



**LORETTO HOUSING ASSOCIATION
BOARD MEETING**

**Monday 5 February 2024 at 2pm
Wheatley House, Glasgow**

AGENDA

(scrutiny panel members present to discuss repairs thematic review) –

Attending:

- Graham Mciness will attend along with WHG customer Rhona Paterson
- Lesley Baird from TPAS will attend

1. Apologies for absence and introduction of new Board Members
 - (Guy Kerkvliet, Hussain Kayani, Andrew Little)
2. Declarations of interest
3. a) Minute of meeting held on 20 November 2023 and matters arising
b) Action list
4. Chair and Managing Director updates

Main Business Items

5. Repairs update
6. Customer satisfaction results (presentation)
7. Rent and service charges 2024/25 – **to follow**
8. Financial projections 2024/25
9. [redacted]
10. Five-year Capital Investment Plan
11. Neighbourhood approach (presentation)

Other Business

12. Finance Report
13. Performance Report
14. Governance update
15. AOCB
16. Date of next meeting: 18 March 2024

Report

To: Loretto Housing Board

By: Danny Lowe, Director of Group Repairs, Investment and Compliance

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

Subject: Repairs update

Date of Meeting: 05 February 2024

1. Purpose

- 1.1 To provide the Board with an update on the following:
- Progress with repairs service enhancements;
 - Ongoing customer engagement to inform future service enhancements; and;
 - An update on the Repairs budget forecast for 2023/24.

2. Authorising and strategic context

- 2.1 Under its Terms of Reference the Board is responsible for the oversight and scrutiny of service delivery and monitoring of performance. Repairs are a key driver for our overall tenant satisfaction and a key priority for our tenants.
- 2.2 Our repairs service enhancements support us in achieving our strategic outcome: *developing a customer-led repairs service*.

3. Background

- 3.1 As part of the Board strategy workshop last May, the Board discussed the work underway to evolve our repairs service based on a wide range of customer insight. This was set within the wider context of Board discussions on how we use customer insight to drive Board discussions and make service changes based on it.
- 3.2 It was agreed at the workshop that the refined approach and focus responded clearly to the views of tenants, and we should reflect this in our strategy, with strong Board oversight of delivery during the year.

4. Discussion

Service enhancements

- 4.1 Tenant feedback has consistently indicated that communication and improving the management of complex repair works (reducing the number of visits to complete a repair) are their key priorities and impact how satisfied they are with the service.
- 4.2 Our response to this has focussed on four areas:
- introducing Book It, Track It, Rate it to improve communication;
 - better monitoring of customer experience, to identify areas for Improvement;
 - the role of the MyRepairs team to help monitor and manage more complex repairs, to improve first time fix and give the customer a dedicated contact team for information on their repair; and
 - Reducing repairs timescales.

Customer communication and satisfaction

- 4.3 As noted in previous updates to the Board, Book It, Track It, Rate was extended to all appointed repairs. The feedback to date on the 'Track It' functionality remains positive, with customers indicating that the text message reminders and updates have improved communication.
- 4.4 'Rate it' seeks customer feedback on a scale of 1-5 and includes the option for customers to receive a call back. Following this going live in the West on 30 May 2023 we have received over c14,400 customer ratings with an average score of 4.5/5, the equivalent of 90%. This level of satisfaction has been consistent since 'Rate It' was introduced. The response rate has also risen, from 17.6% initially to 19.47% overall year to date.
- 4.5 This continues to represent the achievement of very strong satisfaction levels since the introduction of Book It, Track It, Rate It. Achieving these satisfaction levels was supported through the delivery of Customer Service Excellence training to tradespersons as part of the roll out of 'Book It, Track It, Rate It' to reinforce the "Thinking Yes Together" culture and to build on their skills and experience to deliver excellent customer service every day in their role.
- 4.6 As part of our continued development of this service we are working with our IT supplier to enhance our current reporting capabilities so that performance specific to Loretto can be provided in future. The current indication is that this information will be available from April 2024.
- 4.7 In parallel to the roll out of Book It, Track It, Rate It we have also continued to undertake call-backs on a random sample of completed repairs through our MyRepairs team. For the West we have completed 1,774 surveys YTD and achieved an average satisfaction level of 93.9%.

Service Enhancements

- 4.8 The re-designed MyRepairs operating structure went live just over a year ago. Since then, we have continued to increase the resources of this service, allowing the service offering to be incrementally increased. This has taken complex repairs cases from frontline colleagues, i.e. CFC and Housing Officers.
- 4.9 The MyRepairs service is now handling call transfers and emails in relation to existing repairs and up in the year since its establishment has handled 23,000 calls from the CFC; and 65,000 emails across the Group.
- 4.10 The service has also been overseeing the delivery of complex repairs referred by our Head of Housing and Housing Officers and is liaising with the customers on these to provide a single point of contact. To date the Specialist Team has managed over 421 cases and closed out 348 of these.
- 4.11 Insights being gathered from the MyRepairs team's interactions with customers, City Building and our in-house teams will help to inform service improvement actions.
- 4.12 The role of City Building in the delivery of our repairs service is key to improving tenant satisfaction. Having recently reviewed our service delivery arrangements we are implementing a joint improvement plan focussed on the following workstreams:
- *Performance management* – review and further develop existing performance management reporting arrangements to ensure these are focussed on driving improvements in performance levels and informing service improvement activities;
 - *Process and Procedure development* – existing working arrangements are being reviewed so that these are streamlined and efficient and are focussed on improving interactions with our customers and satisfaction with the service;
 - *Structure/Utilisation of Resource* – review of structures and resources within operational teams to ensure these matches current service demands and assist the timeous completion of repairs;
 - *Systems* – reviewing the use of existing IT systems to maximise their benefit in the planning and delivery of repairs; and
 - *Sub-contractors* – review the appointment, management and monitoring of sub-contractors to reduce reliance on this resource – where tenant feedback indicates consistency in service standards can be more variable - and maximise the use of the in-house resource.
- 4.13 Other joint service improvement activities ongoing with City Building include a focus on reducing our non-emergency timescales which were 9.13 days at the end of March 2023. Actions were identified to improve the completion timescales, particularly around reducing the number of overdue repairs, bringing forward appointments and ensuring materials were promptly available. This has led to the average timescale trending in a positive direction from April 2023 and in the last period the average completion timescale had been reduced to 8.50 days. We will continue to work towards reducing this timescale and the actions within the CBG improvement plan will be a key driver of this improvement, together with the changes made within the appointed/programmed repair categories detailed below.

- 4.14 The focus on overdue repairs led to a change in van stocks for some work types so that these could be completed at the first visit and the formation of a dedicated door replacement team to focus on material ordering and arranging access.
- 4.15 This workstream also identified the need to review the works allocation between 'Programmed' (30 working day completion timescale) and 'Appointed' repairs categories (15 working day completion timescale). Currently around 60% of the non-emergency repair instructions passed to City Building weekly are allocated as 'Programmed' repairs and 40% as 'Appointed' repairs.
- 4.16 Feedback from customers and front-line delivery teams has highlighted that some repair works instructed as 'Programmed' can lead to a frustrating customer journey. Primarily this is due to an inspection visit routinely being undertaken at the initial stage of this repair work when the customer has an expectation that a tradesperson is attending to complete the repair. The existing approach leads to additional visits to customers' homes and increases the time taken to complete the repair. Inspectors have fed back that there are a number of visits they carry out that are unnecessary, and the works could instead have been passed "straight to trade" for completion.
- 4.17 To address this, work has been carried out to analyse the work allocations between 'Programmed' and 'Appointed' repairs and realign the diagnostic and instruction arrangements and the delivery resources so that a higher proportion of repairs are instructed within the shorter timescale 'Appointed' category which should lead to:
- a reduction in the average timescale to complete non-emergency repair works;
 - improved 'right first time' repairs for our customers;
 - a reduction in the number of visits needed to complete repairs;
 - improvements in communication with customers around repair works, reducing complaints; and
 - an increase in customer satisfaction.
- 4.18 A phased implementation plan to transition to a new working arrangement is being finalised with a view to commencing it in early February and fully concluding by early August. Incremental improvements will be achieved through the stages of the transition and the effects of these will be monitored through our regular performance management reporting arrangements and customer feedback.
- 4.19 In a further drive to reduce repair timescales and inconvenience to customers, six City Building operatives have undergone cosmetic repair training at the end of January 2024.
- 4.20 This will now enable these operatives to carry out cosmetic repair works to the majority of hard surfaces around the home to remedy holes, chips, scratches, splits, dents, and scuffs as well as discolouration and resurfacing. Effective repairs are able to be carried out on worktops and kitchen units, window frames and doors, baths and shower trays, tiles, flooring, radiators and sanitary ware. This action supports the Repair vs Renewal approach being taken across the Service as noted in reports to earlier Boards.

Customer engagement and insight

- 4.21 Our refreshed Group Scrutiny Panel selected repairs as the subject for its first thematic review which recently concluded. Members from the Panel, including a Loretto customer, formed a thematic review group which looked at the recently updated Group Repairs and Maintenance Policy Framework. The thematic group welcomed the service improvement and agreed that communications would be the focus of this; the customers then scrutinised the end-to-end customer repairs journey, from the initial report through to completion
- 4.22 As part of their fieldwork the members of the Panel visited the Customer First Centre and had the opportunity to meet with call handlers and managers, as well as meeting the MyRepairs team to be updated on improvements that were being made. They also met with an operative from City Building to discuss operational practice.
- 4.23 The thematic review group have now developed a final report which makes recommendations on how we can continue to improve the service; we will continue to work with them over the first half of 2024 to deliver these. Panel members will be presenting the findings to the Board from the scrutiny around repairs communication.
- 4.24 Improving communications around complex repairs has been identified as a priority improvement area. We will continue to work to address this through the work of the MyRepairs Team and their engagement with customers on complex repair works. The service improvement activity to shift works from the 'Programmed' to 'Appointed' category will assist with reducing visits to customers home thereby removing a level of complexity and the potential for failures in communications around follow on visits.

Damp, Mould and Condensation

- 4.25 Responding promptly to reported issues in relation to damp, mould and condensation in our homes remains a priority for the Repairs Service.
- 4.26 In response to the tragic death of 2 years old, Awaab Ishak, in Rochdale a campaign was launched for Abwaab's Law which would require landlords to investigate and fix hazards, including damp and mould, in their properties within strict new time limits.
- 4.27 On 9th January 2024, a consultation was issued by the UK Government seeking views on the proposals for the implementation of Abwab's Law. Although these will apply to England only there is merit in benchmarking our existing processes and procedures against the recommendations in these proposals and consider whether there are any areas of best practice that we would wish to implement.
- 4.28 There are seven proposals within Awaab's Law and having assessed our processes against the proposals we would comply and, in most cases, improve upon the requirements. For example, under Awaab's Law the provider has 14 days to investigate a potential hazard. If we are notified of the presence of mould in a customer's home we will offer an inspection visit within two working days, or if it is deemed an emergency, within three hours. We also complete repairs required within 15 days.

- 4.29 There is one area of improvement we plan to undertake to draw from these proposals, specifically, the provision of a written summary of findings from the initial visit. To address this, we will develop and implement a written report to be issued to customers from April 2024.

Demand and budget position

- 4.30 Levels of customer demand for repairs has continued to remain high throughout 2023/24. Job numbers increased significantly over 2022/23 and have continued to increase in 2023/24 with a reported increase for the year to 31 December 2023 of 4.65% compared to the same period in 2022/23.
- 4.31 The continued increased demand of the repairs service in the first quarter of this financial year has contributed to the increased spend. The demand and complexity of jobs continued to December 2023 with a reported total additional spend of £0.4m for the 9 months.
- 4.32 The positive impact following the implementation of additional measures can be seen in Q3 of 2023/24 with a decrease in the responsive repairs spend as the measures were fully embedded. The repair/renewal principle has started to generate savings compared to earlier financial periods with the principle of repair only where possible has been carried out combined with the training recently provided by City Building maintenance staff to undertake more cosmetic repairs than a standard replacement of the full component. To accommodate the additional repair costs in 2023/24 some items in our core capital programme has been deferred, as well as utilising forecast underspends in other budget lines.
- 4.33 The 2024/25 Business Planning process has fully taken into account the current run rates in responsive repairs and also the control measures implemented in 2023/24. The forecast financial outturn for responsive repairs for 2023/24 have been used as the base cost for the budgets. A further increase for inflation and stock movement has also been taken into account for the 2024/25 financial year and beyond to ensure there is adequate provision in the budgets to meet the repairs demand.
- 4.36 The investment programme has included the reprofiling of the spend, following the deferment in 2023/24 to accommodate the increase in responsive repairs.

5. Customer Engagement

- 5.1 We carried out focus groups with customers to understand what kind of communication they would like to see from us in terms of repairs. Their feedback helped to shape the development of the Book It, Track It, Rate It app.
- 5.2 Following the roll out of this app to customers we have been able to develop our customer insight through direct feedback from customers in rating their experience.
- 5.3 The Group Scrutiny Panel has been reestablished and has recently concluded the first thematic review.

- 5.4 Following the approval of the updated Framework, we developed an MS Forms survey for Customer Voices to gain specific insight into equality-related issues customers may face reporting repairs; 50 customers responded to this and we also followed up with focus groups and some individual calls. We used the insight from this to inform the Equality Impact Assessment.

6. Environmental and sustainability implications

- 6.1 Using the Dynamic Route scheduler (DRS) ensures trades operatives are not travelling unnecessarily thereby reducing and limiting CO2 emissions. This reduction will be supported further through the service improvement actions being taken to reduce the number of visits needed to complete repairs. The move to repair does not renew process should also have a positive impact by reducing the number of visits required to complete repairs.

7. Digital transformation alignment

- 7.1 Repairs are a key element of our digital transformation programme, ranging from Book It, Track It, Rate It, to our online services and the wider platforms we use to manage and deliver the service.
- 7.2 Our digital transformation programme is fully aligned and prioritised towards supporting the evolution and improvement of our repairs service. The planned projects for service improvement are either complete or being delivered to target completion dates.

8. Financial and value for money implications

- 8.1 The repairs improvement plan implemented will ensure there is an embedded process to deliver value for money to customers and prevent further deferment of investment spend in future years.
- 8.2 The additional £0.5m provision for repairs in 2023/24 can be contained within the context of the overall RSL borrower group budget following the implementation of a number of mitigating measures including the deferral of core investment projects.

9. Legal, regulatory and charitable implications

- 9.1 There are no direct legal, regulatory or charitable implications arising from this report. Our repairs service is managed to ensure we meet or exceed our legal and regulatory requirements.

10. Risk Appetite and assessment

- 10.1 Our agreed risk appetite against the outcome, investing in existing homes and environments, ranges from open in relation to operational delivery to cautious in relation to finance/value for money. Ongoing financial strength is crucial to enable us to continue to improve, modernise and maintain our homes. We will revise our well-established investment processes to include more focus on what creates most value for our customers. Value for money will still be the key factor in our decision making, but wider benefits, such as reducing levels of emergency and reactive repairs and customer satisfaction, will also be considered.

11. Equalities implications

- 11.1 Equalities was a key theme from the thematic review of repairs as customers identified the importance of: having a clear and consistent mandate process; the comprehensive and effective use of preference notes by staff to ensure any required reasonable adjustments are followed; and staff being appropriately trained in terms of equality, diversity and inclusion.
- 11.2 We have undertaken an equality impact assessment (EIA) particularly focussed on repairs reporting as per our Repairs and Maintenance Framework; this focuses on age, disability and race as identified characteristics which may face barriers in accessing our repairs service. Insight from a specific Customer Voice survey has informed the assessment. We also undertook an EIA specifically on our RSL medical adaptation process, again with age, disability and race being identified as the most impacted characteristics. Progress with actions identified from the EIAs will be monitored to help ensure our service is delivered in an inclusive manner.
- 11.3 We are also undertaking an EIA on Damp, Mould and Condensation. In recognising that language could be a potential barrier to some customers in reporting cases of dampness and mould, we are updating the information for this on our websites which can be translated into most languages, and we are introducing translated leaflets in languages based on analysis our translation and interpretation data and our 2022 customer equality data survey. For the west, including Loretto, the current top languages are Arabic, Polish, Urdu, Romanian and Kurdish. Notwithstanding, all of our published information is available upon request at no extra cost in a translated or alternative format such as large print, braille, or audio CD.

12. Key issues and conclusions

- 12.1 The repairs service is a key priority for our customers and a key driver of satisfaction. Good progress has been made in improving our repairs service in the focus areas identified in the March 2023 report to board. Book It, Track it, Rate it has now implemented improving communication and providing excellent information and feedback.
- 12.2 The MyRepairs team have also been established and are helping to manage and monitor more complex repairs. These improvements have seen a positive impact on the level of customer service and have increased customer satisfaction.
- 12.3 We will continue to focus on continually evolving and improving our repairs service, taking into account customer feedback, insight and direct engagement with our Group Scrutiny Panel.
- 12.4 The demand for repairs, consistent with the wider sector across the UK, remains higher post-pandemic.

13. Recommendations

- 13.1 The Board is asked to:
- 1) note the progress with repairs service enhancements;
 - 2) note ongoing customer engagement to inform future service enhancements;
and
 - 3) note the revised repairs budget forecast for 2023/24.

LIST OF APPENDICES:

None

Report

To: Loretto Housing Board

By: Laura Henderson, Managing Director

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

Subject: 2024/25 rent and service charges

Date of Meeting: 5 February 2024

1. Purpose

1.1 This report:

- Provides feedback from our consultation on the 2024/25 rent, service and other charges increase; and
- Seeks Board approval for the 2024/25 rent, service and other charges increases.

2. Authorising and strategic context

- 2.1 Under the Group Standing Orders, the Group Board are responsible for agreeing the overarching parameters for rent setting. Thereafter each RSL Board agrees their own rent increase within the agreed parameters. The Group Board agreed rent setting parameters at their meeting on 20 December 2023. The Board agreed that increase options of 7.5% and 7.9% should be the basis of consultation with our tenants.

3. Background

- 3.1 The rent increase assumptions in our financial projections are subject to annual review. The annual review takes into account the key principles set out in our Group rent setting framework:
- 1) Financial viability;
 - 2) Affordability;
 - 3) Comparability; and
 - 4) Consultation with tenants and service users.
- 3.2 The Board considered the first three principles as part of agreeing the baseline consultation levels.

4. Discussion

- 4.1. We formally consulted tenants on our rent setting proposals from 10–31 January 2024. Our formal consultation was independently managed by Civica.

