Loretto Housing

LORETTO HOUSING ASSOCIATION

BOARD MEETING

Monday 20 November 2023 at 2pm
Wheatley House, 25 Cochrane Street, Glasgow

AGENDA

1. Apologies for absence

2. Declarations of interest

3. a) Minute of 19 September 2023 and matters arising
   b) Minute of AGM 19 September 2023
   c) Action list

4. Chair and Managing Director updates

Main business and approvals

5. Customer insight update – presentation

6. 2024-25 rent setting and service charges

7. Lowther Homes update

8. Performance report

9. Governance update

Other business

10. Group Social Media Policy

11. Finance report

12. Risk register

13. Assurance update

14. AOCB

Loretto Housing

Report

To:	**Loretto Housing Association Board**
By:	**Laura Henderson, Managing Director**
Approved by:	**Hazel Young, Group Director of Housing and Property Management**
Subject:	**2024/25 Rent setting and service charges**
Date of Meeting:	**20 November 2023**

1. Purpose

1.1 This report:

- seeks agreement from the Board for the 2024/25 rent and general service charge increases for initial focus group discussion; and
- sets out proposals for engagement and consultation with Loretto tenants on rent increase options.

2. Authorising and strategic context

2.1 Under the Group Standing Orders, the Group Board is responsible for the Group rent setting framework. Subsidiary Boards approve their own rent increases within this framework.

2.2 The Group Board agreed that a base increase within the range of 6.9-7.9% should be the basis of our initial focus group discussion with each RSL's tenants. Alongside this, we would discuss two additional options of +0.5% and +1% on the base to fund additional activities as we have in previous years.

3. Background

Economic context

3.1 The economic outlook in the UK remains under pressure. Inflation has proved to be more resistant to interest rate increases than expected, with a strong labour market and higher wage settlements helping to maintain higher prices. While the current CPI rate of 6.7% is on a slow downward trend; according to most recent market expectations, inflation is expected to reduce to 5% by the end of this calendar year with a slow unwinding to the long-term Bank of England target of 2% now not likely to be achieved until the first half of 2025.

3.2 Our most recent predicted full-year financial out-turn for this financial year, reflects the impact of revised assumptions for interest rates and inflation and most notably for repairs expenditure which has continued to see an increase in demand with job numbers up 9% in the first half of 2023-24 compared to the same period in 2022-23.

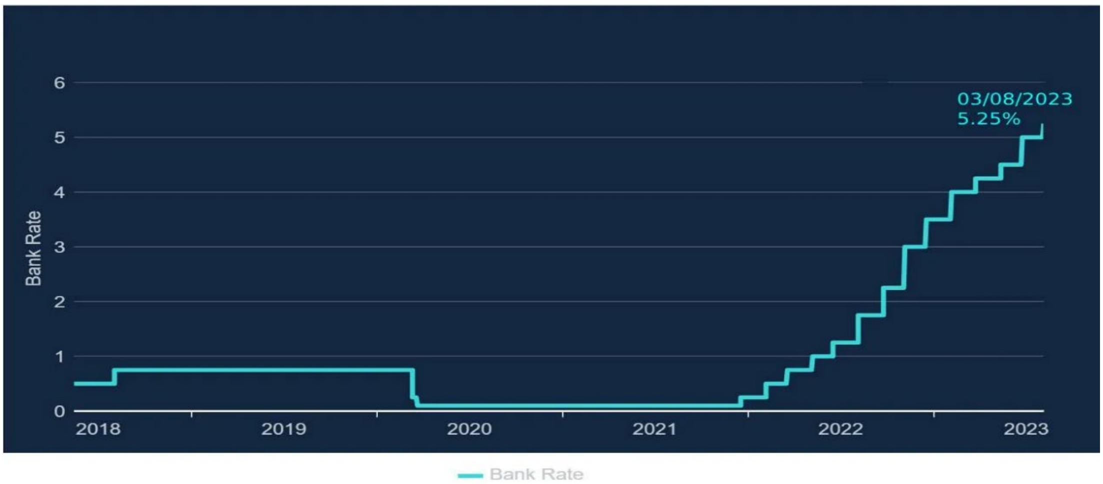
3.3 Our increased focus on addressing issues of dampness and mould in our properties has also been a factor. We have implemented a number of actions to increase the efficiency of the service, but in common with most social landlords in the UK we are seeing a sustained increase in customer demand and expectations for repairs, and we have reflected an increased provision in our forward financial projections for this.

UK inflation to September 2023

3.4 Since 2022/23 we have been affected by increases in the cost of fuel, utilities, insurance and building materials. Fuel and utilities costs have stabilised to some extent, however, insurance and building materials are still subject to notable price increases.

3.5 Interest rates have been subject to 14 consecutive increases with rates currently at 5.25% after a pause in the increases at the last two Bank of England monetary policy committee meetings. Markets predict that rates may be subject to one further increase to 5.50%. This is lower than previous predictions over the summer which suggested rates hitting 6.25 to 6.50%, the current view is that while rates will peak at a lower level they will remain there for a longer period only reducing in late 2024/25. A large proportion of our existing funding is at fixed rates (87% at October 2023) which limits our interest rate exposure to the remaining 13% of variable rate borrowings.

UK Base rate – 2020 – 2023



Programme for Government/Housing Bill

3.6 The Scottish Government has extended the remaining provisions within the Cost of Living (Tenant) Protection (Scotland) Act 2022 for a further and final six-month period to 31 March 2024. The extension is on the same basis as currently exists: a 3% cap for private landlords; and the enforcement of evictions continuing to be paused for six months for most tenants other than a small number of specified circumstances.

3.7 Since the last meeting it has been confirmed that the powers for long-term rent controls which will be introduced with the new Housing Bill will not apply to social landlords. This means that there are no limits on RSL rent increases for 2024/25.

4. Discussion

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

- Affordability;
- Comparability;
- Financial viability; and
- Consultation with tenants and service users.

Affordability

4.2 The UK minimum wage **increased by 9.7%-10.9%** in April 2023. In April 2023 the uprating of most benefits, including Universal Credit, was **an increase of 10.1%** which was also the increase for the state pension.

4.3 Our rent increases of **1%** for ex Cube stock (final year of rent commitment) and **3.9%** for the remining stock were significantly below the uplift of the minimum wage, Universal Credit and UK pensions.

4.4 The UK Government announced in October that it will accept the Low Pay Commission recommendations, expected this month, for the increase from April 2024 (https://www.gov.uk/government/news/chancellor-announces-major-increase-to-national-living-wage). Based on the Low Pay Commission's latest forecasts, this would see the National Living Wage increase to over £11 per hour from April 2024 (from the current £10.42 for over 23s).

4.5 Under the triple lock, the UK pension is meant to increase by whichever is highest from the percentage increase in average earnings from May to July the previous year, inflation in September the previous year or 2.5 percent. For the April 2024 pensions increase the highest level under the triple lock is 8.5% based on average earnings, with the relevant inflation indicator of 6.7%. Whilst the 8.5% is not guaranteed and there remains a possibility it is lower, it is not currently expected to be lower than the upper level of our rent increase proposal.

4.6 The Scottish Government increased the Scottish Child Payment from £20 to £25 per week, per eligible child, in November 2022 and this remains in place. As part of this, the criteria for the payment expanded for all eligible children (looked after by a guardian in receipt of a qualifying benefit) under 16, as opposed to the current age of under 6s.

4.7 The expansion of the Scottish Child Payment had a significant impact for those families eligible to receive £1,300 annually for each child over the age of 6. Our analysis at the time of the numbers of children and households across the Group suggested that over 5,300 households may have benefitted from the increase.

4.8 We have used the joint Scottish Federation of Housing Associations ("SFHA") Rent Affordability Tool to assess how affordable our rents are. This tool allows us to calculate the *Rent as a percentage of income* for different customer groups most associated with different property sizes – summarised in Table 1 below.

Table 1*: Affordability analysis by property type and household composition*

Customer Group	1 Apt	2 Apt	3 Apt	4 Apt
Single Person	38.2%	31.9%		
Single pensioner	34.7%	29%		
Couple 1PT 1FT/ Pensioner couple		21.3%		
Couple 2FT		16%		
Single parent (2 Children)			19.7%	21.5%
Small family (2 Children)			15%	16.4%

4.9 The tables show that consistent with previous years, 1 apartment bedsits and one-bedroom and two-bedroom properties occupied by single people in Loretto appear to have higher rent to income ratios above 30%. For many supported tenancies, this is because service charges are in place to fund the housing support costs. These are paid for in almost all cases by housing benefit. For the remainder of the properties, our analysis highlights that all our rents consume less than one-third of average net estimated household income, which is often taken as an indicator of rent being affordable. Shelter (2015) cited in the recent Scottish Government literature review of rent affordability has quoted a figure of 35% of net household income[1] as an affordability threshold. A UK Affordable Housing Commission report from 2019 noted that if rent is higher than 40% of net income[2], then serious affordability issues may arise.

4.10 We continue to offer a wide range of wraparound services and wider support to our customers who are experiencing financial hardship including the Here For You Fund created in response to the cost of living crisis.

<u>Comparability</u>

4.11 Loretto's figures are skewed by the levels of service charges for specialist supported accommodation. When compared with other specialist RSL providers that focus on older people/supported housing such as Bield and Trust, Loretto compares favourably as shown in the table below. These rates are based on the latest available information via the 2022/23 Annual Return on the [Scottish Social Housing] Charter ("the ARC") to the Scottish Housing Regulator ("SHR") with the 2023/24 rent increase (sourced from the SHR) applied.

[1] https://www.gov.scot/publications/rent-affordability-affordable-housing-sector-literature-review/pages/4/

[2] https://static1.squarespace.com/static/5b9675fc1137a618f278542d/t/5cf55923f41ae70001170311/1559583017920/Defining+and+measuring+housing+affordability.pdf

Table 2: Specialist provider average rents + service charges *with 22/23 increase applied (Source ARC 2022/23)*

Loretto - Supported	**Average weekly rent by House Size**				
Social Landlord	**1 Apt**	**2 Apt**	**3 Apt**	**4 Apt**	**5+ Apt**
Ark HA	£99.47	£110.17	£115.22	£114.70	£120.52
Bield Housing & Care	£146.44	£160.83	£157.74	£152.66	-
Hanover (Scotland) HA	£117.43	£132.65	£139.63	£125.05	£130.77
Loretto HA	£121.23	£101.27	£99.86	£109.11	£126.12
Viewpoint HA	£109.44	£128.14	£129.29	£152.80	-

4.12 Loretto's increase for 2022/23 was lower than comparators.

Financial Viability

4.13 We form part of a borrowing group with other Wheatley RSLs. This means that we assess the key financial indicators of the RSLs aggregated together. Over recent years, the financial capacity within our RSL business plans has been subject to external pressures created by:

- higher inflation peaking at 11.1% and currently at 6.7% compared to our core assumption of 2.5%;
- higher variable borrowing costs currently at 5.25% compared to our previous long-term assumption of 5.00%;
- repairs spend which has seen large increases in demand from tenants and has also been subject to inflationary increases in the price of materials (up 17% in 2022/23 and a further 6.9% in 2023/24 to date) driven by post pandemic shortages and the effects of Brexit; and
- increasing legislative compliance and future retrofit requirements.

All of these factors have been consumers of headroom that previously existed in our financial projections.

4.14 Cost efficiencies and rent increases are key areas in improving the financial capacity within the business. We have been able to keep rent increases low by driving overhead efficiencies from our Group structure. These actions combined with efficiencies achieved over the previous five years have provided a real reduction in staff and running costs of £15m (12%) since 2018.

4.15 Our business plan requires us to maintain a balance across keeping our rents affordable, maintaining the standard of our homes and ensuring the organisation remains financially viable. In considering last year's rent increase as well as the staff and running cost efficiencies, we also looked to our capital programme and agreed to defer core investment projects for 2023/24 and 2024/25 into the period beyond 2025/26. This allowed us to limit our April 2023 rent increase at 3.9% and 1% for ex Cube tenants in recognition of the cost-of-living pressures faced by our customers.

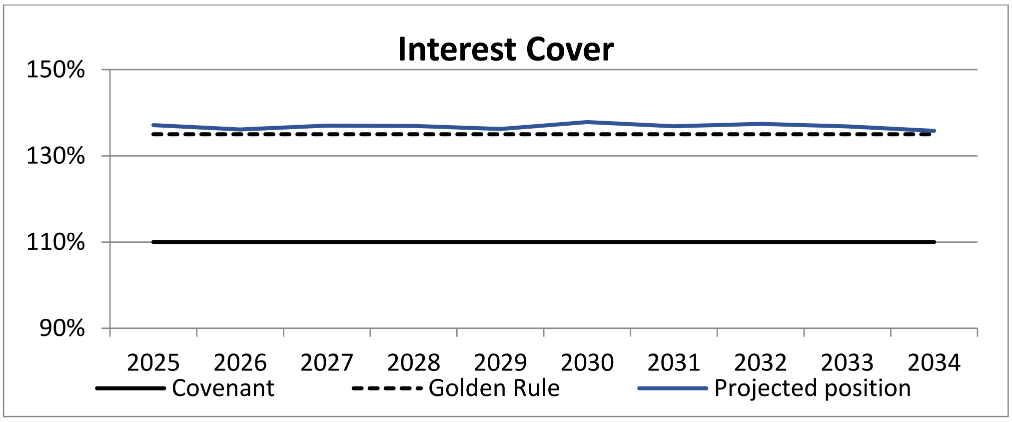
4.16 A large proportion of our capital programme, over 30% of spending every year relates to building safety and compliance and therefore must be delivered to meet our duties as a landlord. Compliance work includes electrical and fire safety works, TMV installations, heat and smoke detector replacements, boiler breakdown replacements and lift replacements. After the deferrals that were agreed upon last year, this left a limited core programme before voids, capitalised repairs, capitalised staff, and adaptations for the three years from 2023/24.

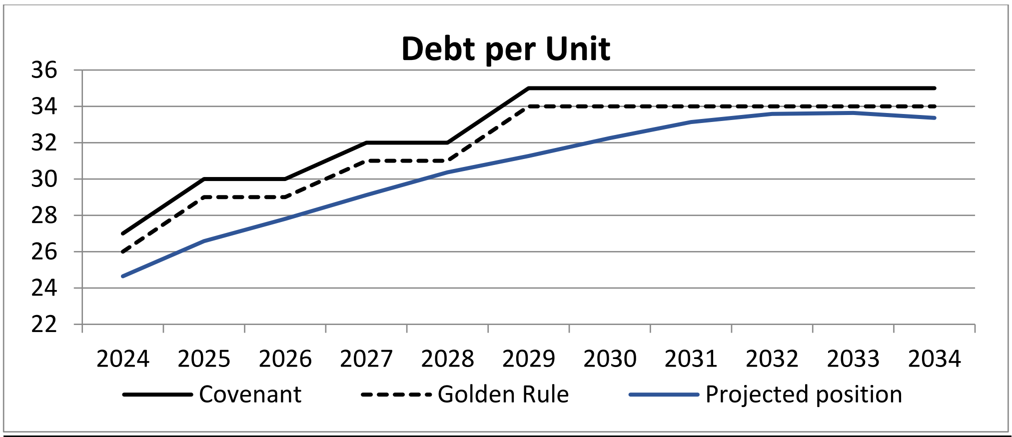
4.17 We have updated our financial projections to consider the effect current economic conditions have on our financial position setting the context for rent discussions. Inflation has remaining higher than previously predicted and we now expect it to remain above the Bank of England's long term 2% target until the first half of 2025 and interest rates have been increased to 5.25% to tackle inflation, a rate which was beyond the previously forecast peak. These factors combined with an additional 9% increase in demand for repairs have put added demands on the financial capacity that we had in the approved projections.

4.18 Our tenants have previously told us how important the repairs service and the overall quality of their home are to them. This has been confirmed through the feedback gathered from our recent customer insight conversations. As outlined in 4.16 we have already deferred some capital investment projects to deliver the low rent increase in April 2023, and to maintain the existing capital programme, the quality of our homes and meet the needs of our customers for repairs we need to consider a rent increase at the proposed range.

4.19 A baseline rent increase of 6.9% would allow the year 1 (2024/25) capital programme to be maintained at the level agreed in the 2023/24 financial projections but would require some further deferrals from year 2 to year 5. A rent increase above 6.9% would help build back in financial capacity for investment more quickly over the five-year period. The effects of high inflation and higher interest rates persisting for a longer period would see a lower level of headroom from year 2 onwards against the interest cover Golden Rule compared to the 2023/24 approved projections. As part of our April 2024 rent proposals, we will continue to assist our tenants who struggle to pay their rent and have assumed a provision in the 2024/25 Helping Hand Fund at a Group level of £1m, of which we would contribute a share of £50k.

4.20 We form part of a borrower group with the other Wheatley RSLs and we assess the key financial indicators of our RSLs aggregated together. Our two key indicators of interest cover which measures whether our operating surplus covers our interest costs and debt per unit which relates to our borrowing capacity are both covenant measures in our loan agreements. Taking the rent increase of 6.9% and associated changes to running costs, profile of investment spend and the provision for the 2024/25 Helping Hand Fund, the charts below show that we continue to maintain our minimum headroom in line with our Golden Rules of 25% to the interest cover covenant and £1,000 of debt per unit and remain fully compliant with loan covenants.





