of flexible, person-centred support that follows the household from temporary to settled housing to enable successful sustainment.

The City Council expects this to result in a systemic change to the current systems. This will include a focus on person centred rather than accommodation-based services and a strong focus on partnership working. This will include partnership working with people with lived experience of homelessness in the development of new services.

Wheatley receives 70% of all homeless referrals in the City (although many will also be referred to other housing associations) and it housed 46% of all section 5 lets in 2018/19. It already provides a person centred approach to those it houses with extensive wrap around services and tenancy support.

A key area of focus will be the 63% of refusals which are the result of multiple referrals being made and another RSL then housing the applicant and the referral therefore being withdrawn. These referrals will already have generated work within the system and possibly even offers of accommodation. There is significant scope to reduce this wastage and use the resources to better meet the needs of homeless households.

Wheatley currently provides a range of services to help homeless households and support GCC in its statutory obligations. These include:

- 30% of all lets provided to homeless households, and homeless households given priority through Covid-19 pandemic period.
- Housed 46% of all section 5 lets in GCC in 2018/19.
- An assisted bidding process through MyHousing for those who need it on behalf of the GCC section 5 team.
- A new matching process to help homeless households quickly move to a suitable home following the Covid-19 pandemic.
- Additional support to customers where English is not their first language.
- A choice based letting system for applicants in Glasgow providing access to a much wider range of homes by allowing them to bid for homes across GHA, Loretto and Cube irrespective of which RSL they may have been referred to.
- Integration with GCC to allow MyHousing system for GCC to allow instant access to our MyHousing system to use online housing options and application forms and to directly upload the section 5 referral.
- Leasing over 1,000 homes to Glasgow City Council for temporary accommodation and flipping these to permanent lets for households where this is suitable as part of our Covid-19 support;
- Support to over 400 customers at any time through our specialist Wheatley Care services at the Flexible Homelessness Outreach Housing Support Service and Wheatley Accommodation and Alcohol Support Services (Fordneuk).
- Provision of housing options advice as an integrated part of the application system
- Provision of 120 homes for Housing First by October 2020.
- Development of the MyHousing system to allow customers to use a digital application and allocation process.
- Provision of robust performance information to support policy development and decision making, enhanced by the development of MyHousing.

- Participation in key GCC partnership arrangements including the Housing Access Board, Strategic Homelessness Group and Housing First consortium
- Participation in the Council's Housing Access Board.
- Participation in a range of working groups including the Council's operational, temporary accommodation, prevention/tenancy sustainment and review and development homelessness working groups.
- Monthly liaison meetings with the Council's Homelessness Management Team, Temporary Accommodation Management Team and MAPPA processes.

## **City of Edinburgh**

Our provision in Edinburgh is led by Dunedin Canmore Housing Association. This amounts to just over 4,500 houses in the City. Our new build programme has added over 400 homes in the City since 2015/16.

As Scotland's capital, Edinburgh faces high pressure on affordable housing. Demand and costs for the private rented sector are also high. The Council receives a large number of homelessness applications (just over 3,000 in 2018-19). The Edindex partnership made a commitment to let an additional 275 homes to statutory homeless households during 2018/19. This target was met and exceeded with an additional 305 lets to homeless households during this period. The current Edindex business plan is committed to increase the proportion of lets to homeless households. The rapid rehousing transition plan commits the Council to looking at a range of innovative options for accommodation including shared housing and supported lodgings.

Wheatley Group currently provides a range of services for homeless households and supports City of Edinburgh Council in the delivery of its homelessness duties through:

- Participation in the Edindex choice based letting system and Edindex Board.
- Participation in Housing First in Edinburgh with 38 tenancies already provided by October 2020.
- Providing approximately 50% of all lets to homeless households (including first lets of new build homes).
- A 25 room/35 bedspace hostel providing temporary accommodation and support in helping homeless applicants to move on to permanent accommodation.
- Dunedin Hostel Resettlement Flats providing supported accommodation to customers including veterans experiencing homelessness, with a pathway to permanent housing.
- Leasing of properties to City of Edinburgh and West Lothian Council for use as temporary accommodation.
- Provision of tenancies for the Syrian Vulnerable Persons Resettlement Scheme.
- Training Flat project with Four Square – provision of 18 flats for young people age 16-21 experiencing homeless to move in to supported accommodation with a pathway to permanent housing.
- Membership of the Edinburgh Affordable Housing Partnership

## **Dumfries and Galloway**

Dumfries and Galloway Housing Partnership is the largest provider in the Council area with 10,300 units. The Partnership joined the Wheatley Housing Group in December 2020 and will in future be able to draw on new build development to extend supply in the area.

There are particular challenges in Dumfries and Galloway in relation to the rural nature of the area. More than 100 miles separate one end of the local authority area from the other. Providing temporary and permanent accommodation in the locality of choice for homeless applicants is more difficult than it would be in a more urban area. The level of repeat homelessness is relatively high. Applicants in Dumfries and Galloway are also much more likely to have one or more identified support need than in many other areas and this has implications for the additional services required by customers.

Wheatley Group supports Dumfries and Galloway Council through:

- Providing approximately 40% of all lets to homeless households (almost 500 lets in 2018/19)
- 24 units of temporary accommodation with support
- 73 units leased back to the Council for temporary accommodation
- Out of hours accommodation to support DGC in provision of its statutory obligations.
- Support to Dumfries and Galloway Council in delivering improvements in their homelessness service.
- Reducing the level of tenancy failure through the use of the DGHP Housing Support Team before any court actions are undertaken to ensure all options are explored to maintain the tenancy.
- Support to those housed through the refugee resettlement programme in DGHP homes and those of other RSLs.
- Management of a specialist project that supports care experienced young people to transition into main-stream accommodation (linked to prevention of homeless of a vulnerable group).
- DGHP leads the Common Housing Register including monthly liaison with the lead officers for Strategic Housing & Homelessness, covering performance policy and the un-met need list for the region (this has been a success story).

## **West Dunbartonshire**

Cube is our main provider in West Dunbartonshire with Loretto Housing Association providing a small number of homes. Together they have just under 550 homes in the area.

West Dunbartonshire received approximately 1,000 homelessness applications last year. This is the highest rate per 1,000 in the country. The rapid rehousing transition plan for the area identifies youth homelessness as a particular issue together with rising numbers of applicants with multiple and complex needs. The transition plan identifies four key priorities which are to:

- Deliver a whole systems approach to the prevention of homelessness;
- Enable service users with no or low support needs to access settled housing quickly;

- To develop interim housing options which enable independent living and housing sustainment; and
- Implement a Housing First model which enables the most excluded users to achieve housing sustainment.

The Wheatley Group currently provides the following services for homeless households in West Dunbartonshire:

- Review of referred homeless households against all void properties as soon as they are available for letting, with a secondary check to local authority staff if no suitable household is found to ensure any newly homeless households are also considered.
- Participation in the Council's quarterly section 5 meeting and housing providers forum

### **West Lothian**

Wheatley provides almost 1,000 social rented houses within the West Lothian Council area through West Lothian Housing Partnership, Dunedin Canmore Housing Association and Barony Housing Association.

The West Lothian RRTP identifies that applicants are largely in low need of support, tend to be homeless as a result of being asked to leave existing accommodation and are mostly younger people. Sofa surfing is more common than rough sleeping. The level of demand for social housing is high across the area.

Wheatley Group supports West Lothian Council through:

- Providing more than 30% of all lets to homeless households (including first time lets of new build homes).
- Nomination arrangement with West Lothian Council for 50% of all lets.
- Development of 140 new homes in the area in 2018-19 and 2019-20.
- Partnership working with the Council to deliver housing support & temporary accommodation, Housing Options and homeless prevention.

## Appendix 2: Case Studies

### *Case Study 1: Building resilience to create independence*

The **Sandyhills** multi-storey flats were constructed in the late sixties and comprise of more than 500 flats, the majority of which are 2 apartment. Given the size of many of the properties we have a significant number of properties being allocated to single people, including those who have come to GHA via a section 5 referral.

There are a substantial number of the customers in the Sandyhills area where financial literacy is likely to be poor and households are struggling on relatively low incomes as well struggling with debt. Many households are also struggling with social isolation and feel they have no-one to turn to in a crisis. These customers are particularly vulnerable and more susceptible to lack the ability to manage a tenancy. They may also require significant support to sustain their recovery from addictions or deal with multiple issue such as poor mental health and addictions .

The Welfare Reform Act 2012 has introduced a raft of changes to the benefit system which has had an adverse effect on our customers' income; in particular Universal Credit. The ethos underpinning this benefit is that recipients should take more responsibility for their finances including paying their rent. In theory this position is sound however in reality we have many customers who have very poor budgeting skills and have never had the responsibility of paying their rent in the past. A prerequisite to claiming this benefit is a bank account as this is the only method of payment that the DWP will consider. This is a particular barrier for many of our customers and many have encountered various challenges when trying to open an account. The closure of local branches has exacerbated their difficulty in accessing banking services.

Our approach at Sandyhills is to see the individual and discuss with them using the tenancy star how they see themselves ensuring we have a full overview of the customers' circumstances. This includes any named support organisations or individuals that we can start to build relationship with as this is essential to ensure everyone is clear about their role and expectations.

We use our bespoke Tenancy star to work with customers to track their progress in a range of areas. The customer agrees the support they want and this is provided at the right time and right pace for the customer. This helps households become more confident and less dependent on our services.

Within Sandyhills, the housing team have developed strong partnerships with a number of agencies including DWP and Barclays Bank who were involved in regular sessions within the community facilities. These included advice, information on bank accounts that are easy to set up and options for volunteering, further education and employment.

By assessing and agreeing with customer what support they want and offering this at the right time and at pace that is suitable to the Customer. Our aim is that the customer becomes more confident and less dependent on our services .



### *Case Study 2: Building resilience to create independence*

M moved into one of our furnished flats in 2016 as a young single parent with a new baby. She had no real support from any other family members or the baby's father. Initially she had support issues and accrued arrears.

When she initially moved in she became quite low when she realised she did not have the resources to make the house into the home she wanted. GHA staff helped her by getting a decorating team in through community payback and through assistance from the concierge. Local staff helped out with some baby equipment and clothes and ensured she was well linked in to local groups.

Her confidence built as she established her home and local connections and she became determined to create a better life for herself and her daughter. She was able to repay her arrears, go into training and learn to drive. Ultimately she obtained a job in a nursery with an aspiration to go on to become a social worker.

### *Case Study 3: Building resilience to create independence*

This customer moved into one of our temporary accommodation units have suffered repeat homelessness and with pending charges for threatening behaviour in another property. The erratic and threatening behaviours continued on moving in and were heightened by the influence of alcohol. Although there appeared to be mental health issues no diagnosis had been made and therefore no mental health support was available. Ongoing support was provided to our customer to help her to understand that the occasions she was struggling were linked to alcohol. She continued to be derogatory and verbally aggressive to staff and others and this meant it took some time to build up a productive relationship. Initially, the majority of support was to de-escalate behaviours to prevent the need for intervention from police or other emergency services; to help our customer remain housed and safe and to ensure the safety of others in the same accommodation and neighbourhood. Social Work became involved quickly after moving in and also assisted with de-escalation. During her stay the covid-19 lockdown was put in place and this exacerbated the situation. She would frequently call emergency services, often reporting covid symptoms when these were not present, and was a frequent attender at hospital emergency services.

An interim ASBO was sought and obtained while the customer was in temporary accommodation to continue once permanent accommodation was found. This was in order to help her see that their behaviours were putting her accommodation at risk and affecting others significantly and also to ensure others in the surrounding area could be protected.

A partnership approach between Wheatley Group, the local authority homeless team and social work was put in place to ensure that the customer could maintain the accommodation and successfully move into a tenancy. A core group of officers was put in place and maintained close contact throughout the process. This approach improved the ability to support the customer to move on successfully and to ensure that everyone was updated at all points of the process.

An Adult Support and Protection assessment was carried out. This identified new support and allowed for a smooth transition through good communication. Our customer was able to be involved in the meetings. A referral to our welfare benefits advisor enabled full benefit income to be restored.

With the support and joint working our customer was able to move into a home with a Scottish Short Secured Tenancy. Properties were assessed to ensure that the home chosen maximised the chances of a successful tenancy. A full ASBO was now in place to help to prevent and address any further issues. The property was fully furnished through funding from the Scottish Welfare Fund and support from a local homelessness charity. Ongoing support has been provided from social work and the local authority homeless team. The customer continues to do well in her new home.

#### *Case Study 4: Building resilience to create independence*

A is a middle aged male who has been in the homeless system for 15 years, including nights spent sleeping rough on the streets. He is alcohol dependent, has mental health issues which deteriorate during times of non-engagement with services and has a history of reoffending. In October 2019, A was required to move on from the latest in a series of supported accommodation placements due to his erratic behaviours and fire raising. By this time he was excluded from almost all support services in the area. After intensive multi-disciplinary reviews it was agreed to move him into a temporary furnished flat with support from our Glasgow Flexible Homeless Outreach Support Service with 2 weekly reviews and updates as he was at high risk of eviction. His choice with support is to enable him to live independently in his home, improving confidence, supporting re-enablement and therefore reducing reliance on paid services.

The Outcome Star Assessment tool, Homelessness Star was used as a baseline for A's outcome plan. This measures the distance travelled within the outcome plan, using strength based approach to recognise skills, and see results, building leadership in making positive choices, improving self-awareness, therefore confidence and resilience.

After 15 years of being in the homeless system A has settled into the temporary accommodation which is his first independent tenancy in over 15 years. He has continued to engage with other agencies including mental health agencies and is no longer required to attend the challenging behaviour medical clinic as he is no longer classed as a risk to others as he has built trust with services. He has now been in the temporary accommodation for 1 year and is preparing to be discharged from homeless services once the process has been completed for temporary accommodation to now become a secure tenancy. Over the last 12 months with the support and innovation A has been able to challenge his own history and remove the barriers to become independent and live in his own home.

A talking points approach was used with A, which resulted in conversation around the benefits of independent living. He expressed a desire to live in his own home after years of living in supported accommodation and many long stays on mental health hospital wards. The benefits of independent living in his own home are:

- Reduced direct supports
- More independence
- More regular contact with close family
- Pride and sense of achievement for himself
- Being able to cook his own meals
- Make his own choices

## Appendix 3: Legislative changes in relation to homelessness

<b>The Housing (Scotland) Act 1987</b>	As amended, sets out the powers and duties of local authorities in dealing with applications from people seeking help on the grounds that they are homeless or threatened with homelessness. Since the 1987 Act, there have been a number of changes to legislation, some of which are described in legislation referred to below
<b>The Housing (Scotland) Act 2001</b>	Established the right to review a homelessness decision and amended other aspects of homeless applicants rights and definitions. It also introduced a duty on registered social landlords (RSLs) to assist local authorities in rehousing homeless people.
<b>The Homeless Persons Advice and Assistance (Scotland) Regulations 2002</b>	Prescribed the types of advice and assistance that local authorities must provide under Section 31(3)(b) and 32(3) of the Housing (Scotland) Act 1987 to homeless applicants and applicants threatened with homelessness
<b>The Homelessness etc. (Scotland) Act 2003</b>	Amended the Housing (Scotland) Act 1987 and the Housing (Scotland) Act 2001 and primarily affects how local authorities carry out their homelessness functions, strengthening people's rights to support when they are facing homelessness. The 2003 Act also improved the housing rights of people experiencing domestic abuse and provided a mechanism for the abolition of priority need. It also placed a duty on mortgage lenders and landlords to notify local authorities when they raise repossession proceedings
<b>Housing Scotland Act 2010</b>	Introduced a duty on local authorities to conduct a housing support assessment for applicants who are unintentionally homeless or threatened with homelessness and who they have 'reason to believe' need housing support services as prescribed in the regulations.
<b>Equalities Act 2010</b>	Prohibits discrimination (whether direct or indirect) against people who possess one of the protected characteristics
<b>Welfare Reform Act 2012</b>	Introduced changes to the UK benefits system, including under occupancy charges for social rented sector and Universal Credit.
<b>The Housing Support Services (Homelessness)(Scotland) Regulations 2012</b>	Makes provision in relation to the duty of Local Authorities to assess whether some persons found to be unintentionally homeless or threatened with homelessness need housing support services.

<b>The Homelessness (Abolition of Priority Need Test) (Scotland) Order 2012</b>	Abolished the priority need test for homeless households so that all unintentionally homeless households are entitled to settled accommodation.
<b>The Homeless Persons (Unsuitable Accommodation) (Scotland) Order 2014</b>	Revoked The Homeless Persons (Unsuitable Accommodation) (Scotland) Order 2004 and prescribes accommodation which may not be used to fulfil the duty on local authorities to provide interim accommodation under Section 29(1) of the Housing (Scotland) Act 1987 in relation to applicants who are pregnant, or whose household includes either a pregnant woman or children. Article 7 of the 2014 Order provides two particular circumstances where such accommodation may be used and this was time limited to 14 days.
<b>Housing (Scotland) Act 2014</b>	Introduced the abolition of right to buy, and changes to social rented sector tenancy rights including changes to assignments and successions.
<b>Private Housing (Tenancies) (Scotland) Act 2016</b>	Introduced a new private residential tenancy for the private rented sector in Scotland to replace the short assured tenancy and assured tenancy for all future lets.
<b>The Homeless Persons (Unsuitable Accommodation) (Scotland) Amendment Order 2017</b>	For families with children or pregnant women, amends the time limit in article 7 of the 2014 Order from 14 days to 7 days
<b>The Homelessness etc. (Scotland) Act 2003 (Commencement No. 4) Order 2019</b>	Commenced on 7 November 2019, brings into force sections 4 and 8 of the Homelessness etc. (Scotland) Act 2003 (“the 2003 Act”) <ul style="list-style-type: none"> <li>• Commencing the provisions in Section 4 gives local authorities the discretion to investigate for intentionality rather than it being a duty as previously.</li> <li>• Commencing the provisions in Section 8 allows Scottish Ministers by order made by statutory instrument to modify the operation of Section 33 of the 1987 Act, which allows local connection referral of a homeless applicant to another local authority in certain circumstances. Within 12 months of commencing the Section 8 provisions, Scottish Ministers must publish a statement setting out the general criteria by reference to which modifications would take place, and are obliged to consult before making or modifying this statement. Following the Ministerial Statement, the statutory</li> </ul>



## Report

**To:** Loretto Housing Association Board

**By:** Stuart Johnstone, Development Manager

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

**Subject:** Five Year Development Programme

**Date of Meeting:** 15<sup>th</sup> February 2021

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### 1. Purpose

- 1.1 To seek Board approval of the proposed five year development programme.
- 1.2 A presentation on the five year programme will be made at the meeting.