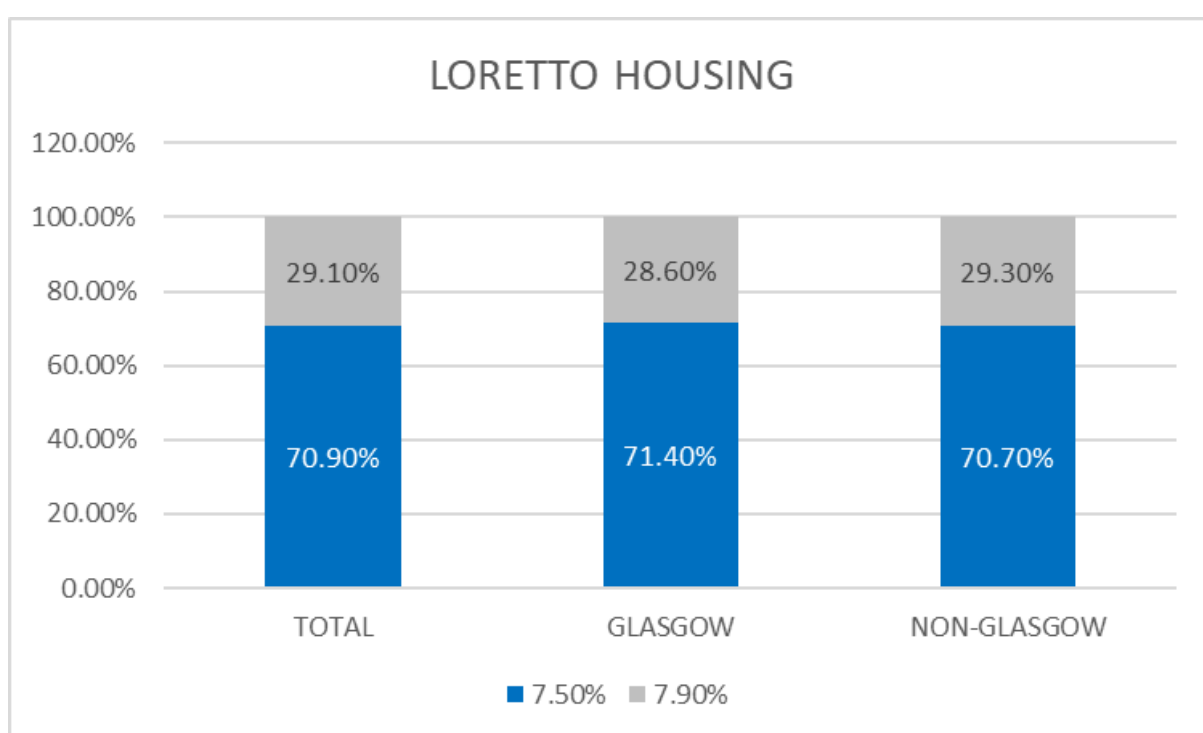
- 4.2. Following the high uptake level from tenants last year we maintained the extended means to respond from mail to instantaneous digital methods or by phone via a dedicated code.
- 4.3. The consultation maintained the relatively high response rate from last year, with **over 360** valid responses received as detailed below:

Table 1:Loretto results

Rent options	Responses
7.5%	261 (70.9%)
7.9%	107 (29.1%)
Total	368

- 4.4. A further breakdown of the results is set out below:

Chart 1: responses



Qualitative feedback

- 4.5. We invited respondents to provide feedback on why they elected to choose the option they did or where they did not wish to support any options feed back as to why. We received feedback from approximately 120 customers regarding the proposals.
- 4.6. The most consistent themes of the feedback (over 10%) related to:
- An appetite for investment and improvement to existing homes
 - Feedback on existing services (mainly repairs and NETs) and tenants' service priorities
 - The wider economic climate and the challenges this was, or could be, presenting for tenants in terms of the cost of living

Where there was feedback on services or individual customer service points, being considered by service leads and where sufficient information was provided, we have already taken action.

- 4.7 Of the nearly 120 respondents, a very small proportion, 11 in total, suggested that we should, or should consider, a rent freeze or no increase.

Summary

- 4.8 Taking into account the feedback from the consultation, it is proposed that we apply a 7.5% rent and service charge increase. As previously discussed by the Board this increase, when set within the context of the cumulative increase over 2021,2022 and 2023 being nearly 12% below inflation, still would maintain us at the lower end of our comparator group. The proposed 7.5% increase would also still see us below the cumulative inflation for the last three year by over 8%.

5. Customer Engagement

- 5.1 Our formal consultation was open and transparent, clearly setting out what each option would mean in terms of future investment and services to allow tenants to make an informed response to the two options we consulted on. The level of responses affirmed that our consultation approach resonated with tenants.

6. Environmental and sustainability implications

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

7. Digital transformation alignment

- 7.1 The rent consultation itself was managed by independent provider Civica; a postal copy of the rent brochure was issued, as well as an email/text (depending on contact preference) with a link to an online copy. Tenants were able to participate in the consultation through a wider range of digital means than ever before.

8. Financial and value for money implications

- 8.1 The level of rent increase proposed during the consultation included detailed analysis in areas such as affordability and comparability. We know that overall rent levels are an element of how tenants perceive value for money. This is however set within the context during a period of pressure on household budgets, the preservation of appropriate levels of investment in our homes, services to tenants and the financial viability of the business.
- 8.2 The separate paper with our financial projections confirms that, based on the proposed rent uplifts, we will have robust financial plans which will have the necessary 30 year provisions to continue to maintain our stock in line with all legal and regulatory requirements such as Scottish Housing Quality Standard, electrical inspections and fire safety.

9. Legal, regulatory and charitable implications

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

10. Risk appetite and assessment

- 10.1 Our risk appetite in relation to business planning assumptions such as rent increases is open, defined as *“willing to choose the one that is most likely to result in successful delivery while also providing an acceptable level of reward”*.
- 10.2 In relation to the statutory requirement in consulting and engaging tenants on any rent increase, our risk appetite is averse, that is *“avoidance of risk and uncertainty is a key organisational objective”*.
- 10.3 The decision on rent increases involves striking a balance between the need to continue investing in our stock, including compliance requirements, continuing to deliver services our customers tell us they want, and keeping rents affordable. Setting rents lower than the assumption in the business plan could – in the absence of mitigating cost savings – risk our financial viability or the delivery of services we are legally obliged to provide. However, we are also required under statute to take into account the views of customers before making final decisions on rent levels.

11. Equalities implications

- 11.1 There are no equalities implications associated with this report. To support customers whose first language is not English to request a translation we also included a translation note in the current 5 top languages, informed by our translation/interpretation request data and results from the 2022 customer EDI survey.

12. Key issues and conclusions

- 12.1 Our consultation attracted nearly 370 pieces of feedback/consultation responses from tenants. The proportion of respondents, at nearly 30%, indicating a preference for the higher rate of 7.9% on the basis of additional investment affirms the qualitative feedback that investment in existing homes is a priority for tenants.

13. Recommendations

- 13.1 The Board is asked to:
- 1) Consider the feedback received through the consultation process with tenants on our 2024/25 rent, service and other charges increase; and
 - 2) Approve a 7.5% rent, service charges and other charges (including garages and lock ups) for 2024/25 for all tenants effective from the 1st of April and 28 March 2024 for ex-Cube properties.

Report

To: Loretto Housing Board

By: Lyndsay Brown, Director of Financial Reporting

Approved by: Pauline Turnock, Group Director of Finance

Subject: Financial Projections 2024/25

Date of Meeting: 05 February 2024

1. Purpose

- 1.1 The purpose of this report is:
- To set out the updated financial projections for investment in assets and services over the period to 2029, in support of our strategy, *Your Home, Your Community, Your Future*; and
 - To seek approval of these updated financial projections, the first year forming the budget for 2024/25.

2. Authorising and strategic context

- 2.1 Under the terms of the Intra-Group Agreement between Loretto and the Wheatley Group and the Terms of Reference for this Board, the Loretto Board is responsible for the on-going monitoring of performance against agreed targets, including the on-going performance of its finances.
- 2.2 The key themes and aims of the 2021-26 Strategy “*Your Home, Your Community, Your Future*” set the context for the preparation of the financial projections.

3. Background

- 3.1 Inflation remains high continuing to have an impact on the business and our customers. The economic outlook in the UK remains uncertain and 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 for a longer period. The latest figures for CPI show an annual rate of 4.0% (December 2023) which in general terms has shown a slow downward trend from its peak of 11.1% in October 2022. Most market commentators do not expect inflation to reach the Bank of England target until the first half of 2025. Increases in the cost of fuel, utilities, insurance and repairs and maintenance costs have had notable impact on our cost base. Fuel and utilities costs have stabilised to some extent; however, insurance and repairs and maintenance costs are still subject to notable price increases.

- 3.2 Forecasts for interest rates do not anticipate any reduction in the current rate of 5.25% until the second half of 2024. A large proportion of our existing funding is at fixed rates which limits our interest rate exposure on these amounts.
- 3.3 Keeping rents affordable remains a key strategic aim but it is important that we strike an appropriate balance between affordability for our tenants during this continued period of pressure on household budgets, whilst ensuring the ongoing financial viability of our operations and the preservation of appropriate levels of investment in our homes and services to customers. Following the low rent increase in 2023 which helped customers with the initial shock of cost of living crisis and the effect of high levels of inflation on our operating costs, most notably repairs, we now need to rebuild financial capacity to ensure we have an appropriate level of funding available to maintain the quality of our homes and meet our legislative obligations.
- 3.4 Our Group funding arrangements have allowed us to grow our development programme and increase the number of new homes delivered. Our financial projections include provision for the completion of 598 new homes over the first five years, increasing to 854 homes over a 10 year period with 100% for social rent. Our new build programme goes towards the completion of 5,200 new homes across the RSL Borrower Group by 2029 and over 8,700 over the 10 years.

4. Discussion

- 4.1 More detail of the financial projections are provided in the appendix. Our strategy for 2021-2026, *Your Home, Your Community, Your Future*, forms the basis of these financial projections and address how the 5 key themes of the strategy will be achieved.
- 4.2 Included in the projections is provision for the continuation of investment in our services and assets:
- Over the five year period the business plan includes provision for investment of £18.7m in our existing housing stock;
 - Our new build programme includes gross development spend of £128.1m projected over the five year period and the completion of 598 social rent properties including the renovation of Duke Street; and
 - Management and overhead costs decrease over the five year period from £2,936 per unit in 2024/25 to £2,717 per unit in 2028/29. These efficiencies create capacity within Loretto to fund the debt required to meet our new build ambitions and invest in services for our customers.

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

Delivering Exceptional Customer Experience

- 4.3 Our strategy seeks to deliver exceptional customer experience while maintaining affordable rent levels for our tenants:
- Feedback from tenants continues to emphasise how important the repairs service is for our customers. The launch of the MyRepairs service in early 2023 extended our collaborative working with City Building (Glasgow) LLP by introducing a new and improved model which has a specialist team deal solely with repairs.

This improvement to the service will be enhanced further following the successful launch of 'Book-it, Track-it, Rate-it' which improves communications around repairs appointments and the ability to capture real time feedback on service quality from customers;

- A new telephony system was introduced in 2023/24 across our Customer First Centre with further functionality planned to be developed in 2024/25. This will increase the automation of call handling and enable more analytical information to be gathered to help further improve the customer experience; and
- These projections include funding to support our contribution of £1.5m over the next five years towards the Group's IT capital programme, which is aligned to 6 workstreams, delivering key business strategy outcomes and ongoing investment across staff and customer digital services and platforms. The workstreams are:
 - Digital Workplace, Workflows and Automation, including technology in hubs and support of the hybrid working model;
 - Customer Digital and Self Service, including the review and replacement of our current customer self service platforms;
 - Housing and Care, supporting the new housing operating model through ongoing investment in staff mobile applications and services;
 - Digital Repairs includes ongoing programme of redevelopment of online repairs services for customers, aligned to ongoing improvement to support the evolution of 'Book-it, Track-it, Rate-it';
 - Core Architecture and CyberSecurity, ongoing maintenance and improvement to Group technology platforms to ensure ongoing security, stability and support of critical business operations; and
 - Data, AI and Innovation, including projects ensuring the delivery of Group Data Strategy and improved analytics.

Making the most of our homes and assets

- 4.4 The projections include £128.1m of gross funding for the new build programme over the next five years, delivering 598 new social housing units including the renovation of properties at Duke Street. Grant income of £77.1m is also assumed in the projections which will contribute towards the funding costs of the properties noted above. Over a 10 year period Loretto will deliver almost 900 new homes contributing towards the Group's plans to complete around 9,000 new build properties over the same 10 year period.
- 4.5 In our existing homes, total investment of £18.7m (excluding inflation) has been included. This work will largely be completed by our joint venture partner, City Building (Glasgow) LLP. This funding will ensure that our properties remain in a good state of repair and sufficient provision is available for all compliance requirements. Included in our investment programme are projects which will help improve the energy efficiency of our homes aligned with our fabric first approach in our sustainability strategy.
- 4.6 The financial projections include £1.1m (excluding inflation) of funding in years 1-5 for customer identified investment priorities, "Customer Voice" and "Think Yes for Investment". Engaging with customers will ensure investment work streams will be better directed towards what customers want.

- 4.7 During the first five years of the plan £19.2m has been earmarked for responsive and planned repairs, which takes cognisance of the increased costs of repairs driven by higher demand and price inflation. This funding will assist with the upkeep and maintenance of our stock.

Changing lives and communities

- 4.8 The financial projections demonstrate our commitment to improving the lives of our tenants and the wider communities in which we operate. This will be achieved through:
- Funding of £0.5m to the Wheatley Foundation (“The Foundation”) over the first 5 years of the financial projections. The Foundation use this to deliver services to our customers including welfare benefits advice, group protection and community policing to tackle anti-social behaviour and crime in our communities, employability advice and the Helping Hand Fund to support customers facing financial hardship; and
 - As part of focus on tackling poverty and the cost-of-living challenges facing our customers, funding has been assumed in the Foundation to extend the Helping Hand fund. This fund helps our customers who are facing financial hardship with rent.

Developing our shared capacity

- 4.9 In 2023/24 we completed the changes to our operating model across the Group which saw changes to our frontline service model to allow us to offer customers access to specialist housing and repairs teams when needed. The new MyRepairs team which was launched in January 2023 had a successful first year and helped deliver improvements in customer satisfaction with the repairs services, extending too our collaborative working with City Building Glasgow. Our six Centres of Excellence are all fully operational and along with conveniently located touchdown points across our communities which provide places for staff and customers to meet.
- 4.10 Over the next five years, we will continue to invest in our staff to ensure they have the exceptional skills, attitude, engagement and influence to excel in this hybrid working environment. Through our contribution to Wheatley Solutions, our financial plan helps fund a continued focus on staff development in a technology enabled workplace, in our leadership and graduate programmes. Further provisions for investment in IT will provide staff with the technology they need to continue to work in our hybrid environment.

Enabling our ambitions

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

Figure 1: Statement of comprehensive income

Statement of Comprehensive Income	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000
Net Rental Income	15,700	16,903	18,503	19,827	21,285
Other Income (including MMR lease income)	89	91	92	94	96
Grant Income	5,883	15,621	11,230	10,253	28,607
	21,672	32,615	29,825	30,174	49,988
Service Costs	(388)	(397)	(407)	(417)	(428)
Management Costs	(3,676)	(3,843)	(3,877)	(4,205)	(4,327)
Repair and Maintenance Costs	(3,676)	(3,848)	(4,044)	(4,211)	(4,404)
Bad Debt	(436)	(457)	(483)	(506)	(528)
Depreciation	(7,156)	(7,758)	(8,620)	(9,212)	(9,941)
Operating Expenditure	(15,332)	(16,303)	(17,431)	(18,551)	(19,628)
Investment Property Valuation Movement	13	13	13	13	14
Operating Surplus	6,353	16,325	12,407	11,636	30,374
Operating Margin (%)	29%	50%	42%	39%	61%
Finance Costs	(4,157)	(4,625)	(5,122)	(5,522)	(6,031)
Housing Property Valuation Movement	175	(13,550)	(4,766)	(3,509)	(24,054)
Gain on Sale Properties	238	0	0	0	0
Total Comprehensive Income	2,609	(1,850)	2,519	2,605	289

- 4.13 Over the five-year period presented, Loretto's Total Comprehensive Income fluctuates due to property valuation movements and grant recognition on completed units. Total comprehensive income of £6.2m is projected.
- 4.14 Our annual rent and service charge consultation exercise has now been concluded and is reported to the Board separately. The financial projections incorporate the proposed 7.5% increase in rent and service charge levels. The projections also assume a reduction to our operating cost base, with efficiency savings of 7.5% in the cost per unit over the five-year period.
- 4.15 Our Statement of Financial Position, set out below, shows a strong net asset position which improves over the first 5 years of the projections. The delivery of new social housing properties will help to strengthen Loretto's net asset base. Figure 2 shows the projected change in the Statement of Financial Position over the five-year period to 2028/29.

Figure 2: Statement of Financial Position

Statement of Financial Position	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000
Housing & Investment Properties	177,286	183,234	201,826	231,552	224,485
Other Fixed Assets	1,599	2,527	2,804	3,027	3,623
Total Fixed Assets	178,885	185,761	204,630	234,579	228,108

Current Assets	2,837	2,837	2,837	2,837	2,837
Current Liabilities	(21,791)	(17,935)	(18,366)	(37,017)	(14,146)
Net Current Liabilities	(18,954)	(15,098)	(15,529)	(34,180)	(11,309)
Long-Term Liabilities	(94,079)	(106,661)	(122,580)	(131,273)	(147,384)
Net Assets	65,852	64,002	66,521	69,126	69,415
Retained Earnings	65,852	64,002	66,521	69,126	69,415
Total Reserves	65,852	64,002	66,521	69,126	69,415

4.16 The value of housing assets increases by £67.9m over the five years from 1 April 2024. The new build programme is funded by debt (and grant subsidy) with Loretto's net debt increasing by £57.5m over the same period. This additional debt and asset value results in a growth in net assets of £6.2m (equal to total comprehensive income) over the period.

4.17 Figure 3 shows the cash position over five years – the net movement in cash reflects Loretto's borrowing requirements from WFL1 in line with new build expenditure. Our borrowing levels are, however, sustainable and fully funded within our financial projections.

Figure 3: Cash flows generated

Cash Flow	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000
Net Rental Income	15,426	16,656	18,235	19,541	20,982
Operating Expenditure	(7,741)	(8,089)	(8,327)	(8,833)	(9,159)
Net Cash from Operating Activities	7,685	8,567	9,908	10,708	11,823
Core & Other Capital Expenditure	(3,883)	(4,556)	(3,580)	(4,099)	(5,014)
New Build Expenditure	(24,138)	(23,394)	(28,449)	(38,136)	(21,813)
Grant Income	14,816	13,268	17,871	21,158	9,963
Proceeds from sale of properties	500	-	-	-	-
Net Cash used in Investing Activities	(12,705)	(14,682)	(14,158)	(21,077)	(16,864)
Finance Costs	(4,035)	(4,594)	(5,062)	(5,641)	(6,396)
Net Movement in Cash	(16,740)	(19,276)	(19,220)	(26,718)	(23,260)

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

4.19 We must ensure that Loretto and the other subsidiaries within the Group meet certain financial parameters. These include ensuring that a sufficient operating margin is generated and that there is sufficient cash flow strength and asset cover to support the level of debt.

This ensures WFL1, as the RSL treasury vehicle, can meet its external funding conditions. There are two key ratios that we consider:

- Revenue Surplus less Capital Investment (earnings before interest, tax, depreciation and amortisation with major investment spend taken into account) over net interest payable is the ratio used by the Group to assess whether sufficient surplus is generated to fund our activities, maintain the housing stock and cover interest payments. This interest cover ratio should be >1; and
- The loan to value ratio (outstanding loans net of cash divided by value of completed housing and investment properties) is used to assess whether there is sufficient asset cover to support the level of debt.

Figure 4: [redacted]

- 4.20 As shown above Loretto will generate sufficient income from operating activities to fund investment and finance costs. The level of cover fluctuates over the period due to the timing of significant new build activity with interest costs increasing before the benefit of rental income is earned from completed new build properties.
- 4.21 [redacted] This demonstrates that Loretto will have sufficient asset cover to support loans, noting that 2033/34 is the final year of the current development programme and is the peak net debt year, with debt decreasing thereafter.

5. Customer Engagement

- 5.1 This report relates to our financial projections 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 Revised financial projections for Loretto are summarised in section 5 above and in Appendix 1. The financial projections, once approved, will be submitted to the Wheatley Group Board for approval on 21 February. The figures in the first year of the projections, 2024/25, will then form the basis of the annual budget which will be presented to the Board for approval in March. Performance against the budget will then be monitored via the management accounts provided to the Board throughout the year.
- 8.2 The financial projections incorporate cost efficiency measures, which are a key element of continuing to demonstrate value for money. These will be reflected in the annual budget and performance monitored against budget each month.