4.21 We are continuing to work through discussions with funders on covenant flexibilities. Should we secure the requested changes, this will release financial capacity which was not previously available for specific investment capital projects around retrofit and improvements in the energy efficiency of our homes. These discussions have not yet concluded and have therefore not been assumed in the update to our financial projections for the purposes of rent setting.

Consultation and approval – timing and approach

4.22 The consultation with tenants has in previous years set out the proposed increase with options for two 0.5% increments launched to initial focus groups followed by writing to all tenants. This year, given the uncertainty regarding the final options it is intended that we engage the focus groups on the proposed range of 6.9%-7.9% with two additional options in 0.5% increments, but with a greater focus on the rent consultation booklet.

4.23 It is proposed that the focus groups would be an independently facilitated discussion on:

- the range of 6.9% and 7.9% and why that is necessary eg legal requirements, compliance based investment, repairs demand and economic climate;
- the planned approach to offering two additional options which will support additional investment focusing on work such as kitchens, bathrooms and energy efficiency upgrades; and
- the draft rent brochure and how well it explains the above.

4.24 The key outcomes we will be seeking from the focus groups would be:

- qualitative feedback on the proposed rent increase range;
- clear messaging in the final brochure on why the base level is what it is; and
- feedback on whether the proposed focus on investment activity for additional options is where tenants would want to see spending prioritised.

4.25 It is intended that we will seek to engage 125-150 tenants in the focus groups, drawn from across the RSLs on a broadly proportionate basis. The focus groups will be a mix of in person, online and daytime and evening to allow more opportunities to participate. The attendees will be drawn from our Customer Voices, with priority given to those who have not previously attended one.

4.26 A draft of the rent consultation booklet is attached at Appendix 1. The key change for this year has been to further reduce the amount of text it contains, whilst retaining the key messages. This is based on tenant feedback which has consistently indicated that verbose communications diminish their appetite to engage.

4.27 In terms of the formal consultation and when and how we agree where within the 6.9%-7.9% range we consult the proposed approach is as follows:

Key action	Timescale
Group Board approves rent increase range	Complete
RSL Boards approve the rent increase range and delegate authority to the Chair to agree final level (between 6.9%-7.9%)	17-23/11
Independently facilitated rent Focus Groups	w/c 20 and 27/11
Group Board approve final consultation levels – taking into account focus group feedback and available comparability data	20/12
Chairs confirm to RSL Boards consultation increase options	20/12
Consultation with tenants (subject to mail drops but a minimum of 2 weeks)	8-29 January 24

4.28 As with previous years we will engage with Civica electoral services to independently administer the consultation process and verify the results. Following the high uptake levels last year, we will again offer the option to respond online or via text message as well as by post.

4.29 In order to allow us to ensure the final notification to tenants on the rent increase arrives in time, the Group Board has approved this Board to have delegated authority to approve the increase at their February meeting where it is within the agreed range i.e. the Group Board agreed range in December.

4.30 This will mitigate the risk that the letters are delayed awaiting Group board approval and do not arrive in time to give sufficient, including a legal minimum of four weeks' notice to tenants. This will also allow us longer to engage with tenants once they receive the notification, particularly those who are required to update their Universal Credit portal with the 2024/25 rent levels.

5. Customer Engagement

5.1 The rent focus groups will seek customer feedback on the main mechanism for customer engagement, the rent consultation booklet. Thereafter every tenant will be formally consulted as part of the rent setting process.

6. Environmental and sustainability implications

6.1 No implications noted.

7. Digital transformation alignment

7.1 Tenants will once again be able to participate in the consultation through a wide range of means, both in person and digital. Responses will also be able to be emailed to the independent provider Civica. We will use a wide variety of digital and social media approaches to publicise the consultation.

8. Financial and value for money implications

8.1 We consider a rent increase range of between 6.9% and 7.9%, provides an appropriate balance between affordability for our tenants and the preservation of appropriate levels of investment in our homes. This is within the context of our financial projections which already included the identification of substantial cost efficiencies and the deferral of capital investment which were agreed previously and allowed us to keep the April 2023 rent increase as one of the lowest in Scotland.

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 will meet our requirement to consult under the Act.

10. Risk Appetite and assessment

10.1 The Group's 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".*

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

10.3 The proposed approach to consultation includes writing to all tenants and this mitigates the risk that we do not meet our statutory obligation in relation to consultation.

11. Equalities implications

11.1 No implications noted.

12. Key issues and conclusions

12.1 As we set out rents for 2024/25 we must be cognisant of the economic climate, our future obligations in relation to building compliance and continuing to meet the increased tenant demand for reactive repairs.

12.2 Taking this into account it is proposed that we agree on a range for the rent increase with the ability to finalise where within this range we will consult in December. This will allow us to consult based on the most up to date information on the economic climate and also expected future repairs demand based on a further two months of demand and spend analysis.

12.3 Our analysis shows that our average rents are currently well within the range of affordability and the expectation is that the National Minimum Living Wage and pensions will be increased at a level greater than our rent increase range.

13. Recommendations

13.1 The Board is asked to:

1) Approve a rent and service charges increase range of 6.9%-7.9% for initial consultation with focus groups, with additional options of +0.5% and +1% to be discussed as part of this, on the basis of funding additional investment in tenants' homes;
2) Note that, following the Group Board meeting in December, the Board will be updated on the final options for the all-tenant consultation (i.e. where in the 6.9%-7.9% range) on 20 December 2023; and
3) Note that the final decision on the rent and service charge increase will be made by this Board in February, following feedback from the tenant consultation process.

LIST OF APPENDICES:

Appendix 1 – [redacted]

Loretto Housing

Report

To: Loretto Housing Association Board

By: Laura Henderson, Managing Director

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

Subject: Performance Report

Date of Meeting: 20 November 2023

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1. Purpose

1.1 This report presents an update on performance delivery against targets and strategic projects for 2023/24 as of the end of Q2. It also provides sector comparisons for Annual Return on the Charter indicators following the publication of 2022/23 sector wide data by the Scottish Housing Regulator.

2. Authorising and strategic context

2.1 Under our Terms of Reference, the Board is responsible for monitoring performance against agreed targets.

2.2 We measure progress with the implementation of our five-year strategy via the Group Performance Management Framework ("PMF") agreed in June 2021. Given the need to remain agile and flexible through the life of the strategy our PMF is subject to annual review.

2.3 The Group Board agreed an updated programme of strategic projects and performance measures and targets for 2022/23 at its meeting in April 2023. Our Board subsequently agreed our own specific performance measures and targets at its meeting on 15 May 2023.

3. Background

3.1 This report outlines our performance against targets and strategic projects for 2023/24. Unless specified otherwise, results for all measures are based on year-to-date figures.

3.2 This includes progress with those measures that will be reportable to the Scottish Housing Regulator as part of the Annual Return on the Charter 2023/24.

3.3 This report also now includes the new Customer First Centre ("CFC") measure based on customer satisfaction with calls. The CFC Customer Satisfaction ("CSAT") score asks customers to score the CFC on a 1-5 scale.

3.4 To reflect our differing rent billing cycles, financial rent-based measures in Appendix 2 continue to report legacy properties as “Loretto A” and former Cube properties that transferred in August 2021 as “Loretto B”. The main body of the report uses combined “Loretto C” figures.

4. Discussion

Charter 2022/23 Sector Comparison

4.1 The SHR published sector wide ARC data for 22/23 on 31 August 2023. A main finding from the accompanying National Report on the Charter for 2022/23[1] is that ‘Social landlords continue to perform well against the standards and outcomes of the Scottish Social Housing Charter, despite the impact of ongoing challenges facing them and their tenants’.

4.2 Appendix 1 provides a matrix of our 2022/23 Charter performance indicator results compared to the Scottish average. We have excluded tenant satisfaction indicators that were last updated 2019/20 and indicators considered as contextual by the SHR.

4.3 Overall, Appendix 1 provides a positive picture of 2022/23 performance for us, with 90% of indicators (18 of 20) better than the Scottish average (highlighted green). Some headlines include:

- SHR reported that gross rent arrears across the sector have risen to the highest level since the introduction of the Charter in 2013/14, with the Scottish average 6.9% in 2022/23 up from 6.3% in 2021/22. We were better than the 2022/23 Scottish average and remain so at Q2.
- The Scottish average for letting times increased from 51.6 days in 2021/22 to 55.6 days in 2022/23. At 15.98 days in 2022/23 we outperformed this, and our letting times have further improved to 10.35 days for the current year-to-date.
- We outperformed the Scottish average of 4.2 hours to complete emergency repairs and 87.8% for repairs completed right first time in 2022/23. We remain better than the Scottish average for the current year-to-date, at 2.63 hours and 92.58%. There is however room for improvement for our time to complete non-emergency repairs.
- We performed better than the Scottish averages of 5.8 and 19.3 days respectively for the time to respond to Stage 1 and Stage 2 complaints in 2022/23 and continue to do so current year to date.
- The Scottish average for properties meeting SHQS is 79%, we were better than this in 2022/23 at 99.58%, with an improving position into 2023/24 for EICR at 99.96% in Q2 (up from 99.86% in 2022/23).

4.4 Our position across the 20 Charter performance indicators considered is summarised as follows:

Table 1

	No. ARC indicators above Scottish average (Green)	% above Scottish average
Loretto	18	90%

[1] https://www.housingregulator.gov.scot/about-us/news/social-landlords-are-performing-well-despite-the-impact-of-challenges-they-face-regulator-reports

4.5 These Scottish Average 2022/23 comparisons are referenced through this paper for the relevant Charter indicators, alongside an update to Q2.

4.6 The following sections present a summary of key measures and strategic projects. Strategic measures can be found in appendix 2 and Strategic projects are found in Appendix 3.

Delivering Exceptional Customer Experience

Customer First Centre

4.7 The CFC is now firmly established as a core part of our operating model, with the key measure for the CFC recognised as the newly introduced CSAT score.

4.8 In addition to the voice channel, the CFC now have a dedicated Digital Team to increase our capacity to handle digital interactions including Webchat and email, encourage sign-up for web self-service, and improve customer experience, determining whether more efficient and effective use of digital channels reduces telephony demand.

4.9 Since the team was introduced, we have significantly improved the response time to customer emails, online messages, and the availability of Webchat. All emails are responded to within 48 hours and first contact resolution for Webchat is at 100%. For all emails received, an advisor in the CFC digital team reviews each of these within 48 hours of receipt with the aim of resolving at this point. Where they are unable to fully resolve the enquiry, they email the customer setting out the steps they are taking and what will happen next. All webchats that have been handled have been resolved at first contact by the advisor on the chat with no need to raise any case for other teams to respond to.

4.10 Year-to-date results as at the end of Q2 including CSAT, Webchat and other performance measures still monitored for the CFC are presented in Table 2:

Table 2

Measure	2023/24		
	Value YTD	Target	Status
Loretto - CSAT score (customer satisfaction)	4.3	4.5	Amber
Loretto - % calls answered <30 seconds (Grade of Service)	65.61%	Contextual	N/A
Loretto - Average waiting time (seconds)	64.99	Contextual	N/A
Loretto - Call abandonment rate	5.83%	5%	Red
Group - % first contact resolution at CFC (Customer Service Advisors)	85.49%	90%	Amber
Group – Percentage of CFC customer interactions that are passed to Housing and Lowther staff for resolution	7.57%	<10%	Green
Group - Email % responded to within 48 hours	100%	100%	Green
Group - Webchat % first contact resolution	100%	Contextual	N/A

4.11 Our overall CFC CSAT score is 4.3 at the end of Q2, an improvement on the score of 4.1 at the end of Q1. The CFC has been refining the framework for analysing feedback and implementing initiatives to address any areas that may require improvement, informing progress towards the CSAT target of 4.5/5.

4.12 At the end of the Q2, while there has been a decrease in performance for call abandonment, average wait time and Grade of Service from Q1, over 65% of our customers still wait less than 30 seconds to have their call answered.

4.13 Housemark results in their recent pulse report show that on average RSL contact centres are taking 240 seconds to answer calls. The Group CFC average wait time year to date is at 66.38 seconds, and for our customers 64.99 seconds. It is important to note that while we can experience an increase in our average wait time during significant weather events such as the recent storms, the Group CFC peak average wait time during Storm Agnes was 88 seconds and during Storm Babet was 139 seconds. These are both still significantly lower than the benchmark but do impact the overall average.

4.14 The Group resolved 85.49% of calls handled at first contact for the year to date, with performance at over 90% for September. The My Repairs Team continues to be a valuable asset for the CFC in dealing with more complex repairs calls and, while this means CSAs do not resolve these at first contact, customers experience an improved end-to-end service. In addition, the CFC continue to support Housing and Lowther staff with only 7.57% of customer interactions passed to them for resolution.

4.15 CFC performance is monitored and reviewed daily by the resource planning and operations leads. Key areas of focus remain on ensuring our call handling times balance resolution and efficiency and increasing the amount of 'call handling' hours available.

<u>Complaints Handling</u>

4.16 Our performance on the Charter measure average time for a full response to complaints, at Stage 1 and Stage 2, is achieving our 5 day and 20-day targets respectively. We also continue to better the Scottish averages of 5.8 days for Stage 1 and 19.3 days for Stage 2.

Table 2

Charter - average time for a full response to complaints (working days)				
Subsidiary	2022/23		2023/24 – YTD	
	Stage 1 (5 day)	**Stage 2** (20 day)	**Stage 1** (5 day)	**Stage 2** (20 day)
Loretto	3.51	17.72	3.46	16.35

4.17 We continue to focus on improving stage 1 performance against the Scottish Public Services Ombudsman ("SPSO") measure % of complaints that were fully closed within the timescale of 5 days, with our performance at 95.81%

4.18 We closed 100% of complaints that went direct to stage 2 within the 20-day timescales and 94.44% of complaints escalated to stage 2.

Table 3

SPSO Indicator 2 - number and % of complaints at each stage that were fully closed within timescales – YTD 2023/24			
Subsidiary	**Stage 1 - responded to within 5 working days**	**Stage 2 - responded to within 20 working days**	**Escalated complaints - responded to within 20 working days**
Loretto	95.81%	100.00%	94.44%

4.19 A range of work has been done to ensure that timescale performance is improved. This includes earlier reminder triggers and quicker resolution timescales for stage two complaints. Only one stage two complaint has missed target in the year to date.

4.20 We are currently achieving over 95% of stage one complaints on target. This percentage can vary more significantly because of the relatively small number of complaints we receive. Only one stage one complaint missed target in Q2.

<u>Tenancy Sustainment</u>

4.21 Tenancy Sustainment is a measure of new tenancies commenced in the previous reporting year where the customer remains in their home for more than a year. As well as new customers benefiting from remaining in their tenancy for longer, improvement in this measure reduces lost rent and resources required for re-letting.

4.22 We continue to support our new customers to sustain their tenancies and to deliver strong performance in both the Scottish Housing Regulator's Charter measure and our revised indicator, the revised measure excludes deaths and transfers to other homes in the Group. We exceed target for both these measures and have further improved from Q1.

4.23 We also compare favourably to the 91.2% Scottish average published by the Regulator for the Charter in 2022/23.

Table 5

Tenancy Sustainment	Charter YTD	2023/24 Target	Revised YTD	2023/24 Target
Loretto	94.26%	90%	96.00%	91%

New Build Programme

4.24 Our target is to deliver 24 new social homes in 2023/24. Year to date to the end of Q2 we have completed 19 new homes at Main Street, Maddiston, ahead of schedule.

Table 6

Sites	Handovers (YTD)	Target (YTD)	Difference in handovers to 30 September
Main Street, Maddiston	19	0	19

4.25 Progress on site at Maddiston remains satisfactory and all units are expected to complete in 2023/24 as planned.

4.26 The Queens Quay development has won two awards: - Best Regeneration Project at the Herald Property Awards, and Best Affordable Housing Development Scotland at the Inside Housing Awards.

Volume of Emergency Repairs

4.27 The table below shows our position against the strategic result to reduce the volume of emergency repairs by 10% by 2026 compared to the updated baseline year of 2022/23. The target for 2023/24 is a reduction of 3.34%.

4.28 Emergency repair numbers are 85 less than the same point in 2022/23, a variance of -4.57%. This is on target and an improvement on -1.88% at Q1.

Table 7

Completed emergency repairs	YTD 22/23	YTD 23/24	Variance
Loretto	1,861	1,776	-4.57%

4.29 While customer demand continues to have an impact on this measure, work is ongoing with the CFC to ensure emergency repairs are diagnosed appropriately. It is useful to also note that complete emergency repairs YTD 2023/24 are 26.8% of all our completed repairs (emergency and non-emergency). This is an improvement on 32.48% at the same point last year.

Repairs Timescales

4.30 Our average time taken for emergency repairs is 2.63 hours at the end of Q2, well within the 3-hour target. This is a slight increase on 2.51 at Q1 but compares favourably to an average of 3.16 hours in 2022/23 and better than the Scottish average of 4.2 hours.

4.31 The below table also shows the average time taken for non-emergency repairs at 9.29 days, above this year's target of 7 days. While it remains higher than our average for 2022/23 of 9.13 days and the Scottish average for 8.7 days, it has been reducing month on month since last quarter when it was 10.79 days.