### 2. Authorising context

- 2.1 The overall strategic direction and associated priorities of the Group are reserved to the Wheatley Housing Group Board. In relation to the development programme, this includes the geographical areas in which we operate.
- 2.2 The responsibility for governance oversight of the Group development programme and the approval of new projects rests with the Group Development Committee, in line with the Committee's terms of reference approved by the Wheatley Housing Group Board. This is in the context of this Board's approval of the five year development programme.
- 2.3 The Group wide five year development programme will also be presented to the Wheatley Housing Group Board on 24 February 2021.

### 3. Risk Appetite and assessment

- 3.1 The Board's risk appetite in respect of the new build development programme is "open", which is defined as "*willing to choose the one that is most likely to result in successful delivery while also providing an acceptable level of reward*".

- 3.2 Our future strategic direction envisages an ongoing development programme, beyond the assumptions in our current strategy. At Group level this is in the order of almost 800 units per annum. Our development programme represents a significant element of the Group's expenditure, in the form of borrowing to fund construction. In the coming year we anticipate spend of over £100m, inclusive of Grant funding, on the development programme.
- 3.3 The income from the construction of new homes represents a correspondingly significant element to increasing rental income to continue to service borrowing. Additionally, the development programme plays a key role in reducing unit management costs for developing RSLs, as overheads are spread over a greater number of units.
- 3.4 A key risk is that we do not identify a pipeline of development opportunities to realise our assumed development programme at Loretto and Group level. This could lead to us not constructing enough units to repay our borrowing levels or achieve assumed reductions in management cost levels. To mitigate this risk we have brought together a strong programme of named sites in the proposed five year programme. In addition, we have a further 'lifeboat' of additional sites, that are subject to regular dialogue with local authorities, housebuilders and developers.
- 3.5 A further headline risk is Grant availability. This is a major focus for all developing RSLs and local authorities. Based on initial announcements by the Scottish Government it is understood that there is likely to be real terms growth in the housing allocation to 2025/26, from the £3Bn allocated in the last parliamentary term to May 2021.

#### 4. Background

- 4.1 Since joining the Group we have completed 370 new affordable homes. Our current Group business plan assumes we will complete over 180 units of affordable housing new supply units over the five financial years from 2021/22.
- 4.2 Table 1 below sets out the programme by year.

**Table 1 – Loretto Programme by Year**

RSL	21/22	22/23	23/24	24/25	24/25	Total
Loretto	0	61	93	30	0	184

- 4.3 Set out in table 2 below is the Cube development programme that assumes the completion of 239 social rent units over the next five years. All of these Cube projects are outside of Glasgow. More details of the Cube programme are included at Appendix 2 to this report and will be included in the presentation that will accompany this report at the Board meeting.

**Table 2 – Cube Programme by Year**

RSL	21/22	22/23	23/24	24/25	24/25	Total
Cube	0	78	76	69	16	239

- 4.4 Other development opportunities continue to be considered. As potential sites arise discussions take place with developers, land owners and agents and investigations are undertaken to test the viability of the opportunity. This allows us to explore increasing the scale of our programme subject to finances and means that the programme will continue to evolve as the programme develops through time.

## 5. Discussion

### Development Footprint

- 5.1 Our future development pipeline is shaped by our understanding of the regeneration and housing development opportunities that are currently agreed, or may emerge, in our operational local authority areas. This is driven by the respective local authority housing strategies and the Strategic Housing Investment Programmes that flow from them.
- 5.2 The Wheatley Group Board in February 2020 when approving the five year development programme agreed that:
- Cube and Loretto development programmes should focus outside the City of Glasgow in the surrounding local authorities;
  - DCH to continue to be the principal developer in Edinburgh and the Lothians;
  - WLHP should retain its development footprint in West Lothian only; and
  - GHA will be our principal developer in the City of Glasgow.
- 5.3 Our stock is located in the local authority areas the Board agreed in May 2019, namely:
- Renfrewshire
  - Falkirk
  - East Dunbartonshire
  - West Dunbartonshire
  - Glasgow
  - North Lanarkshire
  - South Lanarkshire
- 5.4 The planning of our development programme involves discussions with the respective local authorities, Scottish Government More Homes Division, in addition to signalling our interest in these areas to our network of national house builders and private sector developer contacts. Previous and ongoing discussions at Board and officer level have emphasised the need to build new homes in those areas where the association already has a strong presence and this continues to be a focus for us.

### Development appraisal criteria

- 5.5 The Board in May 2019 approved the criteria that forms the basis for assessing new development opportunities for inclusion in our five year development programme:



<b>Criteria</b>	<b>Measure/Test</b>
<b>Local Housing Strategy</b>	Contribute to the Local Housing Strategy (LHS) of the respective local authority. The project appraisal should detail which of the LHS outcome(s) the project will contribute.
<b>Building and strengthening strategic partnerships/relationships</b>	Contribute to strengthening our relationship with local authorities and developers. The appraisal will identify the strategic partnerships and/or relationships to which the project will contribute.
<b>Improving customer choice</b>	The housing mix will be developed in consultation with Housing Management and respond to known and anticipated housing need for social rented housing and in conjunction with Lowther Homes for our future mid-market rent programme if applicable.
<b>Housing Market Areas</b>	Within the agreed local authority areas unless otherwise agreed with the Group Board and Loretto Housing Board.
<b>Internal Rate of Return</b>	The Internal Rate of Return shall be a minimum of 5.7% over 30 years (as agreed by Group Board in September 2020).
<b>Debt</b>	Borrowing required would not exceed total assets.
<b>Borrowing</b>	Borrowing will be repaid within 30 years.
<b>Valuation Growth</b>	Projects will be valuation positive on our balance sheet and assumed to deliver valuation growth within 3 years.

5.6 Where any of these criteria are not met a project may be referred to this Board by the Group Development Committee, where it considers there to be an exceptional reason for proceeding. Otherwise the Group Development Committee has the authority to approve projects where they meet the agreed criteria. If new opportunities arise in year that do not feature in our approved five year development programme then those proposed projects will in the first instance be presented to the Board for consideration.

### **5 Year Development Programme**

5.7 Attached at Appendix 1 is our draft five year Development Programme. All Group RSL Boards are considering their own programmes during the February cycle of meetings.

5.8 Two of the planned projects in the programme, Hallrule Drive, Glasgow (32 units of social housing) and Cobblebrae Farm, Falkirk (21 units of social housing) are already on site. 152 units are partnership projects with private developers where we are seeking to deliver the Strategic Housing Investment Programme for that local authority.

- 5.9 Only 1 of the 6 projects in the programme followed the route of us having ownership of the land, designing the scheme and then building out the project. Primary reasons for this has been aggressive practices in land acquisition by private builders in terms of what they are willing to pay and expanding their choice of sites. There are now also a number of local authorities holding their land assets for their own building programmes and where they are prepared to release land it is generally offered on a competitive basis to the market. As a consequence we are negotiating deals based on the developer's product rather than our design.
- 5.10 The site at Finlaystone Road, Kilmacolm sits in a local authority area where we do not have stock. However, we have a significant and growing portfolio of stock nearby in Renfrewshire. We know Kilmacolm to be a strong housing market area and the Board agreed to include it in its five year programme at its meeting in January last year.
- 5.11 The programme timing is indicative and may be further influenced by a number of factors such as:
- levels of Scottish Government grant;
  - statutory consents processes;
  - the timing of developers acquiring development sites; and
  - new opportunities arising.
- 5.12 Cube's tenants have now voted in favour of the potential stock transfers to GHA and us. Subject to the transaction progressing, we would have the opportunity to benefit from Cube's pipeline of projects covering 239 units for social rent housing over the five year programme attached at Appendix 2; the size and scale of our programme therefore has an opportunity to increase significantly.

## **6. Key issues and conclusions**

- 6.1 Our five year development programme sets out an ambitious programme that would continue to see us as a key delivery partner for Scottish Government in the provision of new supply affordable housing.
- 6.2 The Covid-19 pandemic has impacted significantly on our development programme in late 2019/20 and across 2020/21. The cessation of construction activity during the initial lockdown, followed by new procedures agreed between the construction industry and the Scottish Government for safe site operations, has enabled construction activity to continue but productivity has been impacted. We have taken on board remaining uncertainty linked to Covid-19 when considering the planning and Business Plan implications of the five year programme.

- 6.3 The national Infrastructure Investment Programme, announced by the Scottish Government in late 2020, proposes that funding for new affordable housing will continue to be a priority beyond 2021. Full details of the national funding for housing will not be clear until after the Scottish Parliamentary elections in May 2021. We will continue to stay engaged with senior Scottish Government officials in monitoring this position and will report back to the Board as future grant funding arrangements become clearer across each of our local authority areas.
- 6.4 Should the Cube transfer now proceed, following the successful outcome of the customer ballot, the five year development programme would additionally encompass the Cube development projects as shown in their five programme.

## 7. Value for money implications

- 7.1 Continued use of both our Group contractor framework, and where appropriate access to external contractor frameworks, combined with seeking to extend our developer partnerships for land led opportunities, should continue to offer the Group a significant programme of development.
- 7.2 This combination will allow us to achieve tangible benefits for tenants as increased efficiency can enable us to deliver better value for money.

## 8. Impact on financial projections

- 8.1 Our business plan assumes **£24.7m** gross development spend over the next five years. The successful delivery of the development programme helps us realise the wider assumptions within our financial projections. The summary of development costs and grant over the next five years is presented in the below table:

New Build Programme	2021/22	2022/23	2023/24	2024/25	2025/26	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Development Costs	8,566	8,225	5,920	2,015	0	24,726
Grant Income (cash received)	4,146	2,423	2,633	0	0	9,202
<b>Net Cost</b>	<b>4,420</b>	<b>5,802</b>	<b>3,287</b>	<b>2,015</b>	<b>0</b>	<b>15,526</b>
Completions	0	61	93	30	0	184

## 9. Legal, regulatory and charitable implications

- 9.1 On a regular basis details of the Group wide and our specific development programme are shared with the Scottish Housing Regulator.
- 9.2 The Property Legal Team, with support from external legal teams as required, provides legal advice on projects included in the five year development programme. Typically this involves advice and guidance on due diligence on titles, land acquisition and construction contracts.

## **10. Partnership implications**

- 10.1 We have a number of key strategic partners in the delivery of the development programme: Scottish Government More Homes Division and the local authorities in our operating areas. Regular programming meetings take place with Scottish Government and the local authorities to assist with future programming and monitoring. In addition, we have a number of important relationships with developers, housebuilders and various land agents.
- 10.2 For some of our newer geographies we continue to build relationships with local authorities and identify potential opportunities to increase the number of tangible opportunities we can consider for our future programme.

## **11. Equalities impact**

- 11.1 Within the programmes, all new build units are designed to Housing with Varying Needs (Part 1) with the inclusion of wheelchair units on a number of sites being a standard funding requirement.


## **12. Recommendations**

- 12.1 The Board is asked to:
- approve our five year development programme as summarised in this report; and
  - note that the five year development programme will be reviewed annually and presented for approval to the Board, in conjunction with the presentation of the business plan.

### **List of Appendices:**

Appendix 1 – Draft five year development programme.

Appendix 2 – Draft five year development programme (Cube)



Appendix 1

Loretto  
Housing

# Five Year Development Programme

Loretto Housing Board  
15 February 2021  
**Stuart Johnstone**

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Better homes, better lives

# Five Year Development Programme



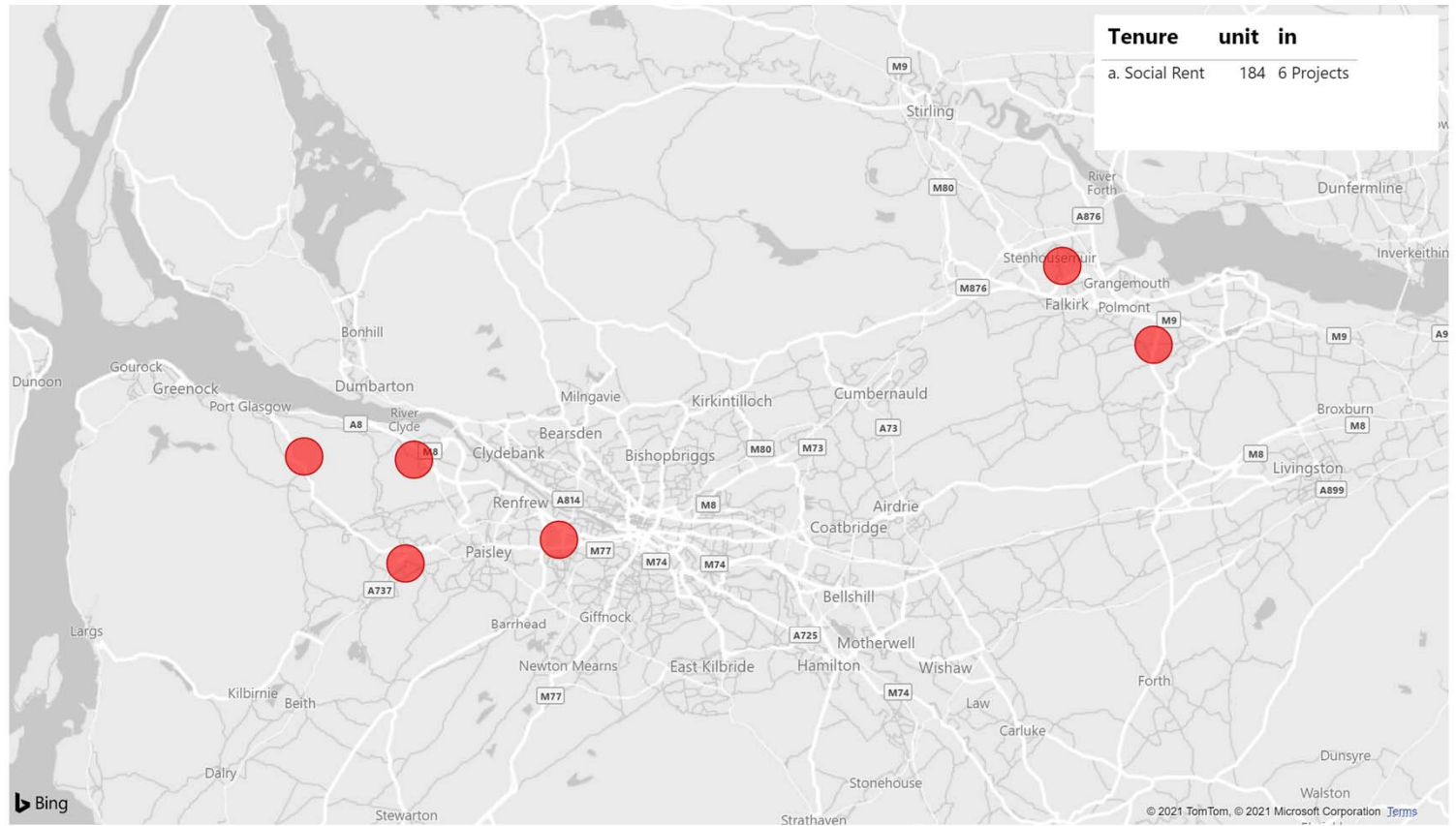
Project	Local Authority	21/22	22/23	23/24	24/25	25/26	Social Rent
<b>Hallrule Drive</b>	Glasgow		32				<b>32</b>
<b>Cobblebrae Farm</b>	Falkirk		21				<b>21</b>
<b>Vellore Road</b>	Falkirk		8				<b>8</b>
<b>Dargavel Village</b>	Renfrewshire			58			<b>58</b>
<b>MacDowall Street</b>	Renfrewshire			35			<b>35</b>
<b>Finlaystone Road</b>	Inverclyde				30		<b>30</b>
			<b>61</b>	<b>93</b>	<b>30</b>		<b>184</b>

# Programm e

- Cube
- DC
- DGHP
- GHA
- Loretto
- Lowther
- WLHP

FY of Comp	Project	Area	Prev. Year	SR	MMR	21/22	22/23	23/24	24/25	25/26	Total
22/23	Cobblebrae Farm	Falkirk		21	0		21				21
22/23	Hallrule Drive	Cardonald		32	0		32				32
22/23	Vellore Road	Falkirk		8	0		8				8
23/24	Dargavel Village	Bishopton		58	0			58			58
23/24	MacDowall Street	Johnstone		35	0			35			35
24/25	Finlaystone Road	Kilmacolm		30	0				30		30
<b>Total</b>				<b>184</b>	<b>0</b>		<b>61</b>	<b>93</b>	<b>30</b>		<b>184</b>