9. Legal, regulatory and charitable implications

- 9.1 There are no specific legal implications arising from the revised financial projections. Implementation of specific actions identified in these projections may have legal implications and specific legal input will be sought as part of any business case approval process for these actions.

10. 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".

11. Equalities impact

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

12. Key issues and conclusions

- 12.1 This report presents the financial projections for the five year period to 31 March 2029.

13. Recommendations

- 13.1 The Board is requested to:
- 1) Approve the updated projections for investment in assets and services over the five-year period to 31 March 2029; and
 - 2) Agree that the projected 2024/25 figures form the basis of next year's annual budget which will be presented to the Board for final approval in March.

LIST OF APPENDICES:

Appendix 1: Loretto Housing Association 2024/25 Detailed Financial Projections

Loretto Housing Financial Projections 2024/25

1. Headlines

In 2023/24 we completed the implementation of the final phase of our operating model with the creation of specialist teams within our frontline services supported by the My Repairs teams and the Customer First Centre. The My Repairs team has been in place since January 2023 and extends our collaborative working with City Building Glasgow with dedicated teams in place who are able to drive improvements in the handling of more complex repairs. Our Centres of Excellence are now operational across all our communities along with conveniently located touchdown points for staff and customers.

In wider economic terms, inflation remains high and this continues to have a significant impact on the business and our customers. In the shorter term the economic outlook in the UK remains uncertain with inflation proving to be more resistant to interest rate increases than expected, with a strong labour market and higher wage settlements, both helping to maintain higher prices. While the current CPI rate is 4.0%, the reduction has been slow from a peak of 11.1% in 2022, and according to most recent market expectations, the unwinding of inflation to the long-term Bank of England target of 2% is now not likely to be achieved until the first half of 2025. Our business has been particularly affected by increases in the cost of fuel, utilities, insurance and repairs and maintenance costs. Inflation on repairs and maintenance costs remains at a higher level than general CPI, and our insurance costs have increased by more than 30% in the last year with fuel and utilities costs stabilising to some extent. Interest rates have been subject to 14 consecutive increases with rates currently at 5.25%. Forecasts are that rates will remain at 5.25% before falling in the second half of 2024. A large proportion of our existing funding is at fixed rates which limits our interest rate exposure.

Keeping rents affordable remains a key strategic aim and we need to strike an appropriate balance between affordability for our tenants during this continued period of pressure on household budgets. However, we must also ensure the ongoing financial viability of our operations, while preserving appropriate levels of current and future investment in our homes. Following the low rent increase in 2023 which helped customers with the initial shock of cost of living crisis and the effect of high levels of inflation on our operating costs, most notably repairs, we now need to rebuild financial capacity to ensure we have an appropriate level of funding available to maintain the quality of our homes and meet our legislative obligations.

We recognise that economic factors are continuing to put pressure on household incomes and we have retained a prudent provision in our rent arrears assumptions and have also assumed that all working age tenants on benefits will have moved to Universal Credit by end of 2024/25.

As part of focus on tackling poverty and the cost-of-living challenges facing our customers, funding has been set aside in the Wheatley Foundation to support customers. This includes Welfare Benefits and Fuel Advice, Home Comforts (our furniture upcycling service) and a provision in 2024/25 for the Helping Hand Fund. This fund helps our customers who are facing financial hardship manage their rent accounts.

A total of 5,196 new build homes are assumed to be completed by the RSL Borrower Group over the next 5 years with 78% of these for social rent, and we will complete over 8,700 over the next 10 years.

Loretto has plans to deliver almost 600 homes in the next 5 years and over the next 10 years, 853 properties will be developed in Loretto. In addition we will deliver the renovation of 18 existing units into 19 homes.

We forecast to complete 24 new build properties in 2023/24 at Maddiston and projected to invest £1.7m in existing homes this year.

The updated financial projections for 2024/25 and beyond include:

- Provision to deliver 597 additional new build homes for social rent in the first 5 years of the plan and the renovation of 18 existing units into 19 homes.
- £16.7m of investment in our existing housing stock in the first 5 years of the projections, including a provision of £1.1m for our customer directed investment funds, Customer Voice and Think Yes for Investment.
- Provision of £1.5m for investment in our digital transformation and centres of excellence strategies.
- £0.5m of funding for Initiatives, including the Wheatley Foundation, across the first 5 years of the plan.
- Efficiency savings in our management costs, in real terms, delivered through the achievement of operational efficiencies. This will result in an improving operating surplus in the first 5 years of the projections and contributes towards interest cover moving to a ratio of 1.02 at year 1 to 1.18 at year 5.

During the development period, our financial forecasts are driven by the profile and relative size of our development programme and the value of grant income and valuation adjustments on completion of new build properties. The forecast bottom line total comprehensive income, net assets, cashflow and ratios reflect the higher level of borrowing to support our new build programme. Loretto's peak net debt of £158.4m is forecast to be reached in 2033/24 (year 10).

It is important to note that continued control of costs is an important aspect of managing our financial position.

2. Key assumptions

The key financial assumptions in the 2024/25 Business Plan are highlighted below. All figures include VAT, where applicable, but not inflation (unless stated otherwise).

2.1 Stock

a) Opening stock numbers

Opening stock numbers in the plan reflect the actual stock reported in the statutory accounts as at 31 March 2023, updated for developments completed in 2023/24. The stock number includes 48 units which are managed by Loretto HA on behalf of other providers.

Table 1 – Split of stock by type

Unit Type	Units 31.3.2023	Forecast to complete 2023/24	Units 31.3.2024
General Needs and Supported	2,720	24	2,744
Shared Ownership	17	0	17
Total (Social)	2,737	24	2,761
Mid-Market Rent	17	0	17
Total	2,754	24	2,778

[redacted]

b) Units completed

In the previous five years, including the 2023/24 forecast completions, Loretto has completed 315 new build units. Table 2 outlines Loretto's developments in the previous five years.

Table 2 – Units completed

Year	Developments	Units
2019/20	Muiryhall, Buckley St	56
2020/21	No developments completed	-
2021/22	Cobblebrae, Dargavel	30
2022/23	Dargavel, Hallrule, Queens Quay, Sawmill Field, Vellore Road	205
2023/24	Maddiston	24
At 31.03.2024		315

c) Projected new build completions and closing stock numbers

The 2024/25 projections assume a provision to deliver 598 additional new build homes for social rent in the first 5 years of the plan which includes the renovation of 18 existing units into 19 homes. This will provide significant organic growth, increasing stock numbers to 3,375 and growth of over 20%.

The Loretto new build pipeline considers where new opportunities may emerge, driven by local authority housing strategy and the Strategic Housing Investment Programme that flows from it. The focus is on local authorities in the West of Scotland, with the exclusion of Glasgow City, noting that the development at Forfar Avenue, Cardonald is one exception to this. The Loretto five-year plan allows for development activity across 7 local authority areas, particularly Renfrewshire and Falkirk along with North Lanarkshire, South Lanarkshire, East Dunbartonshire and West Dunbartonshire, increasing housing supply, and our presence in these areas.

Loretto Housing Financial Projections | 2024/25

Table 3 below shows the planned profile of social housing stock over the period of the projections. Note that the sites included in the development plan are exclusively for social rent.

Table 3 – Housing Stock Numbers (social rent only)

	2024/25	2025/26	2026/27	2027/28	2028/29
Opening Stock	2,761	2,809	2,936	3,033	3,120
New Build and renovation	48	127	97	87	239
Closing Stock	2,809	2,936	3,033	3,120	3,359

2.2 Income

a) Rent and Service Charge Income

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

The plan assumes an average weekly rent based on the current average rent and, subject to Board approval, a 7.5% rent increase in April 2024. Note, the Cube transfer agreement undertook to hold rent increased at 1.0% for 3 years, with 2023/24 being the final year. In addition to rental income, Loretto receives income from service charges. Based on current charges, forecast income is £1,374k per annum (net of amounts transferred to Wheatley Care), with supported accommodation which includes service charges being significantly higher than general needs. Table 4 shows the rent and service charge growth assumptions over the next five years.

Table 4 – [redacted]

b) Other Income

In addition to rental and service charge income, Loretto generates income from other sources.

Income Type	Service Description
[redacted]	[redacted]

2.3 Cost Inflation Assumptions

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 is 4.0% it has taken longer to reduce from its peak of 11.1% in October 2022. According to most recent market expectations, the unwinding of inflation to the long-term Bank of England's target of 2% is now not likely to be achieved until the first half of 2025. Increases in the cost of fuel, utilities, insurance and repairs and maintenance costs have had notable impact on our cost base. Fuel and utilities costs have stabilised to some extent; however, insurance and repairs and maintenance costs are still subject to notable price increases.

The financial projections have been aligned to focus activities to benefit our customers most in need with provision made to strengthen the support provided through the Helping Hand Fund.

The general cost inflation rate assumed for running costs/overheads within the financial projections are shown in the table below.

Table 5 [redacted]

2.4 Operating performance

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

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

Performance Assumptions	Current year	2024/25	2025/26	2026/27	2027/28	2028/29
Routine voids (%)*	2.2	3.6	3.0	2.9	2.8	2.7
Bad debts (%) – General Needs	3.0	3.0	3.0	3.0	3.0	3.0
Bad debts (%) – Supported	2.0	2.0	2.0	2.0	2.0	2.0
Arrears (£'000) – net of bad debt provision	270	314	314	314	314	314

*Blended rate for general and supported

Voids for each category of rental income remains at a constant % of rental income although the blended rate notes an overall reduction due to the additional new builds in general needs increasing the level of rental income which attracts a lower void rate. The combined current year void performance to December 2023 is 1.85%. The assumptions in the business plan are therefore prudent compared to historical rates. Bad debts remain at a constant % of rental income.

The business plan assumptions on the movement in arrears continue to recognise the economic challenges facing our customers, together with our experience to date with Universal Credit. The 2024/25 business plan prudently assumes that all working age tenants on benefits move to UC by end of 2024/25, which is reflected in the increase in arrears from the current year to 2024/25, linked to the 5 week initial waiting period.

2.5 Management costs

Loretto's employee cost assumptions reflect the direct staff structure. Additionally, Loretto pays an appropriate share of the salaries of the Compliance and Investment, New Build, Environmental Service (NETs) and Wheatley 360 staff teams.

Running costs include day to day expenditure and an appropriate share of the Environmental Service and Wheatley 360 running costs but exclude Initiatives. Overall, running costs are projected to increase linked to the growth in the number of new build properties, but on an individual cost per unit, will reduce over the five year period.

The plan assumes recharges from Group, which includes employee and running costs for central services such as the MyRepairs team, Customer First Centre, Employee Relations, IT, Finance and the Transactional Hub, to reduce by 2.16% over the five year period. This reflects the strengthening of our specialist teams and the efficiency savings resulting from continued investment in back office services, particularly through the use of technology and improved working practices. Table 7 sets out the overall management costs that are assumed in the plan.

Table 7 – Management cost assumptions (excluding inflation)

Management Costs	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000
Employee costs	1,239	1,332	1,227	1,235	1,235
Running costs	960	993	1,057	1,081	1,127
Recharges from Group	1,388	1,381	1,394	1,379	1,358
Total	3,587	3,706	3,678	3,695	3,720
Average Cost per Unit £	1,288	1,290	1,232	1,201	1,148

Keeping costs within these limits is required to be able to re-invest in our business and grow our asset base.

2.6 Asset management and growth

a) Repair Costs

Repair costs remain a central part of our projections with our customer satisfaction surveys consistently showing a direct link between the repairs service tenants receive and their satisfaction levels. The provision for repairs recognises the continued increase in demand that we have experienced in 2023/24 and growth from the additional stock, whilst also assuming a continuation of our close collaboration with City Building Glasgow. This results in repairs and maintenance increasing from £2,737k, excluding inflation, from the 2023/24 budget (stated in 24/25 prices) to the projection for 2024/25. Table 8 summarises the revenue repairs and maintenance assumptions.

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

Repairs	2024/25	2025/26	2026/27	2027/28	2028/29
Responsive Repairs £000	2,040	2,073	2,130	2,167	2,215
Planned Maintenance £000	1,647	1,690	1,728	1,753	1,785
Total	3,687	3,763	3,858	3,920	4,000

A significant proportion of the planned maintenance budget is to enable us to comply with legislative requirements as a landlord (e.g. gas servicing, electrical inspections, emergency lighting, window safety catches, TMVs, HIU inspections).

b) Capital Investment

As part of our business planning and asset strategy, we have looked at the level of financial capacity within our financial projections for investment in existing homes and to support the delivery of energy efficiency projects including those that will go towards delivering the standards outlined in the Scottish Government consultation on the Social Housing Net Zero standard.

Investment in existing stock in 2023/24 is forecast to be £1.7m. Over the next five years this investment will continue with a further £18.7m, stated before inflation, or £19.6m including inflation, of planned investment in existing stock. On average, this provides an annual uplift of £1.9m (before inflation) investment in existing stock from 2023/24. This increase in our core programme investment over the five year

plan is possible due to operational efficiencies in management costs, and access to borrowing via the Group as well as generating operational cashflows from rental income.

Table 9 summarises the capital investment programme for the next five years. Within the core programme, £1.1m (£1.2m including inflation) has been allocated to both “Customer Voice” and “Think Yes for Investment”- spending decisions made in consultation with, and led by our customers, to address local priorities. This equates to 8.5% of the core programme budget.

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

Table 9 – Capital investment programme (excluding inflation)

Capital Investment	2024/25	2025/26	2026/27	2027/28	2028/29	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Core Programme	2,394	3,020	1,981	2,407	3,188	12,990
Void Repairs	336	336	337	337	337	1,683
Capitalised Repairs	287	287	287	287	287	1,435
Medical Adaptations	117	117	117	117	117	585
Sub-total	3,134	3,760	2,722	3,148	3,929	16,693
Capitalised Staff	362	361	388	392	392	1,895
Office Conversion	80	0	0	0	0	80
Total	3,576	4,121	3,110	3,540	4,321	18,668
Total (including inflation)	3,576	4,223	3,264	3,807	4,758	19,628

c) New Build Programme

The new build programme is set out in Section 1.1 to deliver 598 additional new homes for social rent in the first 5 years of the plan. Table 10 outlines the investment in new build homes over the next five years.

Table 10 – New build funding profile (including inflation)

New Build Programme	2024/25	2025/26	2026/27	2027/28	2028/29	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Development Costs	19,591	22,234	27,764	37,435	21,097	128,121
Grant Income (cash received)	14,816	13,268	17,871	21,158	9,963	77,076
Net Development Cost	4,775	8,966	9,893	16,277	11,134	51,045
Renovation of Duke Street	3,813	511	-	-	-	4,324
Development fund	100	-	-	-	-	100
Capitalised Employee Costs	634	649	685	702	716	3,386
Capitalised Interest	114	221	212	422	684	1,653
Net Cost	9,436	10,347	10,790	17,401	12,534	60,508
Completions	48	127	97	87	239	598

A provision of £100k has been included for a development fund. This can go towards projects of particular strategic importance to help where there is a small funding gap. It has not be assigned to any particular project at the present time and if unused will be rolled.

2.7 Initiatives and Other Provisions

a) Initiatives

The projections also include provision for initiatives which are available to tenants.

The main one is our contribution to the Wheatley Foundation of £0.5m over the next 5 years. The Wheatley Foundation is a charitable trust established with the aim of delivering community benefits. The majority of the Foundation's income is received from the other

subsidiaries within the Group in the form of donations from the RSLs and through gift aid contributions from Lowther Homes. Over the five year financial projections 80% of forecast income in the Foundation is from Group entities. The income recognised in the Foundation will be used to fund several projects and initiatives that will benefit customers and communities across the Group. These initiatives include projects such as the Helping Hand Fund, Wheatley Works, educational bursaries, Home Comforts service as well as the provision of Welfare Benefit Advisers. These projects are considered an investment in creating strong and sustainable communities and providing better opportunities for our tenants. It is anticipated that this will contribute to the sustainability of the income stream for Loretto over the long term.

Loretto's contribution to these initiatives over the next five years is summarised in the below table. The projections assume funding for the share of Group initiatives in 2024/25, 2025/26 and 2026/27 donations is met through use of Foundation cash reserves.

Table 11 – Initiatives (excluding inflation)

Other Group Recharges	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000
Share of Group Initiatives	5	2	24	248	255

b) IT Capital Investment

In total, across the Group the financial projections provide for a 5 year IT capital investment programme of £38.5m. This investment is in recognition of the key role technology has in supporting the delivery of the key strategic aims in the Group's 2021-26 strategy. Alongside the digital aspirations for Group services to customers and staff, the funding also provides for a safe, secure and reliable technology service. Loretto makes a capital contribution towards the overall Group IT capital costs. The table below details Loretto's contribution over the next 5 years.

Table 12 – IT Capital Contribution (excluding inflation)

IT Capital Programme	2024/25	2025/26	2026/27	2027/28	2028/29	Total
	£'000	£'000	£'000	£'000	£'000	£'000
IT Capital Contribution	307	333	316	291	253	1,500

The 5 year IT Capital Investment programme is aligned to 6workstreams, delivering key business strategy outcomes and ongoing investment across staff and customer digital services and platforms.

The workstreams are:

- Digital Workplace, workflows and Automation
- Customer Digital and Self Service
- Housing and Care
- Digital Repairs
- Core Architecture and CyberSecurity
- Data, AI and Innovation

The investment will support a range of projects aligned to transforming and improving service delivery models, investment in platforms and systems, maintaining and improving Group cyber security and the evolution of our digital, voice and face-face channels of delivery.

- **Digital Workplace, Workflows and Automation** – an ongoing programme of technology and facility upgrades and improvements in support of Group office and hybrid working. Improvements to complex back-office processes and workflows through exploring RPA (robotic process automation) and data integration and automation services.
- **Customer Digital and Self Service** – Ongoing service improvements and alignment of our online service portfolio with end to end customer journey maps and customer outcomes. Review and replacement of our current customer self-service platforms for tenants and owners; a programme of CFC improvements provided by the implementation of STORM call centre multi-channel platform. Ongoing

customer and community engagement and feedback service improvements aligned with Stronger Voices and wider customer engagement programmes.

- **Housing and Care** – Supporting the vision for future housing operating models and delivery approaches, through ongoing investment in staff mobile applications and services (e.g. devices, software, improved access to data and information), housing platform upgrades and process improvements. Key projects include improvements to Group Housing Management System; ongoing development and improvements to platforms and services supporting Anti-Social Behaviour, Tenancy Support Services, Welfare Benefits and Environmental service delivery.
- **Digital Repairs** – Following consolidation of platforms and service delivery models across Wheatley Homes East and Wheatley Homes South, an ongoing programme of delivery aligning City Building service delivery models and systems to improved Repairs approaches across platforms, reporting, customer communications and CFC support. Evolution of Group Book-it, Track-it, Rate-it services and improvements to Trade and Inspector field and mobile working through improved devices, system and data access across core delivery, compliance and asset management.
- **[redacted]**
- **Data, AI and Innovation** – A programme of projects ensuring delivery of Group Data Strategy and wider delivery roadmap including improved analytics, data warehousing and Group-wide platform reporting improvements, including City Building repairs and compliance analytics. Establishing a Group AI strategy, governance and delivery roadmap across staff, manager and platform.