4.32 In the context of our repairs policy, we aim to complete non-emergency repair works within 15 working days. These are classed operationally as 'appointed repairs' which we expect to be appointed directly to the relevant trade and completed in one visit.

4.33 There are however some repair works that are more complex in nature or require materials to be ordered and which therefore will require longer to complete. The length of time required to complete these more complex appointed repairs will vary depending on the volume and type of work required but generally we would expect to complete these types of repairs within 30 working days under out policy. These repairs are classed operationally as 'programmed repairs'.

4.34 Analysis of repairs data over recent years, taking account of the Covid period, shows a growth in the proportion of programmed repairs relative to appointed repairs. This therefore impacts the overall average adversely as a greater proportion of jobs require longer to complete.

4.35 In Loretto the average number of days for an appointed repair was 5.65 days in Q2, compared to 17.23 days for programmed repairs. This type of differential is also present across the East and South. The combination of the higher volume of repairs and the proportion that are more complex (i.e. that take longer) does mean that our overall average is unlikely to come within target by the year end. We do however still expect to see an improvement by the end of the year.

Table 8

Repairs completion timescales (Charter)	Emergency (hours)		Non-emergency (days)	
	Target	YTD Value	Target	YTD Value
Loretto	3.00	2.63	7.0	9.29

4.36 We have identified that some of the larger, more complex repairs currently being handled as 'programmed repairs', could be better dealt with as part of our capital programme or through repair rather than complete replacement. We have instituted a range of measures, including revised training for staff, and splitting of the previous "repair/renewal" ordering codes to make clearer where full component replacement should be undertaken and where these works should form part of a managed capital investment programme project.

4.37 We have also streamlined the diagnosis process which should reduce the number of programmed repairs defaulting to an inspection. We expect these measures should support reducing the average time for programmed repairs and towards the end of Q4 have an impact on our overall non-emergency average.

4.38 An area of strong focus is our non-emergency repairs timescales. An action plan is in place comprised of closer monitoring of live jobs, minimising no access, bringing forward appointments where suitable to customers, and ensuring necessary materials are in place.

4.39 This has been generating improvement with a decrease from 11.94 days in April and in-month performance for September of 8.08 days. The immediate focus remains on reducing the year-to-date timescale to below 9.

Right First Time

4.40 Right first time performance to the end of Q2 is at 90.26%. While this remains below the 93% target and the position reported last year (92.58%), it is an improvement on Q1 (87.51%) and remains better than Scottish average of 87.8% in 2022/23.

Table 9

Percentage of repairs right first time (Charter)	2022/23	2023/24 YTD	Target	
Loretto	92.58%	90.26%	93%	

Repairs Satisfaction

4.41 To the end of September, we are just below target for repairs satisfaction, at 89.18%. This is consistent with the 2022/23 year end figure of 89.83%. This measure is based on 342 survey responses in the 12 months to the end of September, returned via white mail.

4.42 2022/23 Charter comparisons show that we have a higher satisfaction than the Scottish average of 88%.

Table 10

Repairs Satisfaction	Current value	2023/24 Target	
Loretto	89.18%	90%	

Rate It

4.43 Our ‘Book It, Track It, Rate It’ app aims to improve visibility and communication during the repair journey. The ‘Rate It’ element was launched in June, providing an opportunity for customer feedback on repair appointments.

4.44 Year to date following launch, the Rate It score is 4.5/5 (from 8,536 customer responses, representing 14.7% of the completed appointed repairs undertaken by City Building Glasgow).

Responsive repairs: Damp and mould

4.45 We continue to monitor repairs related to mould, with updates provided to help facilitate greater scrutiny over these types of repairs. The CFC are now raising every job related to damp, mould, condensation or rot as a mould inspection line. The number of mould inspections in September is provided below:

4.46 Our strategic measure is to complete mould repairs in 15 days. We have completed 100% of mould repairs in 15 days during September, against a target of 90%.

Table 12

Subsidiary	Number of completed mould repairs	% of mould repairs completed in 15 days – in month, Sept
Loretto	27	100%

Medical Adaptations

4.47 Time to complete medical adaptations has further improved in the year, with the average days to complete year to date at 19.02 compared to 20.51 for the first quarter. We have completed 52 adaptations, an increase on the 48 in the first quarter, and have only 1 household waiting.

4.48 In 2022/23 we were significantly better than the Scottish average for the time taken to complete medical adaptations of 46.8 calendar days

Table 13

Medical Adaptations (Charter)	Current Households Waiting	Number Completed YTD	Average Days to Complete YTD	Target
Loretto	1	52	19.02	25

Gas Safety

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

Compliance

4.50 We have made good progress in the second quarter of the year. All of our relevant properties (51) are compliant with Legionella assessment requirements. Except for 3 domestic lifts in customer's homes where access is required, we have carried out safety inspections on all our lifts.

4.51 At the end of Q2, we have reduced to only one property without a valid EICR from 4 at the end of 2022/23. In addition, we are making excellent progress with inspections of the EICRs due to expire before 31st March 2024 with 63.56% complete at the mid-year point.

Changing Lives and Communities

Peaceful Neighbourhoods

4.52 Our Group strategic measure is for over 70% of our customers to live in neighbourhoods categorised as peaceful by the end of the strategy period. Peaceful communities are defined as communities where customer reported incidents of antisocial behaviour to Police Scotland are reducing and social deprivation indicators in the associated data zone are improving.

4.53 As a result of system improvements at Police Scotland, there has been a change in the way their data is produced and reported for antisocial behaviour incidents. These improvements were implemented in September and impact our "Peaceful Communities" measure due to erroneous reporting, such as domestic abuse being classified as ASB.

4.54 The data from Police Scotland for the “Peaceful Communities” measure has therefore been recalibrated, with domestic abuse incidents removed for the current month, year, and previous year, and missing antisocial behaviour included.

4.55 The table below shows the results for April – August based on both the original and updated figures from Police Scotland. Original figures for September are not available.

Table 14

Month	April	May	June	July	August
Updated figures	76.0%	74.0%	79.0%	75.0%	75.0%
Original figures	70.1%	70.5%	70%	69.3%	66.8%

4.56 This indicates that the percentage of communities classed as Peaceful is higher with the new figures compared to the original figures. Using the updated Police Scotland methodology, the number of communities categorised as Peaceful in September increased slightly to 75.66%, from 75.0% in August.

4.57 Consideration will be given to the strategic target in light of the new Police Scotland methodology and resultant positive change to current performance during the 2024/25 measure and target review.

Accidental Dwelling Fires

4.58 We set a Strategic Result to reduce accidental dwelling fires (ADFs) by 10% by 2025/26, this is against the baseline of 19 ADFs in 2020/21. We achieved this target in Year 1 of the strategy with 7 ADFs in 2021/22. This was further reduced to 6 in 2022/23. This year we have had 1 accidental dwelling fire to the end of quarter two.

Table 15

Number of recorded accidental dwelling fires	2023/24 YTD	2022/23
Loretto	1	6

4.59 Our additional strategy measure aims to ensure 100% of applicable properties have a current fire risk assessment in place. This continues to be achieved.

Table 16

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

Reducing Homelessness

4.60 We have provided 56 homes to homeless households this year to date. Our % of relevant lets made to homeless applicants to the end of September remains high at 62.5% (relevant lets exclude mutual exchange, transfers and LivingWell lets for which we are limited to let to homeless applicants).

Table 17

RSL	2023/24 Number of lets to homeless applicants (ARC) - YTD	2022/23 Number of lets to homeless applicants (ARC) – full year
Loretto	56	166

4.61 We continue to be a key contributor to support homelessness across the sector. This is evidenced by publication of Charter results for 2022/23 reporting that 9,466 lets were made to homeless applicants by 137 Scottish RSLs; Group's 4 RSLs provided 23.3% (2,207) of this total.

<u>Jobs and Opportunities</u>

4.62 Over 20 children within Loretto households have now been supported through Foundation programmes so far, this financial year. The WEE Bursary project for Glasgow was recently approved at the Foundation board and will start in Q3. This will increase the reported number of our children within the Glasgow area involved in our programmes.

4.63 Mentors have been working with staff to improve customers referrals to the Wheatley Works team. Across Q3 and Q4, the teams will work together using a targeted approach to identify and encourage tenants to take up the jobs and training opportunities available to them. This approach will be supported by the Stronger Voices Officer and community events.

Table 18

Indicator	Target (YTD)	Current Performance YTD	2022/23
Loretto - Number of vulnerable children benefiting from targeted Foundation programmes	15	24	24
Loretto - Total number of jobs, training places or apprenticeships created by Wheatley Group including Wheatley Pledge	1	0	1

Developing our Shared Capability

<u>Sickness Absence</u>

4.64 We are currently outperforming the 3% sickness target at 0.22 % year to date. This is a further improvement from the position at the end of Q1 (0.33%).

Table 19

Sickness Rate	Target	2023/24 YTD	2022/23
Loretto	3%	0.22%	5.65%

4.65 Ongoing support to help staff employees with a range of issues was provided in Q2 via several Academy e-learning modules (Stress Awareness, Personal Resilience, Mental Health Awareness).

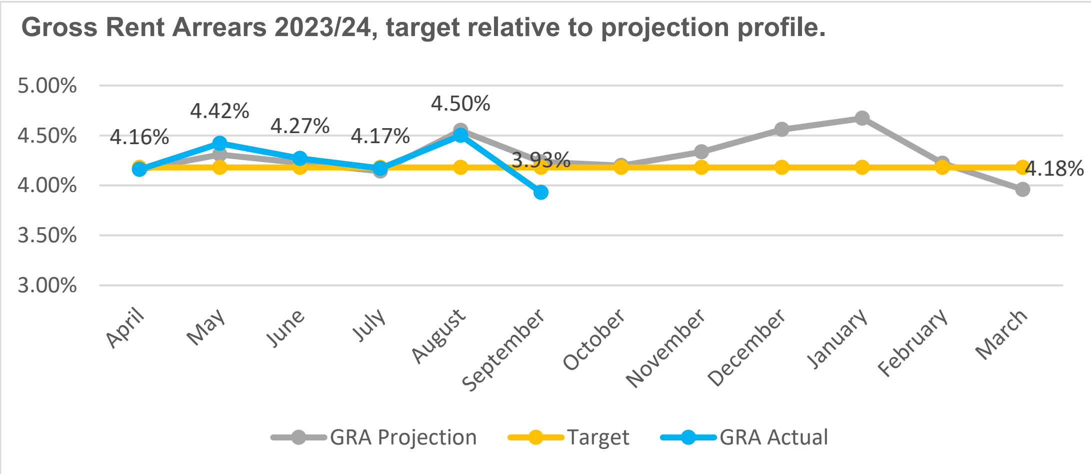
4.66 Employee Relations and Employee Wellbeing are reviewing trends in sickness absence across Group related to stress and anxiety cases to inform wellbeing training offerings for both managers and staff.

4.67 Training proposals have been sought by different providers to offer greater support to line managers to refresh the Wellbeing culture in their teams. Manager workshops will start before the end of 2023 with wider rollout of sessions in 2024. Staff workshops will also be on offer which will complement the ongoing individual support services for stress and anxiety offered through our EAP and bespoke counselling services.

Enabling our Ambitions

Gross Rent Arrears

Chart 1



4.68 The SHR's published ARC 2022/23 shows the Scottish average for social landlord Gross Rent Arrears ("GRA") was 6.9%, the highest level since the introduction of the Charter in 2013/14. We continue to outperform this benchmark.

4.69 Our GRA at Q2 of 3.93% was the best result so far this year and we continue as the best performer across Group RSLs. Performance in Period 8 saw a further reduction in GRA to 3.91%, and we are now 0.27% below our year-end target.

4.70 To ensure we remain on track to meet our year-end target and in order to continue to drive the necessary performance levels, the immediate focus is on performance management, with targets set down to patch level for each Housing Officer and a focus on key activity metrics that impact the overall GRA performance.

4.71 We have developed an action plan focused around early intervention, escalation and referring to wraparound support services as quickly as possible where required.

4.72 In the past period, there has been a strong focus for Housing Officers on quick escalation of cases, including a focus on rejected Direct Debits as soon as they are returned. Our staff teams meet regularly to focus on arrears specifically. The teams all have "protected rents time" where they are together in the local hubs, working on rents and undertaking peer-to-peer work for additional support. Arrears case reviews are being undertaken to identify opportunities for improvement.

4.73 In-person Rent Refresh Thinking Yes Together sessions are taking place in Q3 with all Housing Officers, to reinforce the fundamentals of rent collection, focusing on good case management, good legal case preparation and Universal Credit, a revised Rent Matters toolkit is also being launched at these sessions.

4.74 In addition, a Loretto Income Together session took place on 07 November 2023, highlighting external agencies that can also support our customers with regard to maximising their income and reducing arrears. This was attended by some internal support teams as well as colleagues from Department for Work and Pensions (DWP) and One Parent Families Scotland.

Universal Credit Managed Migration

4.75 The final phases of the Universal Credit roll out, termed Managed Migration by the Department for Work and Pensions (DWP), will move the final tranches of legacy benefit claimants over to UC. This is due to be complete for most claimants by the end of 2024.

4.76 The Move to UC was extended into parts of Scotland in August 2023, with it reaching Falkirk in September 2023, Glasgow in October 2023 and South Lanarkshire in November 2023. The roll out of Universal Credit by benefit type will be as follows:

- **2023/24** – Working and/or Child Tax Credits claimants only
- **2024/25** – Tax Credit cases who also receive other DWP benefits; Income Support, Job Seekers Allowance, Housing Benefit
- **2028/29** – Employment Support Allowance claimants

4.77 A robust approach to minimise and mitigate the impact of these changes on our customers and our business has been developed with the overarching aim of ensuring our arrears and tenancy sustainment targets are achieved by effective identification of affected groups and the delivery of targeted support. This will ensure we remain sector leading in our approach.

Rent Campaign 2023

4.78 We launched our annual rent campaign in October, which will support our ongoing work around income collection and mitigation of the impact of Managed Migration. Each year, we undertake our annual rent campaign from October to December, focusing on minimising a traditional spike in arrears around the Christmas period. For the 2023 campaign, we are focusing on a stronger message around rent being priority while maintaining elements of support for those who need it, encouraging customers to get in touch with us.

4.79 Our campaign message of "Pay Your Rent. Keep Your Home" is more robust this year, reminding customers of the importance of prioritising rent payments and ensuring they do so on time. However, the sub-heading of "Get in touch today. We're here for you 24/7" also reminds customers that we are still here to support and want to help them.

4.80 Key measures of success for our rent campaign will be demonstrated through maximised income over the Christmas period, increased use of wraparound services, an increase in the number of customers contacted over the course of the campaign, more customers signed up for Direct Debit and a reduction in the number of customers in arrears at financial year end. Currently, we have 30.25% of customers in arrears and 838 customers paying by Direct Debit.

Average Days to Re-Let (Charter)

4.81 The Scottish average for Charter re-letting times in 2022/23 was 55.6 days. We remain significantly better than this at 10.35 days for the current year-to-date, an improvement on our 15.98 days in 2022/23.

Table 204

Average days to re-let (Charter)	2023/24 YTD		2023/24 Target	2022/23 Results
Loretto	10.35		16	15.98

Summary of Strategic Project Delivery

4.82 A full update on progress with strategic projects is attached at Appendix 3. The following table summarises the current status of projects.

Table 21

Complete	On track	Slippage	Overdue
0	5	0	2

4.83 No projects completed during Q2.

4.84 The following projects are currently overdue:

- *Group wide implementation of Roll out Book it, Track it, Rate it* - Data integration is now in place with the WHS platform. The communication flows were activated at the end of October and the Rate It aspect is expected to be activated over the next couple of weeks.
- *Interest cover covenant revision* - Delayed due to external interdependencies, which were highlighted as a contingency when agreeing the project.

5. Customer engagement

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

6. Environmental and sustainability implications

6.1 One of our strategic projects for 2023/24 focuses on implementation of the Group sustainability framework. This includes a refined sustainability performance framework and delivery plan which is overseen by the Wheatley Solutions Board.

7. Digital transformation alignment

7.1 Our strategy is underpinned by digital transformation. The strategic projects for 2023/24 have been developed and prioritised with IT, digital and data interdependencies a key factor.

8. Financial and value for money implications

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

9. Legal, regulatory and charitable implications

9.1 The Scottish Housing Regulator requires an Annual Return on the Charter from each RSL. Key indicators within this return are also included in quarterly performance reporting. RSL Subsidiary Boards approve the returns, and the figures are included in the year-end performance report to the Board.

9.2 RSLs are also required to involve tenants in the scrutiny of performance, which the Group does through its Tenant Scrutiny Panel, and to report to tenants on performance by October each year, which we have done.

10. Risk appetite and assessment

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

11. Equalities implications

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

12. Key issues and conclusions

12.1 Our 2022/23 results, and position to Q2, compare very favourable to the confirmed Scottish averages for a number of key Charter indicators such as days to let, arrears and time to complete emergency repairs.

12.2 We have strong performance against our targets for 2023/24 in several key areas: arrears, days to let, lets to homeless, tenancy sustainment, new build, emergency repairs, adaptation completion timescales and sickness absence.