- Cube
- DC
- DGHP
- GHA
- Loretto
- Lowther
- WLHP



● a. Social Rent





# Hallrule Drive, Glasgow

Loretto  
Housing



# Hallrule Drive, Glasgow



# Cobblebrae Farm, Falkirk

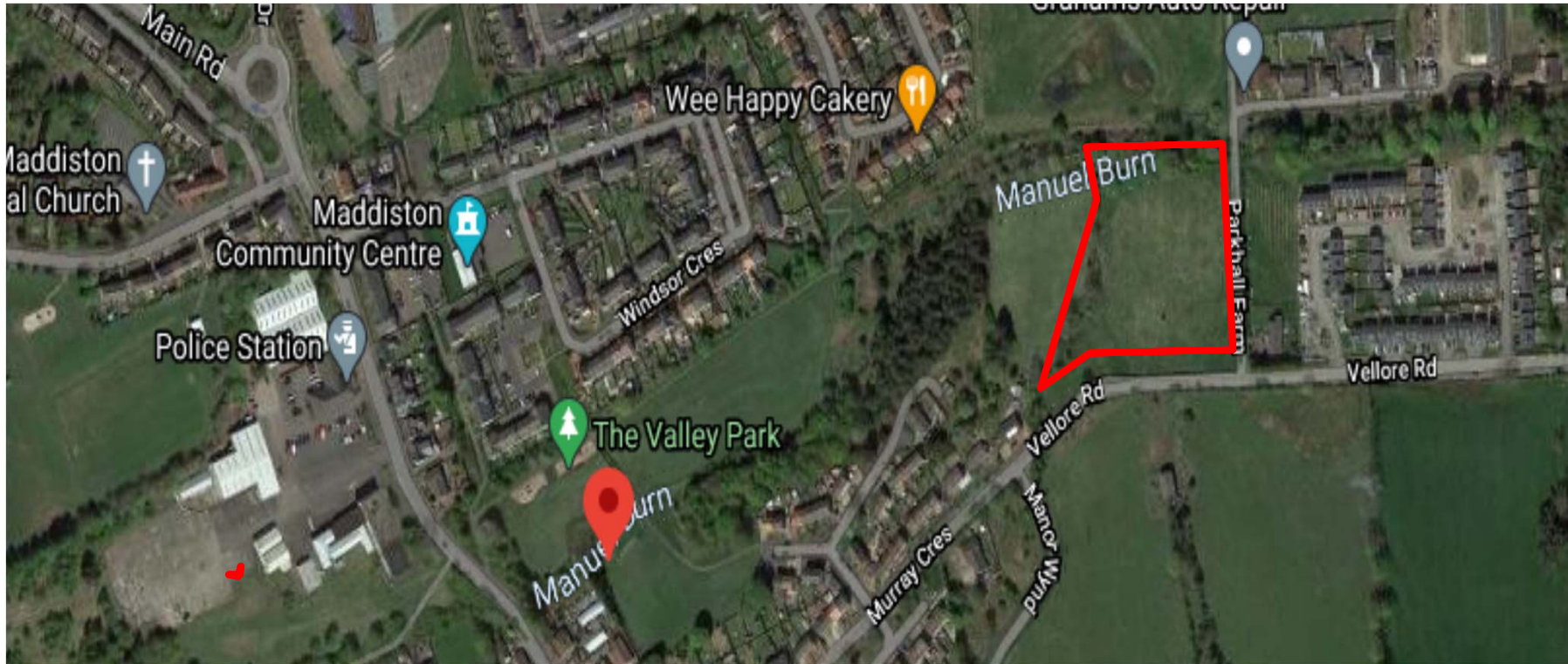


# Cobblebrae Farm, Falkirk

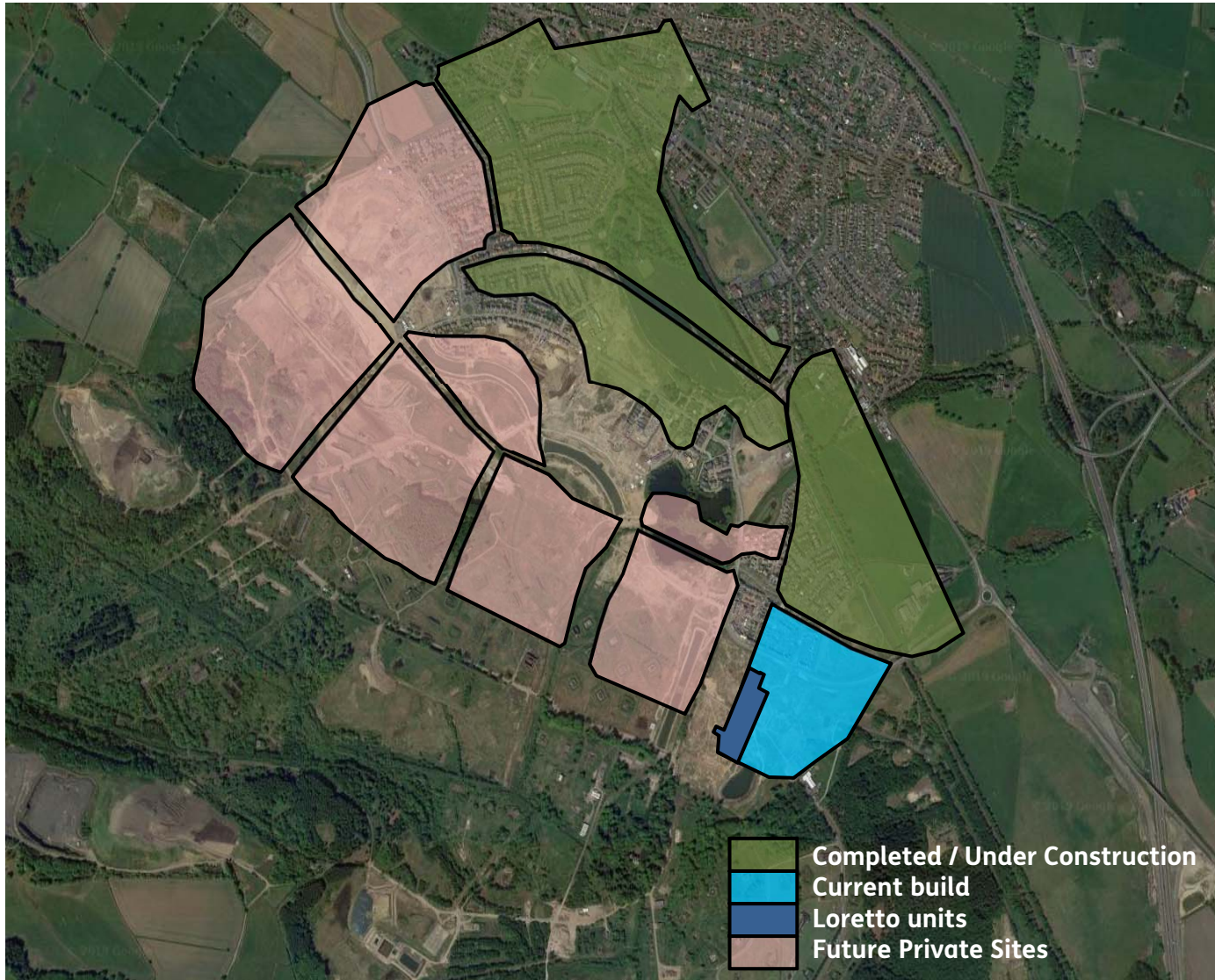
Loretto  
Housing



# Vellore Road, Falkirk



# Dargavel, Bishopton



# Dargavel, Bishopston

# Loretto Housing



FRONT ELEVATION  
FACING BRICK



FRONT ELEVATION  
FACING BRICK

# MacDowall Street, Johnstone

Loretto  
Housing





# Finlaystone Road, Kilmacolm

Loretto  
Housing





Better homes, better lives

Loretto  
Housing

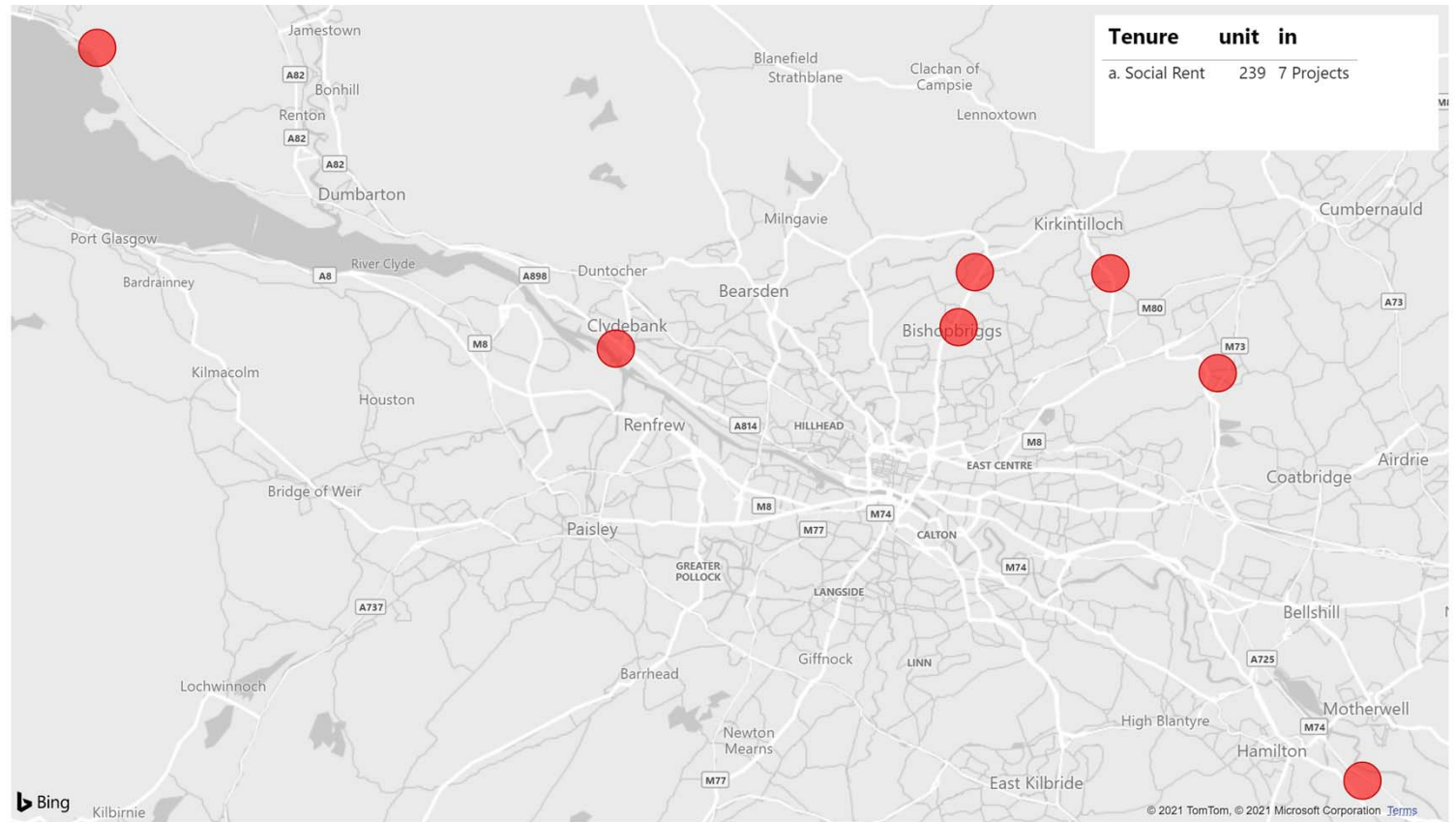


## Appendix 2: Five Year Development Programme

15 February 2021

LA	Project	20/21	21/22	22/23	23/24	24/25	25/26	Units
WDC	Westcliff	24						24
WDC	Queens Quay			60	20			80
A&B	Sawmill Field			18	18			36
NLC	Gartcosh				18			18
EDC	South Crosshill Rd				20	20		40
EDC	Crofthead					7		7
SLC	Ferniegair					42		42
EDC	Lenzie						16	16
		<b>24</b>		<b>78</b>	<b>76</b>	<b>69</b>	<b>16</b>	<b>263</b>
				<b>239</b>				

- Cube
- DC
- DGHP
- GHA
- Loretto
- Lowther
- WLHP



● a. Social Rent

# Queens Quay, Clydebank



SR	MMR
80	
80	







# Queens Quay, Clydebank



# Queens Quay, Clydebank



# Sawmill Field, Helensburgh



SR35	MMR
36	
36	

# Sawmill Field, Helensburgh



# Gartcosh, North Lanarkshire



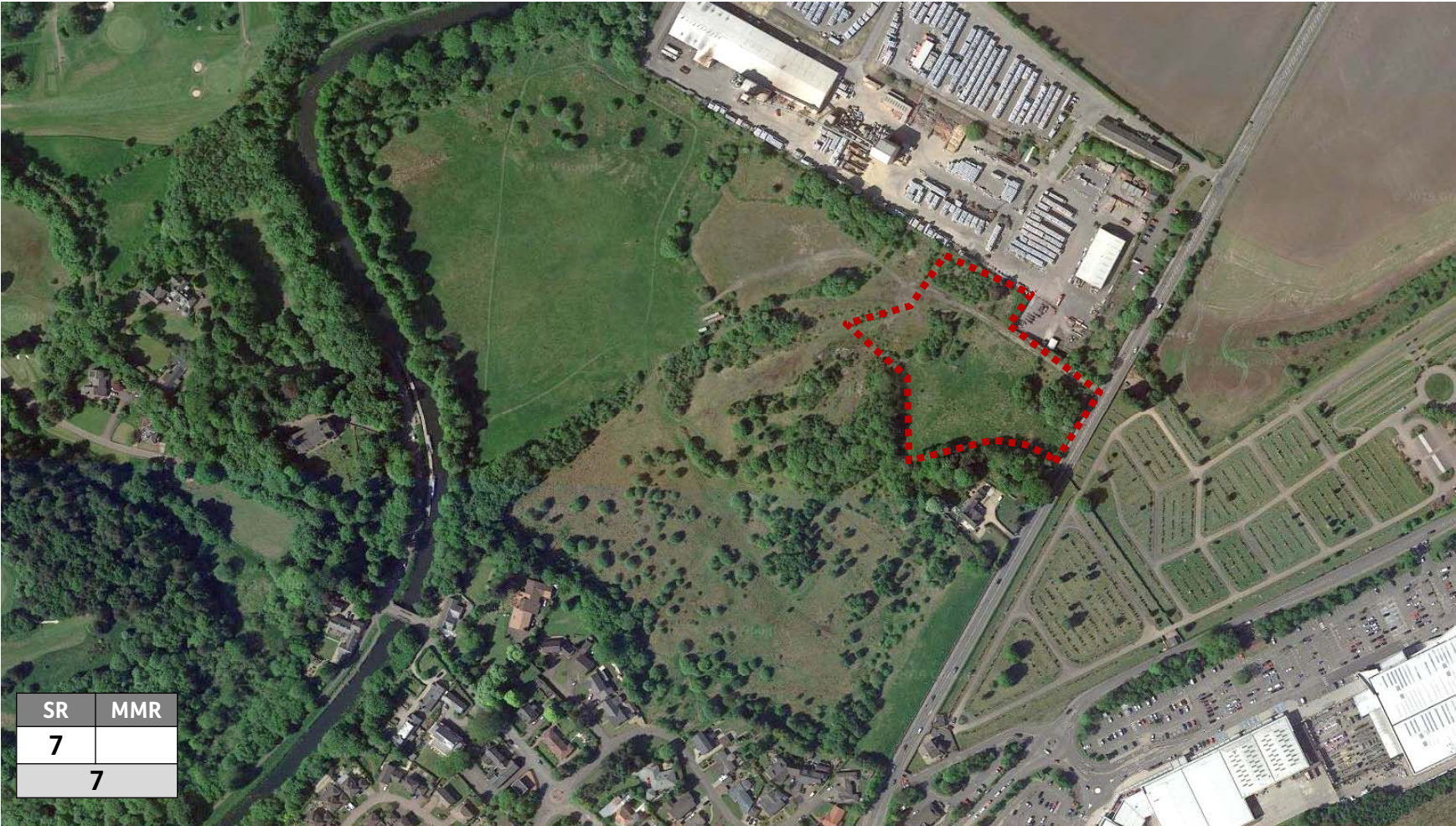
# South Crosshill Road, Bishopbriggs







# Crofthead, East Dunbartonshire



SR	MMR
7	
7	

# Ferniegair, South Lanarkshire



# Lenzie, East Dunbartonshire



## Report

**To:-** Loretto Housing Association Board

**By:-** Sarah Stocks, Finance Manager

**Approved by:-** Steven Henderson, Group Director of Finance

**Subject:-** Financial Projections 2021/22

**Date of Meeting:-** 15<sup>th</sup> February 2021

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### 1. Purpose

1.1 The purpose of this report is:

- to set out the updated projections for investment in assets and services over the period to 2026, in support of our new strategy, *Your Home, Your Community, Your Future*; and
- to seek approval of these updated financial projections, of which the first year will form the budget for 2021/22.

### 2. Authorising context

2.1 Under the terms of the Intra-Group Agreement with the Wheatley Group, as well as the Group Authorise, Manage, Monitor Matrix, sets out that, whilst the Group Board is responsible for the overall approval of the plan and parameters, the Loretto Board has autonomy to agree its individual business plan within said parameters

### 3. Risk Appetite and assessment

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

### 4. Background

4.1 As a result of the emergence of COVID-19 and the resulting restrictions, there has been substantial disruption to our business which is expected to continue through into 2021/22. Throughout the pandemic we have been closely monitoring our financial performance and providing regular updates to the Board on the impact on our Financial projections. Revised 2020/21 Financial projections were presented to the Board and were used to inform our decision on the rent increase for consultation with tenants. Earlier in the year, a decision was taken to delay the launch of the Group’s new five-year strategy while we reflected on the changes the pandemic had on our business, customers and communities.

- 4.2 While there have been many challenges over the past year, it has also allowed us to achieve a number of already planned strategic ambitions much earlier than planned. Efficiencies achieved to date, and increases in our planned savings from the earlier introduction of our new operating model have allowed us to reduce our long term rent increase assumptions from 3.5% to 2.9% achieving the key outcome set out in our strategy to deliver below 3% increases by 2025.
- 4.3 At the meeting in October 2020 the Board agreed in principle to the transfer of Cube stock out with the Glasgow City boundary. This will create a platform to increase investment in existing homes and keep rents affordable for all Wheatley Glasgow tenants. The financial projections in this paper reflect the increased impact this new vehicle will be able to make in improving the homes and lives of our customers and communities in the west of Scotland.

## 5. Discussion

- 5.1 More detail of the financial projections are provided in the appendix. Our draft strategy for 2021-2026, *Your Home, Your Community, Your Future*, forms the basis of these financial projections and address how the 5 key themes of the strategy will be achieved.
- 5.2 Included in the projections is provision for the continuation of investment in our services and assets:
- Over the five year period the business plan includes provision for investment of £16.3m in our existing housing stock.
  - Our new build programme is significant with gross spend of £56.4m projected for the period of the strategy and the completion of 423 social rent properties.
  - Management and overhead costs decrease over the 5 year period from £2,792 per unit in 2021/22 to £2,207 in 2025/26. These efficiencies create capacity within Loretto to fund the debt required to meet our new build ambitions and invest in services for our customers.

The financial highlights under each theme of our strategy are set out below.

### ***Delivering Exceptional Customer Experience***

- 5.3 Our strategy seeks to deliver exceptional customer experience while maintaining affordable rent levels for our tenants. These projections include funding to support:
- A contribution of £1.4m over the next five years towards the group's digital transformation strategy. This investment in technology will seek to deliver :-
    - Improved customer applications and services across mobile devices and core services (such as Home Comforts, Universal Credit and money advice, tenancy support services and digital access to housing staff for information and advice)

- Improve our digital and online repairs services with automated communications and improved access to services, trades and real time feedback channels
  - Housing service improvements across virtual patches, improved online services and customer engagement
- A continuation of our 1:200 housing officer patch sizes and environmental teams

### ***Making the most of our homes and assets***

- 5.4 The projections include £56.4m of gross funding for the new build programme over the five years, delivering 423 new social housing units during this period. Grant income of £25.0m is also assumed in the projections which will contribute towards the funding costs of the properties noted above. The programme represents significant growth in the size of Loretto; taking stock numbers (excluding managed units, shared ownership, MMR) from 2,435 at 1 April 2021 to 2,858 by the end of year 5, an increase of 17%.
- 5.5 In our existing homes, total investment of £16.3m has been included. This work will largely be completed by our joint venture partner, City Building (Glasgow) LLP.
- 5.6 The financial projections include £0.6m of funding in years 1-5 for customer identified investment priorities. Engaging with customer will ensure investment work streams will be better directed towards what customers want.
- 5.7 During the first five years of the plan £9.6m has been earmarked for repairs in line with existing provisions, assisting the upkeep and maintenance of our stock.