2.8 Operating Cost per Unit

As a result of the assumed efficiencies in management costs, our operating costs per unit, excluding depreciation and finance costs, decrease over the five year period, with a marginal increase noted in year 4 to reflect support to Wheatley Foundation and are set out in Table 13 below.

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

Operating Costs	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000
Operating Costs	8,178	8,329	8,380	8,687	8,801
Average No. of Units in year	2,785	2,873	2,985	3,077	3,240
Operating Cost per Unit (£)	2,936	2,899	2,808	2,824	2,717

This represents a 7.46% decrease in the operating cost per unit over the five year period, which includes the efficiency savings gained through the service transformation and investment in technology.

2.9 Interest Rate assumptions

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

Table 14 – Interest rate assumptions

Interest	2024/25	2025/26	2026/27	2027/28	2028/29
Interest Payable (Group Funding)	4.90%	5.00%	5.00%	5.00%	5.00%
Interest Receivable	1.00%	1.50%	2.00%	2.00%	2.00%

3. Financial projections – next 5 years

a) Statement of Comprehensive Income

Table 15 – Statement of Comprehensive Income

Statement of Comprehensive Income	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000
Net Rental Income	15,700	16,903	18,503	19,827	21,285
Other Income (including MMR lease income)	89	91	92	94	96
Grant Income	5,883	15,621	11,230	10,253	28,607
	21,672	32,615	29,825	30,174	49,988
Service Costs	(388)	(397)	(407)	(417)	(428)
Management Costs	(3,676)	(3,843)	(3,877)	(4,205)	(4,327)
Repair and Maintenance Costs	(3,676)	(3,848)	(4,044)	(4,211)	(4,404)
Bad Debt	(436)	(457)	(483)	(506)	(528)
Depreciation	(7,156)	(7,758)	(8,620)	(9,212)	(9,941)
Operating Expenditure	(15,332)	(16,303)	(17,431)	(18,551)	(19,628)
Investment Property Valuation Movement	13	13	13	13	14
Operating Surplus	6,353	16,325	12,407	11,636	30,374
Operating Margin (%)	29%	50%	42%	39%	61%
Finance Costs	(4,157)	(4,625)	(5,122)	(5,522)	(6,031)
Housing Property Valuation Movement	175	(13,550)	(4,766)	(3,509)	(24,054)
Gain on Sale Properties	238	0	0	0	0
Total Comprehensive Income	2,609	(1,850)	2,519	2,605	289

Rental income

Investment in the new build programme and assumed rental increases will generate 36% growth in rental income over the next 5 years ensuring the preservation of appropriate levels of investment in our homes and services to customers while keeping rents affordable.

Grant income

In line with SORP 2014, the projected Statement of Comprehensive Income shows recognition of grant income upon completion of the properties. The result of this is operating margin increasing or decreasing in line with the level of grant income. Depreciation will increase in line with an increased asset base.

Expenditure

The planned asset growth, improved working practices and closer collaboration with our service providers over the next 5 years will result in efficiency savings that achieve a 7.5% reduction in operating cost per unit.

Investment Property Valuation Movement

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

Finance Costs

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

Housing Property Valuation Movement

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

Gain On Sale

The business plan assumes the disposal of one social rent property with a conservative sales value.

Total Comprehensive Income

The completion of new units has a significant impact on the reported total comprehensive income. Recognition of grant income in relation to completed units increases the reported operating surplus; however, this is offset by a downward valuation of housing properties in the

year of completion. Under SORP 2014 new build grants are not considered when calculating valuation movements. In general, the gross development cost, i.e. excluding grant, of these newly completed properties will be higher than the EUV-SH valuation and results in a downward valuation. We have adopted a highly conservative approach to valuation adjustments in the projections and the downward valuation adjustments presented are a prudent scenario.

Over the five year period total comprehensive income is £6.2m.

b) Statement of Financial Position

Table 16 – Statement of Financial Position

Statement of Financial Position	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000
Housing & Investment Properties	177,286	183,234	201,826	231,552	224,485
Other Fixed Assets	1,599	2,527	2,804	3,027	3,623
Total Fixed Assets	178,885	185,761	204,630	234,579	228,108
Current Assets	2,837	2,837	2,837	2,837	2,837
Current Liabilities	(21,791)	(17,935)	(18,366)	(37,017)	(14,146)
Net Current Liabilities	(18,954)	(15,098)	(15,529)	(34,180)	(11,309)
Long-Term Liabilities	(94,079)	(106,661)	(122,580)	(131,273)	(147,384)
Net Assets	65,852	64,002	66,521	69,126	69,415
Retained Earnings	65,852	64,002	66,521	69,126	69,415
Total Reserves	65,852	64,002	66,521	69,126	69,415

Housing Assets

The plan assumes Housing & Investment Property assets to increase £67.9m over five years from 1 April 2024 due to the construction of 598 additional new properties and an assumed increase in the value of our existing stock as a result of investment.

Other Assets

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

Current Assets

Current assets include cash, rent arrears, net of bad debt provision; and other debtors, such as office rent and insurance prepayments. The table shows current assets remaining static across the five years, due to matching debt drawdowns with cash requirements.

Current Liabilities

Current liabilities are high throughout the five year period due to the deferral of new build grant income received until the relevant scheme is complete. Deferred grant income is a liability.

Long-Term Liabilities

Long-term liabilities relate to the loan due from Loretto HA to Wheatley Funding Limited 1 ("WFL1"), pension liability and long term other deferred income. The net balance due to WFL1, after deduction of cash balances, increases from £82.4m at March 2024 to £138.9m at March 2029, funding new build development. Peak net debt of £158.4m occurs in year 10 (2033/34).

Retained Earnings

During the five year period from 1 April 2024, retained earnings are projected to increase by the reported total comprehensive income of £6.2m. The increase to reserves reflect the performance over the five year period, as well as property valuation movements, which offset losses linked to our borrowing costs.

c) Statement of Cash Flow

Table 17 - Statement of Cash Flow

Cash Flow	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000
Net Rental Income	15,426	16,656	18,235	19,541	20,982
Operating Expenditure	(7,741)	(8,089)	(8,327)	(8,833)	(9,159)
Net Cash from Operating Activities	7,685	8,567	9,908	10,708	11,823
Core & Other Capital Expenditure	(3,883)	(4,556)	(3,580)	(4,099)	(5,014)
New Build Expenditure	(24,138)	(23,394)	(28,449)	(38,136)	(21,813)
Grant Income	14,816	13,268	17,871	21,158	9,963
Proceeds from sale of properties	500	-	-	-	-
Net Cash used in Investing Activities	(12,705)	(14,682)	(14,158)	(21,077)	(16,864)
Finance Costs	(4,035)	(4,594)	(5,062)	(5,641)	(6,396)
Net Movement in Cash	(9,055)	(10,709)	(9,312)	(16,010)	(11,437)

Net Cash from Operating Activities

The plan assumes cash from operating activities to increase by 54% in five years. Rent increases and the completion and handover of new build properties, creates additional rental and lease income; the positive movement being further assisted by the operating cost per unit decreasing 7.5% over the same period.

Net Cash used in Investing Activities

This reflects the on-going core programme and other investment works, and the new build programme.

Finance Costs

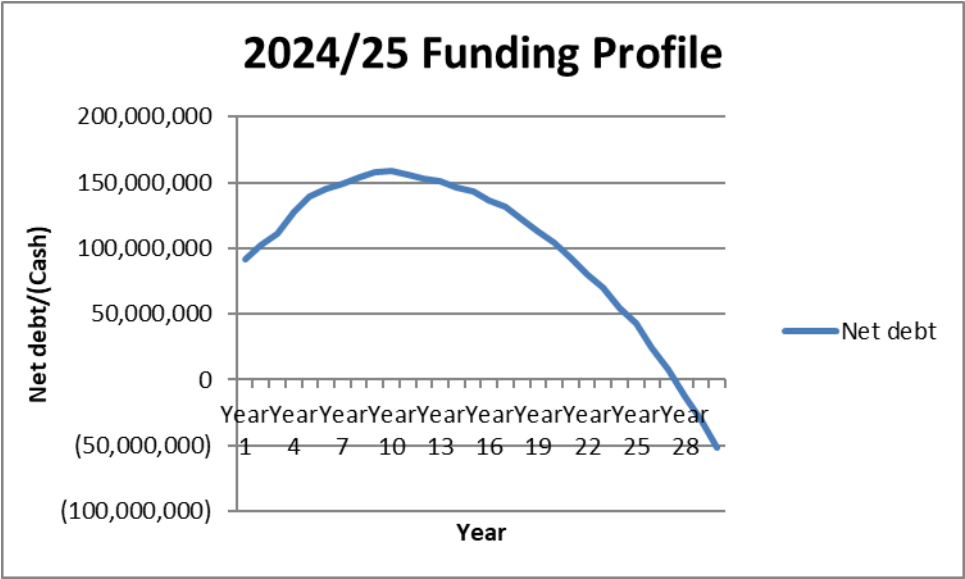
This reflects the interest due on our loan with WFL1. As expenditure is incurred to pay for our new build programme, Loretto will use existing cash resources, followed by drawing down money from Group. The projections assume the new build programme is completed in 2033/34, while core programme expenditure continues. Peak net debt is reached in 2033/34, which is year 10 of the plan. Beyond peak net debt year, as no further debt is expected to be drawn, debt levels gradually decrease. Annual finance costs are therefore strongly linked to any increase or decrease in debt.

Net Movement in Cash

In the first five years of the plan we anticipate a £56.5m net cash outflow. This is due to significant investment in our existing properties, and the new build programme, in line with our strategic objectives.

4. Funding and debt profile

4.1 The resulting debt profile for Loretto is as follows:



Debt indicator	Value
Peak net debt	£158.4m
Peak net debt year	10
Debt repayment year	28
Cash at Year 30	£52.1m

5. Key Parameters

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

5.2 Operating margin generation

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

£'000	2024/25	2025/26	2026/27	2027/28	2028/29
Income (excluding grant income and property valuation movement)	15,906	17,114	18,718	20,047	21,510
Adjusted Operating Surplus/(Deficit)	574	811	1,287	1,496	1,882
Adjusted Operating Margin (%)	3.61%	4.74%	6.87%	7.46%	8.75%

The adjusted operating margin, which excludes grant income and valuation movements, is the measure used to test covenant compliance. It is lower than the operating margin reported in the Statement of Comprehensive income at 4.1, illustrating the significant impact that the recognition of grant income on completion of new build has on the results. The adjusted operating margin in 2024/25 of 3.61% increases to 8.75% over the five years due to additional rental income generated from completed new build units, as well as efficiency savings.

5.3 Cash flow strength

Cash flows need to be sufficient to demonstrate that there is enough cash available to service intra-group debt each year and to repay funding within 30 years.

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

£'000	2024/25	2025/26	2026/27	2027/28	2028/29
Revenue surplus less Capital Investment	4,354	5,252	7,027	7,304	7,898
Interest Expense	4,276	4,854	5,344	5,954	6,725
Interest Cover	1.02	1.08	1.32	1.23	1.18

The ratio is > 1 every year and fluctuates between 1.02 and 1.32, linked to higher capital investment in the years where the ratio is lowest. As new build units are completed, and handed over, more rental income is generated which along with efficiency savings more than offsets the higher interest costs.

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

The long-term financial projections show that debt can be repaid in year 28 of the plan with £52.1m of cash generated in year 30.

5.4 Asset cover

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

[redacted].

Loretto Housing Financial Projections | 2024/25

6. Risk analysis

We have performed sensitivity analysis showing the potential impact on the plan of key risk factors. As well as general risks relating to inflation and the cost base.

		Revenue surplus less Capital Investment - Interest Cover					Debt			
No.	Risk description	Year 1	Year 2	Year 3	Year 4	Year 5	Peak net debt £m	Debt repaid	Cash (Year 30)	Mitigation
Base Case		1.02	1.08	1.32	1.23	1.18	158.4m	28	52.1m	
1	Cost inflation remains at 5% in year 2	1.02	1.03	1.26	1.17	1.12	164.0m	29	23.1m	As expected this has a negative impact on the Business Plan, in year 2 and beyond, as the compound effect of higher than assumed inflation results in worsening performance and cash flows. The year of debt repayment is delayed by a year and cash at year 30 decreases by £29m.
2	Rent increase reduced to inflation in years 2-3	1.02	1.02	1.18	1.09	1.04	167.2m	31	Net debt 15.5m	Interest cover reduces, though still exceeds 1 in all years. The compound effect of these lower rent increases delays debt repayment period by three years to beyond year 30 and decreases cash at year 30 by £67.6m. In mitigation operational costs, investment and new build would be reviewed in order to reduce the overall cost and cash requirement to within a manageable level.
3	Bad debts increased by 1% in years 1-5	0.98	1.05	1.28	1.19	1.14	159.7m	28	48.6m	Interest cover deteriorates slightly, and falls below 1 in year 1 and exceeds 1 in years 2-5. The increase to bad debt causes debt repayment to be delayed by one year and cash at year 30 decreases by £3.5m. The monthly reporting process would identify any trend towards a deterioration of the bad debt position, allowing for time to understand the reasons and work towards resolution.

		Revenue surplus less Capital Investment - Interest Cover					Debt			
No.	Risk description	Year 1	Year 2	Year 3	Year 4	Year 5	Peak net debt £m	Debt repaid	Cash (Year 30)	Mitigation
Base Case		1.02	1.08	1.32	1.23	1.18	158.4m	28	52.1m	
4	Employee costs planned savings not achieved	1.02	1.11	1.31	1.22	1.17	158.8m	28	48.7m	Interest cover is marginally affected in years 3 to 5, though still exceeds 1 in all years. The increased employee costs results in cash at year 30 decreasing by £3.4m. Operational cost efficiencies would be sought elsewhere in order to mitigate any impact from increased employee costs.
5	Repair and maintenance costs are 10% higher from years 1-5	0.93	1.00	1.23	1.15	1.10	161.3m	28	44.6m	Interest cover deteriorates, with year 1 falling below 1 but years 2 to 5 still exceeds 1 due to the additional repair costs, increased interest costs as a result of additional debt funding. The increase to repair costs results in cash at year 30 decreasing by £7.5m. In mitigation cost efficiencies would be sought elsewhere in the event of increasing repairs costs.
6	Additional investment spend of £1m over the first two years	0.90	0.97	1.31	1.22	1.17	160.0m	28	48.0m	The additional investment has a significant impact on interest cover in years 1 and 2 with the interest cover falling below 1 in both years, due to the effect of additional capex reducing cash surplus, and increased interest costs as a result of additional debt funding. Years 3 to 5 still exceeds 1. The increase to investment spend results in cash at year 30 decreasing by £4.1m In mitigation any non-essential works would be delayed in order to accommodate investment priorities, and cost efficiencies would be sought within the operational cost base and new build programme.

Loretto Housing Financial Projections

2024/25

		Revenue surplus less Capital Investment - Interest Cover					Debt			Mitigation
No.	Risk description	Year 1	Year 2	Year 3	Year 4	Year 5	Peak net debt £m	Debt repaid	Cash (Year 30)	
Base Case		1.02	1.08	1.32	1.23	1.18	158.4m	28	52.1m	
7	2 new build schemes are delayed by 6 months	1.02	1.07	1.30	1.21	1.17	158.8m	28	51.0m	Interest cover is only marginally affected. This has the effect of delaying the net operating surplus generated by new build units; costs of finance increase due to debt being held for longer than anticipated and the organisation is also potentially exposed to inflated costs brought about by the delay. Overall peak debt increases by £0.4m and cash at year 30 decreases by £1.1m. Whilst Loretto can absorb these impacts, the development team would endeavour to reduce the impact of this through contract negotiation and planning forward for known issues.
8	New build contractor goes into administration with costs increasing by 15% and completion delayed at 3 sites	1.02	1.07	1.29	1.20	1.15	164.0m	29	37.7m	Interest cover decreases in years 2 to 5. Due to the delayed handover of completed units, rent is not being generated until later. The additional debt requirement to complete the scheme, increases interest cost also has the effect of reducing the interest cover. Peak debt increases by £5.6m, and closing cash decreases by £14.4m. In mitigation we would expect that this would be picked up by our monthly monitoring of contract exposure, allowing time for resolution before the contractor fell into administration and thereafter through our package of protections via performance bonds and retentions. We would seek to absorb any impact from this within the investment programme funding allocation, and by reducing non-essential work within the capital investment programme.

Loretto Housing Financial Projections

2024/25

		Revenue surplus less Capital Investment - Interest Cover					Debt			
No.	Risk description	Year 1	Year 2	Year 3	Year 4	Year 5	Peak net debt £m	Debt repaid	Cash (Year 30)	Mitigation
Base Case		1.02	1.08	1.32	1.23	1.18	158.4m	28	52.1m	
9	In years 2 inflation stays at 5% and rent increases unchanged, Bad debts increased by 1% in years 1-5 and repair and maintenance costs are 10% higher in year 1-5	0.89	0.90	1.13	1.05	0.99	168.4m	30	10.8m	Interest cover deteriorates, and only exceeds 1 in year 3. Peak debt increases by £10.0m and closing cash decreases by £41.3m, with debt repayment being delayed to year 30. In mitigation cost efficiencies would be sought elsewhere in the event of reduced income and increased costs. The monthly reporting process would identify any trend towards a deterioration of the bad debt position, allowing for time to understand the reasons and work towards resolution.
10	The blended interest rate on borrowing increases to between 5.15% and 5.10% in years 1-5	0.97	1.05	1.27	1.20	1.15	159.5m	28	49.2m	Interest cover deteriorates, with year 1 not exceeding 1. Increased interest cost has the effect of reducing the interest cover. Peak debt increases by £1.1m and closing cash decreases by £2.9m. In mitigation cost efficiencies would be sought elsewhere in the event of increasing loan interest costs.

Report

To: Loretto Housing Board

By: Brian Stewart, Director of Investment, Repairs & Compliance

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

Subject: Five-year Capital Asset Investment Plan in existing homes

Date of Meeting: 05 February 2024

1. Purpose

- 1.1 To seek the approval of Loretto Housing's updated Five-Year Capital Asset Investment Plan for the period 2024-2029.

2. Authorising and strategic context

- 2.1 Under its Terms of Reference, set out in the Group Standing Orders, the Board is responsible for the approval of its five-year capital investment plan.
- 2.2 Investment in existing homes is a key component of the "Making the most of our homes and assets" strategic theme in our five-year strategy, in particular the strategic outcome of investing in existing homes and environments. It also supports the wider strategic ambition in our 2021-26 Strategy to reduce carbon emissions from our existing homes.

3. Background

- 3.1 Our investment plan details our ambition to deliver improvements in our existing homes and environments over the next five years. The plan is informed through data on our assets from our stock condition survey as well as intelligence from our responsive repairs programme, customer priorities via local engagement activities and knowledge of our stock from housing and asset management staff.
- 3.2 The plan is reviewed and updated annually ensuring it remains agile to reflect changing customer expectations, emerging regulatory requirements, and new group strategic investment objectives. Work is on-going currently to develop a group asset management strategy which will provide an overarching framework for future asset investment related decision making and planning.

4. Discussion

Overall programme

- 4.1 Our five-year plan includes a core programme budget of £13.75m, which will be directed towards major property and environmental improvement works. This includes £2.25m of additional core programme funding facilitated by the rent increase to deliver customer priority investment and to help support our net zero ambitions.
- 4.2 Our 2021-26 strategy committed to improving our existing homes through our capital expenditure and we remain on track for delivering this commitment. The 2024-29 programme also includes £3.27m for improvements and capitalised repairs to void properties and £613k to support the delivery of major medical adaptations to help customers remain independent in their homes for longer. Grant applications are submitted for major adaptations to Glasgow City Council for our Glasgow properties and to the Scottish Government for other Local Authority areas. The total capital expenditure programme over the next five years equates to £19.62m. This is inclusive of inflation and an allocation of on-costs for our technical RIC asset staff, who play a key role in delivering our investment programmes.
- 4.3 Our core investment activities over the next five years will continue to focus on the delivery of regulatory/best practice compliance activities and core improvements which deliver added value to our customers. Our ongoing customer engagement activities consistently tell us that customers want modern, energy efficient homes and safe neighbourhoods. Our investment plan demonstrates our ongoing commitment to deliver on these priorities with the programme content falling within three broad themes:
- Warm, high-quality homes;
 - Safe homes; and
 - Great neighbourhoods.