12.3 Good progress continues with our strategic projects.

13. Recommendations

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

LIST OF APPENDICES:

Appendix 1 – Charter 2022/23 Matrix with Scottish Averages
Appendix 2 – Strategic Results Dashboard
Appendix 3 – Strategic Projects Dashboard

	Appendix 1 - Charter 2022/23 Matrix, including Scottish Averages Excludes annual survey results and contextual performance indicators Green - at or better than the Scottish average Amber - within 10% of the Scottish average	Loretto Housing	SHR Scottish Average
	Charter Performance Indicator	2022/23 Results	2022/23
03a	Percentage of all complaints responded to in full Stage 1	96.60%	95.3%
03b	Percentage of all complaints responded to in full Stage 2	96.15%	92.5%
04a	Average time in working days for a full response to complaints at Stage 1	3.51	5.8
04b	Average time in working days for a full response to complaints at Stage 2	17.72	19.3
06	Percentage of stock meeting the Scottish Housing Quality Standard (SHQS)	99.58%	79.0%
08	Average time to complete emergency repairs (hours)	3.16	4.2
09	Average time to complete non-emergency repairs (working days)	9.13	8.7
10	Percentage of reactive repairs completed right first time	92.58%	87.8%
12	Percentage of tenants satisfied with repairs or maintenance carried out in last 12 months	89.83%	88.0%
14	Percentage of tenancy offers refused during the year	8.12%	30.9%
15	Percentage of anti-social behaviour cases reported in the last year which were resolved	100%	94.2%
16	Percentage of new tenancies sustained for more than a year - overall	92.23%	91.2%
17	Percentage of lettable houses that became vacant	6.17%	7.4%
18	Percentage of rent due lost through properties being empty	0.39%	1.4%
21	Average time to complete approved applications for medical adaptations (calendar days)	21.49	46.8
23a	Percentage of referrals under Section 5, and other referrals for homeless households made by the local authority, that resulted in an offer	113.38%	37.8%
23b	Percentage of offers made to LA Section 5 and other referrals for homeless households that result in a let	103.11%	82.5%
26	Rent collected as % of total rent due	98.74%	99.0%
27	Gross rent arrears (%)	4.28%	6.9%
30	Average length of time taken to re-let properties (calendar days)	15.98	55.6

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

1. Delivering Exceptional Customer Experience

	2022/23	YTD 2023/24		
Measure	2022	2023		
	Value	Value	Target	Status
Average time for full response to all complaints (working days) - overall	5.09	4.84		
Average time for full response to all complaints (working days) - Stage 1	3.51	3.46	5	
Average time for full response to all complaints (working days) - Stage 2	17.72	16.35	20	
% new tenancies sustained for more than a year - overall	92.23%	94.26%	90%	
Group - % of first contact resolution at CFC	88.99%	85.49%	90%	
Group - Call abandonment rate	4.72%	5.86%	5%	
Group - Percentage of CFC customer interactions that are passed to Housing and Lowther staff for resolution	6.15%	7.57%	10%	
Group - % calls answered <30 seconds (Grade of Service)	76.79%	66.43%		
Group - Average waiting time (seconds)	57.64	66.38		
Loretto Housing - CFC Abandonment Rate	4.29%	5.83%	5%	
Loretto Housing - CFC Grade of Service	76.93%	65.61%		
Loretto Housing - Average Wait Time (seconds)	49.95	64.99		

2. Making the Most of Our Homes and Assets

Measure	2022/23	YTD 2023/24		
	2022	2023		
	Value	Value	Target	Status
New Build Completions – Social Housing	205	19	0	
Reduce the volume of emergency repairs by 10% by 2025/26 (target -3.34% for 2023/24)	Apr-Sep 22/23 1,861	Apr-Sep 23/24 1,776	-4.57%	
Average time taken to complete emergency repairs (hours) – make safe	3.16	2.63	3	
Average time taken to complete non-emergency repairs (working days)	9.13	9.29	7	
% reactive repairs completed right first time	92.58%	90.26%	93%	
Number of gas safety checks not met	0	0	0	
% of tenants who have had repairs or maintenance carried out in last 12 months satisfied with the R&M service	89.83%	89.18%	90%	
Average time to complete approved applications for medical adaptations (calendar days)	21.49	19.02	25	
% Planned repair spending	55.94%	36.79%	60%	
% Reactive repair spending	44.06%	63.21%	40%	
Number of HSE or LA environmental team interventions	0	0	0	
Number of accidental fires in workplace	0	0	0	
Group - Number of open employee liability claims	13	16		
Group - Number of days lost due to work related accidents	464	234.5		
Number of new employee liability claims received	0	0	0	

3. Changing Lives and Communities

Measure	2022/23	YTD 2023/24		
	2022	2023		
	Value	Value	Target	Status
% ASB resolved	100%	100%	98%	
% Lets Homeless Applicants - overall (ARC)	43.46%	65.88%		
% Relevant lets to Homeless Applicants	45.85%	62.5%		
Loretto - Total number of jobs, training places or apprenticeships created including Wheatley Pledge	1	0	1	
Group - % of Communities Classified as Peaceful in period	69.4%	75.98%	70%	
Group - 100% of relevant properties have a current fire risk assessment in place	100%	100%	100%	
Group - The percentage of non-relevant properties that have a current fire risk assessment in place	100%	100%	100%	
Number of accidental dwelling fires recorded by Scottish Fire and Rescue	6	1		

4. Developing Our Shared Capacity

Measure	2022/23	YTD 2023/24		
	2022	2023		
	Value	Value	Target	Status
Sickness Rate	5.65%	0.22%	3%	

5. Enabling Our Ambitions

Measure	2022/23	YTD 2023/24		
	2022	2023		
	Value	Value	Target	Status
% lettable houses that became vacant	6.17%	5.71%	8%	
% court actions initiated which resulted in eviction - overall	18.75%	80%		
Average time to re-let properties	15.98	10.35	16	
Loretto C - Gross rent arrears (all tenants) as a % of rent due	4.28%	3.93%	4.18%	
Loretto A - Gross rent arrears (all tenants) as a % of rent due	4.58%	4.27%		
Loretto B - Gross rent arrears (all tenants) as a % of rent due	3.92%	3.48%		

Appendix 3 - Loretto Housing Board - Delivery Plan 23/24 - Strategic Projects

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
Repairs technical enhancement programme (b)	31-Mar-2024		40%	01. Programme of research and engagement with customers on online repairs service to further refine functionality and usability	30-Sep-2023	Yes	A date of mid-November has been agreed for the implementation start of JV Boxi, following engagement with Civica and CBG IT on project delivery dates. The CBG DRS upgrade has been delayed due to capacity constraints with the vendors supply chain.
				02. CBG IT integration – Boxi reporting system implementation	31-Oct-2023	No	
				03. WHS DRS upgrade	31-Oct-2023	Yes	
				04. CBG DRS upgrade	31-Oct-2023	No	
				05. Servitor and DRS fully implemented in WHE	31-Mar-2024	No	
Group wide implementation of Roll out Book it, Track it, Rate it (b)	31-Aug-2023		66%	01. Pilot commencement in Wheatley Homes East	30-Apr-2023	Yes	Data integration is now in place with WHS platform. Given the success in the East and West it is intended we go live immediately in the South without the need for a pilot.
				02. Pilot finalised in with City Building delivered repairs	31-May-2023	Yes	
				03. Pilot commencement in Wheatley Homes South	31-May-2023	No	
				04. Pilot evaluation, including customer feedback, and agreement to go live - City Building	30-Jun-2023	Yes	
				05. Pilot evaluation, including customer feedback, and agreement to go live - Wheatley Homes East	31-Jul-2023	Yes	

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				06. Pilot evaluation, including customer feedback, and agreement to go live - Wheatley Homes South	31-Aug-2023	No	
My Voice – real time customer feedback reporting (b)	31-Mar-2024		60%	01. MY Voice CFC pilot concluded	30-Apr-2023	Yes	Allocations pillar launched in August, surveying customers who moved into their home in September. NETs pillar has also been launched; surveying customers who had Ad-Hoc requests completed in September. Preparations are underway for a November launch of the repairs and ASB pillars.
				02. CFC customer insight operational framework implemented	31-May-2023	Yes	
				03. Implementation plan for key service pillars developed and approved by ET	31-May-2023	Yes	
				04. On-board key service pillars to MY Voice customer insight platform	30-Nov-2023	No	
				05. Implement operational frameworks	31-Mar-2024	No	
Migration to new cloud telephony platform (b)	31-Mar-2024		60%	01. Group Board approval of contract award	30-Apr-2023	Yes	IT Helpdesk went live with STORM at the start of October. We have now gone live for Wheatley Homes South ahead of schedule.
				02. Vendor Contract Award	31-May-2023	Yes	
				03. Full project delivery plan developed and commenced	31-Jul-2023	Yes	
				04. Phase 1 launch	31-Dec-2023	No	
				05. Phase 2 launch	31-Mar-2024	No	
Implement Group sustainability framework (b)	31-Dec-2023		80%	01. Sustainability delivery workshop with nominated group leads	30-Apr-2023	Yes	Update on sustainability provided to all group partner Boards and Group Board at their last meeting.
				02. Refine sustainability performance monitoring framework	31-May-2023	Yes	

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				03. Develop sustainability delivery plan	30-Jun-2023	Yes	
				04. Quarterly sustainability updates to ET	30-Jun-2023	Yes	
				05. Annual sustainability progress report via PNAG to Group Board	31-Dec-2023	No	
Develop a new, integrated Neighbourhood Planning Approach (b)	28-Feb-2024		83%	01. Deliver workshop with key people involved in Neighbourhood tools and scoring mechanisms to map out roles and remit	31-May-2023	Yes	On 15/09/2023 WHG Board approved approach to neighbourhood for WHG. Five of the Six milestones now complete. Project on track.
				02. Develop a technical guidance document around application of tools and the scoring mechanisms within the neighbourhood assessment	30-Jun-2023	Yes	
				03. Trial and test the neighbourhood assessment, including customer engagement, in one neighbourhood within WHG	31-Jul-2023	Yes	
				04. Based on the neighbourhood assessment, propose an example neighbourhood plan	30-Sep-2023	Yes	
				05. Provide worked example to WHG Board to review and agree as a model going forward	30-Sep-2023	Yes	

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				06. Draft Neighbourhood approach for wider group to RSL Boards	28-Feb-2024	No	
[redacted]							

Loretto Housing

Report

To: Loretto Housing Association Board

By: Stephen Wright, Director of Governance

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

Subject: Governance update

Date of Meeting: 20 November 2023

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1. Purpose

1.1 To update the Board, seeking approval where appropriate, on the following governance-related matters:

- Recruitment and succession planning; and
- Scottish Housing Regulator ("SHR") consultation on its Regulatory Framework.

2. Authorising and strategic context

2.1 Under the Group Standing Orders, the Group Board is responsible for agreeing the overall Governance Framework for the Group including approval of any related frameworks, policies and plans.

2.2 Under our Terms of Reference, our Board is responsible for reviewing and approving our succession planning arrangements.

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

3. Background

3.1 Our succession planning arrangements are developed in line with the Group Board recruitment and succession planning procedure. The procedure sets the parameters under which our succession plan has been developed including the core skills and experience each member contributes to the Board. We currently have vacancies for new Board members and are recruiting to fill these roles in accordance with this procedure.

3.2 Following the Group Board consideration of a discussion paper issued by the SHR in June 2023, the SHR has now issued its consultation on the regulation of social housing in Scotland. A response to this has been prepared and considered by the Group Board.

4. Discussion

Board recruitment and succession planning

4.1 Our Rules provide for us having a Board with a minimum of seven and maximum of 11 members. Following the retiral of Archie Morrison, which will take place at the end of the year, our Board will reduce to seven members. This therefore creates an immediate requirement to recruit a new Board member. We also have an existing vacancy which we are seeking to fill.

4.2 Given these unplanned vacancies, we have appointed recruitment advisors to support us in filling these roles. In particular, we are seeking to recruit new Board members with a particular focus on candidates with skills in law (which we do not currently have) and in banking, given the planned retirement of our Chair in 2024. We have identified five potential candidates whom we have met with to discuss the role and the commitment required. We are also now arranging for the Chair to meet and interview candidates. It is proposed that we seek to appoint up to three candidates from this pool.

4.3 In relation to succession planning, our Chair and Alex McKay are both due to retire in 2024. This means that we will also have a requirement to recruit two further Board members for September 2024.

4.4 We initiated our tenant board member pathway programme in Autumn and have so far identified three candidates who wish to be considered for this. We have met with two of the candidates and are arranging to meet with the third. Those we have met so far are already part of the Group Scrutiny Panel. We are continuing to promote our pathway programme to broaden the pool of potential candidates. This will help us ensure we are in a position to appoint new tenant Board members by September 2024.

Scottish Housing Regulator - consultation

4.5 Following its discussion paper in June 2023 the SHR has now issued its consultation on the regulation of social housing in Scotland. This includes specific updates to the Regulatory Framework and associated Statutory Guidance.

4.6 The proposed changes reflect the future priorities set out by the SHR in its initial discussion paper, which will focus on ensuring RSLs:

- Listen and respond effectively to tenants and service users;
- Provide good quality and safe homes;
- Keep homes as affordable as possible; and
- Do all they can to reduce the number of people who are experiencing homelessness.

4.7 A copy of the consultation, including a track-changed copy of the Regulatory Framework, is attached at Appendix 1.

4.8 We have reviewed the consultation documents and agree that the SHR's proposed priority areas reflect the areas we already consider to be priorities and which we had taken steps to further refine during the past year.

4.9 A more detailed update on the key elements of the consultation and proposed changes are set out below. In addition, a copy of the response approved by the Group Board is attached at Appendix 2. The consultation response reflects that the proposed changes are largely incremental and also serve to increase clarity.

Annual Assurance Statement (AAS)

4.10 The SHR intends to add a provision to the Statutory Guidance enabling it to require landlords to include explicit assurance on specific issues, from time to time. This allows the AAS process to respond to emerging topics, such as damp and mould. This formalises what has already been a recent practice from the SHR.

Annual Return on Charter (ARC)

4.11 The SHR initially set out in its discussion paper plans to introduce new indicators on tenants and resident safety as well as specific measures in relation to damp and mould. It is now proposing to undertake a comprehensive review of the Annual Return on the Charter ("ARC") which would in turn capture any new indicators for tenant and resident safety and damp and mould. It would also allow the Scottish Government EESSH Review Group to conclude its work.

4.12 It is intended that a working group be established with a view to a revised set of ARC indicators being issued for consultation in 2024/25 with a view to taking effect from 2025/26. We support the approach, which will allow sufficient time for the measures to be well-defined and the necessary arrangements for data collection and validation to be completed. We will seek to participate in any cross-sector working Group which is established.

Regulatory requirements

4.13 The SHR has always had a strong focus on ensuring that landlords listen to tenants and service users. One of the proposed enhancements to the Regulatory Framework is to include a specific requirement for landlords to ensure tenants, residents and service users have an easy and effective way to provide feedback and raise concerns. This should also allow the RSL to provide quick and effective responses.

4.14 We already have a very strong range of mechanisms in place which would evidence our compliance with such a requirement. Our strong focus on our engagement framework and Customer Voices programme together with real-time feedback tools such as Book it, Track it, Rate and My Voice affirm that this is an area we have a strong focus on.

4.15 Our approach to customer contact, which includes a multi-channel offering of telephone, email, webform and direct meetings with housing officers. The SHR's proposed additional emphasis on listening to and responding to tenants is consistent with our own.

Regulatory Status

4.16 The SHR proposes retaining the three-category approach but making the language more direct to confirm 'working towards compliance' is a non-compliant status. We are, and will remain, in the compliant category and therefore will not be impacted by this change. There is no change proposed to the compliant category.

Significant Performance Failures

4.17 The SHR is also consulting on updating the framework to make clear how tenants should raise concerns about their landlord. We have an open and well-publicised complaints process and our experience is that the vast majority of customers use this process to raise concerns.

4.18 However, we do agree that there is an opportunity for the SHR to improve clarity and it does seek to do this. This includes clearly defining the criteria by which the SHR will consider an issue, in particular that it must impact a group of tenants, and a clear statement about the routes for tenants which should be through their landlord's process and then SPSO, rather than direct to the SHR. This will ensure that landlords will always have the opportunity to respond to and address any issues before escalation to the SPSO or the SHR.

Statutory Guidance

4.19 As part of its review of the Regulatory Framework, the SHR is also consulting on updates to its Statutory Guidance. A number of changes are being made to the guidance on group structures. The changes are being made to reflect the SHR's experience with the development of more complex governance structures and the SHR is seeking to reinforce the principle of ensuring that group structures comply with the regulatory standards, for example in relation to delivering benefits for tenants and financial viability.

4.20 Although there are a number of fellow subsidiaries in the Group, the overall structure is kept under regular review to ensure it is fit for purpose. In addition, our governance arrangements are clear and have been developed with input from our legal and our governance advisors. As such, we have clear lines of responsibility and accountability as set out in our constitution and through the Group Standing Orders which were updated last year.

5. Customer engagement

5.1 We engage with our Customer Voices as part of our approach to recruiting tenant Board members through our pathway programme. Board member vacancies are also highlighted on our website.