### ***Changing lives and communities***

- 5.8 The financial projections demonstrate our commitment to changing the lives of our tenants and the wider communities in which we operate. This will be achieved through:
- Funding of £0.6m to the Wheatley Foundation (“The Foundation”) over the first 5 years of the financial projections. The Foundation use this to deliver services to our customers including welfare benefits advice, employability advice and training schemes for unemployed tenants, modern apprenticeships, our furniture up-cycling Homes Comforts scheme as well as our Eat Well service which delivers food parcels for 6 weeks to tenants most in need.
  - The Group-wide Tenancy Support Service (“TSS”) is managed by our colleagues at Wheatley Care. Our financial projections include funding of £0.5m over the five years and in return we receive flexible, tailored support for our vulnerable tenants.
  - The Helping Hand Fund has been extended for the first three years of the plan; this funding continues to be relevant with the introduction of universal credit impacting our tenants. The £38k annual provision can provide a “helping hand” towards utility bills, the purchase of food or can be used to help clear rent arrears. This is particularly relevant with the roll out of universal credit.

## ***Developing our shared capacity***

- 5.9 During recent years we have reshaped our operating model as we moved to deliver services using a blended approach of face to face and virtual engagement with our customers. Over the next five years, we will continue to invest in our staff to ensure they have the exceptional skills, attitude, engagement and influence to excel in this new, increasingly virtual working environment. Through our contribution to Wheatley Solutions, our financial plan helps fund a continued focus on staff development in a technology enabled workplace and in our leadership and graduate programmes. Provisions for investment in offices and IT will deliver a new collaborative hub estate and improved homeworking services to staff.
- 5.10 Our new strategy also refers to measures to support our tenants through the following:
- Funding for modern apprenticeships through the Wheatley Foundation. These apprenticeships are offered to young people in the communities in which we operate.
  - The Foundation also offer bursaries to tenants and customers of the Wheatley Group. This provides financial support to our customers who want to go into further education but would struggle to afford it on their own.

## ***Enabling our ambitions***

- 5.11 In order to achieve our ambitious strategy, we must demonstrate a strong and stable financial performance. This will ensure we continue to achieve a strong credit rating and attract funding at low rates of interest. The financial statements presented below demonstrate our improving financial performance and position over the next five years.
- 5.12 The detailed financial projections and assumptions are provided in the appendices to this report. A summary Statement of Comprehensive Income is shown in Figure 1.

***Figure 1: Statement of comprehensive income***

<b>Statement of Comprehensive Income</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
Net Rental Income	12,851	13,341	14,535	15,567	16,388
Other Income (including MMR lease income)	278	283	289	295	301
Grant Income	214	14,360	14,207	7,881	1,517
<b>Total Income</b>	<b>13,343</b>	<b>27,984</b>	<b>29,031</b>	<b>23,743</b>	<b>18,206</b>
Operating Expenditure	14,052	13,483	14,318	14,693	15,292
Investment Property Valuation Movement	26	27	28	28	29
<b>Operating (Deficit)/Surplus</b>	<b>(683)</b>	<b>14,528</b>	<b>14,741</b>	<b>9,078</b>	<b>2,943</b>
<b>Operating Margin (%)</b>	<b>-5%</b>	<b>52%</b>	<b>51%</b>	<b>38%</b>	<b>16%</b>
Finance Costs	(2,966)	(3,240)	(3,902)	(4,351)	(4,603)
Housing Property Valuation Movement	5,347	(10,214)	(10,583)	(2,844)	5,435
<b>Total Comprehensive Income</b>	<b>1,698</b>	<b>1,074</b>	<b>256</b>	<b>1,883</b>	<b>3,775</b>

- 5.13 Over the five year period presented, our Total Comprehensive Income fluctuates due to property valuation movements and grant recognition on completed units.
- 5.14 Our annual rent and service charge consultation exercise has now been concluded and is reported to the Board separately. The financial projections incorporate the proposed 1.7% increase in rent and service charge levels or, where applicable, a 1.0% rent increase capped for 3 years to tenants transferring from Cube. The projections also assume a reduction to our operating cost base, with efficiency savings of 21% in the cost per unit over the five year period.
- 5.15 In order to achieve our ambitious strategy, we must demonstrate a strong and stable financial performance. Our Statement of Financial Position, set out below, shows a strong net asset position which improves over the first 5 years of the projections. The delivery of new social housing properties will help to strengthen our net asset base. Figure 2 shows the projected change in the Statement of Financial Position over the five year period to 2025/26.

**Figure 2: Statement of Financial Position**

Statement of Financial Position	2021/22	2022/23	2023/24	2024/25	2025/26
Housing & Investment Properties	142,073	146,273	150,659	151,510	153,379
Other Fixed Assets	1,218	1,193	1,099	1,073	923
<b>Total Fixed Assets</b>	<b>143,291</b>	<b>147,466</b>	<b>151,758</b>	<b>152,583</b>	<b>154,302</b>
Current Assets	1,947	1,952	1,954	1,958	1,968
Current Liabilities	(16,849)	(12,480)	(11,711)	(5,341)	(4,064)
<b>Net Current Liabilities</b>	<b>(14,902)</b>	<b>(10,528)</b>	<b>(9,757)</b>	<b>(3,383)</b>	<b>(2,096)</b>
Long-Term Liabilities	(74,769)	(82,244)	(87,051)	(92,367)	(91,598)
<b>Net Assets</b>	<b>53,620</b>	<b>54,694</b>	<b>54,950</b>	<b>56,833</b>	<b>60,608</b>
Retained Earnings	53,620	54,694	54,950	56,833	60,608
<b>Total Reserves</b>	<b>53,620</b>	<b>54,694</b>	<b>54,950</b>	<b>56,833</b>	<b>60,608</b>

- 5.16 The value of housing assets increases by £11.3m over the five years. The new build programme is funded by debt (and grant subsidy) which increases £16.8m over the same period. This additional debt and asset value results in a growth in net assets of £7.0m over the period.
- 5.17 Figure 3 shows the cash position over five years – the net movement in cash reflects our borrowing requirements from WFL1 in line with new build expenditure. Our borrowing levels are, however, sustainable and fully funded within our financial projections.



**Figure 3: Cash flows generated (incl Cube stock)**

Cash Flow	2021/22	2022/23	2023/24	2024/25	2025/26
Net Rental Income	12,829	13,451	14,647	15,675	16,489
Operating Expenditure	(6,718)	(5,681)	(5,947)	(6,192)	(6,666)
<b>Net Cash from Operating Activities</b>	<b>6,111</b>	<b>7,770</b>	<b>8,700</b>	<b>9,483</b>	<b>9,823</b>
Core & Other Capital Expenditure	(3,657)	(4,018)	(3,969)	(3,980)	(3,607)
New Build Expenditure	(13,425)	(17,374)	(18,605)	(7,583)	(827)
Grant Income	7,717	6,997	9,002	1,246	-
<b>Net Cash used in Investing Activities</b>	<b>(9,365)</b>	<b>(14,396)</b>	<b>(13,573)</b>	<b>(10,318)</b>	<b>(4,434)</b>
Finance Costs	(3,099)	(3,621)	(4,144)	(4,518)	(4,626)
<b>Net Movement in Cash</b>	<b>(6,353)</b>	<b>(10,247)</b>	<b>(9,017)</b>	<b>(5,353)</b>	<b>763</b>

5.18 As there is a time lag between expenditure and the generation of additional rental income, our finance costs increase before we realise the benefit of additional rents from new build properties. Upon completion of the new build programme debt repayments will commence, reducing the associated finance costs, thereby improving the cash position.

5.19 Cash flows need to be sufficient to service intra-group debt each year, i.e. meet the finance costs, and to repay funding within 30 years. Revenue Surplus less Capital Investment (earnings before interest, tax, depreciation and amortisation with major repairs investment spend taken into account) over net interest payable is the ratio used by the group to assess this and ideally should be >1. The chart in figure 4 shows that the ratio is > 1 in every year. The interest costs increase as our debt level increases to fund the new build programme and capital investment. As the additional income is generated from new build properties and rent increases the ratio increases over the five year period.

**Figure 4: Cash flow strength**

£'000	2021/22	2022/23	2023/24	2024/25	2025/26
Revenue surplus less Capital Investment	3,547	4,434	5,350	6,145	6,794
Interest Expense	2,966	3,240	3,902	4,351	4,603
<b>Interest Cover</b>	<b>1.20</b>	<b>1.37</b>	<b>1.37</b>	<b>1.41</b>	<b>1.48</b>

5.20 We must ensure that we and the other subsidiaries within the Group meet certain financial parameters. These include ensuring that a sufficient operating margin is generated and that there is sufficient cash flow strength and asset cover to support the level of debt. As demonstrated in the table above and within the appendix, we are able to meet these parameters, albeit in the development years the position is weaker. This ensures WFL1, as Group treasury vehicle, is able to meet its external funding conditions.

5.21 Our strategy includes an ambition to increase the level of new build properties we deliver over the next five years. This will require consent from the Group's banks to increase the Group-wide debt limit; but if this is obtained, it would allow us to take on the greater borrowing needed to fund the new homes. The improving surplus position will be important in that context as part of helping us support potentially higher interest costs in the short term while the properties are being built.

## **6. Key Issues and Conclusions**

- 6.1 These financial projections, once approved, will be submitted to the Wheatley Group Board for approval on 24 February. The figures in the first year of the projections, 2021/22, will then form the basis of the annual budget which will be presented to the Board for approval in March. Performance against the budget will then be monitored via the management accounts provided to the Board throughout the year.
- 6.2 In agreeing the strategy in November, it was noted that the development and investment targets be updated in conjunction with the business plan. These targets will therefore be amended to reflect the updated development and investment programme in these five year financial projections.

## **7. Value for Money implications**

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

## **8. Impact on Financial Projections**

- 8.1 Revised financial projections are summarised in section 5 above and in Appendix 1.

## **9. Legal, regulatory and charitable implications**

- 9.1 There are no specific legal implications arising from the revised financial projections. Implementation of specific actions identified in these projections may have legal implications and specific legal input will be sought as part of any business case approval process for these actions.

## **10. Equalities Impact**

- 10.1 Not applicable

## **11. Recommendations**

- 11.1 The Board is requested to:
- 1) Approve the updated projections for investment in assets and services over the five-year period to 2026; and
  - 2) Agree that the projected 2021/22 figures form the basis of next year's annual budget which will be presented to the Board for final approval in March; and

## **LIST OF APPENDICES**

Appendix 1 – Loretto Housing Association 2021/22 Detailed Financial Projections



## **Business Plan: Financial Projections – 2021/22**

## 1. Headlines

The emergence of the Covid-19 pandemic has a significant impact on the day to day operations of the business with the varying levels of restrictions imposed by UK and Scottish Government throughout 2020/21 requiring us to change and adapt the way we deliver services to our customers. The financial position of Loretto has remained strong to date. The financial projections for 2021/22 assume the return of our usual service model with the relaxation of the rules, while remaining well placed to be able to adapt to restrictions being in place for longer. Provision has been retained in the projections for a higher number of tenants moving onto Universal Credit as an expected tightening of the job market impacts customers' ability to keep their rent accounts up to date and a higher allowance has been set aside to cover PPE costs most notably for environmental and frontline staff in year 1.

While Loretto did not complete any social rent new build properties during 2020/21, however, several projects are in development and will result in completions in the coming years. They are projected to invest just under £1m in existing homes this year.

The 2021/22 updated financial projections include:

- Provision to build 184 new social rented homes over the next five years
- A further £9.0m of investment in existing housing stock
- Contribution of £0.8m to the Group's IT investment, helping to support the strategic aims in the 2021-26 strategy
- £0.4m in donations to the Wheatley Foundation

These figures are for Loretto stock only and Section 2 provides further information on these provisions.

Section 3 of the report outlines the impact of the Cube transfer of engagements. On completion of the transfer, more than 1,000 properties (excluding individual rooms in supported properties) will be added to Loretto's stock, with provision made for £7m to be invested in these properties over the five years. The transfer also brings a significant new build programme to Loretto, more than doubling new build completions over the five year period presented.

During the development period, Loretto's financial forecasts are driven by the profile of the development programme and the value of grant income and valuation adjustments on completion of new build properties. The forecast bottom line statutory surplus, net assets, cashflow and ratios reflect the higher level of borrowing to support our new build programme.

Loretto's peak net debt after the transfer is in 2024/25 (year 4) and finance costs on the debt borrowed from Wheatley Funding No 1 Limited ("WFL1") steadily increase over the five years. This is in advance of the significant benefit from increased rental and lease income and lowers the statutory surpluses reported.

It is important to note that rent increases in line with those assumed in our strategy, and continued control of costs are an important aspect of managing the financial position.

## 2. Key assumptions (Loretto only)

The key financial assumptions in the 2021/22 Business Plan are highlighted below. All figures include VAT, where applicable, but not inflation (unless stated otherwise).

### 2.1 Stock

#### a) Stock numbers

Opening stock numbers in the plan reflect the actual stock reported in the statutory accounts as at 31 March 2020. No new build developments are due to complete in 2020/21 so no change is forecast at 31 March 2021. The stock number includes 50 units which are managed by Loretto HA on behalf of other providers.

**Table 1 – Split of stock by type**

Unit Type	Units
General Needs and Supported	1,492
Shared Ownership	4
<b>Total (Social)</b>	<b>1,496</b>
Mid-Market Rent	17
<b>Total</b>	<b>1,513</b>

The 17 MMR units at Barclay Street are managed under a lease arrangement with Lowther Homes with the letting and management risk being taken by Lowther. On-going capital works costs will remain for responsibility of Loretto and these costs are contained within the business plan assumptions moving forward.

b) Stock Profile

Over the next 5 years of the plan it is anticipated that 184 new homes for social rent will be delivered as a result of our development programme. At 31 March 2021, no additional units will have completed yet, however, as outlined in section c, units will complete in the coming years. Table 2 outlines Loretto’s developments in the previous five years and the year of completion.

**Table 2 – Units completed**

Year	Developments	Units
2015/16	Glenburn Rd, Mosspark Boulevard	47
2016/17	Eriboll St	55
2017/18	Barclay St Phases 1 and 2	77
2018/19	Shawbridge, Wallacewell Quadrant,	86
2019/20	Muiryhall St, Buckley St	56
<b>At 31.3.20</b>		<b>321</b>

c) Stock profile – new build completions

The 2021/22 projections assume a further 184 social rent units can be delivered over the period of the new five year strategy.

The Loretto new build pipeline considers where new opportunities may emerge, driven by local authority housing strategy and the Strategic Housing Investment Programme that flows from it. The projections focus on Greater Glasgow and surrounding areas, with the exclusion of Glasgow City. One exception to this is the development in Cardonald, Hallrule Drive, which is already on site for Loretto. The majority of the new build allocation over the next five years is planned to be in Falkirk and Renfrewshire, increasing housing supply, and our presence in this area.

Table 3 below shows the planned profile of social housing stock (excluding shared ownership and managed units) over the period of the projections. Note that the projections contain no provision for further MMR units.

**Table 3 – Housing Stock Numbers (ex. SO & managed)**

	2021/22	2022/23	2023/24	2024/25	2025/26
<b>Opening Stock</b>	1,442	1,442	1,503	1,596	1,626
New Build	0	61	93	30	0
<b>Closing Stock</b>	1,442	1,503	1,596	1,626	1,626

2.2 Income

a) Rent and Service Charge Income

The plan assumes an average weekly rent based on the current average rent and, subject to Board approval, a 1.7% rent increase in April 2021. In addition to rental income Loretto also receives income from service charges. Based on current charges the income received is forecast to be £981k per annum (net of amounts transferred to Wheatley Care), with supported accommodation service charges being significantly higher than general needs. Table 4 shows the rent and service charge growth assumptions over the next five years.

**Table 4 – Rent and service charge increase assumptions**

<b>Rent Increase</b>	2021/22	2022/23	2023/24	2024/25	2025/26
Increase %	1.7	2.4	2.9	2.9	2.9



b) Other Income

In addition to rental and service charge income Loretto generates significant income from a number of other sources.

Income Type	Service Description
MMR Lease Income	Lease income from Lowther Homes for the development at Barclay Street is £75k per annum.
Wheatley Care Management Fee	£203k management fee income for the provision of corporate services to Wheatley Care. The fee is assumed to increase annually in line with inflation.

2.3 Cost Inflation Assumptions

Covid-19 continues to have a significant economic impact at a global and domestic level. Inflation levels were low prior to the emergence of the virus with lockdown restrictions and the knock on effect on businesses have causing CPI to fall to 0.6% in December 2020, a reduction from a rate of 1.3% in December 2019. Despite short term demand restrictions, market views on underlying economic prospects remain strong and, on relaxation of the restrictions, prices are expected to be driven up in the coming year. The longer term outlook projects cost inflation moving back to higher levels as more normal trading conditions return through 2021/22. We have held our expectation for cost inflation to move upwards and our forecasts reflect a rate of 1.5% in 2021/22 rising up to 3% by 2022/23, with a long term outlook of 2.5% from year 5 onwards, retaining an element of prudence in our forecasts.

The general cost inflation rates assumed within the financial projections are shown in the table below:

**Table 5 – Inflation assumptions**

General Inflation Assumptions	2021/22	2022/23	2023/24	2024/25	2025/26
General cost inflation	1.5%	3.0%	3.0%	3.0%	2.5%
Wage inflation	1.5%	1.5%	1.5%	2.0%	2.0%

2.4 Operating performance

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

**Table 6 – Void, bad debt and arrears assumptions**

Performance Assumptions	2021/22	2022/23	2023/24	2024/25	2025/26
Routine voids (%) – General Needs	1.3	1.3	1.3	1.3	1.3
Routine voids (%) – Supported	7.0	7.0	7.0	7.0	7.0
Bad debts (%) – General Needs	3.0	3.0	3.0	3.0	3.0
Bad debts (%) – Supported	2.0	2.0	2.0	2.0	2.0
Arrears (£'000)	367	375	400	405	406

The plan assumes voids remain at a constant % of rental income. Current year to date performance overall is 3.3%, versus the overall combined general needs and supported void % of 3.4% in the business plan, therefore our assumptions are prudent compared to historical rates.

Business plan assumptions on the movement in arrears as a result of Universal Credit have been updated to reflect our experience and expectations going forward including:

- Increase in the number of tenants moving to universal credit (a total of 642 tenants – all tenants of working age)
- 80% of tenants who move to universal credit will have an increase in arrears, with this increase equivalent to 5 weeks rent; and
- Of this increased arrears balance it is assumed only 40% will be recovered which will take up to two years.

2.5 Management costs

Loretto’s employee cost assumptions reflect the direct staff structure. Additionally, Loretto pays an appropriate share of the salaries of the Repairs & Investment, Regeneration, Environmental Service and Wheatley 360 staff teams. Improved working practices will ensure the growing asset base can be managed within the existing staff complement, as reflected in the stable staff cost in the table below.

Running costs, which include day to day expenditure and an appropriate share of the Environmental Service and Wheatley 360 running costs, but exclude Initiatives, are assumed to increase by 4.5% over five years. The additional allowance results from the 184 new social rent units delivered through the development programme.

The plan assumes recharges from Group, which includes employee and running costs for central services such as Human Resources, IT, Finance and the Transactional Hub, to reduce by 3.5% over the next five years. This reflects further efficiency savings resulting from continued investment in back office services, particularly the technology. Table 7 sets out the overall management costs are assumed in the plan.