Further details of the programme that make up these themes is provided at Appendix 1.

Warm homes

- 4.4 This theme encompasses our energy efficiency and internal modernisation programmes. We plan to invest £6m over the next five years in improving the energy efficiency of our homes. These measures will include heating renewals, window lifecycle replacements and wall insulation.
- 4.5 Our planned programme of energy efficiency improvements will not only benefit our customers in terms of reducing heat demand and fuel poverty but will also assist in relation to the objectives of our sustainability framework and delivering the regulatory objectives that the Scottish Government is consulting on at present through its planned Social Housing Net Zero Standard. this standard will replace the current Energy Efficiency Standard for Social Housing ("EESH2").
- 4.6 The proposals in SHNZS include separate fabric efficiency measures and requirement for properties to have net zero heating sources by 2045.

Quality Homes

- 4.7 Maintaining excellent internal housing quality standards is essential in ensuring that our homes are modern and desirable. Our five-year investment plan includes for the installation of over 270 new kitchens. This programme will include a combination of reactive replacements in both void and occupied properties, where there has been previous no access or refusals and the lifecycle replacement to upgrade older kitchens.

Wheatley Care Portfolio

- 4.8 Our updated Asset investment plan includes £500k of improvements to Loretto core stock assets where Wheatley Care services are provided. This five-year programme has been informed by a condition survey undertaken by Wheatley RIC Investment Team in the summer of 2022. This was further supplemented through engagement with the site-based care teams to understand staff and customer priorities and the sequence of the programme has been profiled on that basis.
- 4.9 The planned work will predominantly focus on the improvement of common areas and community spaces including redecoration, new flooring and furniture, improved lighting and the upgrade of communal kitchen and bathroom facilities. Environmental improvements will also feature with new bin storage provision and new fencing and paths included.

Safe Homes

- 4.10 Our Asset Investment Plan places a strong emphasis on ensuring our homes remain safe and secure, supporting Group's Fire Prevention and Mitigation Framework. Over the five years of our investment plan, we will deliver over £1.3m of improvements across a range of Home Safety related programmes encompassing:
- Domestic wiring upgrades where required through our periodic electrical inspection regime (EICRs);
 - Lifecycle replacement of LD2 smoke and heat detection across all stock types;
 - Thermostatic Mixer Taps for our most vulnerable customers; and
 - Upgrade of vital Mechanical & Electrical communal infrastructure.
- 4.11 Our five-year investment programme also continues to fund additional fire safety measures for some of our most vulnerable customers through supporting our fire safety officers in providing innovative solutions following a person-centred risk assessment to help keep people safe. Measures include enhanced smoke/heat detection, portable fire suppression systems, fire retardant blankets and stove guards.

Great Neighbourhoods

- 4.12 We are committed to investing in our wider communities through the improvement of our common areas and environments. Maintaining the "kerb appeal" of our environments is an integral part of our asset management approach to ensure that our neighbourhoods are secure and desirable for both existing and prospective customers.

- 4.13 Our Investment Plan will help to support the delivery of our 'Keep Scotland Beautiful' environmental quality standard through works to improve controlled entry, common areas and environments.

Mechanical & Electrical Infrastructure Upgrades

- 4.14 Our Investment Plans recognise the importance of our M&E infrastructure in ensuring our homes function correctly. This is particularly important in flatted complexes where vital services are required such as ventilation, water supply, CCTV and lifts. Our five-year plan includes over £240k for planned improvements to critical M&E components including the lifecycle replacement of pump sets, water storage tanks and ventilation plant.

Mould and Damp

- 4.15 We recognise the negative impact that damp and mould can have on our customers' health and quality of life. Enhanced procedures, processes and reporting were introduced in 2022 with performance reported to Board every quarter.
- 4.16 Our Investment Plan includes energy efficiency measures including new heating systems, energy efficient door and window installations and targeted mechanical ventilation upgrade works for up to 350 customers over the next 5 years. This investment will significantly improve indoor air quality and ensure customers have efficient and effective means of ventilating their home to help mitigate the effects of condensation dampness. The programme will be developed using asset intelligence to identify trends in repair data, which will help to inform priority areas, tenancies and stock types.

Year 1 programme (2024/25)

- 4.17 Our capital expenditure in Year 1 (2024/25) of the five-year plan has a total value of £3.57m (including all on-costs). This includes £2.47m for major property improvements, £623k for capitalised repairs and improvements in void properties and almost £117k for major medical adaptations.

5. Customer Engagement

- 5.1 Our aim is to increase customer engagement in future investment planning decisions, both in relation to the type and timing of investment, putting customers firmly in control of their homes.
- 5.2 The allocation of the discretionary elements of the budget i.e. beyond compliance and safety work, has been informed by customer feedback in recent years, such as that gathered through local events, from our customer satisfaction surveys, rent consultation feedback and the input of the Head of Housing and frontline housing team, reflecting the views coming from customers across our communities.

- 5.3 Our investment plan includes our ‘Stronger Voices’ budget in support of this framework, which will deliver £1.2m of customer driven investment over the next five years. This budget will be used to deliver an enhanced programme of targeted local priority investment work over and above existing planned investment commitments. The content of this programme will be informed exclusively by our tenants working with our frontline housing teams. This programme is in addition to almost £8m already allocated to deliver current customer priority investment work programmes such as new windows, heating, kitchens, common area improvements and environmental works.

6. Environmental and sustainability implications

- 6.1 The Scottish Government have set ambitious targets for the reduction of carbon footprint and the country’s green agenda and response to climate change. We plan to deliver £6m of energy efficiency improvements over the life of the five-year plan, focused on investment which also responds to priorities raised by tenants.
- 6.2 The investment plan will help to support the ambition set out in our sustainability framework to replace heating systems that rely on natural gas and other fossil fuels with zero-carbon alternatives. We will review options including new emerging technologies as part of assessing the implications of the proposed SHNZS.
- 6.3 In preparation for the SHNZS reporting we are continuing to develop a property-by-property assessment of current energy performance characteristics to determine the exact requirements for each dwelling.
- 6.4 Year 1 (2024/25) investment work has an anticipated carbon reduction value of 260 tonnes CO₂, which contributes towards the overall group annual target of 6,000 tonnes CO₂ resulting from investment in our homes. This analysis shows the following anticipated CO₂ reduction impact across core programme investment activities in Year 1 (2024/25). Improvements such as windows and EWI also provide an uplift to the property EPC score, which helps towards compliance with EESSH2.

Element of Programme	CO ₂ reduction in tonnes	EPC score improvement
Gas Heating	80	+ 0 points
Windows	150	+ 9 points
EWI	30	+ 10 points

7. Digital transformation alignment

- 7.1 We will look to align our investment services with our digital transformation strategy. Historically we asked our customers to make a visit – often at a time of our choosing - to an office to view investment plans and make choices. We will look to use more interactive and convenient methods once developed for the customer to inform investment in their homes. An example of this would be developing tools that make kitchen design and colour choices a digital experience.

- 7.2 We have phased out whitemail customer satisfaction surveys with individual investment project satisfaction surveys now carried out either by text or telephone. The My Voice platform that the group has procured will enhance this further allowing us to gather more insightful information on the service experience.

8. Financial and value for money implications

- 8.1 The investment programme will deliver value for money in several ways including:

- **Meeting customer aspirations** - Our 5-year capital investment plan supports the delivery of customer investment aspirations with our Stronger Voices approach helping to inform the development and content of our investment programmes;
- **Quality of life** - Our investment plans help to improve our customers' quality of life and tackle fuel poverty through the provision of warm and affordable homes, which meet SHQS and improve energy efficiency. Our investment planning also recognises the importance that a good quality environment can have on the desirability of our communities and on quality of life, with significant funds committed to deliver improvements in these areas;
- **Environmental maintenance** - Our approach to the delivery of environmental improvements, designed with input from our NETS service, will help to build capacity by reducing the maintenance burden on this service, enabling resources to be focussed on other key service priorities;
- **Factored homeowners** - Our five-year plan demonstrates a commitment to seeking innovative solutions to assist factored homeowners to participate in our investment programme, helping to reduce the financial burden where possible, whilst also benefitting our tenants living in mixed tenure stock;
- **Joint Venture with City Building (Glasgow)** – our relationship facilitates a more efficient approach to investment planning and delivery, maximising our buying power with suppliers to drive value for money and deliver wider community benefits and apprenticeships; and
- **Asset sustainability** - By continuing to deliver investment in our existing assets we ensure the long-term sustainability of our assets, aiming to drive down the frequency of response repairs, whilst giving assurance to our lenders that we have a robust framework approach in place to manage and maintain our assets.

- 8.2 The core investment programme of £13.75m is contained within the overall £19.62m five-year capital expenditure programme as set out in the 2024/25 financial projections. All amounts include irrecoverable VAT where appropriate.

9. Legal, regulatory and charitable implications

- 9.1 There are no specific implications arising from the creation of the Investment Programme.

10. Risk Appetite and assessment

- 10.1 The Board's agreed risk appetite for investing in existing homes and environments 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". This risk appetite is mirrored here in relation to the Investment programme.

11. Equalities implications

- 11.1 Our aspiration is for our homes to meet the long-term needs of our customers, enabling them to remain in their home and to live as independently as possible. Our approach to medical adaptations enables customers to self-refer for minor adaptations such as handrails and lever handle taps. Major adaptations such as level access showers and structural alterations are also funded through the capital programme subject to a referral from an Occupational Therapist.
- 11.2 We have a robust approach to the identification and assessment of customer requirements as part of our project planning activities. Individual customer needs are considered on a project-by-project basis, and this helps to inform the project design and specification.
- 11.3 Our communications strategy takes account of the broad cultural mix of our customer base with the ability to tailor correspondence to a range of different languages.

12. Key issues and conclusions

- 12.1 Our core investment programme will deliver £13.75m of planned improvements in our property portfolio over the next five years. A further £3.88m will be spent on investment and capitalised repairs within void properties and on medical adaptations.
- 12.2 The continuing focus of our programme is on delivering improvements that contribute the greatest value to our tenants and communities, with over 70% of our core programme directed towards known customer priority investment.
- 12.3 Customers will continue to shape our investment plans through our £1.2m Stronger Voices programme.
- 12.4 Safety remains a key priority for us with £1.3m earmarked for property compliance and fire safety related works over the next five years.
- 12.5 Our investment programme will support the objectives of our sustainability framework, specifically around the decarbonisation of our fossil fuel heated property portfolio and the delivery of EESSH2. We will continue to explore external funding opportunities such as SHNZ and ECO to bolster our existing programme and further support the delivery of our sustainability ambitions. Our plans will remain agile to react to the outcome of the ongoing review of the current EESSH standard.

- 12.6 We recognise the negative impact that mould and dampness can have on the health & wellbeing of our customers. Our investment planning makes provision for proactive investment interventions designed to mitigate the occurrence of mould within our homes.

13. Recommendations

- 13.1 The Board is asked to approve the 5-year Asset Investment Programme 2024-2029.

LIST OF APPENDICES:

Loretto Housing Five-Year Investment Plan 2024-29

Appendix 1: Loretto Housing Five-Year Investment Plan 2024-29

Loretto Investment Programme 2024-29	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000
WorkGroup	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Gas Heating	200	200	200	200	250
Net Zero/Low Carbon Heating (ASHP, District Heating etc)	0	0	150	200	435
Low-rise Fabric	980	398	66	180	0
Kitchen	205	317	370	96	380
Bathroom	32	32	36	142	50
Rewire	30	96	102	108	285
Windows & Doors	750	583	35	210	425
Environmental	0	722	330	500	650
Common Work	0	326	50	0	0
Mechanical & Electrical	0	60	60	60	60
EESHS/Archetype Specific Energy Measures	0	45	246	457	500
Fire Safety	42	42	42	42	42
Stronger Voices	120	184	304	304	303
Capital Contingency	0	50	50	50	50
Office Conversion	80	0	0	0	0
Core Programme Total	2439	3055	2041	2549	3430
Smoke/Heat Detector Installs	25	30	30	30	75
TMV Taps	10	10	10	10	10
Core Programme & Capital Compliance Total (inc VAT)	2474	3095	2081	2589	3515

Over the next five years **£13.75m** will be invested through our core programme in our homes and communities. Output projections for some of the **key** investment work streams **over the next five years** are shown below:

Heating

The Central Heating programme has a total value across the five years of **£1.8m**. The programme consists of £1.05m for reactive gas boiler replacements where existing boilers breakdown and cannot be repaired. New boilers being installed are hydrogen ready, meaning that they will accept up to a 20% blend of hydrogen should this be introduced into the gas network in the future.

An additional allowance of £785k has been planned to start from year 3 of the programme to accommodate a change in approach if the transition to hydrogen doesn't proceed. This may include alternative low and zero-carbon alternatives such as Air Source Heat Pumps where technically feasible and cost effective.

Low-rise fabric

The Low-Rise Fabric (LRF) programme consists of the provision of External Wall Insulation (EWI) and fabric component replacements such as fascia's, soffits and guttering. We have made provision of **£1.6m** over the next 5 years. Year 1 will see the renewal of the external wall insulation system at 1967 Dumbarton Road.

Kitchen, Bathroom and Rewire (KBR)

We plan to invest almost **£2.28m** in new kitchens, bathrooms and rewiring over the next 5 years. £800k will be allocated to delivering ad hoc, reactive KBR installations in void and occupied properties where we have previously been refused access to complete this investment through our planned programmes. A further £1.1m will be invested in the lifecycle replacement of older kitchens and bathrooms across the portfolio

Finally, we will invest £330k in new efficient and effective mechanical extractor fans benefitting up to 400 tenants over the next 5 years. The programme phasing will be informed using data intelligence to identify trends from our repairs service, which will help to identify problematic house types.

Windows and Doors

We plan to spend **£2m** on window replacements over the next 5 years, benefitting circa 400 tenants. The programme will include ad hoc reactive installations where we have previous been refused access or new acquisitions in addition to planned lifecycle replacements. Year 1 will see new windows and doors installed at Windsor Crescent, Lennoxtown and Murray Crescent.

Environmental

We will invest almost **£2.2m** in improving the environment within our communities over the next five years. The programme will include improvements to Wheatley Care complexes at Inchyra, Maryhill, Moffat St, Burnside Terrace, Quarrywood, McGregor St and Fulbar St over years 2 and 3. This work will focus on improved bin storage provision, paths and fencing. We will also deliver further investment such as backcourt improvements, play park upgrades and improved car parking provision across a number of communities over the next 5 years.

Common Works

We have allocated **£376k** to deliver common area improvements encompassing investment such as common close painter work and foyer upgrades. We will also invest £190k in improving common areas in our assets with Wheatley Care provision.

Mechanical and Electrical

We will invest **£240k** via our Mechanical and Electrical (M&E) programme, which will see the replacement of Mechanical and Electrical infrastructure within our multi flatted developments. The 5-year plan will include for the replacement of vital service components such as communal fans, water tanks, pumps, and CCTV.

EESH2

We currently await the outcome of the Scottish Government's review of the current EESH2 standard; however, our investment plan makes provision of **£1.2m** starting in year 2 to facilitate the delivery of energy efficiency investment interventions designed to improve the thermal performance of our assets.

Fire Safety

£210k has been allocated over the 5-year plan to fund works recommended via FRAs and enhanced fire safety measures for our most vulnerable customers including stove guards and fire-retardant bedding packs.

Stronger Voices

We are committed to putting our customers in control of investment decisions, which affect their homes and communities. We have allocated over **£1.2m** to deliver customer driven investment works over the next 5 years. Our dedicated Stronger Voice budget will help our local housing management teams deliver on their customers' investment priorities identified through the ongoing engagement activities.

Capital Contingency

£200k has been allocated over the 5-year programme to fund ad hoc unplanned investment works that may arise over the course of each year. This allowance will facilitate the delivery of this work without impacting on existing planned investment priorities.

Office Conversion

An allowance of £80k has been allocated in year 1 to fund the conversion of existing corporate office accommodation into residential.

Capital Compliance

£240k of capital compliance works will be delivered over the next five-years to ensure our homes are safe and secure and to provide assurance that we are meeting our statutory and regulatory compliance obligations. This programme will encompass, smoke and heat detector lifecycle upgrades across all stock types and the installation of new Thermostatic Mixer Taps in vulnerable tenancies.

Report

To: Loretto Housing Board

By: Lyndsay Brown, Director of Financial Reporting

Approved by: Pauline Turnock, Group Director of Finance

Subject: Finance Report to 31 December 2023

Date of Meeting: 05 February 2024

1. Purpose

- 1.1 The purpose of this report is to provide the Board with:
- An overview of the management accounts for the period to 31 December 2023 and Q3 forecast.

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 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 31 December 2023 are summarised below:

	Year to Date (Period 9)		
£000	Actual	Budget	Variance
Turnover	14,058	11,711	2,347
Operating expenditure	(11,819)	(11,717)	(102)
Operating surplus	2,239	(6)	2,245
Net interest payable	(2,813)	(2,724)	(89)
Statutory Deficit	(574)	(2,730)	2,156
Net Capital Expenditure	3,170	8,595	5,425

4. Discussion

4.1 Period to 31 December 2023

A statutory deficit of £574k has been reported for the period to 31 December 2023, which is £2,156k 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:

- Within income, void performance continues to be strong with a year-to-date void rate of 1.85% compared to the budgeted rate of 2.88% and net rental income of £11,678k is reporting a favourable variance of £134k to budget at 31 December 2023. Grant income is £2,223k favourable to budget and relates to 24 units at Maddiston, which were completed ahead of the budgeted date of March 2024.
- In operating expenditure, total costs are £102k unfavourable to budget with higher spend in revenue repairs and maintenance, offset by lower running costs and favourable bad debt position.
- Revenue repairs and maintenance spend is £416k higher than budget. The variance primarily relates to a higher than budgeted spend across responsive repairs; linked to higher demand for repairs (4.7% ytd increase in job numbers vs ytd 2022/23).
- Bad debts are £205k favourable to budget. A prudent approach is taken when setting the budget.
- Net capital expenditure is £5,425k lower than budget, mainly due to East Lane site start being delayed, Dargavel Ph3 not progressing and the full grant for Main St Maddiston being claimed in 2022/23.

Q3 Forecast out-turn

4.2 [redacted].

4.3 Across the repairs service, a number of cost saving measures have been put in place to drive efficiencies in the delivery of work. The full year forecast out turn for repairs has been prepared on a prudent basis and does not make any material assumptions on cost efficiencies arising from these actions.

Key variances to budget include:

- Total income is forecast to be £509k unfavourable to budget resulting from a decrease in gift aid income of £608k from Wheatley Developments Scotland, linked to the lower forecast new build spend, partially offset by lower void losses. This is an intra group item only and as such does not impact the overall financial performance at a group level.
- Total expenditure is forecast to be £206k unfavourable to budget:

- Repair costs have been forecast at £513k 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 £205k lower, while still maintaining a conservative approach.
 - Net capital expenditure is forecast to be £9,301k lower than budget, with the investment programme forecast to be £804k lower than budget, mainly resulting from a deferral of works into 2024/25. New build is £15,461k lower than budget due to the timing of developments, with compensating reduction in new build grant income of £7,078k.
- 4.4 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 compliant with covenants.