6. Environmental and sustainability implications

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

7. Digital transformation alignment

7.1 There are not digital transformation implications arising from this report.

8. Financial and value for money implications

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

9. Legal, regulatory and charitable implications

9.1 The Scottish Housing Regulator's (SHR's) Regulatory Framework includes Regulatory Standards of Governance and Financial Management ("the Standards") which RSLs are required to comply with.

9.2 This report provides an update on proposed SHR changes to this Framework. As set out in our recent Annual Assurance Statement, we are materially compliant with the Framework. None of the proposed changes will impact on this.

10. Risk appetite and assessment

10.1 There is no single risk appetite covering the matters in this report; however across our related strategic outcomes/risk categories, our risk tolerance for legal/compliance ranges from cautious to averse; reflecting our preference of low inherent risk with limited potential for reward vs avoidance of risk and uncertainty with a priority for tight management controls and oversight.

11. Equalities implications

11.1 The diversity of the Board is a consideration in succession planning and in turn Board recruitment. Enhanced consideration of equalities is part of the changes to the SHR framework, particularly in relation to tenant consultation. Our approach to ensuring our focus on equalities, diversity and inclusion will support us to remain compliant with the new framework.

12. Key issues and conclusions

12.1 Our approach to board recruitment helps us to ensure that we have a skilled and experienced Board that helps to ensure we are well governed.

12.2 We are supportive of the SHR's proposed changes and consider that these will enhance the Regulatory Framework for the benefit of the sector.

13. Recommendations

13.1 The Board is invited to:

1) note the update in relation to board recruitment and succession planning; and
2) note the Group response to the SHR consultation.

LIST OF APPENDICES:
Appendix 1: [redacted] available here
Appendix 2: [redacted] available here

Loretto Housing

Report

To: Loretto Housing Association Board

By: Stuart Darroch, Director of Communications and Marketing

Approved by: Graham Isdale, Group Director of Corporate Affairs

Subject: Group Social Media Policy

Date of meeting: 20 November 2023

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1. Purpose

1.1 To update the Board on the updated Group Social Media Policy, approved by the Group Board on 27 September 2023.

2. Authorising and strategic context

2.1 Under the Group Standing Orders, the Group Board is responsible for the approval of Group policies and frameworks. This policy applies to all staff and Board members.

2.2 Customer engagement and digital innovation are key themes in our 2021-2026 strategy; the use of social media is an enabler of this.

3. Background

3.1 The Group Social Media Policy was last reviewed in late 2017. Since then, the use of social media worldwide has expanded, including for business use. The launch of our 2021-2026 strategy 'Your Home, Your Community, Your Future' sets out our digital ambitions and a renewed focus on driving engagement through new digital channels.

3.2 Across the Group, we have 16 social media accounts including Facebook, Twitter, Instagram and LinkedIn; we also have almost 55,000 followers. For us specifically, more than 38,000 people used the Loretto Housing website over the 2022/23 year and our number of followers on our social media channels was 2,254, an increase of 254 from the year before. The growth in smartphone use and of new channels such as TikTok means it is increasingly important that we have a policy in place to safeguard the organisation by identifying who is permitted to represent us online and provide guidance to those who have their own personal social networking accounts.

3.3 The policy has also been updated to include staff using W.E. Connect, our internal staff intranet site. As an internal policy, the draft reviewed policy was shared with our Trade Union partners and includes their feedback.

3.4 The updated policy was considered by the RAAG Committee at its meeting on 22 June 2023, which agreed to recommend the policy for adoption by the Group Board. The Group Board considered and approved this on 27 September 2023.

4. Discussion

4.1 Social media is the broad term used for online platforms that enable users to communicate instantly with each other through sharing information, opinions, knowledge and interests. We recognise our social media presence is valuable in engaging with customers and other stakeholders.

4.2 For social media to be effective, it is vital it is used as part of our communications to provide up-to-date information about us, our subsidiaries, our communities, the services we provide and our engagement activities.

4.3 However, we need to ensure our use of social media channels does not expose us to security risk or reputational damage. This policy and appended staff guidance (Appendix 1 to the policy) sets out how we will manage and regulate our use of social media.

4.4 The updated policy reflects changes and growth in social media channels, including the launch of popular sites such as TikTok and includes a new Appendix (Appendix 2 to the policy: guidelines for using our social media sites). This sets out the guidelines users should adhere to when engaging with us on our social media channels. We also publish ‘house rules’ on our sites.

4.5 The revised policy applies to all staff, Board Members and other workers, including placements, agency workers, secondees and any other contractors. For Board members, the key issue is that they should not purport to communicate on behalf of the Group or Loretto Housing in their social media activity.

4.6 We have published the updated policy on our websites and internal Policy Hub and are developing a high-profile launch of the policy to all staff across the Group through:

- video material for staff;
- use of TalkTogether and manager briefings;
- refresh and promotion of focused e-learning, under MyCompliance on our staff learning platform; and
- and internal communications to raise awareness including through a blog.

5. Customer engagement

5.1 As an internal policy, there has been no customer engagement in relation to this review.

5.2 Social media is an opportunity for us to connect with communities, gather feedback and engage in two-way conversations. It can empower residents to have a voice about their needs and influence decision-making, building trust and stronger communities.

5.3 We also use social media to promote engagement opportunities to customers as well as consultations or campaigns, such as the fire safety campaign. Social media is an effective way of relaying important information quickly to customers for example, if we were to have a disruption to services.

5.4 Last year, we posted 6006 updates across Group our social media channels throughout the year; 4,892,287 people/accounts saw the updates – up by 1.7 million from 2021. For us specifically over the last year, we have had 641 social media posts with a reach of 70,881 and 447 messages/comments received.

6. Environmental and sustainability implications

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

7. Digital transformation alignment

7.1 A key focus in our 'Your Home, Your Community, Your Future' strategy up to 2026 is our Digital Transformation programme around our approach to engagement. Our strategy specifies that engagement will increasingly be digital and online, broadening our reach and providing customers with ease of access at a time and in a way that suits them.

7.2 Social media plays an increasingly important role in how we engage with customers and stakeholders. In the calendar year 2022, we received 10,320 messages on our Group social media channels. This figure includes people who sent us a direct message, commented on our posts and tagged us.

7.3 On the staff intranet site, W.E. Connect, in 2022 there were 285,458 page views with high levels of engagement: 4979 likes and 1594 comments on stories and content pages.

8. Financial and value for money implications

8.1 There are no financial implications associated with the updated policy.

9. Legal, regulatory and charitable implications

9.1 Anyone who uses social media and holds, shares, refers to or uses, for example processes personal information, must comply with the Data Protection Act 2018.

10. Risk appetite and assessment

10.1 The policy outlines the risks associated with online activity and how we mitigate this through our approach to social media use. The improper use of social media by staff or Board members could lead to reputational or credibility damage to the Group. Our risk appetite towards this is 'minimal' which is defined as *'tolerance for risk taking limited to those events where there is no chance of significant repercussion'.*

10.2 Communication of the reviewed Group Social Media Policy and appended guidelines, as well as the mandatory social media awareness e-learning course, helps mitigate this risk by ensuring staff are clear on how they should interact on social media. This policy is included in induction for new employees, and the training on our employee learning platform MyAcademy. Board members will have access to this policy through the AdminControl reading rooms.

11. Equalities implications

11.1 A key focus of our equality, diversity and inclusion (EDI) goals is diversifying our engagement. Social media offers an alternative, flexible form of communication with customers in which we can use various methods to suit different needs such as audio, subtitled video and imagery.

11.2 We are always considerate of EDI in our communications, imagery and branding. We can use social media to raise awareness in terms of equalities, for example through promoting celebration or awareness days to celebrate our diverse communities. We also use social media to promote our services such as our wraparound support.

11.3 Social media helps us reach a wide demographic audience, and in particular can be a useful tool to communicate with our younger customer groups. However, we understand many customers may not use social media or their first language may not be English, so it is important we retain varied, accessible communication and engagement, including face-to-face and translation/interpretation services, to ensure no-one is left behind.

12. Key issues and conclusions

12.1 This policy has been updated to reflect our new channels, larger social media presence, increase in followers, higher levels of customer engagement and reflect the importance placed on digital communications in the current five-year strategy.

13. Recommendations

13.1 The Board is asked to note the updated Group Social Media Policy as approved by the Group Board.

LIST OF APPENDICES:

Appendix 1: [redacted] available here

Loretto Housing

Report

To: Loretto Housing Association Board

By: Lyndsay Brown, Director of Financial Reporting

Approved by: Pauline Turnock, Group Director of Finance

Subject: Finance Report to 30 September 2023

Date of Meeting: 20 November 2023

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1. Purpose

1.1 The purpose of this report is to provide the Loretto Board with:

- An overview of the management accounts for the period to 30 September 2023 and Q2 forecast; and
- Seek approval for amendments to our WFL 1 loan arrangements.

2. Authorising and strategic context

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

2.2 Under the Group Standing Orders and the Terms of Reference contained therein, the Board is required to approve loan agreements, covenant returns and granting of security.

2.3 Raising additional funding and ensuring our existing financing arrangements are fit for purpose ensure we have the financial resources to enable our ambitions to deliver new energy-efficient affordable homes.

3. Background

3.1 Financial performance

The results for the period to 30 September 2023 are summarised below.

	Year to Date (Period 6)		
£000	**Actual**	**Budget**	**Variance**
Turnover	9,665	7,800	1,865
Operating expenditure	(7,881)	(7,758)	(123)
Operating surplus	**1,784**	**42**	**1,742**
Net interest payable	(1,864)	(1,799)	(65)
Statutory Surplus/(Deficit)	**(80)**	**(1,757)**	**1,677**
Net Capital Expenditure	**2,067**	**3,912**	**1,845**

4. Discussion

4.1 Period to 30 September 2023

A statutory deficit of £80k has been reported for the period to 30 September 2023, which is £1,677k favourable to budget. The key driver of the variance is recognition of new build grant income for units at Maddiston that completed ahead of the budgeted date of March 2024.

Key variances against budget include:

4.2 Within income, void performance continues to be strong with a year-to-date void rate of 1.94% compared to the budgeted rate of 2.88% and net rental income of £7,774k is reporting a favourable variance of £78k to budget at 30 September 2023. Grant income is £1,760k favourable to budget and relates to 19 units at Maddiston, which were completed ahead of the budgeted date of March 2024.

4.3 In operating expenditure, total costs are £123k unfavourable to budget with higher spend in revenue repairs and maintenance, offset by lower running costs and favourable bad debt position.

4.4 Revenue repairs and maintenance spend is £334k higher than budget. The variance primarily relates to a higher than budgeted spend across responsive repairs; linked to higher demand for repairs (8.6% ytd increase in job numbers vs ytd 2022/23).

4.5 Bad debts are £121k favourable to budget. A prudent approach is taken when setting the budget.

4.6 Net capital expenditure is £1,845k lower than budget, mainly due to variations in the timing of new build spend and related grant claims at both East Lane and Dargavel Ph3, due to delays and phasing of the project spend.

Q2 Forecast out-turn

4.7 The forecast reports a statutory deficit of £1,907k for the full year out-turn to March 2024, which is £759k unfavourable to budget. The Q2 forecast has been prepared on a prudent basis and allows for an increase in the repairs spend linked to higher demand levels. An improvement plan has been put in place by the My Repairs team identifying a number of mitigating actions to manage full year spend within the additional capacity provided.

4.8 A number of cost saving measures have been put in place across the repairs service to drive efficiencies in the delivery of work. Early indications show that the average cost of repairs jobs is starting to reduce whilst continuing to meet customer demand. The full year forecast out turn for repairs has been prepared on a prudent basis and does not make any assumptions on cost efficiencies arising from these actions.

Key variances to budget include:

- Total income is forecast to be £387k unfavourable to budget resulting from a decrease in gift aid income of £486k from Wheatley Developments Scotland, linked to the lower forecast new build spend, partially offset by lower void losses.

- Total expenditure is forecast to be £344k unfavourable to budget:

    - Repair costs have been forecast at £552k higher than budget linked with the higher levels of customer demand experienced, noting that additional capacity has been provided by the reprofiling of the core investment projects into 2023/24.
    - Bad debt costs have been forecast £142k lower, while still maintaining a conservative approach.

- Net capital expenditure is forecast to be £9,153k lower than budget, with the investment programme forecast to be £949k lower than budget, mainly resulting from a deferral of works into 2024/25. New build is £12,404k lower than budget due to the timing of developments, with compensating reduction in new build grant income of £4,236k.

4.9 The forecast variations to budget are managed within the overall parameters of the RSL Borrower Group budget for 2023/24 of which Loretto is part. The RSL borrower group continues to remain within the overall 2023/24 budgetary provision and financial Golden Rules.

Loan arrangements

4.10 We have been in discussions with our funders to make some amendments to our lending arrangements. [redacted]

4.11 This change will provide us with more flexibility around the planning of our investment programme. In line with our existing approach to covenant compliance and financial planning, we will continue to operate prudently and work within our financial golden rules which provide an agreed level of financial headroom above the minimum covenant level.

4.12 We are working with funders to finalise these changes; the majority have already confirmed with the final funder consent due by Christmas 2023. A draft Board minute for approval by the respective members of the WFL1 Borrower Group, of which Loretto Housing is one, is provided at Appendix 2. Updated final drafts of loan agreements can be found on Admincontrol and these have been reviewed by our legal advisors Pinsent Mason. The Group Board and WFL1 Board have approved these changes and this Board is asked to approve a delegation of authority to any WFL1 director to agree the final form of the lender documentation on our behalf.

5. Customer Engagement

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

6. Environmental and sustainability implications

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

7. Digital transformation alignment

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

8. Financial and value for money implications

8.1 The statutory surplus for the period to 30 September 2023 is £1,677k favourable to budget, which is linked to higher grant income. Delivery of our cost efficiency targets is a key element of continuing to demonstrate value for money. The underlying result for the period to 30 September 2023 is £559k favourable to budget driven by the reduction in the core investment programme.

8.2 The forecast underlying statutory surplus for the year to 31 March 2024 after adjusting the for new build grant income and group gift aid, depreciation and capital expenditure in our properties, is £498k favourable to budget mainly due to the reprofiling of the investment programme and recognition of operational efficiencies.

9. Legal, regulatory and charitable implications

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

10. Risk Appetite and assessment

10.1 The Board's agreed risk appetite for business planning and budgeting assumptions is "open". This level of risk tolerance is defined as "prepared to invest for reward and minimise the possibility of financial loss by managing the risks to a tolerable level".

10.2 Delivery of financial results within approved budgetary limits is a key element in delivering our strategy and maintaining the confidence of investors.

11. Equalities implications

11.1 There are no equalities implications arising from this report.

12. Key issues and conclusions

12.1 This paper presents the financial performance for the period to 30 September 2023 and the Q2 forecast for 2023/24.

13. Recommendations

13.1 The Board is requested to:

1) Note the Finance Report for the period ended 30 September 2023 and Q2 forecast at Appendix 1:
2) Approve the amendments to the borrowing arrangements through the approval of the formal legal minute appended to this report: and
3) Approve delegation of authority to any WFL1 director to make non-material changes and to agree the final form of the lender documentation on behalf of Loretto Housing.

LIST OF APPENDICES:

Appendix 1: Period 6 – 30 September 2023 Finance Report
Appendix 2: [redacted]

Period to 30 September 2023

Finance Report

1a. Operating Statement – Period to 30 September 2023

	Period To 30 Sept 2023			Full Year
	Actual £k	Budget £k	Variance £k	Budget £k
INCOME				
Rental Income	7,928	7,924	4	15,859
Void Losses	(154)	(228)	74	(456)
Net Rental Income	**7,774**	**7,696**	**78**	**15,403**
Grant Income	**1,760**	**0**	**1,760**	**2,223**
Other Grant Income	**85**	**51**	**34**	**116**
Other Income	**46**	**53**	**(7)**	**876**
Total Income	**9,665**	**7,800**	**1,865**	**18,618**
EXPENDITURE				
Employee Costs - Direct	685	691	6	1,382
Employee Costs - Group Services	430	440	10	881
ER / VR	27	27	0	210
Direct Running Costs	872	940	68	1,813
Running Costs - Group Services	228	234	5	469
Revenue Repairs and Maintenance	1,776	1,442	(334)	3,198
Bad debts	82	203	121	407
Depreciation	3,781	3,781	0	7,627
TOTAL EXPENDITURE	**7,881**	**7,758**	**(123)**	**15,987**
OPERATING SURPLUS / (DEFICIT)	**1,784**	**42**	**1,742**	**2,631**
Interest Payable	(1,864)	(1,799)	(65)	(3,779)
STATUTORY SURPLUS / (DEFICIT)	**(80)**	**(1,757)**	**1,677**	**(1,148)**

	Period To 30 Sept 2023			Full Year
	Actual £k	Budget £k	Variance £k	Budget £k
INVESTMENT				
Total Capital Investment Income	**459**	**8,873**	**(8,414)**	**11,196**
Investment Programme	735	1,377	642	2,514
New Build Programme	1,676	11,197	9,521	22,048
Other Capital Expenditure	115	211	97	422
TOTAL CAPITAL EXPENDITURE	**2,526**	**12,785**	**10,260**	**24,984**
NET CAPITAL EXPENDITURE	**2,067**	**3,912**	**1,845**	**13,788**

Income and Expenditure account – key points

Net operating surplus of £1,784k is £1,742k favourable to budget. Statutory deficit for the year is £80k and is £1,677k favourable to budget. The main driver of the favourable variance is the recognition of Maddiston's new build grant income earlier than budgeted.