**Table 7 – management cost assumptions (excluding inflation)**

Management Costs	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
Employee costs	849	849	849	849	849
Pension deficit contribution	463	0	0	0	0
Running costs	606	605	606	624	633
Recharges from Group	430	432	427	415	415
<b>Total</b>	<b>2,348</b>	<b>1,886</b>	<b>1,882</b>	<b>1,888</b>	<b>1,897</b>

Keeping costs within these limits is required in order to be able to re-invest in our business and grow our asset base.

2.6 Asset management and growth

a) Repair Costs

The financial projections assume efficiency savings in repairs and maintenance expenditure through improved working practices and closer collaboration with City Building. This is assumed to result in a 5.4% decrease to the average repairs and maintenance cost per unit over the period of the five year projections. Table 8 summarises the revenue repairs and maintenance assumptions.

**Table 8 – Planned and Routine Maintenance costs (excluding inflation)**

Repairs	2021/22	2022/23	2023/24	2024/25	2025/26
Routine Repairs £000	604	617	647	667	678
Planned Maintenance £000	611	609	608	606	613
<b>Total</b>	<b>1,215</b>	<b>1,226</b>	<b>1,255</b>	<b>1,273</b>	<b>1,291</b>
Average Cost per Unit £	£814	£805	£785	£766	£770

A significant proportion of the planned maintenance budget is to enable us to comply with legislative requirements as a landlord (e.g. gas servicing, emergency lighting, window safety catches, TMVs, HIU inspections).

b) Capital Investment

By the end of the financial year 2020/21 it is projected that £0.9m will have been invested in existing stock. Over the next five years this investment will continue with a further £9.0m of planned investment in existing stock.

This is possible due to increased operational efficiencies in management costs and repairs and maintenance expenditure, and access to borrowing via the Group.

Table 9 summarises the capital investment programme for the next five years. Within the core programme ,£594k has been allocated to local priorities with spending decisions made in consultation with and led by our customers. This equates to nearly 10% of the total core programme budget.

Capitalised void costs include the costs of carrying out the programme of void works as well as the costs of clearing the properties. This clear out service was brought in-house in 2020/21 and is carried out by a newly created void team within the Wheatley 360 wrap-around service structure. Bringing the service in-house gives us greater control over the void turnaround process.

**Table 9 – Capital investment programme (excluding inflation)**

Capital Investment	2021/22	2022/23	2023/24	2024/25	2025/26	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Core Programme (including capitalised repairs)	1,272	1,814	1,061	1,026	1,202	6,375
Void Repairs	198	197	197	197	197	986
Other	352	240	236	234	233	1,295
Medical Adaptations	73	73	73	73	73	365
<b>Total</b>	<b>1,895</b>	<b>2,324</b>	<b>1,567</b>	<b>1,530</b>	<b>1,705</b>	<b>9,021</b>

c) New Build Programme

The new build programme is set out in Section 1.1 with 184 new social housing units due to be delivered over the next five years. Table 10 outlines the investment in new build homes over the next five years.

**Table 10 – New build funding profile (including inflation)**

New Build Programme	2021/22	2022/23	2023/24	2024/25	2025/26	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Development Costs	8,566	8,225	5,920	2,015	0	24,726
Grant Income (cash received)	4,146	2,423	2,633	0	0	9,202
<b>Net Cost</b>	<b>4,420</b>	<b>5,802</b>	<b>3,287</b>	<b>2,015</b>	<b>0</b>	<b>15,526</b>
Completions	0	61	93	30	0	184

## 2.7 Initiatives and Other Provisions

### a) Initiatives

The projections also include provision for various initiatives which are available to tenants.

The largest of those is our contribution to the Wheatley Foundation of £78k a year over the next 5 years. The Wheatley Foundation is a charitable trust established with the aim of delivering community benefits.

Other initiatives include the tenancy support service (“TSS”), to help our tenants who are struggling to sustain their tenancy due to underlying mental health or other personal challenges. Our contribution to TSS is £40k a year. This service is delivered by Wheatley Care for the Group.

The Helping Hand Fund continues up to 2023/24, providing support to those customers experiencing severe hardship; the contribution to this is £22k annually. This has been extended from 2020/21.

These provisions are considered to be an investment in creating strong and sustainable communities and providing better opportunities for our tenants. It is anticipated that this will contribute to the sustainability of the income stream for Loretto over the long term.

Loretto’s contribution to these initiatives over the next five years is summarised in the below table.

### **Table 11 – Initiatives**

Other Group Recharges	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000
Share of Group Initiatives	149	147	145	121	119

**b) IT Capital Investment**

In total, across the Group the financial projections provide for a 5 year IT capital investment programme of £39.5m, an increase of £20.7m from the 2020/21 financial projections. This additional investment is in recognition of the key role technology has in supporting the delivery of the key strategic aims in the Group's 2021-26 strategy. Alongside the digital aspirations for Group services to customers and staff, the funding also provides for a safe, secure and reliable technology service. Loretto makes a capital contribution towards the overall Group IT capital costs. The table below details Loretto's contribution over the next 5 years.

**Table 12 – IT Capital Contribution (including inflation)**

IT Capital Programme	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
IT Capital Contribution	165	202	161	163	120

Key investment in technology is planned across a number of areas including:

- Improved homeworking services to staff, network and voice investment across core services, cloud-hosted voice platform for staff and call centre services, improved Group connectivity aligned to mobile/agile staff service delivery, increased use of mobile devices and core desktop delivery improvements and improved end-user security.
- Moving to cloud-hosted services and closures to our data centre hosting arrangements and information security improvements. Application service and platform upgrades improving overall security and incorporating the latest features and functions
- Housing service improvements across virtual patches, improved online services and customer engagement and automating tasks and activities.

- Community digital engagement platforms and applications, aligning customer and community outcomes and providing information and collaboration services, implementing a predictive data science programme and extending and enhancing our online services
- Improved customer applications and services across mobile devices and core services (such as Home Comforts, Universal Credit and money advice, tenancy support services and digital access to housing staff for information and advice)
- Improving our digital and online repairs services through automated communications and improved access to services and trades and real-time customer feedback channels

## 2.8 Operating Cost per Unit

As a result of the assumed efficiencies in management costs and repairs and maintenance, our operating costs per unit, excluding depreciation and finance costs, decrease over the five year period and are set out in Table 13 below.

**Table 13 – Projected operating cost per unit (excluding inflation)**

Operating Costs	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
Operating Costs	4,221	3,761	3,803	3,817	3,848
Average No. of Units in year	1,492	1,523	1,600	1,661	1,676
<b>Operating Cost per Unit (£)</b>	<b>£2,829</b>	<b>£2,470</b>	<b>£2,378</b>	<b>£2,298</b>	<b>£2,296</b>

This represents a 18.8% in the operating cost per unit over the five year period. The SHAPS deficit payments end in 2021/22 and this leads to the significant drop in the operating costs from 2021/22 to 2022/23. Additionally, efficiency savings will also arise due to continuing investment in service transformation, including online services for customers.

## 2.9 Interest Rate assumptions



The new build programme planned requires debt finance to be drawn down over time. In line with the wider Group funding strategy, borrowing is advanced from Wheatley Funding No 1 Limited (“WFL1”) at an assumed blended all in average funding rate of 5.05%. The blended funding rate reflects a combination of bank and bond funding, any fixed rate arrangements in place and any monitoring or commitment fees payable by WFL1 to external funders and is consistent across all Group subsidiaries.

**Table 14 – Interest rate assumptions**

<b>Interest</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
Interest Payable (Group Funding)	4.95%	5.00%	5.10%	5.10%	5.10%
Interest Receivable	0.25%	0.50%	0.75%	1.50%	2.00%

### 3. Impact of Cube transfer

The successful ballot means that Cube will transfer to GHA and Loretto during 2021/22.

#### 3.1 Units

All Cube completed and new build units out-with Glasgow will transfer to Loretto. At the date of transfer, the following completed units are forecast to transfer:

- 933 general needs units
- 15 shared ownership units
- 34 individual self-contained supported units and a further 26 supported dwellings each containing multiple rooms. Additionally, a supported dwelling managed by Cube but not owned, will transfer to Loretto.

Over the five year period to 2026, a further 239 social rent units are forecast to complete, including the Queens Quay development in Clydebank. Table 15 outlines the investment in new build homes over the next five years.

**Table 15 – New build funding profile (including inflation)**

New Build Programme	2021/22	2022/23	2023/24	2024/25	2025/26	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Development Costs	4,598	8,885	12,416	5,294	548	31,741
Grant Income (cash received)	3,572	4,574	6,368	1,246	0	15,760
<b>Net Cost</b>	<b>1,026</b>	<b>4,311</b>	<b>6,048</b>	<b>4,048</b>	<b>548</b>	<b>15,981</b>
Completions	0	78	76	69	16	239

3.2 Provision for Repairs and Maintenance and Capital Investment

Over the next five years there is provision of £3.3m for routine repairs and planned maintenance of the Cube units. Additionally, £7.3m is planned to be invested in these units.

**Table 16 – Repairs and Maintenance and Capital investment (excluding inflation)**

Repairs and Capital investment (£'000)	2021/22	2022/23	2023/24	2024/25	2025/26
<b>Routine Repairs and Planned Maintenance</b>	<b>583</b>	<b>598</b>	<b>649</b>	<b>714</b>	<b>775</b>
Core Programme	943	694	1,362	1,298	776
Adaptations	141	141	141	141	141
Void Repairs	230	230	231	232	232
Other	73	73	73	73	73
<b>Total Capital Investment</b>	<b>1,387</b>	<b>1,138</b>	<b>1,807</b>	<b>1,744</b>	<b>1,222</b>

4. Financial projections (including Cube transfer) – next 5 years

4.1 Statement of Comprehensive Income

Table 17 – Statement of Comprehensive Income

Statement of Comprehensive Income	2021/22	2022/23	2023/24	2024/25	2025/26
Net Rental Income	12,851	13,341	14,535	15,567	16,388
Other Income (including MMR lease income)	278	283	289	295	301
Grant Income	214	14,360	14,207	7,881	1,517
<b>Total Income</b>	<b>13,343</b>	<b>27,984</b>	<b>29,031</b>	<b>23,743</b>	<b>18,206</b>
Service Costs	296	305	314	323	331
Management Costs	4,465	3,491	3,586	3,655	3,971
Repair and Maintenance Costs	1,798	1,886	2,047	2,214	2,364
Bad Debt	380	388	404	417	431
Depreciation	7,113	7,413	7,967	8,084	8,195
<b>Operating Expenditure</b>	<b>14,052</b>	<b>13,483</b>	<b>14,318</b>	<b>14,693</b>	<b>15,292</b>
Investment Property Valuation Movement	26	27	28	28	29
<b>Operating (Deficit)/Surplus</b>	<b>(683)</b>	<b>14,528</b>	<b>14,741</b>	<b>9,078</b>	<b>2,943</b>
<b>Operating Margin (%)</b>	<b>-5%</b>	<b>52%</b>	<b>51%</b>	<b>38%</b>	<b>16%</b>
Finance Costs	(2,966)	(3,240)	(3,902)	(4,351)	(4,603)
Housing Property Valuation Movement	5,347	(10,214)	(10,583)	(2,844)	5,435
<b>Total Comprehensive Income</b>	<b>1,698</b>	<b>1,074</b>	<b>256</b>	<b>1,883</b>	<b>3,775</b>

Rental income

Investment in the new build program and assumed rental increases will generate 27.5% growth in rental income over the next 5 years.

Grant income

In line with SORP 2014, the projected Statement of Comprehensive Income shows recognition of grant income upon completion of the properties. The result of this is operating margin increasing or decreasing in line with the level of grant income. Depreciation will increase in line with an increased asset base.

Expenditure

The planned asset growth, improved working practices and closer collaboration with our service providers over the next 5 years will result in efficiency savings that achieve a 21% reduction in operating cost per unit.

Investment Property Valuation Movement

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

Finance Costs

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

Housing Property Valuation Movement

Social rent properties are held on the balance sheet at valuation. These properties are valued annually, with any increase or decrease in valuation recognised within the Income & Expenditure account, below the operating surplus line.

Statutory Surplus/ (Deficit)

The completion of new units has a significant impact on the reported statutory surplus/(deficit). Recognition of grant income in relation to completed units increases the reported operating surplus; however, this is offset by a downward valuation of housing properties in the year of completion. Under SORP 2014 new build grants are not taken into account when calculating valuation movements. In general, the gross development cost, i.e. excluding grant, of these newly completed properties will be higher than the EUV-SH valuation and results in

a downward valuation. We have adopted a highly conservative approach to valuation adjustments in the projections and the downward valuation adjustments presented are a prudent scenario.

**b) Statement of Financial Position**

**Table 18 – Statement of Financial Position**

<b>Statement of Financial Position</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
Housing & Investment Properties	142,073	146,273	150,659	151,510	153,379
Other Fixed Assets	1,218	1,193	1,099	1,073	923
<b>Total Fixed Assets</b>	<b>143,291</b>	<b>147,466</b>	<b>151,758</b>	<b>152,583</b>	<b>154,302</b>
Current Assets	1,947	1,952	1,954	1,958	1,968
Current Liabilities	(16,849)	(12,480)	(11,711)	(5,341)	(4,064)
<b>Net Current Liabilities</b>	<b>(14,902)</b>	<b>(10,528)</b>	<b>(9,757)</b>	<b>(3,383)</b>	<b>(2,096)</b>
Long-Term Liabilities	(74,769)	(82,244)	(87,051)	(92,367)	(91,598)
<b>Net Assets</b>	<b>53,620</b>	<b>54,694</b>	<b>54,950</b>	<b>56,833</b>	<b>60,608</b>
Retained Earnings	53,620	54,694	54,950	56,833	60,608
<b>Total Reserves</b>	<b>53,620</b>	<b>54,694</b>	<b>54,950</b>	<b>56,833</b>	<b>60,608</b>

Housing Assets

The plan assumes Housing Property assets to increase £11.3m over five years due to the construction of 423 additional properties and an assumed increase in the value of our existing stock as a result of investment.

Other Assets

This includes Lipton House. The decrease in asset value is due to annual depreciation costs. No significant additions are planned to other fixed assets.

Current Assets

Current assets include cash, rent arrears, net of bad debt provision; and other debtors, such as office rent and insurance prepayments. The table shows current assets remaining fairly static across the five years, due to matching debt drawdowns with cash requirements.

Current Liabilities

Current liabilities are high throughout the five year period due to the deferral of new build grant income received until the relevant scheme is complete. Deferred grant income is a liability.

Long-Term Liabilities

Long-term liabilities relate to the loan due from Loretto HA to Wheatley Funding Limited 1 (“WFL1”), pension liability and long term other deferred income. The net balance due to WFL1 increases from £59.5m at March 2021 to £89.6m at March 2026, funding new build development. Peak net debt of £90.4m occurs in year 4 (2024/25).

Retained Earnings

The increase to reserves reflect the performance over the five year period, as well as property valuation movements. These are projected to increase by £7.0m over the five year period.

c) **Statement of Cash Flow**

**Table 19- Statement of Cash Flow**

<b>Cash Flow</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
Net Rental Income	12,829	13,451	14,647	15,675	16,489
Operating Expenditure	(6,718)	(5,681)	(5,947)	(6,192)	(6,666)
<b>Net Cash from Operating Activities</b>	<b>6,111</b>	<b>7,770</b>	<b>8,700</b>	<b>9,483</b>	<b>9,823</b>
Core & Other Capital Expenditure	(3,657)	(4,018)	(3,969)	(3,980)	(3,607)
New Build Expenditure	(13,425)	(17,374)	(18,605)	(7,583)	(827)
Grant Income	7,717	6,997	9,002	1,246	-
<b>Net Cash used in Investing Activities</b>	<b>(9,365)</b>	<b>(14,396)</b>	<b>(13,573)</b>	<b>(10,318)</b>	<b>(4,434)</b>
Finance Costs	(3,099)	(3,621)	(4,144)	(4,518)	(4,626)
<b>Net Movement in Cash</b>	<b>(6,353)</b>	<b>(10,247)</b>	<b>(9,017)</b>	<b>(5,353)</b>	<b>763</b>

**Net Cash from Operating Activities**

The plan assumes cash from operating activities to increase by 61% in five years. Rent increases and the completion and handover of 423 new build properties, creates additional rental and lease income; the positive movement being further assisted by the operating cost per unit decreasing 21% over the same period.

**Net Cash used in Investing Activities**

This reflects the on-going core programme and other investment works, and the new build programme.

**Finance Costs**

This reflects the interest due on our loan with Wheatley Funding No 1 Limited. As expenditure is incurred to pay for our new build programme, Loretto will use existing cash resources, followed by drawing down money from Group. The projections assume the new build



programme is completed in 2025/26, while core programme expenditure continues. Peak net debt is reached in 2024/25, which is year 4 of the plan. Beyond peak net debt year, as no further debt is expected to be drawn, debt levels gradually decrease. Annual finance costs are therefore strongly linked to any increase or decrease in debt.

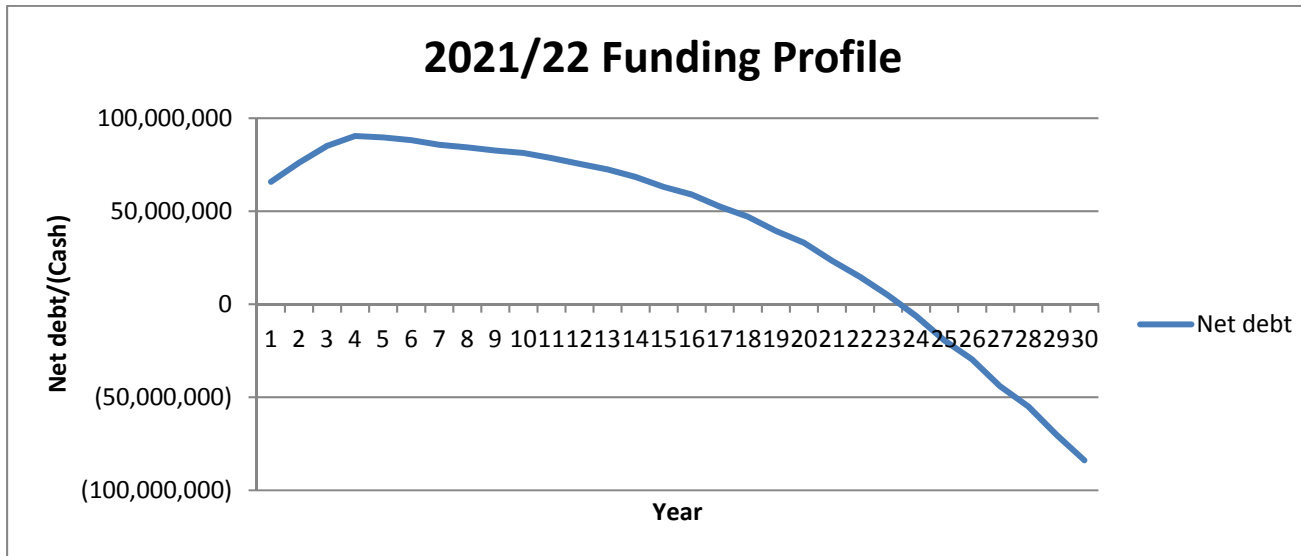
Net Movement in Cash

In the first five years of the plan we anticipate a £30.2m net cash outflow. This is due to significant investment in our existing properties, and the new build programme, in line with our strategic objectives.