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 31 December 2023 is £2,156k 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 31 December 2023 is £983k favourable to budget driven by the reprofiling 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 £763k 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 31 December 2023 and the Q3 forecast for 2023/24.

13. Recommendations

- 13.1 The Board is requested to:
 - 1) Note the Finance Report for the period ended 31 December 2023 and Q3 forecast at Appendix.

LIST OF APPENDICES:

Appendix 1: Period 9 – 31 December 2023 Finance Report



Period to 31 December 2023

Finance Report



1a. Operating Statement – Period to 31 December 2023

	Period To 31 Dec 2023			Full Year Budget £k
	Actual £k	Budget £k	Variance £k	
INCOME				
Rental Income	11,898	11,886	12	15,859
Void Losses	(220)	(342)	122	(456)
Net Rental Income	11,678	11,544	134	15,403
Grant Income	2,223	0	2,223	2,223
Other Grant Income	85	88	(3)	116
Other Income	72	79	(7)	876
Total Income	14,058	11,711	2,347	18,618
EXPENDITURE				
Employee Costs - Direct	1,015	1,036	21	1,382
Employee Costs - Group Services	647	660	13	881
ER / VR	29	29	0	210
Direct Running Costs	1,309	1,378	69	1,813
Running Costs - Group Services	346	352	6	469
Revenue Repairs and Maintenance	2,680	2,264	(416)	3,198
Bad debts	100	305	205	407
Depreciation	5,693	5,693	0	7,627
TOTAL EXPENDITURE	11,819	11,717	(102)	15,987
OPERATING SURPLUS / (DEFICIT)	2,239	(6)	2,245	2,631
Gain/(Loss) on Property Sales	0	0	0	0
Interest Receivable	0	0	0	0
Interest Payable	(2,813)	(2,724)	(89)	(3,779)
STATUTORY SURPLUS / (DEFICIT)	(574)	(2,730)	2,156	(1,148)

	Period To 31 Dec 2023			Full Year Budget £k
	Actual £k	Budget £k	Variance £k	
INVESTMENT				
Total Capital Investment Income	1,313	11,169	(9,856)	11,196
Investment Works	1,169	2,219	1,050	2,514
New Build	3,133	17,228	14,095	22,048
Other Capital Expenditure	181	317	136	422
TOTAL CAPITAL EXPENDITURE	4,483	19,764	15,281	24,984
NET CAPITAL EXPENDITURE	3,170	8,595	5,425	13,788

Income and Expenditure account – key points

Net operating surplus of £2,239k is £2,245k favourable to budget. Statutory deficit for the year is £574k and is £2,156k 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 £11,898k is favourable to budget due to early completions at Maddiston. Void losses in the year to date are £122k favourable with a rate of 1.85% against a budget of 2.88%.
- Grant income relates to 24 units at Maddiston, which were completed ahead of the budgeted date of March 2024.
- Other grant income of £85k relates to medical adaptations which has been fully claimed.
- Other income is £7k unfavourable to budget following a revision of the Dargavel L&D damages claim, which resulted in a reduction for the damages received.
- Direct employee costs are £21k favourable to budget attributable to the charging of additional landlord services to Lowther Homes and higher than budgeted capitalised salary for New build. Employees recharged from Group Services are for Loretto's share of Wheatley Solutions staff and are currently £13k favourable to budget.
- Total running costs are £75k favourable to budget. Direct running costs are £69k favourable to budget due to the timing of spend and savings in the YTD.
- Revenue repairs and maintenance is £416k unfavourable to budget with responsive repairs spend £442k higher than budget. Completed responsive repair jobs YTD are 4.7% higher than the same period last year, reflecting a continued increase in customer demand. An improvement plan is in place to monitor the drivers of repairs costs, improve efficiency and keep repairs spend within the forecast spend.
- Bad debts are £205k favourable to budget. A prudent approach was taken when setting the budget.
- Net Interest payable is £89k unfavourable to budget linked to a higher variable rate than assumed in the budget at this point in the year.

Net capital expenditure of £3,170k is £5,425k lower than budget.

- Capital investment income (grant) is £9,856k lower than budget mainly due to East Lane site start being delayed, Dargavel Ph3 not progressing and the full grant for Main St Maddiston being claimed in 2022/23.
- New build spend is £14,095k 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 £1,169k 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 £181k relates to the Loretto contribution to Wheatley Group IT costs.

1b. Underlying surplus – Period to 31 December 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 December 2023, an underlying surplus of £1,727k has been generated using this measure which is £983k 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) - December 2023				
	YTD Actual £k	YTD Budget £k	YTD Variance £k	FY Budget £k
Net operating surplus	2,239	(6)	2,245	2,631
add back:				
Depreciation	5,693	5,693	0	7,627
less:				
Grant income	(2,223)	0	(2,223)	(2,223)
Net interest payable	(2,813)	(2,724)	(89)	(3,779)
Total expenditure on Investment Programme	(1,169)	(2,219)	1,050	(2,514)
Underlying surplus/(deficit)	1,727	744	983	1,742

Operating Statement – December 2023

	Period December 2023		
	Actual £k	Budget £k	Variance £k
INCOME			
Rental Income	1,325	1,321	4
Void Losses	(21)	(38)	17
Net Rental Income	1,304	1,283	21
Grant Income	0	0	0
Other Grant Income	0	9	(9)
Other Income	9	9	0
Total Income	1,313	1,292	21
EXPENDITURE			
Employee Costs - Direct	110	115	5
Employee Costs - Group Services	76	73	(3)
ER / VR	0	0	0
Direct Running Costs	149	146	(3)
Running Costs - Group Services	35	39	4
Revenue Repairs and Maintenance	195	258	63
Bad debts	6	34	28
Depreciation	639	639	0
TOTAL EXPENDITURE	1,210	1,304	94
OPERATING SURPLUS / (DEFICIT)	103	(12)	115
Gain/(Loss) on Property Sales	0	0	0
Interest Receivable	0	0	0
Interest Payable	(321)	(312)	(9)
STATUTORY SURPLUS / (DEFICIT)	(218)	(324)	106

Income and Expenditure account – key points

Net operating surplus of £103k is £115k favourable to budget. Statutory deficit for the month is £218k, £106k favourable to budget. The main drivers of the favourable variance are void losses, revenue repairs and maintenance spend 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 £9k as the medical adaptation award was recognised earlier in the year.
- Direct employee costs report a £5k favourable variances to budget due attributable to the charging of additional landlord services to Lowther Homes and higher than budgeted capitalised salary for New build. Employees recharged from Group Services are for Loretto's share of Wheatley Solutions staff.
- Running costs (direct and group services) are £1k favourable to budget.
- Revenue repairs and maintenance expenditure is £63k favourable to budget.
- Bad debts are £28k favourable to budget reflecting YTD performance.
- Gross interest payable of £321k represents interest due on the loans due to Wheatley Funding Ltd 1.

The net capital position of £276k is £1,792k favourable to budget, linked to the timing of the East Lane and Dargavel Ph 3 new build projects.

	Period December 2023		
	Actual £k	Budget £k	Variance £k
INVESTMENT			
Total Capital Investment Income	854	10	(844)
Investment Works	110	251	141
New Build	994	1,792	798
Other Capital Expenditure	26	35	9
TOTAL CAPITAL EXPENDITURE	1,130	2,078	948
NET CAPITAL EXPENDITURE	276	2,068	1,792

2a. Repairs & Investment Programme – YTD December 2023

Repairs & Maintenance Expenditure	1 April 2023 - 31 December 2023			2023/24
	Actual £k	Budget £k	Variance £k	Budget £k
Responsive repairs	1,467	1,025	(442)	1,485
Cyclical (local)	41	66	25	87
Compliance revenue	1,172	1,173	1	1,626
Total	2,680	2,264	(416)	3,198

Repairs and maintenance

- Revenue repairs and maintenance spend of £2,680k is £416k unfavourable to the budget of £2,264k.
- Responsive repairs are £442k unfavourable to budget. There is an 4.7% 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 £1k 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	1 April 2023- 31 December 2023			2023/24
	Actual £k	Budget £k	Variance £k	Budget £k
Investment Programme Grant Income				
Adaptations	85	88	(3)	116
Total	85	88	(3)	116
Investment Programme Expenditure				
Adaptations	119	88	(31)	116
Core programme	374	1,578	1,204	1,630
Capitalised repairs	263	255	(8)	370
Capitalised staff	211	92	(119)	123
Void repairs	202	206	4	275
Total	1,169	2,219	1,050	2,514

Investment Programme

- Investment Programme expenditure of £1,169k YTD is £1,050k 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 £1,204k lower than budget due to the reprofiling and timing of the programme.

2b. New Build Programme – Period to 31 December 2023

	*Status	Contractor	Year To Date			Full Year
			Actual	Budget	Variance	Budget
Main St-Maddiston	Complete	Miller Homes	874	1,562	688	1,928
East Lane	On site	JR Group	1,600	6,857	5,257	8,129
Dargavel Ph3	Not Progressing	Stewart Milne	15	4,620	4,605	5,898
Duke St	In Development	City Building	21	1,791	1,770	2,629
Constarry Road Croy	In Development	Miller Homes	5	1,618	1,613	2,164
Crofthead	Not Progressing	Not Progressing	0	0	0	1
Barrhill	Feasibility	Cala West	0	0	0	3
Forfar Avenue	In Development	McTaggart	110	0	(110)	0
South Crosshill	Due on Site	TBC	2	0	(2)	0
Bank Street	TBC	TBC	3	0	(3)	0
Prior year schemes	-	-	27	333	306	513
Total social Rent			2,657	16,781	14,124	21,265
Land Acquisition	-	-	0	0	0	100
Capitalised Insurance	-	-	8	0	(8)	0
Capitalised Interest	-	-	0	0	0	88
Capitalised Staff Costs	-	-	468	447	(21)	595
Total New Build Investment			3,133	17,228	14,095	22,048
Grant Income			1,228	11,081	(9,853)	11,080
Net New Build Costs			1,905	6,147	4,242	10,968
Grant Income Completions (Recognised in OPS)			2,223	0	2,223	2,223

Capital Investment Income

Grant income reported within the capital budget represents the cash received in the YTD and outstanding claims accrued.

New Build Programme Expenditure

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

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

Dargavel Phase 3: This is now no longer progressing due to the contractor, Stewart Milne Homes, going into administration.

Duke Street: The procurement strategy has been agreed and enabling works started January 2024.

Constarry Road, Croy: 15 units social rent. Project expected to start on site following the first Golden Brick payment in March 2024. Site start was budgeted to start Q2 23/24. The project is being progressed with the original partner developer. Board approval reached November 2023. Funding application is submitted.

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

[redacted]

3. Balance Sheet

	31 December 2023 £k	31 March 2023 £k
Tangible Fixed Assets		
Housing Properties	143,769	144,956
Investment Properties	1,260	1,260
Other Assets	1,278	1,299
	<u>146,307</u>	<u>147,515</u>
Current Assets		
Rent and service charge arrears	795	597
less: Provision for rent arrears	(422)	(364)
Prepayments and accrued income	308	6
Intercompany balances	291	99
Other debtors	1,870	1,918
	<u>2,842</u>	<u>2,256</u>
Cash at Bank and in Hand	1,538	2,062
	<u>4,380</u>	<u>4,318</u>
Short Term Creditors		
Trade creditors	(78)	(53)
Accruals	(2,693)	(2,331)
Deferred income	(2,330)	(2,226)
Rent and service charges in advance	(1,155)	(1,060)
Intercompany balances	(4,489)	(3,360)
Other creditors	(348)	(535)
	<u>(11,093)</u>	<u>(9,565)</u>
Net Current Assets	(6,713)	(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)
	<u></u>	<u></u>
Net Assets	56,109	56,683
Capital and Reserves		
Share Capital	-	-
Revenue Reserve - b/fwd	58,441	46,881
Current year surplus/(deficit)	(574)	11,560
Pension Reserves	(1,758)	(1,758)
	<u></u>	<u></u>
Association's Funds	56,109	56,683

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** expenditure 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 £586k higher than the March 2023 position, due to prepayments and the timing of intercompany settlements and housing benefit receipts.
- **Cash at Bank** the change from the year end principally reflects the timing of the supplier payments and loan drawdowns.
- **Short term creditors** due within one year are £1,528k 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 £81.4m of loans due to Wheatley Funding No 1 Ltd, excluding deferred loan fees.

4a. Q3 2023/24 Forecast

	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	268	876	(608)
Total Income	18,109	18,618	(509)
EXPENDITURE			
Employee Costs - Direct	1,382	1,382	0
Employee Costs - Group Services	866	881	15
ER / VR	210	210	0
Direct Running Costs	1,733	1,813	80
Running Costs - Group Services	462	469	7
Revenue Repairs and Maintenance	3,711	3,198	(513)
Bad debts	202	407	205
Depreciation	7,627	7,627	0
TOTAL EXPENDITURE	16,193	15,987	(206)
OPERATING SURPLUS / (DEFICIT)	1,916	2,631	(715)
Interest Payable	(3,827)	(3,779)	(48)
STATUTORY SURPLUS / (DEFICIT)	(1,911)	(1,148)	(763)

	Full Year 2023/24		
	Forecast £k	Budget £k	Variance £k
INVESTMENT			
Total Capital Investment Income	4,118	11,196	(7,078)
Investment Programme	1,710	2,514	804
New Build	6,587	22,048	15,461
Other Capital Expenditure	308	422	114
TOTAL CAPITAL EXPENDITURE	8,605	24,984	16,379
NET CAPITAL EXPENDITURE	4,487	13,788	9,301

Comments:

The forecast operating surplus of £1,916k is £715k unfavourable to budget. After taking account of financing costs, the statutory deficit of £1,911k is £763k unfavourable to budget.

Total income forecast of £18,109k is £509k lower than budget.

- Void losses are forecast to be £130k favourable to 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 £608k lower than budget due a decrease in gift aid income from Wheatley Developments Scotland, linked to the lower forecast new build spend. This is an intra group item.

Total expenditure forecast of £16,193k is £206k higher than budget:

- Employee cost group recharges are forecast to be £15k favourable to budget reflecting vacancies from the budgeted structure.
- Running costs (direct and group recharges) are forecast to be £87k favourable to budget reflecting cost efficiencies.
- The forecast out-turn for repairs and maintenance costs has a provision for a £513k increase, taking into account the higher levels of customer demand experienced YTD. The increase has been offset by a reprofiling of the core investment programme.
- Bad debts are £205k lower than budget with the forecast maintaining a conservative approach to future performance.
- Interest is forecast to be £48k higher than budget linked to a higher variable rate than assumed in the budget.

Net capital expenditure is forecast at £4,487k and is £9,301k lower than budget.

- Investment programme is forecast to be £804k lower than budget due to reprofiling of works planned to 2024/25.
- New build investment expenditure is forecast to be £15,461k lower than budget. This is largely due to later than anticipated site starts at Croy, Duke St and East Lane and Dargavel Ph 3 not progressing.
- Capital investment income is forecast £7,078k lower than budget linked to the timing of spend at Croy and East Lane and Dargavel Ph 3 not progressing.
- IT capital project spend and Loretto's office refurbishment budget in other fixed assets has been reprofiled resulting in an overall reduction of £114k.

4b. Underlying surplus – Q3 forecast 2023/24

Key comments:

- As with the year to date results to 31 December 2023, the Q3 Forecast full year out-turn Operating Statement (Income and Expenditure Account) is prepared in accordance with the requirements of accounting standards (Financial Reporting Standard 102 and the social housing Statement of Recommended Practice 2014).
- An underlying surplus of £1,620k 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, group gift aid 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 £649k higher than the budgeted full year surplus and reflects operational efficiencies and the reprofiling of the investment programme which provides capacity for the additional £513k provision for repairs.

Loretto Underlying Surplus/(Deficit) - Q3 forecast 23/24			
	Forecast £k	Budget £k	Variance £k
Net operating surplus	1,916	2,631	(715)
add back:			
Depreciation	7,627	7,627	0
less:			
Grant income	(2,223)	(2,223)	0
WDS gift aid income	(163)	(771)	608
Net interest payable	(3,827)	(3,779)	(48)
Total expenditure on Investment Programme	(1,710)	(2,514)	804
Underlying surplus/(deficit)	1,620	971	649

Report

To: Loretto Housing Board

By: Laura Henderson, Managing Director

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

Subject: Performance Report

Date of Meeting: 05 February 2024

1. Purpose

- 1.1 This report presents an update on performance delivery against targets and strategic projects for 2023/24 to the end of Quarter 3.

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"). 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 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 1 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

- 4.1 The following sections present a summary of key measures and strategic projects. Strategic measures can be found in Appendix 1 and Strategic projects are found in Appendix 2.



Delivering Exceptional Customer Experience

Customer First Centre

- 4.2 The CFC is now firmly established as a core part of our operating model, with the key measure for the CFC recognised as the CSAT score.
- 4.3 The new cloud-based telephone system ‘STORM’ successfully completed its launch across the CFC in November. As we develop reporting, this will enable us to better understand customer demand and the key areas for improvement. Bringing the biggest change to CFC systems for a decade, we will seek ET agreement on phase 2 priorities by the end of February 2024.
- 4.4 The CFC are carrying out a review by call enquiry type to establish what the true average handle time is to achieve a 90% FCR. This is in conjunction with reviewing customer contacts and re-design of the key processes in getting an improved customer outcome.
- 4.5 Year-to-date results as at the end of quarter 3 including CSAT, Webchat and other performance measures still monitored for the CFC are presented in Table 1.

Table 1





Measure	2023/24		
	Value YTD	Target	Status
Loretto - CSAT score (customer satisfaction)	4.3	4.5	
Loretto - % calls answered <30 seconds (Grade of Service)	68.83%	Contextual	N/A
Loretto - Average waiting time (seconds)	56.16	Contextual	N/A
Loretto - Call abandonment rate	5.25%	5%	
Group - % first contact resolution at CFC (Customer Service Advisors)	85.94%	90%	
Group – Percentage of CFC customer interactions that are passed to Housing and Lowther staff for resolution	7.01%	<10%	
Group - Email % responded to within 48 hours	100%	100%	
Group - Webchat % first contact resolution	100%	Contextual	N/A

- 4.6 Our overall CFC CSAT score is 4.3 at the end of Q3, the same score at the end of Q2. 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.
- 4.7 In quarter 3, there has been an improvement in performance for Grade of Service to 74%, YTD this now means that almost 69% of our customers still wait less than 30 seconds to have their call answered. Call abandonment and average wait time have both improved since quarter 2. YTD all abandonment rate from 5.83% to 5.25% with quarter 3 at 4.15% and within target. Average wait time improved from 65 seconds to 56 seconds with quarter 3 just under 40 seconds. In month performance improved in December where we answered 80.44% of customers calls within 30 seconds.
- 4.8 The CFC aim is to provide quality solutions for our customers, negating the need for them to call again or for enquiries to have to be dealt with elsewhere. We are mindful that a balance has to be struck between our ability to provide a first contact resolution through an appropriate length of call and the time customers are waiting for their call to be answered.
- 4.9 The Group resolved 85.94% of calls handled at first contact for the year to date, with performance at over 86% for December. The My Repairs Team continue to deal 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 7.01% of customer interactions passed to them for resolution.
- 4.10 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.

Complaints Handling

- 4.11 In Q3 we received and responded to 73 stage 1 complaints and 1 stage 2 complaint. 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.