- Gross rental income of £7,928k is favourable to budget due to early completions at Maddiston. Void losses in the year to date are £74k favourable with 1.94% against a budget of 2.88%.
- Grant income relates to 19 units at Maddiston, which were completed ahead of the budgeted date of March 2024.
- Other grant income of £85k relates to medical adaptations which has been fully claimed by September, with the 2023/24 grant award being £31k lower than the full year budget.
- Direct employee costs are £6k favourable to budget attributable to the charging of additional landlord services to Lowther Homes. Employees recharged from Group Services are for Loretto's share of Wheatley Solutions staff and are currently £10k favourable to budget.
- Total running costs are £73k favourable to budget. Direct running costs are £68k favourable to budget with most expenditure lines showing underspends, partly linked to the timing of spend.
- Revenue repairs and maintenance is £334k unfavourable to budget with responsive repairs spend £360k higher than budget. Completed responsive repair jobs YTD are 8.6% higher than the same period last year, reflecting a continued increase in customer demand. An improvement plan has been put in place to monitor the drivers of repairs costs, improve efficiency and manage repairs spend within the forecast spend.
- Bad debts are £121k favourable to budget. A prudent approach was taken when setting the budget.
- Net Interest payable is £65k unfavourable to budget linked to a higher floating rate than assumed in the business plan at this point in the year.

Net capital expenditure of £2,067k is £1,845k lower than budget.

- Capital investment income (grant) is £8,414k lower than budget mainly due to East Lane and Dargavel Ph 3 site starts being delayed, in addition to the full grant for Main St Maddiston being claimed in 2022/23.
- New build spend is £9,521k lower than budget resulting from the delays and phasing of project spend linked to the East Lane and Dargavel Ph 3 sites.
- Investment programme expenditure of £735k relates to core programme works, capitalised repairs and voids. An underspend is reported due to the re-profiling of the core programme.
- Other capital expenditure of £115k relates to the Loretto contribution to Wheatley Group IT costs.

Operating Statement – September 2023

	Period September 2023		
	Actual £k	Budget £k	Variance £k
INCOME			
Rental Income	1,325	1,321	4
Void Losses	(24)	(38)	14
Net Rental Income	**1,301**	**1,283**	**18**
Grant Income	**0**	**0**	**0**
Other Grant Income	**0**	**14**	**(14)**
Other Income	**9**	**9**	**0**
Total Income	**1,310**	**1,306**	**4**
EXPENDITURE			
Employee Costs - Direct	93	115	22
Employee Costs - Group Services	71	73	2
ER / VR	0	0	0
Direct Running Costs	148	157	9
Running Costs - Group Services	32	39	7
Revenue Repairs and Maintenance	210	199	(11)
Bad debts	(4)	33	37
Depreciation	635	635	0
TOTAL EXPENDITURE	**1,185**	**1,251**	**66**
OPERATING SURPLUS / (DEFICIT)	**125**	**55**	**70**
Gain/(Loss) on Property Sales	0	0	0
Interest Receivable	0	0	0
Interest Payable	(312)	(302)	(10)
STATUTORY SURPLUS / (DEFICIT)	**(187)**	**(247)**	**60**

	Period September 2023		
	Actual £k	Budget £k	Variance £k
INVESTMENT			
Total Capital Investment Income	**0**	**1,561**	**1,561**
Investment Works	55	327	272
New Build	53	2,440	2,387
Other Capital Expenditure	35	35	0
TOTAL CAPITAL EXPENDITURE	**143**	**2,802**	**2,659**
NET CAPITAL EXPENDITURE	**143**	**1,241**	**1,098**

Income and Expenditure account – key points

Net operating surplus of £125k is £70k favourable to budget. Statutory deficit for the month is £187k, £60k favourable to budget. The main drivers of the favourable variance are employee costs and bad debt provision.

- Gross rental income is £4k favourable to budget due to early completions at Maddiston.
- The favourable variance on void losses in the month reflects on YTD performance.
- Other Grant income has an unfavourable variance of £14k as the medical adaptation award was recognised earlier in the year.
- Direct employee costs report a £22k favourable variances to budget due to a YTD catchup in the Landlord services credit for Queens Quay. Employees recharged from Group Services are for Loretto's share of Wheatley Solutions staff.
- Running costs (direct and group services) are £16k favourable to budget mainly due to small underspends across most budget categories.
- Revenue repairs and maintenance expenditure is £11k unfavourable to budget due a higher number of completed responsive repair jobs.
- Bad debts are £37k favourable to budget reflecting YTD performance.
- Gross interest payable of £312k represents interest due on the loans due to Wheatley Funding Ltd 1.

The net capital position of £143k is £1,098k favourable to budget, linked to the timing of the East Lane and Dargavel Ph 3 new build projects.

1b. Underlying surplus – Period to 30 September 2023

Key comments:

- The Operating Statement (Income and Expenditure Account) on page 2 is prepared in accordance with the requirements of accounting standards (Financial Reporting Standard 102 and the social housing Statement of Recommended Practice 2014).
- However, the inclusion of grant income on new build developments creates volatility in the results and does not reflect the underlying cash surplus/deficit on our letting activity.
- The chart below therefore shows a measure of underlying surplus which adjusts our net operating surplus by excluding the accounting adjustments for the recognition of grant income and depreciation, including capital expenditure on our existing properties.
- In the period to the end of September 2023, an underlying surplus of £1,206k has been generated using this measure which is £559k favourable to budget. The variance is primarily driven by lower investment programme spend, due to the timing of spend. The full year budget reflects an underlying surplus of £1,742k.

Loretto Underlying Surplus/(Deficit) - September 2023				
	YTD Actual £k	YTD Budget £k	YTD Variance £k	FY Budget £k
Net operating surplus	1,784	42	1,742	2,631
add back:				
Depreciation	3,781	3,781	0	7,627
less:				
Grant income	(1,760)	0	(1,760)	(2,223)
Net interest payable	(1,864)	(1,799)	(65)	(3,779)
Total expenditure on Investment Programme	(735)	(1,377)	642	(2,514)
Underlying surplus/(deficit)	**1,206**	**647**	**559**	**1,742**

2a. Repairs & Investment Programme – YTD September 2023

Repairs & Maintenance Expenditure	1 April 2023 - 30 September 2023			2023/24
	Actual £k	Budget £k	Variance £k	Budget £k
Responsive repairs	1,000	640	(360)	1,485
Cyclical (local)	38	43	5	87
Compliance revenue	738	759	21	1,626
Total	**1,776**	**1,442**	**(334)**	**3,198**

Investment Programme	1 April 2023- 30 September 2023			2023/24
	Actual £k	Budget £k	Variance £k	Budget £k
Investment Programme Grant Income				
Adaptations	85	51	34	116
Total	**85**	**51**	**34**	**116**
Investment Programme Expenditure				
Adaptations	115	51	(64)	116
Core programme	202	968	766	1,630
Capitalised repairs	147	159	12	370
Capitalised staff	134	61	(73)	123
Void repairs	137	138	1	275
Total	**735**	**1,377**	**642**	**2,514**

Repairs and maintenance

- Revenue repairs and maintenance spend of £1,776k is £334k unfavourable to budget.
- Responsive repairs are £360k unfavourable to budget, with on-going increase in customer demand. There is an 8.6% increase in completed jobs YTD compared to the same period in 2022/23.
- Cyclical repairs report a small favourable variance due to the timing of the works.
- Overall compliance expenditure is £21k favourable to budget driven by lower communal utilities and compliance costs. The underspend on compliance costs is linked to the timing of the programme.
- An improvement plan has been put in place which identifies several mitigating actions to manage repairs spend within the forecast spend.

Investment Programme

- Investment Programme expenditure of £735k YTD is £642k favourable to the budget, mainly due to the lower spend in the core programme.
- The cost of adaptations year to date is partially offset by grant income from GCC and Scottish Government.
- Core programme works are £766k lower than budget due to the reprofiling and timing of the programme.

[redacted]

3. Balance Sheet

	30 September 2023 £k	31 March 2023 £k
Tangible Fixed Assets		
Housing Properties	143,717	144,956
Investment Properties	1,260	1,260
Other Assets	1,285	1,299
	146,262	147,515
Current Assets		
Rent and service charge arrears	718	597
less: Provision for rent arrears	(435)	(364)
Prepayments and accrued income	284	6
Intercompany balances	87	99
Other debtors	1,915	1,918
	2,569	2,256
Cash at Bank and in Hand	1,969	2,062
	4,538	4,318
Short Term Creditors		
Trade creditors	(33)	(53)
Accruals	(2,257)	(2,331)
Deferred income	(1,940)	(2,226)
Rent and service charges in advance	(1,140)	(1,060)
Intercompany balances	(4,881)	(3,360)
Other creditors	(461)	(535)
	(10,712)	(9,565)
Net Current Assets	(6,174)	(5,247)
Long Term Creditors		
Amounts due after one year	(81,425)	(82,425)
Deferred Income	(302)	(1,402)
Pension Liability	(1,758)	(1,758)
Net Assets	**56,603**	**56,683**
Capital and Reserves		
Share Capital	-	-
Revenue Reserve - b/fwd	58,441	46,881
Current year surplus/(deficit)	(80)	11,560
Pension Reserves	(1,758)	(1,758)
Association's Funds	**56,603**	**56,683**

Loretto Housing

Comments

The balance sheet reported reflects the 31 March 2023 year end statutory accounts position. This includes the revaluation of both housing and investment properties, and actuarial valuation of the defined benefit pension scheme.

- **Fixed Assets e**xpenditure is capitalised in accordance with our accounting policy.
- **Investment Properties** are the Barclay Street Mid Market Rent properties, leased to Lowther Homes.
- **Current assets (excluding cash)** are £313k higher than the March 2023 position, due to prepayments and the timing of intercompany settlements and housing benefit receipts.
- **Cash at Bank** The balance is in line with year-end.
- **Short term creditors** due within one year are £1,147k higher than the March 2023 position mainly due to the timing of intercompany settlements.
- **Deferred grants** – This relates to the schemes currently on site. Upon completion of the properties this income will be released to the I&E as grant income.
- **Long-Term Creditors** includes £81.5m of loans due to Wheatley Funding No 1 Ltd, excluding deferred loan fees.

4a. Q2 2023/24 Forecast

Loretto Housing

	Full Year 2023/24		
	Forecast £k	Budget £k	Variance £k
INCOME			
Rental Income	15,859	15,859	0
Void Losses	(326)	(456)	130
Net Rental Income	**15,533**	**15,403**	**130**
Grant Income	**2,223**	**2,223**	**0**
Other Grant Income	**85**	**116**	**(31)**
Other Income	**390**	**876**	**(486)**
Total Income	**18,231**	**18,618**	**(387)**
EXPENDITURE			
Employee Costs - Direct	1,382	1,382	0
Employee Costs - Group Services	872	881	9
ER / VR	210	210	0
Direct Running Costs	1,763	1,813	50
Running Costs - Group Services	462	469	7
Revenue Repairs and Maintenance	3,750	3,198	(552)
Bad debts	265	407	142
Depreciation	7,627	7,627	0
TOTAL EXPENDITURE	**16,331**	**15,987**	**(344)**
OPERATING SURPLUS / (DEFICIT)	**1,900**	**2,631**	**(731)**
Interest Payable	(3,807)	(3,779)	(28)
STATUTORY SURPLUS / (DEFICIT)	**(1,907)**	**(1,148)**	**(759)**

	Full Year 2023/24		
	Forecast £k	Budget £k	Variance £k
INVESTMENT			
Total Capital Investment Income	**6,960**	**11,196**	**(4,236)**
Investment Programme	1,565	2,514	949
New Build	9,644	22,048	12,404
Other Capital Expenditure	386	422	36
TOTAL CAPITAL EXPENDITURE	**11,595**	**24,984**	**13,389**
NET CAPITAL EXPENDITURE	**4,635**	**13,788**	**9,153**

Comments:

The forecast operating surplus of £1,900k is £731k unfavourable to budget. After taking account of financing costs, the statutory deficit of £1,907k is £759k unfavourable to budget.

Total income forecast of £18,231k is £387k lower than budget.
- Void losses are forecast to be £130k lower than budget with the forecast maintaining a conservative approach to future performance.
- Other grant income is £31k lower than budget following confirmation of 2023/24 medical adaptation grant awards from GCC and Scottish Government.
- Other income is £486k lower than budget due a decrease in gift aid income from Wheatley Developments Scotland, linked to the lower forecast new build spend.

Total expenditure forecast of £16,331k is £344k higher than budget:
- Employee cost group recharges are forecast to be £9k favourable to budget reflecting vacancies from the budgeted structure.
- Running costs (direct and group recharges) are forecast to be £57k favourable to budget reflecting cost efficiencies.
- The forecast out-turn for repairs and maintenance costs has been prepared on a prudent basis and provision has been made for a £552k increase linked the higher levels of customer demand experienced YTD, noting that this is offset by a reprofiling of the core investment programme.
- Bad debts are £142k lower than budget with the forecast maintaining a conservative approach to future performance.
- Interest is forecast to be £28k higher than budget linked a higher floating rate than assumed in the business plan

Net capital expenditure is forecast at £4,635k and is £9,153k lower than budget.
- Investment programme is forecast to be £949k lower than budget due to reprofiling of works planned to 2024/25.
- New build investment expenditure is forecast to be £12,404k lower than budget. This is largely due to later than anticipated site starts at East Lane and Dargavel Ph 3.
- Capital investment income is forecast £4,236k lower than budget linked to the timing of spend at East Lane and Dargavel Ph 3.
- IT capital project spend in other fixed assets has been reprofiled resulting in an overall reduction of £36k.

4b. Underlying surplus – Q2 forecast 2023/24

Loretto Housing

Key comments:

- As with the year to date results to 30 September 2023, the Q2 Forecast full year out-turn Operating Statement (Income and Expenditure Account) on page 8 is prepared in accordance with the requirements of accounting standards (Financial Reporting Standard 102 and the social housing Statement of Recommended Practice 2014).

- An underlying surplus of £1,469k is expected for the full year as shown in the chart below after adjusting to exclude the accounting adjustments for the recognition of grant income and depreciation, but including capital expenditure on our existing properties to reflect the underlying cash surplus/deficit on our letting activity.

- The forecast underlying surplus is £498k higher than the budgeted full year surplus and reflects the reprofiling of the investment programme and the recognition of operational efficiencies, which provides capacity for the additional £552k provision for repairs.

Loretto Underlying Surplus/(Deficit) - Q2 forecast 23/24

	Forecast £k	Budget £k	Variance £k
Net operating surplus	1,900	2,631	(731)
add back:			
Depreciation	7,627	7,627	0
less:			
Grant income	(2,223)	(2,223)	0
WDS gift aid income	(463)	(771)	308
Net interest payable	(3,807)	(3,779)	(28)
Total expenditure on Investment Programme	(1,565)	(2,514)	949
Underlying surplus/(deficit)	**1,469**	**971**	**498**

Loretto Housing

Report

To: Loretto Housing Association Board

By: Laura Henderson, Managing Director

Approved By: Hazel Young, Group Director of Housing and Property Management

Subject: Risk Register

Date of Meeting: 20 November 2023

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1. Purpose

1.1 This report asks the Loretto Housing Board (the Board) to consider and approve the proposed changes to the Loretto Housing Risk Register.

2. Authorising and strategic context

2.1 In accordance with the Group Standing Orders, the Board is responsible for managing and monitoring its Corporate Risk Register and Risk Appetite. The Group Board is responsible for managing and monitoring the Wheatley Group Risk Management Framework.

3. Background

3.1 The paper gives an overview of Loretto Housing's current risk position for consideration by the Board. As set out in the Group Risk Management approach, this update focuses on risks management wishes to bring to the attention of the Board. This includes risks in the following categories:

A. Risks outwith risk appetite;
B. Risks with a residual risk score of 12 of more or an inherent risk score of 20 or more, for which the Board has not received an update on the operation of the controls in the last 6 months; and
C. Risks highlighted by management for consideration. This will include new risks, risks to be removed from the Strategic Risk Register, or risks with a significant change in scoring. It also includes brief details of any significant changes to the external environment that may impact on the Board's risk profile ("horizon-scanning").

4. Discussion

4.1 The chart below shows all risks within the Corporate Risk Register. These are colour-coded as follows:

- Red font – risks highlighted for Member consideration (as set out in paragraph 3.1) and discussed further below;

- Purple font – risks with a high residual risk or inherent risk score where Boards have received an update on the operation of the controls in the last 6 months;and

- Black font – lower scoring risks that have remained stable within the current period.