**5. Funding and debt profile**

5.1 Loretto can borrow from WFL1 providing it can support the debt levels with its asset base and cash flows. Loretto, together with all the other RSLs in the RSL Borrowing Group, needs to ensure that all external funding conditions at WFL1 level are met at all times, including compliance with financial covenants. Whilst there are no specific financial covenants at each RSL level it is the delivery of the approved business plan financials by each RSL that is key to meeting funding conditions at WFL1.

The resulting debt profile for Loretto is as follows:



Debt indicator	Value
Peak debt	£90.4m
Peak debt year	4
Debt repayment year	24
Cash at Year 30	£83.9m

## 6. Key Parameters

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

### 6.2 Operating margin generation

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

£'000	2021/22	2022/23	2023/24	2024/25	2025/26
Income (excluding grant income and property valuation movement)	13,129	13,624	14,824	15,862	16,689
Adjusted Operating Surplus	(923)	141	506	1,169	1,397
<b>Adjusted Operating Margin (%)</b>	<b>(7.03%)</b>	<b>1.03%</b>	<b>3.41%</b>	<b>7.37%</b>	<b>8.37%</b>

The adjusted operating margin, which excludes grant income and valuation movements, is the measure used to test covenant compliance. It is lower than the operating margin reported in the Statement of Comprehensive income at 4.1, illustrating the significant impact that the recognition of grant income on completion of new build has on the results. The margin increases over the five years due to additional rental income generated from completed new build units, as well as efficiency savings.

### 6.3 Cash flow strength

Cash flows need to be sufficient to demonstrate that there is enough cash available to service intra-group debt each year and to repay funding within 30 years. **Revenue surplus** removes items that are non-cash and/or unrelated to underlying operations, such as grant income and property valuation movements, to assess the funds available to meet interest payments and pay for all costs related to current

stock. A ratio > 1 means that there is sufficient capacity to meet interest payments as they fall due. As the debt principal must also be repaid, long term, the interest cover ratio needs to be comfortably over 1 to demonstrate sufficient capacity to repay capital.

£'000	2021/22	2022/23	2023/24	2024/25	2025/26
Revenue surplus less Capital Investment	3,547	4,434	5,350	6,145	6,794
Interest Expense	2,966	3,240	3,902	4,351	4,603
<b>Interest Cover</b>	<b>1.20</b>	<b>1.37</b>	<b>1.37</b>	<b>1.41</b>	<b>1.48</b>

The transfer of Cube stock to Loretto has strengthened the financial position with the ratio being > 1 in every year. The interest costs increase as more debt is drawn to fund the new build programme and investment. As new build units are completed and handed over more rental income is generated which along with efficiency savings more than offsets the higher interest costs, resulting in the ratio increasing over the five year period.

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

The long term financial projections show that debt can be repaid in year 24 of the plan with £83.9m of cash generated in year 30.

#### 6.4 Asset cover

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

## 7. Risk analysis

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

Nr	Risk description	Revenue surplus less Capital Investment - Interest Cover					Cash flow			Mitigation
		Year 1	Year 2	Year 3	Year 4	Year 5	Peak net debt £k	Debt repaid	Cash (Year 30)	
<b>Base Case</b>		<b>1.20</b>	<b>1.37</b>	<b>1.37</b>	<b>1.41</b>	<b>1.48</b>	<b>£90.4m</b>	<b>24</b>	<b>£83.9m</b>	
1	Cost inflation decreases by 0.5% in years 3-5	1.20	1.37	1.38	1.44	1.50	£90.2m	23	£91.5m	As expected this has a positive impact on the Business Plan, more so in later years as the compound effect of lower than assumed inflation results in improved performance and cash flows. The year of debt repayment moves forward a year and cash at year 30 increases by £7.6m.
2	Rent increase reduced by 0.4% in years 2-5	1.20	1.36	1.36	1.39	1.43	£90.6m	25	£72.0m	Revenue Surplus less Capital Investment cover deteriorates slightly, though still exceeds 1 every year. The compound effect of these lower rent increases delays debt repayment period by a year and decreases cash at year 30 by £11.9m. In mitigation operational costs, investment and new build would be reviewed in order to reduce the overall cost and cash requirement to within a manageable level.

Nr	Risk description	Revenue surplus less Capital Investment - Interest Cover					Cash flow			Mitigation
		Year 1	Year 2	Year 3	Year 4	Year 5	Peak net debt £k	Debt repaid	Cash (Year 30)	
<b>Base Case</b>		<b>1.20</b>	<b>1.37</b>	<b>1.37</b>	<b>1.41</b>	<b>1.48</b>	<b>£90.4m</b>	<b>24</b>	<b>£83.9m</b>	
3	Bad debt increases by 1%	1.15	1.32	1.33	1.37	1.42	£91.3m	25	£69.9m	The increase to bad debt causes debt repayment to be delayed by one year, with peak debt increasing £0.9m, and year 30 cash decreasing £14m. The monthly reporting process would identify any trend towards a deterioration of the bad debt position, allowing for time to understand the reasons and work towards resolution.
4	Employee costs annual uplift increased by 1% from year 2 for duration of plan.	1.20	1.36	1.33	1.40	1.45	£90.6m	25	£57.8m	Interest cover is only marginally affected. Peak debt increases by £0.2m and closing cash is reduced by £26.1m. Operational cost efficiencies would be sought elsewhere in order to mitigate any impact from increased employee costs.
5	Repairs & maintenance costs increase by £250k a year (+ inflation) for duration of plan	1.11	1.29	1.30	1.34	1.40	£91.5m	25	£62.8m	Interest cover deteriorates, though still exceeds 1 every year. Peak debt increases by £1.1m and closing cash decreases by £21.1m, with debt repayment being delayed by a year. In mitigation cost efficiencies would be sought elsewhere in the event of increasing management costs.
6	Rent inc reduced by 0.4% in years 2-5, bad debt increases by 1%, repairs & maint costs increase by £250k a year (+inflation) for duration of plan	1.07	1.24	1.24	1.27	1.30	£92.7m	27	£35.9m	Interest cover deteriorates, though still exceeds 1 by year 2. Peak debt increases by £2.3m and closing cash decreases by £48m, with debt repayment being delayed by two years. In mitigation cost efficiencies would be sought elsewhere in the event of increasing management costs.

Nr	Risk description	Revenue surplus less Capital Investment - Interest Cover					Cash flow			Mitigation
		Year 1	Year 2	Year 3	Year 4	Year 5	Peak net debt £k	Debt repaid	Cash (Year 30)	
<b>Base Case</b>		<b>1.20</b>	<b>1.37</b>	<b>1.37</b>	<b>1.41</b>	<b>1.48</b>	<b>£90.4m</b>	<b>24</b>	<b>£83.9m</b>	
7	The introduction of a new housing standard requires additional capital investment of £1m over the course of years 1 and 2	0.86	1.06	1.34	1.38	1.44	£92.8m	25	£76.1m	The additional investment has a significant impact on interest cover in years 1 and 2 due to the effect of additional capex reducing cash surplus, and increased interest costs as a result of additional debt funding; however, this is still on trend being >1 by year 2. Peak debt increases £2.4m, though debt repayment is only a year later. Closing cash reduces by £7.8m. In mitigation any non-essential works would be delayed in order to accommodate investment priorities, and cost efficiencies would be sought within the operational cost base and new build programme.
8	New Build schemes on site in year 1 are all delayed by 3 months , delaying completions	1.21	1.37	1.35	1.42	1.47	£90.5m	24	£83.6m	This has the effect of delaying the net operating surplus generated by new build units; costs of finance increase due to debt being held for longer than anticipated and the organisation is also potentially exposed to inflated costs brought about by the delay. Overall peak debt increases by £0.1m and cash at year 30 decreases by £0.3m. Whilst Loretto can absorb these impacts, the development team would endeavour to reduce the impact of this through contract negotiation and planning forward for known issues.

Nr	Risk description	Revenue surplus less Capital Investment - Interest Cover					Cash flow			Mitigation
		Year 1	Year 2	Year 3	Year 4	Year 5	Peak net debt £k	Debt repaid	Cash (Year 30)	
<b>Base Case</b>		<b>1.20</b>	<b>1.37</b>	<b>1.37</b>	<b>1.41</b>	<b>1.48</b>	<b>£90.4m</b>	<b>24</b>	<b>£83.9m</b>	
9	A major house builder goes into administration next year affecting almost a third of Loretto's new build programme. This causes a 6 month delay to completions and increases costs by 20% with no additional grant funding.	1.21	1.34	1.27	1.34	1.39	£95.3m	25	£66.0m	Interest cover increases in year 1 due to the delay to the scheme, meaning less debt has been drawn. This subsequently decreases in years 2 to 5 due to the additional debt requirement to complete the scheme, increasing interest costs. The delayed handover of completed units also means rent is not being generated until later. Peak debt increases by £4.9m, and closing cash decreases by £17.9m. In mitigation we would expect that this would be picked up by our monthly monitoring of contract exposure, allowing time for resolution before the contractor fell into administration. We would seek to absorb any impact from this within the investment programme funding allocation, and by reducing non-essential work within the capital investment programme.



## Report

**To: -** Loretto Housing Association Board

**By: -** Laura Henderson, Managing Director

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

**Subject:** Scottish Child Payment

**Date of Meeting:** 15<sup>th</sup> February 2021

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### 1. Purpose

- 1.1 This report provides information on the Scottish Government's new Scottish Child Payment, launched from 15 February 2021 and an outline of Loretto's approach to supporting customers' take up of this new benefit.

### 2. Authorising Context

- 2.1 Under the terms of the Group Authorising Framework and Group Authorise/Manage/Monitor Matrix, the Board is responsible for monitoring operational performance and implementing the Board's strategy.
- 2.2 The Board's role is to scrutinise performance. This paper sets out one of the means by which we are seeking to both support customers to maximise their income and support performance, particularly with regard to rent arrears and income collection.

### 3. Risk appetite and assessment

- 3.1 The Group risk appetite related to rent arrears including Universal Credit is Cautious, defined as preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward.
- 3.2 In the current challenging economic climate, there is a risk that rental income could be impacted. A means by which we are seeking to mitigate this risk is by supporting customers to maximise their income, including ensuring they are aware of and claim all their entitlements.

### 4. Background

- 4.1 The Scottish Child Payment was announced by the Scottish Government on 26 June 2019. This was a key commitment of their Tackling Child Poverty Plan 2018 – 2022 which made a commitment to 'work towards introducing an income supplement within the lifetime of the plan' for low income families. The overall aim of the plan is to lift children living in Scotland out of poverty and reduce the relative child poverty rate by 3% by 2022, with the Scottish Child Payment being viewed as a key way to do this.

4.2 Following an 18-month process reviewing various options for this income supplement, the Scottish Child Payment was launched formally on 3 November 2020 by the Cabinet Secretary for Scottish Social Security and Older People. It was announced that applications would be opened from 9 November 2020 with the benefit starting from 15 February 2021.

## 5. Discussion

5.1 The new Scottish Child Payment will be delivered by Social Security Scotland and will be paid to eligible low income families with children under 6. The payment is £10 per week for each child within an eligible household (where Universal Credit, Tax Credits, Job Seekers' Allowance or Employment Support Allowance is being paid). It is in addition to any other benefits in payment to the household and does not affect eligibility for any other benefits. There is no cap on the number of children it can be applied for within a household as long as the other eligibility criteria are met.

5.2 Entitlement will begin from 15 February 2021 and for those who have applied before this date, payments will begin from the end of February 2021. Applications were opened so far in advance in November 2020 due to the Scottish Government expecting a high demand for this payment and can be made online, by telephone and post. The Scottish Government have written to all families they believe may be eligible to apply to encourage take up of the benefit. While initially it will stop once a child turns 6, Social Security Scotland plan to extend this to include all children under the age of 16 from 2022

5.3 Using our customer data intelligence and insight we know that across Group, in December 2020 there were around 4,800 households with a total of 5,465 children who could potentially be eligible for this additional payment, giving an additional income of £520 per child per year for these families. This is broken down across the individual RSLs as follows:

RSL	No. Children Potentially Eligible
GHA	3,286
DGHP	1,331
Dunedin Canmore	304
Cube	328
Loretto	112
WLHP	104
<b>Wheatley Group</b>	<b>5,465</b>

5.4 Refreshed figures for January 2021 show a slight reduction in the number of children eligible for the payment across Group. For Loretto, however, the figure has increased slightly and is now 106 households with 116 children potentially eligible for the payment. There are also 106 households within the transferring stock from Cube who may be eligible.

## **Encouraging Uptake Among Wheatley Customers**

- 5.5 Our new Whole Family Approach within our 2021-26 Strategy is focused on improving outcomes for our families and we are working proactively to maximise our families' incomes through promotion of the Scottish Child Payment. We are doing this by building on the success of previous proactive campaigns, not least of which when we contacted every customer personally at the beginning of the pandemic to offer support and our furlough campaign where we reached out to provide practical help and advice to all customers who we knew had been furloughed over the summer last year.
- 5.6 To support and encourage our customers to apply for this additional benefit, we used the annual rent campaign to get in touch with customers we knew might be eligible. We have proactively contacted them via their Housing Officer and our Welfare Benefits Advisors, as well as harnessing the power of digital communication to raise awareness across our websites and social media platforms, utilising Facebook and Twitter to push the take up campaign in conjunction with Social Security Scotland.
- 5.7 Now in January 2021, we have reviewed and refined our list of all customers who may potentially be eligible to apply for the Scottish Child Payment. We are following up on our initial phase of contact with a further proactive campaign to contact all customers who might be eligible to ensure they have applied and support those who need assistance to do so ahead of the launch date of 15 February 2021. We are using this target date in order to make sure customers get the payments from the day they are first entitled to receive it.
- 5.8 As part of this second phase, we will continue to highlight the new benefit on our social media channels as described in 5.6 and websites too. We will also utilise our new methods of communication that have been successful in previous campaigns including bulk text messaging and GIFs.
- 5.9 Our campaign is in addition to the Scottish Government and Social Security Scotland continuing to raise awareness of the benefit, including through their social media platforms, health visitor packs, information in baby boxes and guidance in schools and nurseries. Promotional materials are also available for organisations to access if required.
- 5.10 Customers who have already applied will receive an acknowledgment letter from Social Security Scotland four weeks after application. They will then receive a confirmation letter when a decision on their application has been made. This will provide details of any award, how much will be paid and when.

## **6 Key Issues and Conclusions**

- 6.1 The Scottish Child Payment is a step forward in helping to reduce child poverty as part of the Scottish Government's Tackling Child Poverty Plan. Our take up campaign supports this and will ensure our eligible customers are financially better off. This is in line with our strategic aim of taking a whole family approach and wanting to support customers to maximise their income wherever possible, particularly in the midst of the global pandemic.

- 6.2 We have approached the take up aspect in two separate phases, more generally in the first phase as part of our annual rent campaign and will provide more targeted contact as part of the second phase in the run up to the launch of the benefit across Scotland in February 2021. We will use our customer data intelligence and insight data to focus on supporting those customers most likely to be eligible and will provide advice and support to apply where a customer needs this. We will also harness the power of digital communication to raise awareness across our websites and social media platforms in order to reach as many people who may benefit from this new payment as possible.

## **7 Consultation**

- 7.1 Consultation has taken place with subsidiary leads and their representatives including discussion to refine the approach presented here.

## **8 Finance implications**

- 8.1 There are no financial implications for this campaign. A significant number of our customers will receive increased income as a result of applying for and receiving this benefit.

## **9 Legal Implications**

- 9.1 None

## **10 Equalities Impact**

- 10.1 We will continue to provide support to vulnerable customers who engage with us.

## **11 Recommendations**

- 11.1 The Board is asked to note our take up campaign for the new Scottish Child Payment, launching on 15 February 2021 and administered on behalf of the Scottish Government by Social Security Scotland.

## Report

**To:** Loretto Housing Association Board

**By:** Sarah Stocks, Finance Manager

**Approved by:** Pauline Turnock, Director of Financial Reporting

**Subject:** Finance Report for the period to 31 December 2020

**Date of Meeting:** 15 February 2021

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### 1. Purpose

The purpose of this report is to provide the Loretto Board with an overview of the management accounts for the period to 31 December 2020, including the latest forecast for 2020/21.

### 2. Authorising Context

2.1 Under the terms of the Intra-Group Agreement between Loretto Housing and the Wheatley Group, as well as the Group Authorise/Manage/Monitor Matrix, 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. Risk appetite and assessment

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

3.2 This report provides the Board with an update of performance to date to allow it to discharge its role in monitoring performance and agreeing any actions required.

### 4. Background

4.1 This report outlines performance against budget for the 9 months to 31 December 2020.

4.2 For the period to 31 December 2020 Loretto is reporting a statutory deficit of £1,062k, which is £695k favourable to budget. The two main drivers of budget variances are £175k of additional grant income for Buckley Street (following the completion review of the scheme by GCC), and savings made in all expenditure lines, as a result of changes to our operating model during the Covid-19 pandemic.

4.3 The appendices provide more detail on the financial results.

## 5. Discussion - Finance Report for Period to 31 December 2020

5.1 Loretto has reported a statutory deficit of £1,062k for the period to date, which is £695k favourable to budget. When interest payable, depreciation and grants are removed to show our underlying operating position ("EBITDA") the result is a reported surplus of £3,011k which is £561k favourable to budget.

- Rental Income includes a provision of £24k for service charge refunds to tenants in relation to the reduced service provided during the pandemic.
- Grant income of £215k includes £175k of additional grant for Buckley Street, completed in the prior year, following the finalisation of the project review by GCC. There were no new build completions budgeted in 2020/21.
- Direct staff costs are £23k lower than budget as a result of a staff secondment to Wheatley Care and claims under the HMRC furlough scheme. Employees recharged from Group Services for Cube's share of Wheatley Solutions staff is showing £13k favourable to budget, following a similar claim.
- Direct running cost are £119k lower than budget following savings across several office and staff related items as a result of COVID 19 restrictions.
- Repairs and maintenance spend is £289k favourable to budget as a result of the repairs service operating on reduced service throughout the year due to the pandemic. Note that all repairs required to maintain health and safety standards in our properties continue to be undertaken.
- Bad debt costs are currently £112k favourable to the budget, however an additional provision had been set aside when the budget was prepared based on an increasing number of tenants moving onto Universal Credit.