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 	16.18 

- 4.12 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, including use of earlier reminder triggers. Our performance is now at 95.93% and will continue to work with staff to achieve 100% completion in timescales.
- 4.13 We closed 100% of complaints that went direct to stage 2 within the 20-day timescales and 95.00% 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	95.93%	100.00%	95.00%

- 4.14 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 along with weekly touchdowns at staff VMBs to highlight complaints.
- 4.15 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.
- 4.16 Only three stage one complaints missed our target in Q3. These complaints related to repairs. We will work more closely with the repairs teams to monitor these complaints and to ensure we achieve a completion rate of 100%. We have regular meetings to discuss any complex cases and daily checks are done on all incoming and outstanding stage-one complaints. Additional training on written and verbal communication being rolled out in early 2024 will also help performance.

Tenancy Sustainment

- 4.17 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.
- 4.18 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 consistently exceed the target for both these measures.

Table 4

Tenancy Sustainment	Charter YTD	2023/24 Target	Revised YTD	2023/24 Target
Loretto	94.61%	90% 	95.32%	91% 



Making the Most of Our Homes and Assets

New Build Programme

- 4.19 Our target is to deliver 24 new social homes in 2023/24. Year to date to the end of Q3 we have completed all of the new homes at Main Street, Maddiston, ahead of schedule.

Table 5

Sites	Handovers (YTD)	Target (YTD)	Difference in handovers to 31st December
Main Street, Maddiston	24	0	24

- 4.20 Further to Wheatley Development Scotland Limited (WDSL) Board approval in November 2023, GGC has confirmed our grant application for Forfar Avenue is satisfactory, with a funding offer expected to follow shortly. Forfar Avenue is expected to be our last new build project in Glasgow and is expected to start on site in February 2024.
- 4.21 Contracts are expected to be finalised for Constarry Gardens and South Crosshill Road in February 2024, subject to offers of grant which are expected imminently.

Volume of Emergency Repairs

- 4.22 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%.
- 4.23 Emergency repair numbers are 405 less than the same point in 2022/23, a variance of -12.16%. This is on target and an improvement on -4.57% at Q2.

Table 6


Completed emergency repairs	YTD 22/23	YTD 23/24	Variance
Loretto	3,331	2,926	-12.16%

- 4.24 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 28.5% of all our completed repairs (emergency and non-emergency). This is an improvement on 33.9% at the same point last year.

Repairs Timescales

- 4.25 Our average time taken for emergency repairs is 2.98 hours at the end of Q3, within the 3-hour target. This is an increase on 2.63 at Q2 but compares favourably to an average of 3.16 hours in 2022/23 and is better than the Scottish average of 4.2 hours.
- 4.26 The below table also shows the average time taken for non-emergency repairs at 8.5 days, above this year's target of 7 days. This is now better than our average for 2022/23 of 9.13 days and the Scottish average of 8.7 days. We have seen an improvement month on month, with a reduction from last quarter of 9.29 days and 10.79 days at Q1.


Table 7

Repairs completion timescales (Charter)	Emergency (hours)		Non-emergency (days)	
	Target	YTD Value	Target	YTD Value
Loretto	3.00	2.98 	7.0	8.50 

Right First Time

- 4.27 Right first-time performance to the end of Q3 is at 91.17%. While this remains below the 93% target and the position reported last year (92.58%), it is an improvement on Q2 (90.26%) and remains better than the Scottish average of 87.8% in 2022/23.

Table 8

Percentage of repairs right first time (Charter)	2022/23	2023/24 YTD	Target	
Loretto	92.58%	91.17%	93%	

Repairs Satisfaction

- 4.28 To the end of December, we were below target for repairs satisfaction, at 84.02%. This is a reduction compared with last quarter when the figure was 89.18%. Our repairs service enhancements (being considered as part of a separate agenda item) will help us to address this and we will continue to actively monitor satisfaction our repairs satisfaction during the next period.

Table 1

Repairs Satisfaction	Current value	2023/24 Target	
Loretto	84.02%	90%	


Rate It

- 4.29 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.
- 4.30 Year to date following launch, the Rate It score for the West is 4.5/5 (from 15,471 responses, representing 21.2% of the feedback links generated to all customers with contact information).

Responsive repairs: Damp and mould

- 4.31 We continue to monitor repairs in relation 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. We currently have 7 live cases, all of which are within the 15 day timescale.
- 4.32 Our strategic measure is to complete mould repairs in 15 days. 100% of completed mould repairs have been completed in 15 days, year to date.


Table 10

Subsidiary	Number of completed mould repairs year to date	% of mould repairs completed in 15 days year to date	
Loretto	150	100%	

Medical Adaptations

- 4.33 Time to complete medical adaptations remains well within the 25-day target year to date, with the average days to complete at 19.67 compared to 19.02 last quarter. We have completed 63 adaptations year to date, an increase of 11 since the last quarter, and have only 1 household waiting.

Table 11

Medical Adaptations (Charter)	Current Households Waiting	Number Completed YTD	Average Days to Complete YTD	Target
Loretto	1	63	19.67	25 

Gas Safety

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

Compliance

- 4.35 We have made good progress in the third quarter of the year. All of our relevant properties (51) are compliant with Legionella assessment requirements. All safety checks have been completed on passenger and domestic lifts.
- 4.36 At the end of Q3, 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 74.22% complete at Q3.



Changing Lives and Communities

Peaceful Neighbourhoods

- 4.37 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.
- 4.38 As highlighted last quarter, the data from Police Scotland for the “Peaceful Communities” measure was recalibrated, due to the changes in the way Police Scotland produce data on antisocial behaviour incidents.
- 4.39 Using the updated methodology, the number of tenancies categorised as Peaceful increased slightly this quarter from 75.98% to 76.38% at the end of Q3. The in-month result also increased slightly from 73.63% in November to 73.67% in December. We also continue to perform better than the target of 69%.
- 4.40 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

- 4.41 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 three.

Table 12

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

- 4.42 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 13

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

- 4.43 We have provided 78 homes to homeless households this year to date. Our % of relevant lets made to homeless applicants to the end of December remains high at 60.53% (relevant lets exclude mutual exchange, transfers and LivingWell lets for which we are limited to let to homeless applicants).





Table 14

RSL	2023/24 Number of lets to homeless applicants (ARC) - YTD	2022/23 Number of lets to homeless applicants (ARC) – full year
Loretto	78	166

Jobs and Opportunities

- 4.44 Over 20 children within Loretto households have now been supported through Foundation programmes so far, this financial year. The WEE Bursary project for Glasgow has now commenced and this will help increase the number of our children within the Glasgow area involved in our programmes.
- 4.45 Year to date, the Wheatley Works staff have supported 2 jobs, training and apprenticeship opportunities within our households.
- 4.46 Staff across the business continue to work together, and with partners, to increase referrals to the Wheatley Works service. This includes:
- Planning local community events for Q4 which will promote the jobs, training and apprenticeship services available to our customers; and
 - Housing and the Foundations teams working more collaboratively. Plans for this include the Foundation Team attending staff meetings, house visits with housing officers and working with Stronger Voices Officers to help reach more of our customers.

Table 15

Indicator	Target (YTD)	Current Performance YTD	2022/23
Loretto - Number of vulnerable children benefiting from targeted Foundation programmes	23	24 	24 
Loretto - Total number of jobs, training places or apprenticeships created by Wheatley Group including Wheatley Pledge	3	2 	1 





Developing our Shared Capability

Sickness Absence

- 4.47 We are currently outperforming the 3% sickness target at 0.36% year to date. This is a slight increase from the position at the end of Q2 (0.22%). Absence for Q3 also remained significantly lower than the corresponding quarter in 2022 (6.87%).

Table 2

Sickness Rate	Target	2023/24 YTD	2022/23
Loretto	3%	0.36% 	5.65% 

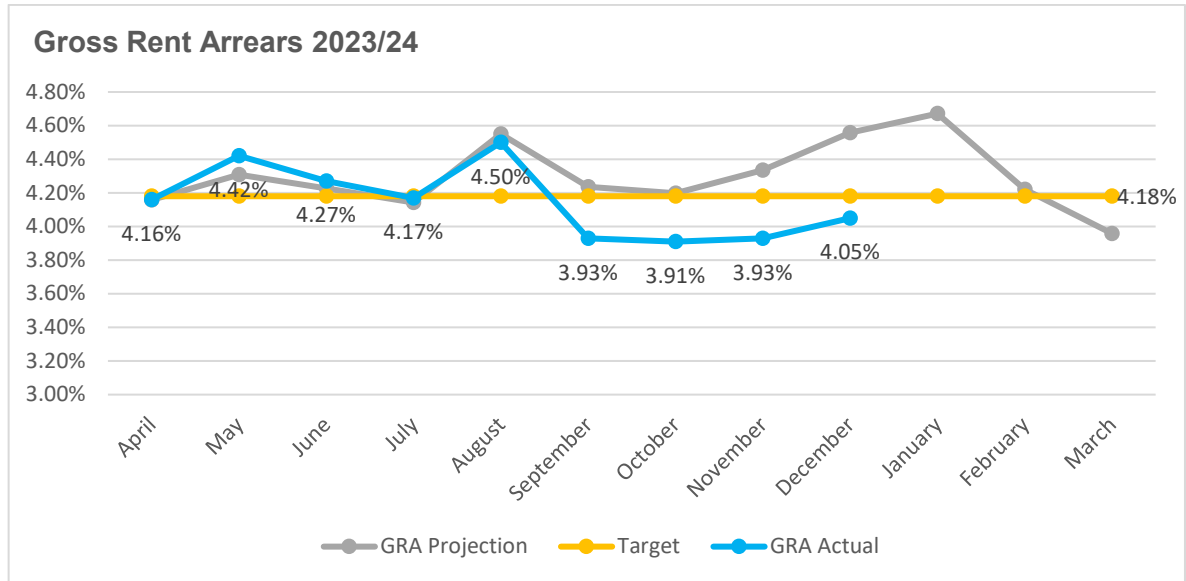
- 4.48 The main reason for absence across Q3 was Minor Illness – accounting for 100% of all absence in November and 50% in December.
- 4.49 Ongoing support to help staff members with a range of issues was provided in Q3 via a number of Academy e-learning modules. This included Stress Awareness, Personal Resilience and Mental Health Awareness.
- 4.50 In December 2023, the Employee Relations team continued to support managers with staff members across the group experiencing stress and anxiety by ensuring staff are being offered all available support initiatives such as PAM-Assist and bespoke counselling.
- 4.51 December also saw the Wellbeing team focus on finalising content and dates for a number of workshops to be rolled out in the first quarter of the calendar year. These include Supporting Staff Through Bereavement, Financial Wellbeing and Stress & Anxiety workshops.
- 4.52 In January 2024, The Employee Relations team will deliver further “HR Essentials” workshops across all Wheatley Group subsidiaries for new, existing, and newly promoted managers.



Enabling our Ambitions

Gross Rent Arrears

Chart 1



- 4.53 Our GRA at Q3 of 4.05% remains better than our target of 4.18% and our projected figure for this time of year. We continue as the best performer across the Group's RSLs.
- 4.54 Our staffing 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.
- 4.55 In addition to the Rent Refresh Thinking Yes Together sessions that took place in Q3, 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 strongly attended by some internal support teams as well as colleagues from Department for Work and Pensions (DWP) and One Parent Families Scotland.
- 4.56 To ensure we remain on track to meet our year-end target and in order to continue to drive the necessary performance levels, we have enhanced our income action plan to focus on year-end income, targeting higher arrears patches with visits, utilising CFC and GDRT to make out of hour and weekend calls along with increasing our wrap around support to customers.
- 4.57 In the past period, there has been a strong focus for Housing Officers on escalation of cases, including a focus on rejected Direct Debits as soon as they are returned. There was a strong drive to support customers who typically don't pay on the lead up to Christmas with these customers all having a visit or contact made to support them which has had a positive outcome with payments to clear arrears and affordable payment plans made.

Average Days to Re-Let (Charter)

- 4.58 Our average days to re-let at 10.02 days remains better than our 16-day target and is also an improvement on the 10.35 days reported at the end of Q2.

Table 17

Average days to re-let (Charter)	2023/24 YTD	2023/24 Target	2022/23 Results
Loretto	10.02	16	15.98



Summary of Strategic Project Delivery

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

Table 38

Complete	On track	Slippage	Overdue
1	2	2	2

- 4.60 One project completed during Q3:
- *Group wide implementation of Roll out Book it, Track it, Rate it*

The following projects are currently slipping:

- *Repairs technical enhancement programme* – slippage linked to access to vendor resources, which have now been confirmed for April 2024.
- *My Voice – real time customer feedback reporting*

The following projects are currently overdue:

- *Implement Group sustainability framework* – recent proposed revisions to the required energy efficiency of our properties make it more appropriate to report on progress against our sustainability strategy after the year-end.
- *Interest cover covenant revision* – delayed due to external interdependencies, which were highlighted as a contingency when agreeing to 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 the 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 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 We have strong performance against our targets for 2023/24 in several key areas including complaint timescales, tenancy sustainment, new build, emergency repair timescales, adaptation completion timescales, ASB resolved, lets to homeless, sickness absence, average days to re-let and arrears.
- 12.2 Average time to complete non-emergency repairs remains an area of key focus.

13. Recommendations













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

LIST OF APPENDICES:
















Appendix 1: Strategic Measures Dashboard
Appendix 2: Strategic Projects Dashboard

Appendix 1 - Loretto Housing Board - Delivery Plan 23/24 - Strategic Measures










1. Delivering Exceptional Customer Experience

Measure	2022/23	YTD 2023/24		
	2022	2023		
	Value	Value	Target	Status
Average time for full response to all complaints (working days) - overall	5.09	4.51		
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	16.18	20	
% new tenancies sustained for more than a year - overall	92.23%	94.61%	90%	
Group - % of first contact resolution at CFC	88.99%	85.94%	90%	
Group - Call abandonment rate	4.72%	5.43%	5%	
Group - Percentage of CFC customer interactions that are passed to Housing and Lowther staff for resolution	6.15%	7.01%	10%	
Group - % calls answered <30 seconds (Grade of Service)	76.79%	69.17%		
Group - Average waiting time (seconds)	57.64	59.63		
Loretto Housing - CFC Abandonment Rate	4.29%	5.25%	5%	
Loretto – CFC Grade of Service	76.93%	68.83%		
Loretto Housing - Average Wait Time (seconds)	49.95	56.16		


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	24	0	
Reduce the volume of emergency repairs by 10% by 2025/26 (target -3.34% for 2023/24)	Apr-Dec 22/23 3,331	Apr-Dec 23/24 2,926	-12.16%	
Average time taken to complete emergency repairs (hours) – make safe	3.16	2.98	3	
Average time taken to complete non-emergency repairs (working days)	9.13	8.5	7	
% reactive repairs completed right first time	92.58%	91.17%	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%	84.02%	90%	
Average time to complete approved applications for medical adaptations (calendar days)	21.49	19.67	25	
% Planned repair spending	55.94%	39.33%	60%	
% Reactive repair spending	44.06%	60.67%	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	12		
Group - Number of days lost due to work related accidents	464	488.5		
Number of new employee liability claims received	0	0	0	







3. Changing Lives and Communities

	2022/23	YTD 2023/24		
Measure	2022	2023		
	Value	Value	Target	Status
% ASB resolved	100%	100%	98%	
% Lets Homeless Applicants - overall (ARC)	45.7%	61.98%		
% Relevant lets to Homeless Applicants	45.85%	60.53%		
Number of lets to homeless applicants	166	78		
Loretto Housing - Total number of jobs, training places or apprenticeships created including Wheatley Pledge	1	2	3	
Group - % of our customers live in neighbourhoods categorised as peaceful	68.5%	76.38%	69%	
Group - 100% of relevant properties have a current fire risk assessment in place	100%	100%	100%	
Group - The percentage of non-relevant properties that have a current fire risk assessment in place	100%	100%	100%	
Number of accidental dwelling fires recorded by Scottish Fire and Rescue	6	1		


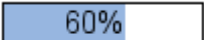


4. Developing Our Shared Capacity


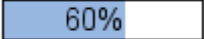

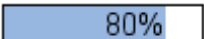
	2022/23	YTD 2023/24		
Measure	2022	2023		
	Value	Value	Target	Status
Sickness Rate	5.65%	0.36%	3%	


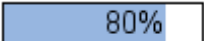


5. Enabling Our Ambitions

	2022/23	YTD 2023/24		
Measure	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%	50%		
Average time to re-let properties	15.98	10.02	16	
Loretto C - Gross rent arrears (all tenants) as a % of rent due	4.28%	4.05%	4.18%	
Loretto A - Gross rent arrears (all tenants) as a % of rent due	4.58%	4.59%		
Loretto B - Gross rent arrears (all tenants) as a % of rent due	3.92%	3.29%		

Appendix 2 - 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	31-Mar-2024			01. Programme of research and engagement with customers on online repairs service to further refine functionality and usability	30-Sep-2023	Yes	The installation and initial report migration (WHS contextual reports) have been completed as of end of December 2023. Analysis resource is due to start from 5 th February to access the platform and review BOXI Universe, reports and core reporting KPIs for CBG and Group. The CBG DRS upgrade has been confirmed for 12 th April 2024, with testing support from Group being planned across February/March 2024. WHE Servitor migration is proceeding on target for end March 2024.
				02. CBG IT integration – Boxi reporting system implementation	31-Oct-2023	Yes	
				03. WHS DRS upgrade	31-Oct-2023	Yes	
				04. CBG DRS upgrade	31-Oct-2023	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	31-Aug-2023			01. Pilot commencement in Wheatley Homes East	30-Apr-2023	Yes	Rate It launched on the 6th November in WHS.
				02. Pilot finalised in with City Building delivered repairs	31-May-2023	Yes	

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				03. Pilot commencement in Wheatley Homes South	31-May-2023	Yes	
				04. Pilot evaluation, including customer feedback, and agreement to go live - City Building	30-Jun-2023	Yes	
				05. Pilot evaluation, including customer feedback, and agreement to go live - Wheatley Homes East	31-Jul-2023	Yes	
				06. Pilot evaluation, including customer feedback, and agreement to go live - Wheatley Homes South	31-Aug-2023	Yes	
My Voice – real time customer feedback reporting	31-Mar-2024			01. MY Voice CFC pilot concluded	30-Apr-2023	Yes	Key service pillars being onboarded to complete end Feb 2024 with project on track for 31 March.
				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	31-Mar-2024			01. Group Board approval of contract award	30-Apr-2023	Yes	The CFC and all specialist teams are now live on Storm. Work Force Management went live in January with
				02. Vendor Contract Award	31-May-2023	Yes	
				03. Full project delivery plan developed and commenced	31-Jul-2023	Yes	

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				04. Phase 1 launch	31-Dec-2023	Yes	reporting expected to be fully operational by the end of February. Work to migrate all Care, Concierge and remote sites under way and due to be complete for 31 March 24.
				05. Phase 2 launch	31-Mar-2024	No	
Implement Group sustainability framework	31-Dec-2023			01. Sustainability delivery workshop with nominated group leads	30-Apr-2023	Yes	Recent proposed revisions to the required energy efficiency of our properties through the social housing net zero standard consultation, make it more appropriate to report on progress against our sustainability strategy after the year end. This reporting is now planned for end June 2024.
				02. Refine sustainability performance monitoring framework	31-May-2023	Yes	
				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	28-Feb-2024			01. Deliver workshop with key people involved in Neighbourhood tools and scoring mechanisms to map out roles and remit	31-May-2023	Yes	Draft approaches to Neighbourhood for WHE, WHS and Loretto was presented to ET on 16th Jan 2024 with presentations going to each February Board.
				02. Develop a technical guidance document around application of tools and the scoring mechanisms within the neighbourhood assessment	30-Jun-2023	Yes	

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				03. Trial and test the neighbourhood assessment, including customer engagement, in one neighbourhood within WHG	31-Jul-2023	Yes	
				04. Based on the neighbourhood assessment, propose an example neighbourhood plan	30-Sep-2023	Yes	
				05. Provide worked example to WHG Board to review and agree as a model going forward	30-Sep-2023	Yes	
				06. Draft Neighbourhood approach for wider group to RSL Boards	28-Feb-2024	No	
[redacted]							

Report

To: Loretto Housing Board

By: Stephen Wright, Director of Governance

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

Subject: Governance update

Date of Meeting: 05 February 2024

1. Purpose

- 1.1 To update the Board, seeking approval where appropriate, on the following governance-related matters:
- Outcome of our annual Board appraisal process;
 - Updated succession plan;
 - Group Code of Conduct;
 - Governing Body Member Expenses and Allowances Policy;
 - Board Member CPD Programme; and
 - Board Agenda Planner 2024

2. Authorising and strategic context

- 2.1 Under the Group Standing Orders the approval of any Group policies as well as the Group Code of Conduct is reserved to the Group Board. Our Board is responsible for overseeing the implementation of any such relevant group policies and frameworks.
- 2.2 Under our Terms of Reference, our Board is responsible for undertaking an annual Board self-assessment based on the approach agreed by the Group Remuneration, Appointments, Appraisal and Governance Committee (RAAG). We are also responsible for reviewing and approving our annual succession plan.
- 2.3 Our Board is responsible for overseeing and implementing our recruitment, succession plan and continuous professional development programme. This approach ensures that we have Board Members with the skills and experience required to effectively govern our Board and in turn supports us to achieve each of our strategic outcomes.