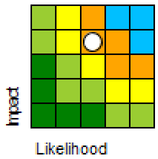
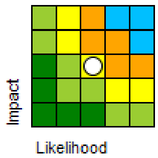
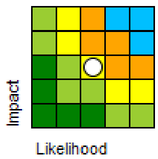
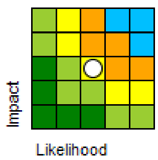
Impact	1	2	3	4	5
5					
4		• Failure to recruit, develop, retain and succession plan • Supply chain disruption • Damp and Mould (A)		• [redacted] • Impact on our customers of the Cost-of-Living crisis • Reduced availability of financial support from SGov't/Local Govt	
3	• Business Continuity • Fire Safety (C) • Rent arrears management	• New operating model implementation (C) • Care & support services (A) • Future waves of pandemic (C) • Fire Event (A) • Financial impact of rent control legislation • Compliance with funders • Customer Satisfaction • Governance Structure • Securing new fundings and adverse market changes • Political and Policy changes • Customer Satisfaction of Shared Owners • Group Credit Rating (A) • Non-achievement of sustainability targets (C)		• Climate change impact on Group assets and services (C)	
2				• Laws and Regulations	
1					

Likelihood

4.2 The remainder of this section provides additional commentary on those risks highlighted in red font. A full description of each of these risks, and associated controls, is set out in Appendix 2.

Section A - Risks outwith risk appetite

4.3 There are five risks with a residual risk score that is greater than the approved risk appetite. This is set out in the table below.

Risk	Residual Risk Score	Risk Appetite Level	Commentary
[redacted]			
RISK 053 - Damp and Mould		Minimal	The residual risk scoring for this risk was increased to 12 in August 2023. The proactive approach to the identification of damp and mould issues within customers' homes will reduce the likelihood of any homes having damp or mould present and not being actioned as a result of the customer not reporting it. This is supported by the development and implementation of the new procedures for dealing with reports of damp/mould, the treatment works that have been carried out over the course of the last year and the support / information / guidance that has been made available to customers and frontline staff should in turn reduce the risk associated with damp/mould over the winter period.
RISK 005 – Care and support services		Minimal	Management continues to embed the Care Quality Framework which is providing improved controls. Enhancements have been made to the Framework following feedback and learning from the first full year of use. Work to deliver the outcomes of the Care Strategic Review continues and will also add to an enhanced control environment.
NEW RISK RISK 089 – Fire Event		Minimal	This risk has been separated from the existing 'Fire Safety' risk to focus on the risk of a fire event within a customer property. It is outwith risk appetite due to the limited control the Group has over the actions of third parties to minimise fire risk.
RISK010 – Group Credit rating		Minimal	The residual risk score remains above risk appetite due to the uncertainty within the external economic and policy environment. Management will continue to monitor the potential impact on business plans and keep the scoring of this risk under review.

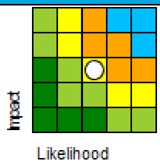
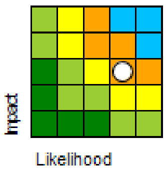
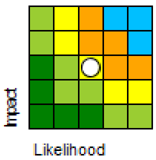
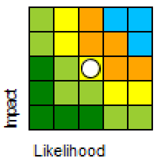
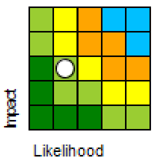
4.4 The implementation of any identified actions will be monitored by management and residual risk scores will be reviewed as part of the scheduled quarterly review of all risks.

Section B – High scoring risks with controls due for review

4.5 There are no risks with a residual risk score that is greater than the 12, or an inherent risk score of 20 or more, for which the Board has not received an update on the operation of the controls in the last 6 months.

Section C- Horizon Scanning

4.6 The table below summarises five risks highlighted by management for the Board's attention, including any key changes to the risks in the Risk Register.

Risk	Residual Risk Score	Risk Appetite Level	Commentary
PROPOSED FOR DELETION: RISK004 – New operating model implementation		Hungry	It is proposed that this risk is deleted from the Corporate Risk Register as the new operating model is now embedded.
AMENDED RISK: RISK023 – Climate change impact on Group customers, assets and services		Open	Following discussion at the Solutions Board risk workshop, this risk has been split within the Group SRR. (See Risk 137 below) This original risk is focused on the potential that climate change consequences on Group assets and services are not anticipated, resulting in damage to the value of our assets and our ability to deliver services.
NEW RISK: RISK137 – Non-achievement of sustainability targets		Open	As above, propose this new risk is added (in line with agreed change to SRR) to focus on the risk that the Group is unable to demonstrate how it is contributing to climate change mitigation activities, due to non-achievement of targets within its Sustainability Framework.
PROPOSED FOR REMOVAL: RISK002 – Ongoing threat of future waves of COVID-19 and / or another pandemic		Hungry	It is proposed that this risk is removed from the Corporate Risk Register and monitored at a local level.
AMENDED RISK: RISK003 – Fire Safety		Minimal	In line with a change made to the SRR, this risk has been split and a new 'Fire Event' risk has been added to the Group Risk Profile. This amended risk is now focused on the risk of non-compliance with legislation.

4.7 The Board is asked to consider whether any matters discussed elsewhere during the Board meeting result in additional risks to be captured in the risk register.

5. Customer Engagement

5.1 No customer engagement implications arise directly from this report.

6. Environmental and sustainability implications

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

7. Digital transformation alignment

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

8. Financial and value for money implications

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

9. Legal, regulatory and charitable implications

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

10. Risk Appetite and assessment

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

11. Equalities implications

11.1 This report does not require an equalities impact assessment.

12. Key issues and conclusions

12.1 Management's review of the Corporate Risk Register has identified five risks that is outwith risk appetite, no risks with high inherent or residual risk scores that have not been reviewed by management; and a further five risks highlighted for Board consideration.

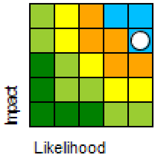
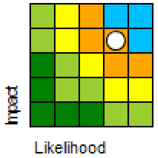
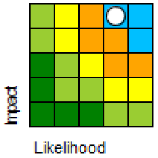
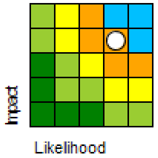
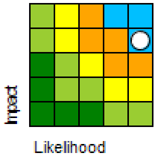
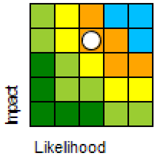
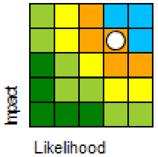
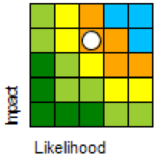
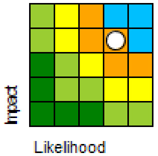
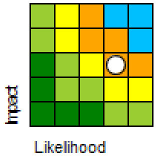
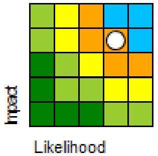
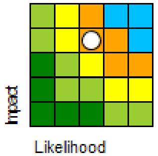
13. Recommendations

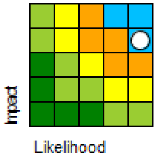
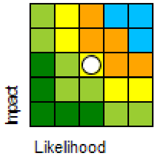
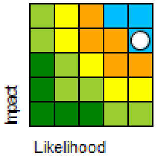
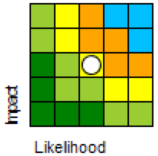
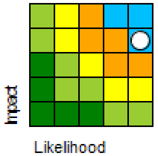
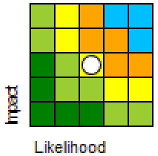
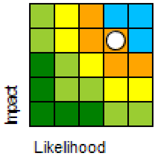
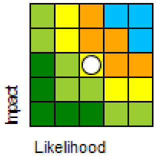
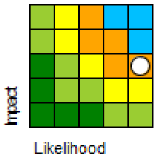
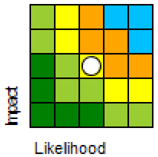
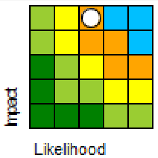
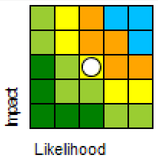
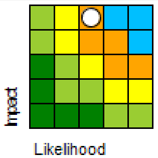
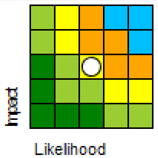
13.1 The Board is asked to:
1) Approve the updates in this report; and
2) Identify any further changes required to the Corporate Risk Register.

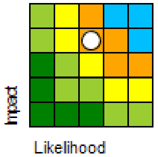
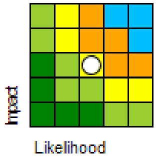
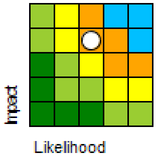
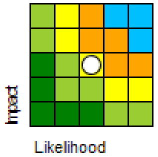
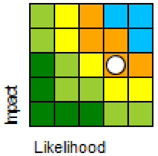
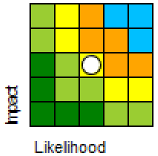
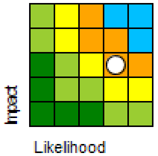
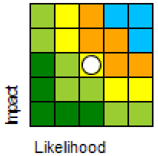
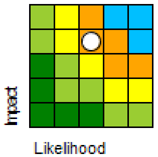
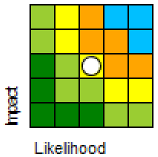
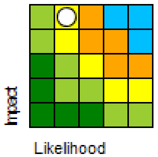
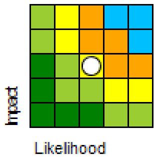
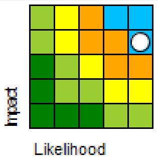
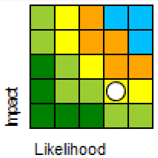
LIST OF APPENDICES:

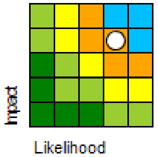
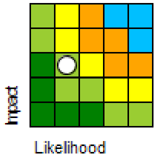
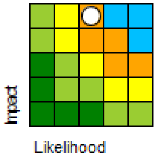
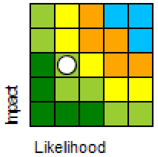
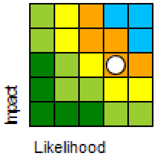
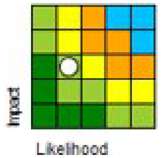
Appendix 1 – Summary status of Loretto Housing Corporate Risk Register
Appendix 2 – Loretto Housing Detailed Highlighted Risks

Appendix 1 – Summary status of Loretto Housing Risk Profile

Code	Title	Original Score	Risk Appetite	Current Risk Score	Owner	Strategic Outcome	Ref to Appendix 2
[redacted]							
RISK 001	Impact on our customers of the cost of living crisis		Risk Appetite is **OPEN** (Orange)		Group Director of Communities	Supporting economic resilience in our communities	N/A
RISK 021	Reduced availability of financial support from Scottish Government and / or local government		Risk Appetite is **OPEN** (Orange)		Group Director of Finance	Raising the funding to support our ambitions	N/A
RISK 018	Supply chain disruption		Risk Appetite is **OPEN** (Orange)		Group Director of Governance & Business Solutions	Increasing the supply of new homes	N/A
RISK 015	Failure to recruit, develop, retain and succession plan		Risk Appetite is **HUNGRY** (Blue)		Group Director of Finance	W.E. Work – strengthening the skills and agility of our staff	N/A
RISK 023	Climate change impact on Group customers, assets and services		Risk Appetite is **OPEN** (Orange)		Group Director of Repairs and Assets	Setting the benchmark for sustainability and reducing carbon footprint	P12 C – Amended risk
RISK 053	Damp and Mould		Risk appetite is **MINIMAL** (Light Green)		Group Director of Repairs and Assets	Investing in existing homes and environments	P13 A – Outwith risk appetite

Code	Title	Original Score	Risk Appetite	Current Risk Score	Owner	Strategic Outcome	Ref to Appendix 2
RISK 004	New operating model implementation		Risk Appetite is **HUNGRY** (Blue)		Group Director of Finance; Group CEO	W.E. Create– driving innovation	P14 C– Proposed for deletion
RISK 005	Care and support services		Risk Appetite is **MINIMAL** (Light Green)		Group Director of Communities	Shaping Care Services for the future	P15 A – Outwith risk appetite
RISK 022	Financial impact of rent control legislation		Risk Appetite is **CAUTIOUS** (Yellow)		Group Director of Finance	Progressing from Excellent to Outstanding	N/A
RISK 137	Non-achievement of sustainability targets		Risk Appetite is **OPEN** (Orange)		Group Director of Repairs and Assets	Setting the benchmark for sustainability and reducing carbon footprint	P16 C – Proposed new risk
RISK 002	Ongoing threat of future waves of COVID-19 and / or another pandemic		Risk Appetite is **HUNGRY** (Blue)		Group Director of Repairs and Assets; Group CEO	W.E. Create– driving innovation	P17 C – Proposed for removal
RISK 008	Compliance with funders' requirements		Risk Appetite is **OPEN** (Orange)		Group Director of Finance	Raising the funding to support our ambitions	N/A
RISK 089	Fire Event		Risk Appetite is **MINIMAL** (Light Green)		Group Director of Repairs and Assets	Developing peaceful and connected neighbourhoods	P18 A -outwith risk appetite

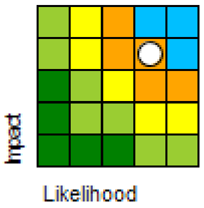
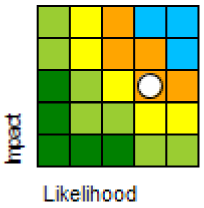
Code	Title	Original Score	Risk Appetite	Current Risk Score	Owner	Strategic Outcome	Ref to Appendix 2
RISK 006	Customer Satisfaction		Risk Appetite is <u>OPEN</u> (Orange)		Group Director of Housing & Property Management	Enabling customers to lead	N/A
RISK 009	Governance Structure		Risk Appetite is <u>CAUTIOUS</u> (Yellow)		Group Director of Governance & Business Solutions; Group CEO	W.E. Work– strengthening the skills and agility of our staff	N/A
RISK 011	Securing new funding and adverse market changes		Risk Appetite is <u>OPEN</u> (Orange)		Group Director of Finance	Raising the funding to support our ambitions	N/A
RISK 014	Political and Policy changes		Risk Appetite is <u>OPEN</u> (Orange)		Group Director of Governance & Business Solutions; Group CEO	Influencing locally and nationally to benefit our communities	N/A
RISK 173	Customer Satisfaction of Shared Owners		Risk Appetite is <u>OPEN</u> (Orange)		Group Director of Housing & Property Management	Enabling customers to lead	N/A
RISK 010	Group Credit Rating		Risk Appetite is <u>MINIMAL</u> (Light Green)		Group Director of Finance	Maintaining a strong credit rating and managing financial risks	P22 A – Outwith risk appetite
RISK 016	Laws and Regulations		Risk Appetite is <u>CAUTIOUS</u> (Yellow)		Group Director of Governance & Business Solutions	Progressing from Excellent to Outstanding	N/A

Code	Title	Original Score	Risk Appetite	Current Risk Score	Owner	Strategic Outcome	Ref to Appendix 2
RISK 012	Business Continuity / Disaster Recovery		Risk Appetite is **OPEN** (Orange)		Group Director of Repairs and Assets	Progressing from Excellent to Outstanding	N/A
RISK 003	Fire Safety		Risk Appetite is **MINIMAL** (Light Green)		Group Director of Repairs and Assets	Investing in existing homes and environments	P23 C – Amended risk
RISK 007	Rent Arrears Management		Risk Appetite is **OPEN** (Orange)		Group Director of Housing & Property Management	Enabling customers to lead	N/A

Appendix 2 – Detailed risks highlighted for Board consideration

[redacted]

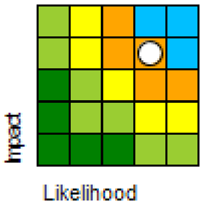
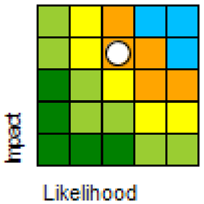
RISK 023 Climate change impact on Group customers, assets and services – *C: Amended risk*

<table>
<tr><td>Strategic Outcome</td><td>Setting the benchmark for sustainability and reducing carbon footprint</td><td>Risk type</td><td>Financial or VFM</td><td>Risk owner</td><td>Group Director of Repairs and Assets</td></tr>
<tr><td colspan="3">Description</td><td colspan="3">Controls</td></tr>
<tr><td colspan="3">There is a risk that the impact of climate change consequences on Group customers, assets and services are not anticipated resulting in damage to the value of our assets and our ability to deliver services to our customers.</td><td colspan="3">Business continuity plans (both at Group and local level) provide for operational responses to extreme weather events such as flooding and severe winter snow (e.g. “Beast from the East” type events). Climate Impact Assessment report commissioned from external consultants (Foresight report).</td></tr>
<tr><td>Inherent risk</td><td>Residual risk</td><td>Risk Appetite level:</td><td colspan="3">Previous / Next detailed Board update on operation of controls listed above:</td></tr>
<tr><td></td><td></td><td>Risk Appetite is OPEN (Orange)</td><td colspan="3">All Boards – business plan including detailed 5 year capital investment plan and climate impact (Feb 23)

Annual Sustainability Report (August 23)

All Boards provided an update on the Action Plan and work undertaken through the CoE (Sept 23)</td></tr>
</table>