5.2 Loretto has reported a net capital position of £2,960k (net income), which is £4,519k lower than budget for the period to 31 December 2020. Key points to note:

- New build expenditure is currently reporting a total spend of £1,182k, which is £6,095k lower than budget. Most of the costs to date relate to Cobblebrae Farm and Hallrule Drive. The reduced spend mainly results from a delay in starting on site at Dargavel (£4.4m lower than budget) and Hallrule Drive (£1.4m lower than budget). The Dargavel site is due to start in February.
- Investment programme spend of £379k is lower than budget by £765k. As with repairs, the investment programme has been curtailed due to COVID 19 restrictions. Spend in the period to date is mainly for voids and capitalised repairs.
- Capital investment income reported of £4,586k for the period to date mainly relates to Dargavel (£3.6m upfront), Cobblebrae and Hallrule. Receipt of the donation for Dargavel upfront, before any costs are incurred, has resulted in net capital income being reported this period.

### Q3 2020/21 Full year forecast

5.3 The Q3 forecast output for 2020/21 reports an operating surplus of £508k, favourable to budget by £815k and a statutory deficit of £1,373k, favourable to budget by £912k. The main driver of the favourable variance is lower levels of expenditure across most of the expenditure lines as a result of the Covid-19 restrictions. The underlying performance in EBITDA is forecast at £4,021k which is £699k favourable to budget.

5.4 Key points to note in the forecast are:

- Net rental income of £7,927k is forecast, which is £31k lower than budget, resulting from the provision made for service charge refunds continuing through the fourth quarter. Rental income is forecast to be in line with budget in Q4. Void losses are forecast to be marginally above budget in Q4, reflecting the time taken for void re-let in supported properties (mainly Fordneuk Street) due to local authority nominations.
- At December Loretto's employee costs are currently favourable to budget due to the claims made under the Job Retention scheme. Only a small further saving has been forecast in Q4. This also applies to the Wheatley Solutions employee and running costs recharges. Given the Covid-19 restrictions are still in place a small further saving in running costs in Q4 has been allowed for.
- Repairs and Maintenance reports a significant variance to budget at P9 (£289k lower than budget). The reduced service provision will continue during the current lockdown restrictions, therefore a further saving of £99k has been forecast in the fourth quarter.
- No further saving in bad debt costs has been forecast in Q4; we have prudently assumed bad debt costs are in line with budget for the fourth quarter.
- A saving of £96k in interest payable has been forecast, due to an anticipated reduction in the WFL1 interest rate.
- Net capital expenditure is forecast to be £6,072k lower than budget, with net capital income of £2,221k being reported.
- In Q4 the investment works are expected to mainly be voids, capitalised repairs and environmental works (forecast £910k lower than budget) linked to the reduced service during the period from January to the year end.
- The Cobblebrae Farm and Hallrule Drive sites are forecast to continue progress in Q4. The Dargavel site is not expected to start until February. Receipt of the Dargavel donation (£3.6m) upfront leads to the forecast net capital income position. New build expenditure is forecast to be £7,357k lower than budget and grant income £2,291k lower.

## **6. Value for Money implications**

- 6.1 Delivery of our cost efficiency targets is a key element of continuing to demonstrate value for money. Loretto has reported a statutory surplus, excluding interest payable, depreciation and grants for the period to 31 December 2020 of £3,011k, noting that a surplus of £2,450k was budgeted.

## **7. Impact on financial projections**

- 7.1 The 2020/21 Business Plan was approved by the Board at the February 2020 meeting. The quarter 3 forecast, as well as the updated financial projections, highlight the expected variances from the original financial projections.

## **8 Legal, regulatory and charitable implications**

- 8.1 No implications.

## **9. Equalities impact**

- 9.1 Not applicable.

## **10. Recommendation**

- 10.1 The Board is requested to:

- 1) Note the Finance Report for the period to 31 December 2020

## **LIST OF APPENDICES**

Appendix 1: Finance Report – period to 31 December 2020



**Appendix 1 – Finance Report  
Period to 31 December 2020**

# Operating Statement – YTD December 2020



	Period To 31 December			Full Year Budget £k
	Actual £k	Budget £k	Variance £k	
<b>INCOME</b>				
Rental Income	6,147	6,168	(21)	8,224
Void Losses	(203)	(199)	(4)	(266)
<b>Net Rental Income</b>	<b>5,944</b>	<b>5,969</b>	<b>(25)</b>	<b>7,959</b>
<b>Other Income</b>	<b>214</b>	<b>212</b>	<b>2</b>	<b>283</b>
<b>Grant Income</b>	<b>215</b>	<b>54</b>	<b>161</b>	<b>72</b>
<b>Total Income</b>	<b>6,373</b>	<b>6,235</b>	<b>138</b>	<b>8,314</b>
<b>EXPENDITURE</b>				
Employee Costs - Direct	981	1,004	23	1,338
Employee Costs - Group Services	189	202	13	269
ER / VR	0	0	0	0
Direct Running Costs	1,037	1,157	119	1,531
Running Costs - Group Services	101	129	28	172
Revenue Repairs and Maintenance	784	1,073	289	1,388
Bad debts	55	167	112	221
Depreciation	2,768	2,768	0	3,701
<b>TOTAL EXPENDITURE</b>	<b>5,915</b>	<b>6,499</b>	<b>584</b>	<b>8,620</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>	<b>458</b>	<b>(264)</b>	<b>722</b>	<b>(306)</b>
Interest Receivable	1	0	1	0
Interest Payable	(1,521)	(1,493)	(28)	(1,978)
<b>STATUTORY SURPLUS / (DEFICIT)</b>	<b>(1,062)</b>	<b>(1,757)</b>	<b>695</b>	<b>(2,284)</b>
<b>EBITDA</b>	<b>3,226</b>	<b>2,504</b>	<b>722</b>	<b>3,394</b>
<b>EBITDA (excluding grants)</b>	<b>3,011</b>	<b>2,450</b>	<b>561</b>	<b>3,322</b>

	Period To 31 December			Full Year Budget £k
	Actual £k	Budget £k	Variance £k	
<b>INVESTMENT</b>				
<b>Total Capital Investment Income</b>	<b>4,586</b>	<b>6,996</b>	<b>(2,410)</b>	<b>8,889</b>
<b>Investment Works</b>	379	1,144	765	1,525
<b>New Build</b>	1,182	7,276	6,095	11,036
<b>Other Capital Expenditure</b>	65	135	69	179
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>1,626</b>	<b>8,555</b>	<b>6,929</b>	<b>12,741</b>
<b>NET CAPITAL EXPENDITURE</b>	<b>(2,960)</b>	<b>1,558</b>	<b>4,519</b>	<b>3,851</b>

## Income and Expenditure account – key points

- Net operating surplus of £458k is £722k favourable to budget. Statutory deficit for the period to date is £1,062k, £695k favourable to budget. The main drivers of the variance are lower costs resulting from the current COVID-19 restrictions.
- Net rental income is £25k unfavourable to budget, following provision of £24k for refund of some service charges to tenants during the pandemic.
- Void losses in the year to date are 3.30% against a budget of 3.25%, resulting from the delayed letting of properties earlier in the year. At the Fordneuk supported service, there are currently 12 voids that are awaiting a nomination from GCC.
- Grant income mainly relates to Buckley Street. No further grant income is budgeted for the year, with no other new build completions due in 2020/21.
- Employee costs report a favourable variance of £23k, consisting of savings due to a staff member being seconded to Wheatley Care and £5k of claims made for furloughed staff. Employees recharged from Group Services for Loretto's share of Wheatley Solutions staff is also showing favourable to budget, with a similar claim made under the furlough scheme.
- Direct running costs are £119k favourable to budget, primarily due to reduced spend on office and staff related expenditure as a result of COVID 19 restrictions. Group Services Running Costs of £101k represents Loretto share of Wheatley Solutions running costs.
- Revenue repairs and maintenance expenditure is £289k favourable to budget due to lower levels of spend in reactive repairs and cyclical maintenance, however compliance maintenance costs are broadly in line with budget at December.
- Bad debts are £112k favourable to budget. A prudent approach was taken when setting the budget due to the anticipated impact of Universal Credit.
- The net capital position of £2,960k (net income) is £4,519k lower than budget. The net income position results from receipt of the Dargavel donation (£3.6m) upfront, before any of the costs have been incurred. Investment works continue to report lower spend due to the COVID 19 restrictions and this has also impacted new build.
- Investment works expenditure of £379k relates to voids and capitalised repairs.
- New build expenditure of £1,182k mainly relates to spend at Cobblebrae Farm and Hallrule Drive. The Dargavel site start date has been revised to February 2021. Cobblebrae Farm and Hallrule were on site in November 2020.
- Other capital expenditure of £65k relates to Loretto contribution to Wheatley Group IT. Full year budget includes £108k budgeted for office refurb and conversion of housing properties previously used as offices by Wheatley Care. It is anticipated this will not be spent in 2020/21.

# Q3 2020/21 Forecast

	Full Year 2020/21		
	Forecast £k	Budget £k	Variance £k
<b>INCOME</b>			
Rental Income	8,205	8,224	(19)
Void Losses	(278)	(266)	(12)
<b>Net Rental Income</b>	<b>7,927</b>	<b>7,958</b>	<b>(31)</b>
<b>Other Income</b>	<b>285</b>	<b>283</b>	<b>2</b>
<b>Grant Income</b>	<b>215</b>	<b>72</b>	<b>143</b>
<b>Total Income</b>	<b>8,427</b>	<b>8,313</b>	<b>114</b>
<b>EXPENDITURE</b>			
Employee Costs - Direct	1,314	1,338	24
Employee Costs - Group Services	254	269	15
ER / VR	11	0	(11)
Direct Running Costs	1,382	1,531	149
Running Costs - Group Services	147	172	25
Revenue Repairs and Maintenance	1,000	1,388	388
Bad debts	109	221	112
Depreciation	3,701	3,701	0
<b>TOTAL EXPENDITURE</b>	<b>7,919</b>	<b>8,620</b>	<b>701</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>	<b>508</b>	<b>(307)</b>	<b>815</b>
Interest Receivable	1		1
Interest Payable	(1,882)	(1,978)	96
<b>STATUTORY SURPLUS / (DEFICIT)</b>	<b>(1,373)</b>	<b>(2,285)</b>	<b>912</b>
<b>EBITDA</b>	<b>4,209</b>	<b>3,394</b>	<b>815</b>
<b>EBITDA (excluding grants)</b>	<b>3,994</b>	<b>3,322</b>	<b>672</b>

	Full Year 2020/21		
	Actual £k	Budget £k	Variance £k
<b>INVESTMENT</b>			
<b>Total Capital Investment Income</b>	<b>6,598</b>	<b>8,889</b>	<b>(2,291)</b>
<b>Investment Works</b>	<b>615</b>	<b>1,525</b>	<b>910</b>
<b>New Build</b>	<b>3,679</b>	<b>11,036</b>	<b>7,357</b>
<b>Other Capital Expenditure</b>	<b>83</b>	<b>179</b>	<b>96</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>4,377</b>	<b>12,740</b>	<b>8,363</b>
<b>NET CAPITAL EXPENDITURE</b>	<b>(2,221)</b>	<b>3,851</b>	<b>6,072</b>

## Income and Expenditure account – key points

- The table shows the 2020/21 budget presented to the Board compared to the Q3 forecast for 2020/21, compiled following the completion of the December period to date results.
- Operating surplus of £508k is forecast which is favourable to budget by £815k, and statutory deficit of £1,373k favourable to budget by £912k. These results are largely driven by lower costs as a result of the current COVID 19 restrictions.

## Key points to note:

- Rental income is forecast to be broadly in line with budget in Q4. Void losses are forecast to be marginally above budget in Q4, reflecting the current time taken to fill voids in supported properties with local authority nominations.
- No further grant income has been forecast to be recognised as income in Q4; no developments are due to complete.
- At December Loretto's employee costs are currently favourable to budget due to the claims made under the Job Retention scheme. No further saving has been forecast in Q4. This also applies to the Wheatley Solutions employee and running costs recharges.
- Given the COVID 19 restrictions are still in place a small further saving in running costs in Q4 has been allowed for.
- Repairs and Maintenance reports a significant variance to budget at P9. The reduced service provision will continue during the current lockdown restrictions, therefore a further saving of £99k has been forecast.
- Bad debts have been lower than budget throughout the year; and are prudently forecast in line with budget for the fourth quarter.
- A saving of £96k in interest payable has been forecast, due to the anticipated reduction in funding required from the capital programme in the current year.
- Net capital expenditure is forecast to be £6,072k lower than budget, with net capital income of £2,221k being reported.
- In Q4 the investment works are expected to mainly be voids, capitalised repairs and environmental works.
- The Cobblebrae Farm and Hallrule Drive sites are forecast to continue progressing in Q4. The Dargavel site is not expected to start until February. Receipt of the Dargavel donation (£3.6m) upfront, with only two months of costs incurred in 2020/21 leads to the forecast net capital income position.

# Rental and Other Income – YTD December 2020



Income £'000	1 April 2020 - 31 December 2020			20/21 Annual Budget
	Actual	Budget	Variance	
Rental Income	6,147	6,168	(21)	8,224
Voids	(203)	(199)	(4)	(266)
<b>Net Rental Income</b>	<b>5,944</b>	<b>5,969</b>	<b>(25)</b>	<b>7,958</b>
WC Management Fee	152	157	(5)	209
Mid Market Rental Income	62	56	6	74
Miscellaneous Income	-	-	-	-
<b>Other Income</b>	<b>214</b>	<b>212</b>	<b>2</b>	<b>283</b>
Grant Income	215	54	161	72
<b>TOTAL INCOME</b>	<b>6,373</b>	<b>6,235</b>	<b>138</b>	<b>8,314</b>

## Comments

### Net rental income

- Rental income of £6,147k includes a provision of £24k for service charge refunds to tenants due to a reduced service during the pandemic.
- Void lost rent of £203k YTD is £4k unfavourable to budget and the YTD void rate is 3.30%, versus the budgeted rate of 3.25%. Loretto Housing let a further 14 mainstream properties in Period 9 in an average of 18 days. This is Loretto's lowest average void days to date and a return to more normal timescales following the impact of Covid 19. At Broad Street, the Fordneuk supported service, there are currently 12 voids that are awaiting a nomination from GCC. Wheatley Care have approached the Care Inspectorate to widen the registration criteria and reduce the amount of time properties are void.

### Other income

- Management fee income of £152k was received from Wheatley Care for their share of Lipton House admin and running costs.
- Mid market rental income relates to the lease of Barclay Phase 2 units to Lowther Homes.

### Grant Income

- Grant income of £37k for medical adaptations has been accrued in line with spend. The full year budget is £72k.
- Grant income of £175k has been recognised for Buckley Street. The completion review by GCC DRS led to additional grant funding being received.

# Direct Running Costs – YTD December 2020



Direct Running Costs £'000	1 April 2020 - 31 December 2020			20/21 Annual Budget
	Actual	Budget	Variance	
Equipment and Furniture	1	11	10	15
Initiatives	123	132	9	164
Insurance	28	28	0	37
Misc Running Costs	32	108	76	144
Property Costs	205	207	2	276
Staff Related Costs	6	9	3	13
Travel and Vehicles	4	24	20	32
Group recharges	638	638	0	850
<b>TOTAL RUNNING COSTS</b>	<b>1,037</b>	<b>1,157</b>	<b>119</b>	<b>1,531</b>

## Comments

- Direct running costs of £1,037k are £119k favourable to the budget of £1,157k.
- The favourable position is reported due to lower spend across a number of categories as result of COVID 19 restrictions and homeworking.
- The second table provides a breakdown of YTD Initiatives expenditure. Helping Hand is lower than budget for first 9 months of year, with similar saving on Think Yes.
- TSS costs of £26k included in Initiatives represents Loretto HA's share of Group TSS costs for the provision of the service to Loretto tenants.

Initiatives £'000	1 April 2020 - 31 December 2020			20/21 Annual Budget
	Actual	Budget	Variance	
Helping Hand	19	25	6	33
Tenancy Support Service	26	26	(0)	35
Think Yes	3	9	6	12
Wheatley Foundation	75	72	(3)	84
Wider Action	0	0	0	0
<b>Total</b>	<b>123</b>	<b>132</b>	<b>9</b>	<b>164</b>

# Repairs and Maintenance – YTD Dec 2020



Repairs & Maintenance Expenditure £'000	1 April 2020 - 31 Dec 2020			20/21 Budget
	Actual	Budget	Variance	
Reactive repairs	267	525	258	700
Cyclical maintenance (compliance)	382	379	(3)	463
Cyclical property maintenance	1	14	14	19
Other	15	14	(1)	19
Communal Electricity	119	140	21	187
<b>TOTAL R&amp;M Expenditure</b>	<b>784</b>	<b>1,073</b>	<b>289</b>	<b>1,388</b>

## Comments

- Revenue repairs and maintenance spend of £784k is £289k favourable to the budget of £1,073k, with the repairs service operating on a reduced service basis throughout the year.
- Reactive Repairs and Cyclical Property Maintenance spend is below budget due to the reduced service during the pandemic. Note that all repairs required to maintain health and safety standards in our properties continue to be undertaken.
- Cyclical Maintenance - Compliance spend relates 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.
- 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.

# Investment Works – YTD December 2020

Investment Works £'000	1 April 2020- 31 December 2020		
	Actual	Budget	Variance
<b>Investment Works Grant Income</b>			
Adaptations	37	54	17
<b>Total</b>	<b>37</b>	<b>54</b>	<b>17</b>
<b>Investment Works Expenditure</b>			
Core programme	185	934	749
Void repairs	157	155	(1)
Adaptations	37	54	17
<b>Total</b>	<b>379</b>	<b>1,144</b>	<b>765</b>

20/21 Annual Budget
72
<b>72</b>
1,246
207
72
<b>1,525</b>

## Comments

- Overall investment works expenditure of £379k for the month of December is £765k favourable to the budget of £1,144k.
- Core programme works are following a revised programme due to COVID 19 restrictions, with the majority of spend being on capitalised repairs, including emergency boiler replacements.
- Adaptations spend of £37k will be grant funded.

Breakdown of core programme £'000	1 April 2020- 31 December 2020		
	Actual	Budget	Variance
Capitalised repairs	142	157	15
Capitalised staff costs	26	27	1
Compliance costs (capital)	3	216	213
Duke Street	0	0	0
Fire Safety	2	27	25
Internal Common Work	0	11	11
Kitchen, Bathrooms and Rewire	12	189	177
Windows	0	90	90
Doors	0	24	24
Environmental	0	67	67
Central Heating	0	127	127
Various	0	0	0
<b>Total</b>	<b>185</b>	<b>934</b>	<b>749</b>

20/21 Annual Budget
209
36
288
0
36
15
252
120
32
90
168
0
<b>1,246</b>

# New Build Programme – YTD December 2020

Name	Year To Date			FY Budget
	Actual £s	Budget £s	Variance £s	
Barclay Street Phase 2	7	0	(7)	0
Buckley Street	0	54	54	54
Cobblebrae Farm	431	560	129	1,188
Dargavel	0	4,417	4,417	5,955
Eriboll Street	58	0	(58)	0
Forfar Avenue	13	0	(13)	0
Hallrule Drive	327	1,901	1,574	2,668
McDowall Street	0	64	64	791
Muiryhall Street	0	54	54	54
Prior year schemes	3	0	(3)	0
Wallacewell	2	0	(2)	0
Land Acquisition	215	75	(140)	100
Feasibility	11	0	(11)	0
<b>Total</b>	<b>1,067</b>	<b>7,125</b>	<b>6,058</b>	<b>10,810</b>
<b>Capitalised Interest</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24</b>
<b>Capitalised Staff Costs</b>	<b>116</b>	<b>152</b>	<b>36</b>	<b>202</b>
<b>Gross New Build Costs</b>	<b>1,183</b>	<b>7,277</b>	<b>6,094</b>	<b>11,036</b>
<b>Grant Income</b>	<b>4,549</b>	<b>6,942</b>	<b>(2,393)</b>	<b>8,817</b>
<b>Net new build costs</b>	<b>(3,366)</b>	<b>335</b>	<b>3,701</b>	<b>2,219</b>

## Capital Investment Income

- Grant income reported within the capital budget represents the cash received in the YTD and outstanding claims accrued. The budget of £6,942k relates to grant income for Cobblebrae Farm, Dargavel and Hallrule Drive with lower grant receipts, due to the delays in operations as a result of COVID 19 restrictions.

## New Build Expenditure

- Cobblebrae Farm:** 21 social rent units. Project approved by Group Development Committee in August 2020. Start on site occurred 16 November 2020.
- Dargavel:** 58 Social Rent units. Site acquired in December 2019. Contracts being finalised to allow a delayed site start in February 2021, delay due to late approval of Building Warrant and appointment of replacement groundwork sub-contractor. The grant for this site has been received upfront.
- Hallrule Drive:** Project approved by Group Development Committee in May 2020 subject to a reduction in works costs. Start on site occurred 16 November 2020.
- MacDowall Street:** 35 social rent units. Discussions with Developer ongoing with a view to site start in spring / summer 2021.
- Land Acquisition:** Cobblebrae Farm



# Balance Sheet

	31 December 2020 £k	31 March 2020 £k
<b>Tangible Fixed Assets</b>		
Housing Properties	58,986	60,193
Investment Properties	1,300	1,299
Other Assets	1,245	1,179
	61,531	62,671
<b>Current Assets</b>		
Rent and service charge arrears	122	207
Intercompany balances	21	203
Other debtors	330	1,808
	473	2,218
Cash at Bank and in Hand	7,036	614
	7,509	2,832
<b>Short Term Creditors</b>		
Amounts due within one year	(2,928)	(2,703)
Deferred Grants	(4,550)	(178)
	(7,478)	(2,881)
<b>Net Current Assets</b>	31	(49)
<b>Long Term Creditors</b>		
Amounts due after one year	(37,253)	(37,253)
Deferred Income	(1,465)	(1,465)
Pension Liability	(578)	(578)
	(39,296)	(39,296)
<b>Net Assets</b>	22,266	23,326
<b>Capital and Reserves</b>		
Share Capital	-	-
Revenue Reserve - b/fwd	23,906	20,659
Current year surplus/(deficit)	(1,062)	3,245
Pension Reserves	(578)	(578)
	22,266	23,326
<b>Association's Funds</b>	22,266	23,326

## Comments

The balance sheet reported reflects the 31 March 2020 year end audited statutory accounts position. Year end adjustments applied does include the revaluation of housing 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** – Debtors are reduced from March 2020 position, with Other Debtors £1.5m lower, mainly due to the settlement of new build grant income for Hallrule and Dargavel. The level of tenant arrears (net of bad debt provision) has reduced from the year end position of £207k to £122k.
- **Cash at Bank** - The change from the year end principally reflects the timing of the settlement of Grants and the £3.6M donation for the Dargavel project.
- **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. The increase from the 31 March 2020 position mainly represents the £3.6m increase in relation to the Dargavel grant received from Allia.
- **Long-Term Creditors** - This includes £37.3m of loans due to Wheatley Funding Ltd 1.

## Report

**To:-** Loretto Housing Association Board

**By:-** Laura Henderson, Managing Director

**Approved by:-** Olga Clayton, Group Director of Housing & Care

**Subject:-** Group Delivery Plan 2020/21: Quarter 3

**Date of Meeting:-** 15<sup>th</sup> February 2021

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### 1 Purpose

1.1 This report outlines progress on the Delivery Plan Measures and Projects for Quarter 3. Appendix 1 contains the Performance Measures Dashboard and Appendix 2 provides progress on Strategic Projects.

### 2 Authorising context

2.1 Under the terms of the Group Authorising Framework, the Board is responsible for setting the overall Performance Framework and approving the delivery plan for each year. Under the Group Authorise/Manage/Monitor Matrix, the Board has an ongoing role monitoring performance against the key indicators agreed under the performance framework.

2.2 This year's Delivery Plan has been heavily impacted by the pandemic and on this basis the Board agreed a different approach to target setting, including the use of phasing

### 3 Risk Appetite and assessment

3.1 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 and may only have limited potential reward".

### 4 Background

4.1 As noted when the board met in November, 2020/21 is an exceptional year due to the Covid-19 pandemic and as such, the Board agreed an interim set of performance measures and targets. This set includes a number of themes of our 2021-26 strategy, while recognising that normal performance has not been possible due to government restrictions.

4.2 This report outlines our performance against the revised Delivery Plan, as at the end of Quarter 3, with actions and updates where appropriate. Our key indicators that will be reported to the Scottish Housing Regulator as part of the Annual Return on the Charter are included within this report.

## 5 Discussion: Quarter 3 performance

5.1 Our performance throughout the year has seen significant improvements made, and in some cases, the best performance since we joined Group. It remains strong for Q3.

5.2 The following table presents our results for key measures. All measures below and in Appendix 1 are meeting target with the exception of the number of gas safety checks met and average time to complete emergency repairs, despite the exceedingly challenging delivery circumstances during the Covid-19 pandemic.

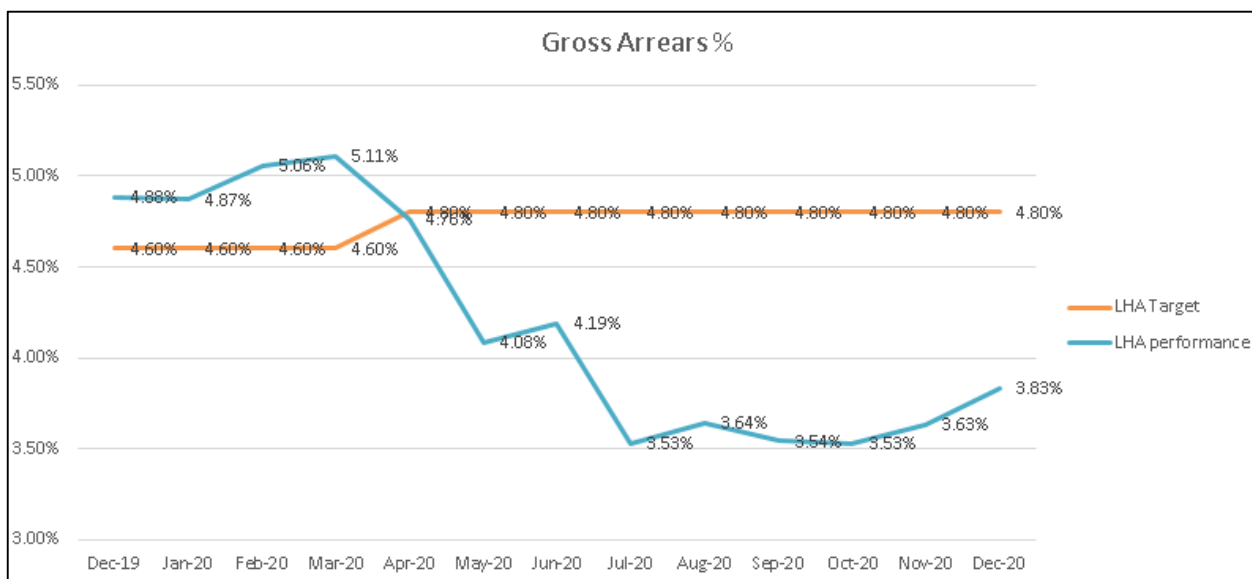
Indicator	Target	Current Performance	
Gross Rent Arrears	4.80%	3.83%	
Tenancy Sustainment	90%	90.34%	
Average Days to Let (ARC) - Excluding lockdown days	26	19.1	
Average Emergency Repairs Times	3	3.3	

## 6 Gross Rent Arrears

6.1 The level of support we have provided our customers has meant that our Gross Rent Arrears, despite the challenging circumstances throughout the reporting year, are well below target of 4.8% in Q3 at 3.83%. This is an overall reduction of our Gross Arrears by £43,550 (1.05%) from our 19/20 arrears quarter 3 position of 4.88% and a reduction of 62 customers in arrears in the same period as we continue to manage customers out of debt.

6.2 We have seen a further increase of Universal Credit claims and now have a caseload of 278 customers on Universal Credit (an increase of 25% since April 2020). Many of these customers have received individual support from our Housing officers and welfare benefit advisors especially over the Christmas period. With this additional support and despite UC Customers continuing to have a 5 week wait to receive their benefit, which impacts their ability to pay their rent, we have seen our Universal Credit arrears reduce further from £30,800 in Quarter 2 to the lowest amount since September 2019 at £28,670 in Quarter 3.

6.3 The chart below illustrates our Gross Rent Arrears position over the past 12 months. The chart demonstrates our strong performance this year with a significant reduction of over £64K (1.28 %) since financial year end.



6.4 The key challenges in the current economic environment and the anticipated rates of unemployment as a result of the pandemic and most recent restrictions, will be to ensure early intervention and strong engagement with customers needing assistance with welfare benefits and links to employment pathways. Our reliance on the wraparound services including welfare advice and tenancy support services provided by Wheatley Care that are available to our customers are ever more significant. Housing Officers continue to ensure our customers are aware of the supports available and this messaging features heavily in every interaction housing officers have with customers have about rent.

## 7 Average Days to Let

7.1 Our key focus since Phase 2 of the letting remobilisation in August 2020 has been to reduce the backlog of voids that resulted from the lockdown in the earlier part of 2020. We have now successfully allocated all properties which were delayed. We continue to measure our average days to let against 2 targets,

- Average days to let – Including lockdown days and;
- Average days to let – excluding lockdown days.

7.2 Our ARC indicator of average days to let (including lockdown days) shows the real impact the Coronavirus pandemic and lockdown had on our letting. With letting of properties suspended from 20th March through to 17th August 2020, other than the provision of additional temporary accommodation units to Local Authorities and honouring pre allocations to resolve homelessness. This increase in average days to let performance is in line with expectations and it is anticipated that it will reflect the national picture when these statistics become available. However, our strong performance has meant that we have been able to recover some of these lost days to let and have reduced from 64.7 days in quarter 2 to 43.5 days in Q3.

7.3 Since we commenced Phase 2 of our letting remobilisation on the 17<sup>th</sup> August 2020, we have let 80 homes at the end of Quarter 3 to customers with the highest need and achieved an average days-to-let of 19 against a 26-day target.

7.4 As we continue in our commitment to supporting homelessness, our overall lets to homeless households at the end of Q3 is 50%. This is a significant improvement from our 19/20 figure of 15.9%

## **8 Tenancy Sustainment**

8.1 The percentage of new tenancies sustained for more than a year at the end of Quarter 3 continues to better our 90% target at 90.34%. This high level of tenancy sustainment can be attributed to the level of support our Housing Officers have provided to our new customers. In addition to this our Group wide services that are available to all new customers, have ensured that each customer is set up with everything they need to sustain their tenancies when they move into a Loretto home. Our tenancy sustainment support services (TSS), provided by Wheatley Care has been fundamental in the success of customers sustaining their tenancies. TSS focuses on various tenancy sustainment characteristics including;

- Housing and Tenancy
- Money and Rent
- Looking After Your Home

8.2 The Health and Well-being element of the support provided has also been central to tenancy sustainment particularly during the past year.

## **9 Repairs**

9.1 We have carried out all non-emergency repairs within the target times in Quarter 3 with 4.22 days against a 5.5-day target. Our average time taken to complete emergency repairs have been completed in 3.3 hours against a 3-hour target this quarter due to challenging delivery circumstances in period 9, however we are working closely with City Building to ensure that this target is met in quarter 4. Our Right First Time target is also being met with 97.25% against a 97% target.

9.2 Our % of tenants satisfied with our repairs and maintenance service carried out in the last 12 months is on target at the end of quarter 3 at 97.1% against a 97% target.

## **10 Gas Safety**

10.1 Our customer's safety has been our primary driver during the lockdown and varying tiers of Scottish Government restrictions. We prioritised reducing the backlog of expired gas servicing certificates that arose during the early part of the Covid-19 pandemic. During the first few weeks of lockdown there was considerable concern amongst customers about letting trades persons into their homes to carry out works. Targeted and focused efforts from our Housing Officers, colleagues in the Compliance team and our trades team, reduced the

number of expired gas safety certificates that arose during lockdown restrictions.

- 10.2 As of August 2020 we achieved 100% compliance and throughout Quarter 3 we have remained 100% compliant with no expired certificates across all Loretto Housing Properties. We continue to reassure our customers that every effort will be made to ensure their safety whilst carrying out works, pooling resources and improving the process around gas safety.
- 10.3 The Charter indicator shows the number of certificates that have expired at any point during the last 12 months and for this reason we will report higher than zero figures, due to safety precautions we took for our staff and sensitivity to the concerns of our customers accessing their properties during the lockdown. Our previous discussions with the Regulator about this indicator remains unchanged and they will not accept amendments so that they can assess and report on the full impact of the Covid-19 lockdown.

## **11 Invoice payments**

- 11.1 We are reporting a further improvement this quarter to 92.09% from 91.95% in Quarter 2 of invoices being paid within timescale this year. This compares favourably to our 19/20 figure of 86.92% but less than our 96% target. The Head of Housing continues to monitor all outstanding invoices weekly.

## **12 Sickness Absence**

- 12.1 We are reporting our lowest level of sickness absence to date with an average of 0.17% against a 3% target in Quarter 3. This rate continues to remain low due to staff working from home, the levels of flexibility this provides and receiving continued support for the challenging circumstances they face due to Covid-19 from their colleagues, management team and support services on offer throughout the Wheatley group.

## **13 Strategic projects – progress at Quarter 3**

- 13.1 Appendix 2 outlines progress on the strategic projects in the Delivery Plan at the end of Quarter 3.
- 13.2 All projects are on track to deliver on time including:
- Create a new digitally enabled engagement framework which is now complete and is on the board agenda.
  - Our Group Homelessness Framework which is now complete and is on the board agenda.
  - Work with Police Scotland to develop a Group-wide Anti-social behaviour and crime prevention and mitigation Framework, which will be complete by 28<sup>th</sup> February 2021.

## **14 Key issues and conclusions**

- 14.1 This report outlines positive progress in achieving the majority of performance targets and the delivery of projects, despite the continuing challenges posed by the Covid-19 pandemic and lockdown restrictions that continue to affect business delivery. Key areas of focus during the remainder of the year will be the support to our customers who may be experiencing additional financial hardship and to manage our arrears, continued focus on letting properties and supporting our contribution to reducing homelessness, and delivery of safe and high quality repairs to customers.

## **15 Value for money implications**

- 15.1 The measures and projects included in this report were agreed as the delivery plan for 2020/21. These items are intended to focus service improvement on the key priorities within the Strategy to make sure that financial and other resources are aligned with our priorities.

## **16 Impact on financial projections**

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

## **17 Legal, regulatory, and charitable implications**

- 17.1 Registered Social Landlords are required to provide an Annual Return on the Charter to the Scottish Housing Regulator. The key indicators within this return are included in monthly performance reporting. RSL Subsidiary Boards approve the final return and this information is included in the year end performance report to the Wheatley Group Board. RSLs are also required to involve tenants in the scrutiny of performance (this is done through our Tenant Scrutiny Panel) and to report to tenants annually by October each year.

## **18 Partnership implications**

- 18.1 Reports on the Delivery Plan can be used to identify areas where partnerships need to be strengthened or amended to help Wheatley achieve its strategic vision.

## **19 Implementation and deployment**

- 19.1 This report provides updates on progress with the Delivery Plan. Any specific projects and actions are subject to separate approval.

## **20 Equalities impact**

- 20.1 There is no direct equalities impact from this report.

## **21 Recommendations**

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


















### **LIST OF APPENDICES**

Appendix 1: Measures dashboard





Appendix 2: Strategic projects dashboard



## Appendix 1 - Loretto Housing Board - Delivery Plan 20/21 - Strategic Measures

Measure	2019/20	YTD 2020/21		
	2019	2020		
	Value	Value	Target	Status
Average time for full response to all complaints (working days) - overall	4.22	5.03	8	
Average time taken to complete emergency repairs (hours) – make safe	3.02	3.3	3	
Average time taken to complete non-emergency repairs (working days)	4.9	4.22	5.5	
% reactive repairs completed right first time	96.44%	97.25%	97%	
Number of gas safety checks not met	1	114	0	
% of tenants who have had repairs or maintenance carried out in last 12 months satisfied with the R&M service	93.09%	97.1%	87%	
% tenancy offers refused during the year	24.59%	8.75%		
% new tenancies sustained for more than a year - overall	90.59%	90.34%	90%	
% lettable houses that became vacant	8.3%	7.36%	8%	
Average days to re-let properties (ARC) – excluding lockdown days		19.1	26	
Average time to re-let properties (ARC)	14.34	43.56		
Average time to complete approved applications for medical adaptations (calendar days)	21.68	14.25	72	
Gross rent arrears (all tenants) as a % of rent due	5.11%	3.83%	4.8%	
% avoidable contact	12.24%	8.31%	18%	
% of payments made within the reporting period which were paid in 30 days or fewer (from the date the business receives a valid invoice)	86.92%	92.09%	96%	
Loretto Housing - Total number of jobs, training places or apprenticeships created including Wheatley Pledge	10	0	0	
Sickness Rate	5.53%	0.17%	3%	

## Appendix 2 - Loretto Housing Board - Delivery Plan 20/21 - Strategic Projects

Strategic Project	Delivery Date	Status	% Progress
Develop Group Homelessness Framework, including rapid rehousing	31-Dec-2020		
Work with Police Scotland to develop a Group-wide Antisocial Behaviour and Crime Prevention and Mitigation Framework	28-Feb-2021		
Develop a new framework for customer engagement (incorporating customer inspection process)	31-Mar-2021	