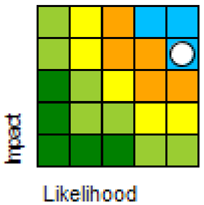
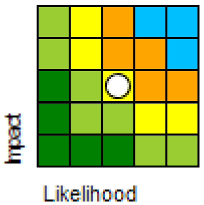
RISK 053 Damp and Mould - *A: Outwith risk appetite*

<table>
<tr><td colspan="2">Strategic Outcome</td><td colspan="2">Investing in existing homes and environments</td><td>Risk type</td><td>Compliance - Legal / Regulatory</td><td>Risk owner</td><td>Group Director of Repairs and Assets</td></tr>
<tr><td colspan="2">Description</td><td colspan="6">Controls</td></tr>
<tr><td colspan="2">There is a risk that housing stock is in a poor-quality condition as a result of damp and mould, resulting in harm to tenants' health.</td><td colspan="6">Existing Controls
The Group has a Damp and Mould Policy, which is supported by detailed procedures. Mould and damp are recorded as specific work order descriptions, with agreed timescales for completion of the works. Timescales for completion of mould works have been reduced from 30 to 15 days and all jobs include a full inspection within 2 working days.
Additional staff, to specialise in mould and damp, have been recruited to provide additional resource to the existing team. Arrangements are also in place for specialist external support to this Service. A process in in place to contact tenants with completed mould and damp jobs to determine whether the reported issue has been resolved. Trades staff are made aware of condensation and its causes, as well as being trained in application of products used to manage it.
There are annual visits to all properties as part of technical compliance programme, with those in attendance advised to report any issues noted while in a property, including damp and mould. Housing Officers also access properties at least once per annum (usually more frequently). Housing Officers have access to information about current mould and damp jobs, factsheets to provide to tenants and are able to direct tenants to videos on how to manage issues. These are also available on Group websites. Training has been developed for all frontline staff who work with tenants including housing, wraparound services, CFC and care staff. CFC staff have specific script for probing when someone raises concern about damp or mould, so we understand clearly the extent of concern at the outset.
A No Access Policy to cover the Group’s approach to forced access, including in instances where repeated issues of damp and mould are raised but access is refused, has been rolled out.
Planned controls
All staff with reason to visit customer homes are currently being trained to recognise signs of damp and mould as part of a See It, Report It campaign. This also includes CBG trades operatives.
A pilot exercise to test environmental sensors in a small number of properties is underway and the findings of this will be used to inform any further roll out. Technological solutions to treat mould are also being engaged wherever they are required e.g. misting machines.</td></tr>
<tr><td>Inherent risk</td><td colspan="2">Residual risk</td><td>Risk Appetite level:</td><td colspan="4">Previous / Next detailed Board update on operation of controls listed above:</td></tr>
<tr><td></td><td colspan="2"></td><td>Risk appetite is <u>MINIMAL</u> (Light Green)</td><td colspan="4">Group paper on approach to Damp and Mould at the December 2022 Group Board.
Repairs Service and Damp and Mould update provided to Group Board in March 2023.
Update on winter preparation, including damp and mould related actions, was submitted to RSL Boards as part of the Winter Resilience Planning papers in September 2023.</td></tr>
</table>

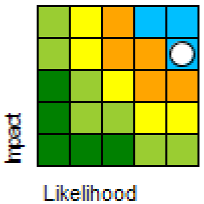
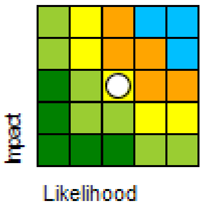
RISK 004 New operating model implementation - ***C: Proposed for deletion***

Strategic Outcome	W.E. Create- driving innovation	Risk type	Operational Delivery	Risk owner	Group Director of Finance; Group CEO

Description	***Controls***
The implementation of a new operating model, including changing staff patterns/places of work, reducing the number of offices and placing greater reliance on technology could be poorly implemented and communicated, leading to staff disengagement and lack of support from our trade union partners.	The results of the completed customer consultation were reported to Boards for consideration. The implementation of the Customer First Centre has now been delivered and will continue to be regularly reviewed to ensure this model meets business need. Executive team receives regular reporting of plans and has oversight of plans, including for the Customer First Centre, rollout of the Centres of Excellence and delivery of the Digital Programme. Continued roll-out of the new operating model has been incorporated into the 2023-24 Delivery Plan and progress against the Plan will be reported to Boards at regular intervals throughout the year.

Inherent risk	**Residual risk**	**Risk Appetite level:**	**Previous / Next detailed Board update on operation of controls listed above:**
		Risk Appetite is **HUNGRY** (Blue)	Quarterly performance reports with CFC KPIs as a standing item (Ongoing) Group Board CFC one-year review (Summer 23)

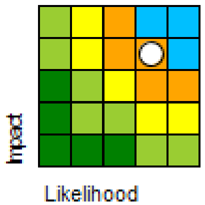
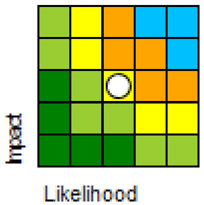
RISK 005 Care and support services – *A: Outwith risk appetite*

<table>
<tr><td>Strategic Outcome</td><td colspan="2">Shaping Care Services for the future</td><td>Risk type</td><td>Compliance: Legal/Regulatory</td><td>Risk owner</td><td>Group Director of Communities</td></tr>
<tr><td colspan="3">Description</td><td colspan="4">Controls</td></tr>
<tr><td colspan="2">A failure in the care of an individual could result in serious personal harm, leading to risk to life and limb, financial liability and loss of future work due to reputational damage.</td><td colspan="5">Care and support services governance arrangements, including the authorising environment, are clear and have been approved. These include regular reviews of service financial positions and processes to hand back services which cannot be delivered in a financially viable manner.
The Care Quality Framework is being implemented through systems of audit that provide quality assurance within service delivery, prompting improvements where necessary.
Customer sentiment surveys are deployed annually to seek formal feedback on customer satisfaction with the service they receive. Complaints are monitored monthly as part of the performance cycle. Accidents and incidents are reviewed with any learning opportunities identified at Managers Forums.
Care policy framework review cycle ensure that policy and procures remain up to date with the most concise direction to staff on their roles and responsibilities
The Care Inspectorate conduct inspections either annually or ever 2 years producing reports that evidence outcomes from inspection.
The Protecting People Policy Framework sets out arrangement for protecting the people we work for, including those considered to be vulnerable. Work to deliver against the Framework is reported to the Wheatley Care Board.
Mandatory and service specific training is in place to give staff the knowledge to identify additional support needs in relation to the people we work for. A training needs assessment is completed for each service annually to identify any additional training requirements in relation to the specific needs of people using that service. Dynamic risk assessments are completed for service users where risk has been identified and revisited on an ongoing basis to ensure the care and support arrangements in place continue to meet their needs.
Care Strategic Review Project proposes improvements to data gathering that enhances reputation and credibility with a sound evidence base.</td></tr>
<tr><td>Inherent risk</td><td>Residual risk</td><td>Risk Appetite level:</td><td colspan="4">Previous / Next detailed Board update on operation of controls listed above:</td></tr>
<tr><td>
</td><td>
</td><td>Risk Appetite is <u>MINIMAL </u>(Light Green)</td><td colspan="4">Care business plan and ongoing care performance reporting to Group and Wheatley Care Board (minimum quarterly)
Strategic Care Review Update paper to Care Board (June 2023 / October 2023)
Strategic Care Review Update paper to Group Board (November 2023)</td></tr>
</table>

RISK 137 Non-achievement of sustainability targets - *C: Proposed new risk*

Strategic Outcome	Setting the benchmark for sustainability and reducing carbon footprint	Risk type	Reputation and Credibility	Risk owner	Group Director of Repairs and Assets

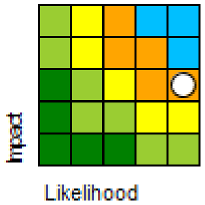
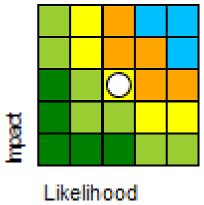
Description	***Controls***
There is a risk that the Group is not able to demonstrate how it is contributing to climate-change mitigation activities, due to non-achievement of targets within its Sustainability Framework, resulting in reputational damage with key stakeholders, including investors, government and customers.	Our strategy includes an objective to reduce emissions from our corporate activities to be carbon neutral by 2026. We have detailed asset information and baseline data, an EESSH 2 plan is under development, and we are in discussions with the Scottish Government about funding to accelerate investment in our properties through a bid to the SHNZ (Social Housing Net Zero Fund). The Group's ethos is that demolition is not a preferred option. We produce an annual ESG report for investors setting out our progress on the environmental agenda and have produced a sustainability framework for investors to support the raising of sustainability-linked finance. In addition to ESG reporting, increased public messaging around our work in relation to climate change is ongoing and we are in the process of developing a group sustainability strategy.

Inherent risk	**Residual risk**	**Risk Appetite level:**	**Previous / Next detailed Board update on operation of controls listed above:**
		Risk Appetite is **OPEN** (Orange)	All Boards – business plan including detailed 5-year capital investment plan and climate impact (Feb 23) Group Board (Sustainability Framework (Dec 22) Annual Sustainability Report (August 23)

RISK 002 Ongoing threat of future waves of COVID-19 and / or another pandemic - ***C: Proposed for removal***

Strategic Outcome	W.E. Create- driving innovation	Risk type	Operational Delivery	Risk owner	Group Director of Repairs and Assets; Group CEO

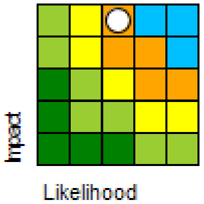
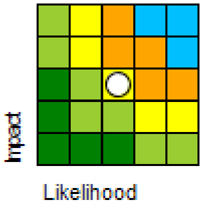
Description	***Controls***
The risk of future waves of Covid-19 and / or another pandemic along with the risk of further periods of lockdown (either Scotland wide or by geographical area) may result in previously remobilised services being paused.	Through lessons learnt from previous lockdown and remobilisation, services now have contingency plans (both Group wide and at a local level in place) for future waves and / or another pandemic. These include protocols for different grades of service model depending on the level of government restrictions (according with the levels system), Operational Safety Manual amendments which can be reinstated at short notice depending on the situation and 16-week PPE forward supply stocks being maintained at all times. We have a clear set of links with Scottish Government and other stakeholders through our standing place on the sector resilience group which allows us to quickly input to and understand Scottish Government responses and guidance. Revised approach to Business Continuity Management implemented and introduction of Business Continuity Co-ordinators and Response Teams established in all Business Areas. Comprehensive Training provided to Business Continuity Co-ordinators.

Inherent risk	**Residual risk**	**Risk Appetite level:**	**Previous / Next detailed Board update on operation of controls listed above:**
		Risk Appetite is **HUNGRY** (Blue)	Business updates have been standing Board agenda items through the last year and have set out any changes to service levels as the pandemic has progressed. This will continue to be the case through 2022. (Ongoing)

RISK 089 Fire Event - ***A: Outwith risk appetite***

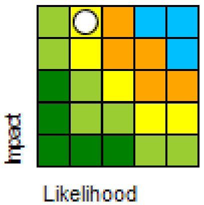
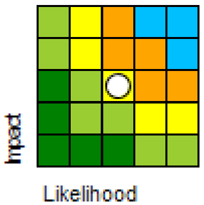
Strategic Outcome	Developing peaceful and connected neighbourhoods	Risk type	Compliance: Legal/Regulatory	Risk owner	Group Director of Repairs and Assets

Description	***Controls***
Actions and behaviours of customers or third parties which are outwith the Group's control lead to a fire within our buildings, resulting in the injury or fatality of individuals, damage to Group property, and reputational damage.	Fire Prevention and Mitigation Framework, including our approach to high rise block inspections and Livingwell. Fire Risk Assessments are completed on a rolling cycle and include assessment of Wilful Fire Raising. Person Centred Risk Assessments (Home Fire Safety Visits) undertaken by Fire Safety Officers where vulnerable customers identified. Daily, weekly and monthly inspections of high rise domestic premises maintained by Environmental Teams in between Fire Risk Assessments being completed. Statutory maintenance of Domestic Properties undertaken to include Gas Safety Installations, Electrical Installations and the provision of Heat and Smoke Detection. New Build properties from 2022 onward will be built with Water Suppression Systems as per new Building Standards requirements. Extensive compliance and investment regime to achieve compliance with building safety regulations (as required) and best practice guidance. Fire Working Group attended by Snr Mgt Teams every 2 months that feeds into a Group Executive Fire Liaison Meeting chaired by Executive Lead and attended by Leadership Directors to review performance, emerging issues and escalate matters as required. Compliance Steering Group established to monitor and review compliance events that could contribute to risk of fire e.g. Gas Safety, Electrical Safety etc.

Inherent risk	**Residual risk**	**Risk Appetite level:**	**Previous / Next detailed Board update on operation of controls listed above:**
		Risk Appetite is **MINIMAL** (Light Green)	Standing item at Group Audit Committee meetings. (Ongoing) Annual report to RSL Boards on Fire Prevention and Mitigation Framework. (May 23) Group, RSL and Lowther Boards - Fire safety performance related KPIs (ADFs and FRAs) as part of standing performance updates. (Ongoing) Board updates due prior to the end of Dec 2023.

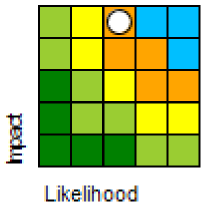
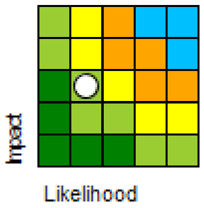
RISK 010 Group Credit Rating - *A: Outwith risk appetite*

Strategic Outcome	Maintaining a strong credit rating and managing financial risks	Risk type	Financial or VFM	Risk owner	Group Director of Finance
Description			***Controls***		
There is a risk that external factors such as a downgrade of the UK's credit rating or a default by another organisation within the social housing sector results in a downgrading of the Group's credit rating to BBB+ or below, resulting in a potential requirement to repay our European Investment Bank loans, a reduction in the availability of future borrowing, and/ or an increase in the cost of current debt.			The Group's business plan is designed to maintain a strong standalone credit rating, for example excluding build for sale. Our financial Golden Rules include maintaining strong levels of liquidity to mitigate refinance risks. Ongoing dialogue is maintained with relevant credit rating agencies in order to mitigate the risk of unexpected rating changes which are controllable. Mitigation drafting used in legal clauses - in the event the rating fell to BBB+, the legal clauses are specific that this is not an event of default (thereby avoiding cross-default). Negotiation period – the legal clauses provide for a period to negotiate with EIB on mitigating measures, such as revisions to covenants or posting of increased security/collateral. Standby funders to replace EIB if necessary - A strong relationship is maintained with EIB to mitigate future risk from external factors causing a credit rating downgrade. Strong investor/lender relationships are maintained with a number of other organisations at all times in case of unanticipated funding need. Annual review (April) and quarterly meetings held with the S&P ratings team to enable pre-emptive actions where required.		

Inherent risk	Residual risk	Risk Appetite level:	Previous / Next detailed Board update on operation of controls listed above:
		Risk Appetite is **MINIMAL** (Light Green)	Business plan projections for all Boards set out how we will maintain financial position (February 2023) The Group and WFL1 Boards receive quarterly treasury reports on the current credit market conditions and any credit rating updates. (Quarterly through 2022 and 2023)

RISK 003 Fire Safety - ***C: Amended risk***

<table>
<tr><td>Strategic Outcome</td><td colspan="2">Investing in existing homes and environments</td><td>Risk type</td><td>Compliance: Legal/Regulatory</td><td>Risk owner</td><td>Group Director of Repairs and Assets</td></tr>
<tr><td colspan="3">Description</td><td colspan="4">Controls</td></tr>
<tr><td colspan="3">There is a risk that a failure to comply with relevant fire safety standards for our buildings results in harm to the health or safety of our customers and/or staff, leading to injuries or fatalities, enforcement action and reputational damage</td><td colspan="4">Group Fire Safety Team focuses on identification of fire preventions actions for implementation by MDs.
Fire Working Group attended by Snr Mgt teams every 2 months feeds into a Group Executive Fire Liaison Meeting chaired by Executive Lead and attended by Directors to review performance, emerging issues and escalate matters as required.
Quarterly Bi-annual reporting of implementation of actions to Group Audit Committee.

Outwith relevant premises, Fire Prevention and Mitigation Framework, including our approach to high rise block inspections and Livingwell, and Fire Risk Assessments are completed on a rolling cycle.
Daily, weekly and monthly inspections of high-rise domestic premises maintained by Environmental Teams in between Fire Risk Assessments being completed.
Extensive compliance and investment regime to achieve compliance with building safety regulations (as required) and best practice guidance.</td></tr>
<tr><td>Inherent risk</td><td>Residual risk</td><td>Risk Appetite level:</td><td colspan="4">Previous / Next detailed Board update on operation of controls listed above:</td></tr>
<tr><td></td><td></td><td>Risk Appetite is <u>MINIMAL</u> (Light Green)</td><td colspan="4">Standing biannual item at Group Audit Committee meetings. (May / November)
Annual Report to RSL and Lowther Boards on Fire Prevention and Mitigation Framework
Group, RSL and Lowther Boards - Fire safety performance related KPIs (ADFs and FRAs) as part of standing performance updates. (Ongoing)</td></tr>
</table>