3. Background

- 3.1 Our Group Board and Committee Effectiveness Review and Governing Body Member Individual Appraisal Policy sets out how we shall keep the effectiveness of Boards, Committees and the governing body members under review.

- 3.2 Our succession planning arrangements are developed in line with the Group Succession Planning Policy. The Policy sets the parameters under which our succession plan has been developed including the core skills and experience each member contributes to the Board, in line with the agreed skills matrix and our expected future recruitment requirements.
- 3.3 The Group Board approved an updated Group Code of Conduct and updated Governing Body Expenses Policy at its meeting on 20 December 2023.
- 3.4 The Group RAAG Committee oversees the governance arrangements within our group, including the skills mix of Board members and training requirement. The Group RAAG Committee approved a rolling 3-year CPD programme at its meeting on 20 December 2023.
- 3.5 The Board receives annual governance reporting as well as updates to each meeting, as required. This report addresses our forward planning for the year (both meeting dates and proposed business).

4. Discussion

Annual Board appraisal process

- 4.1 Our appraisal process allows each Board member the opportunity to reflect on their role and contribution to the wider operation of the Board over the year. The appraisals were undertaken during October/November 2023 and focused on the following areas:
- Board effectiveness;
 - Personal effectiveness;
 - Individual skills and succession planning;
 - Continuous Professional Development (“CPD”); and
 - Areas for refinement .
- 4.2 The key themes, areas for refinement/actions have informed the update to our Board 3-year Succession Plan 2023-2026 (Appendix 1).

Board effectiveness

- 4.3 All Board members who participated considered that the Board had been effective during the year. Board members felt that there was a good range of complementary skills and experience on the Board and particularly welcomed the inclusion of the tenant voice as part of the membership of the Board. The Board members welcomed the steps taken to strengthen Board membership and the proposed future recruitment.

Personal effectiveness

- 4.4 The Chair agreed that all Board members have been effective over the year, which reflected the assessment of our overall board effectiveness. In particular, it was agreed that Board Members bring a good level of balance and challenge to the Board.

Individual skills: succession planning

- 4.5 Consistent with the first two topics, Board members considered their specific skills and experience relative to our agreed skills matrix as well as those of each other. Board Members noted the future vacancies on the Board as well as the requirement to recruit and create a pipeline of future tenant Board members. Board Members welcomed in particular the introduction of our pathway programme and the coaching that would be provided to help the transition from the pathway to the Board.
- 4.6 Board members provided feedback on their own future tenure plans and these have been reflected in the updated succession plan.

CPD

- 4.7 Board members were pleased to note the proposal to reintroduce our CPD programme, considering feedback from this round of appraisals. Board members welcomed the proposed focus on EDI and on cyber security. In relation to the group-wide events, there was consensus that we should focus on a single Group wide event, in addition to the Christmas social event, each year which focusses on external issues which impact the wider Group. An update on our proposal for this is set out below.

Areas for refinement

- 4.8 All Board members welcomed the information presented in Board reports which helped explain the rationale for decisions. Board members requested that we continue to consider how Board reports balance the necessary detail and being sufficiently succinct.

3-year Succession plan to 2026

- 4.9 Consistent with our updated succession plan and, due to unplanned retirements at the end of 2023, the Board initiated a recruitment exercise and has been successful in the recruitment of three new Board Members with the relevant skills required by the Board.
- 4.10 As previously reported to the Board, our Chair and one of our tenant Board Members (Alex McKay) are both due to retire in 2024. This is in addition to the mid-year retirement of Suzanne Lavelle (tenant Board member) and Archie Morrison (independent member with accounting and business experience).
- 4.11 We have taken steps to recruit three new independent Board members who will join from this meeting. This brings us to our capacity in terms of independent members, however upon Alex McKay's retirement, we will have vacancies for two tenant Board members.
- 4.12 We initiated our tenant board member pathway programme in late 2023 and will interview three candidates on 7 February 2024. We will inform the Board of the outcome of those interviews, once held. In addition to this, we will continue to promote our pathway programme to broaden the pool of potential candidates to ensure we are in a position to appoint new tenant Board members whenever a vacancy arises.

Group Code of Conduct for Governing Body Members

- 4.13 At its meeting in December 2023 the Group Board agreed to adopt an updated Code, on the recommendation of the RAAG Committee. The new Code follows the Scottish Federation of Housing Associations (“SFHA”) model and aligns us with the wider sector.
- 4.14 However, we have made some minor revisions to the SFHA model to reflect the Group dynamic, for example, that not all subsidiaries are RSLs. The Code will be implemented from 1 April 2024, with recertification taking place annually in August each year (from August 2025).
- 4.15 A copy of the Code is attached for review at Appendix 2a, together with supplementary guidance at Appendix 2b. The Code also refers to a protocol to be used in the event of a breach. Although we have had no breaches of our Code in recent years, we have taken the opportunity to prepare a breach protocol to provide clarity in the event of any future issues. The protocol (Appendix 2c) is also based on the SFHA model, with amendments that acknowledge the role of our Group RAAG Committee in investigating any alleged breach of the Code.
- 4.16 Any material feedback from our Board that may give rise to any changes will be taken back to the RAAG Committee for consideration and an onward recommendation to the Group Board.

Governing Body Member Expenses and Allowances Policy

- 4.17 The Group Board has reviewed the Governing Body Expenses and Allowances Policy (Appendix 3). Overall, the Group Board was satisfied that the policy remains fit for purpose and only minor updates were required, for example, to strengthen the wording in relation to our Freedom of Information obligations and update the compensatory payments for loss of earnings to match the living wage.

Board Member CPD Programme

- 4.18 The Group RAAG Committee has approved a rolling 3-year Board Member CPD programme which is attached at Appendix 4a.
- 4.19 The current Competency Framework and Continuous Professional Development Programme was developed in partnership with the Institute of Directors and recognises the importance of the skills, knowledge and experience of Board members as significant determinants of the quality and effectiveness of governance.
- 4.20 The principles and competencies within the Competency Framework remain relevant and there are no material changes proposed to this.
- 4.21 Our CPD Programme runs over a rolling 3-year period. We have focussed the CPD programme for 2024 on some of the newer and emerging areas, where there is a need for Board members to have the opportunity to further develop and keep their skills and knowledge up to date.

- 4.22 There are some areas where it is helpful to have refresher training for those who wish to receive it, such as in relation to financial reporting. We have therefore planned a CPD event in the lead-up to considering our annual accounts in August.
- 4.23 The CPD programme for 2024 is set out in Appendix 4b and will focus on the subject areas set out below. Details about each of the events are provided in the appendix, including a recommendation about which are mandatory. Given the subject matter, in most cases we have recommended making these mandatory and to support attendance, we have also proposed to either hold them at the time of our Board meetings or offer date or venue options.
- 4.24 The CPD programme for the year includes:
- Role of a non-Executive (for new and existing Board members who wish a refresher);
 - Equality, Diversity and Inclusion (EDI);
 - Cyber Security; and
 - Financial reporting (optional).

MyAcademy on-line portal

- 4.25 We will extend access to our in-house learning portal, MyAcademy, to our Board Members. Board Members will be able to access on-line training courses at their convenience. A number of the courses provided cover matters that would be beneficial for Board members, to provide a greater understanding of some of the duties that are placed on us as well as our Group approach to these.
- 4.26 In addition to the courses referred to above on EDI and Cyber Security, we have courses on social media awareness, data protection and freedom of information. We are also developing training on business ethics and our core legal and regulatory duties.

Governing our Group

- 4.27 Taking into account the enhanced CPD, we propose to hold two *Governing our Group* events during 2024. The main event would be by way of a conference held in late April, in preparation for our strategy workshops. The event would feature senior figures from the housing and related sectors, including an economic outlook from Fraser of Allander Institute or other similar organisation.
- 4.28 The above reflects the feedback from our Board members, who felt a 'State of the Nation' style event would be most productive. The date of the event will be confirmed as soon as possible. The second event would be our annual social event, the festive lunch, on 18 December 2024.

2024 Board Agenda Planner

- 4.29 Having an annual Board agenda planner enables the Board to have an understanding of and to directly influence Board activity for the year ahead. The annual planner will remain responsive to business need but will be maintained on AdminControl for the Board's visibility. The annual board agenda planner is attached at Appendix 5.

5. Customer engagement

- 5.1 As internal governance related matters, the content of the report is reserved to the Board. As such, no customer engagement has been appropriate.

6. Environmental and sustainability implications

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

7. Digital transformation alignment

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

8. Financial and value for money implications

- 8.1 The cost of our CPD programme will be met from our existing budgets. Where possible, we will draw on the CPD offered by suppliers where this is already included as a benefit within our procurement frameworks.

9. Legal, regulatory and charitable implications

- 9.1 Under the SHR Regulatory Standards of Governance the Board has a regulatory duty to have in place a formal succession plan for governing body members.

'...formally and actively plans to ensure orderly succession to governing body places to maintain an appropriate and effective composition of governing body members and to ensure sustainability of the governing body.'

- 9.2 The proposals in the report seek to support us in our compliance with the Standards and help us to ensure we have orderly succession planning as well as opportunities for our Board members to continually develop the skills and knowledge required to govern our business.

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.
- 10.2 Our Board succession plan, our appraisal process and our continuous professional development programme are significant controls that support risk mitigation.
- 10.3 The proposals set out in the report seek to support us in assessing risk that could impact on our compliance with the SHR's Standards of Governance and Financial Management.

11. Equalities implications

- 11.1 The allowances within the Governing Body Expenses and Allowances Policy such as covering childcare, carers and loss of earnings are designed to be as inclusive as possible. Additionally, the specific allowance for tenant members was introduced to ensure no individual was disadvantaged or out of pocket in undertaking their role.

12. Key issues and conclusions

- 12.1 Our proposed new Group Code of Conduct is both streamlined and in line with the wider housing sector in Scotland. Any material feedback from our Board that may give rise to any changes to the Conduct will be taken back to the RAAG Committee for consideration and an onward recommendation to the Group Board.
- 12.2 Our updated expenses policy helps to ensure we have a clear framework for reimbursing Board members.
- 12.3 Our 3-year Board succession plan provides assurance that the Board can continue to function within the composition requirements of the Board as outlined in our Rules.
- 12.4 Our Competency Framework and Professional Development Programme will help us to ensure we have the skills and knowledge to effectively govern our Group. An additional benefit of the re-introduction of the CPD programme will be the opportunity for Board members to engage with fellow Board members within other subsidiaries in the Group.
- 12.5 Board planning, both in terms of personnel as well as annual business, is a key strength and helps us to ensure that we have effective arrangements in place to achieve our strategic objectives.

13. Recommendations

- 13.1 The Board is asked to:
- 1) Note the outcome of our appraisal process;
 - 2) Approve the 2023-2026 Succession Plan;
 - 3) Note the Group Code of Conduct and policies as approved by the Group Board;
 - 4) Note the CPD 2024 programme and 3-year rolling programme; and
 - 5) Note the 2024 annual agenda planner.

LIST OF APPENDICES:

Appendix 1: Board 3-year Succession Plan 2023-2026
Appendix 2a: Group Code of Conduct
Appendix 2b: Group Code of Conduct: Guidance
Appendix 2c: Group Code of Conduct: Breach Protocol
Appendix 3: [redacted] available [here](#)
Appendix 4a: Rolling Board Member CPD Programme
Appendix 4b: 2024 Board Member CPD Programme
Appendix 5: 2024 Board Agenda Planner

Board 3-year Succession Plan

1. Introduction

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

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

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

2. Background and context

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

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

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

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

3. Current Board tenure and skills

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

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

Board member	Core skills and experience	9 Years	3 year position
Eric Gibson (Chair)	<ul style="list-style-type: none"> Financial and treasury management, funding structures Risk identification, management and mitigation Experience of working as non-executive Director of a private company or plc 	2024*	2024
Alex McKay (tenant)	<ul style="list-style-type: none"> Knowledge of the areas, clients, tenants and communities served Knowledge of other sectors 	2024	2024
Pauline Gilmore (tenant)	<ul style="list-style-type: none"> Knowledge of the areas, clients, tenants and communities served Knowledge of other sectors Equal opportunities and diversity 	2026	2026
Lesley Bloomer	<ul style="list-style-type: none"> Knowledge of other relevant sectors Property, asset management, development, regeneration General commercial business, audit, financial & management skills Performance management, value for money, continuous improvement 	2027*	2026
Gregor Dunlay	<ul style="list-style-type: none"> Accountancy and audit, knowledge of relevant statutory requirements, general commercial business, financial and management skills Knowledge of other sectors 	2029*	2026
Jackie Brock	<ul style="list-style-type: none"> General commercial business, audit, financial & management skills Knowledge of other relevant sectors Performance management, value for money, continuous improvement 	2032	2026
Guy Kerkvliet	<ul style="list-style-type: none"> General commercial business, financial & management skills Accountancy and audit, knowledge of relevant statutory requirements General commercial business, financial & management skills 	2033	2026
Hussain Kayani	<ul style="list-style-type: none"> Knowledge of other relevant sectors Organisational strategy and policy development Equal opportunities and diversity; the specific needs of diverse communities in the areas served 	2033	2026
Andrew Little	<ul style="list-style-type: none"> Financial and treasury management, funding structures Risk identification, management and mitigation 	2033	2026

*cumulative across the Group

4. 3-year Succession Plan to 2026

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

2024

Eric Gibson and Alex McKay are each due to retire following completion of 9 years of service. A new Chair will require to be appointed. In addition, Alex retirement combined with the existing tenancy vacancy means that we require to appoint two new tenant Board members.

2025

There are no planned retirements or appointments at this time.

2026

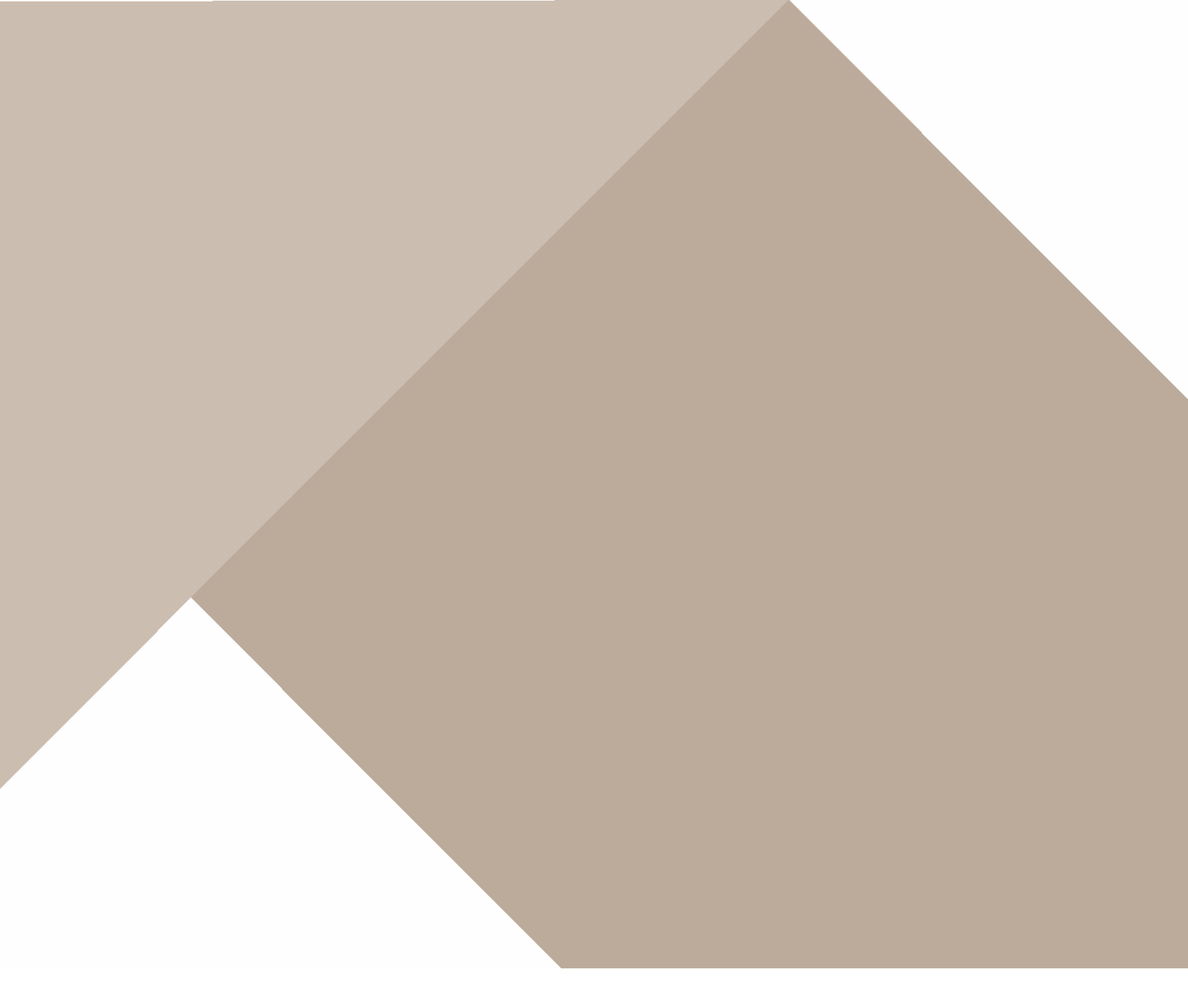
Pauline Gilmore is due to retire following completion of 9 years' service.

5. Review

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

Code of Conduct for Governing Body Members

We will provide this code on request at no extra cost translated or in large print, in Braille, on tape or in another non-written format

The bottom half of the page features two large, overlapping geometric shapes. On the left is a light beige trapezoid, and on the right is a darker beige triangle pointing towards the bottom right corner. These shapes create a modern, abstract background for the lower portion of the document.

Approval body	<i>Wheatley Housing Group Board</i>
Date of approval	<i>20 December 2023</i>
Review Year	<i>2026</i>
Customer engagement required	<i>No</i>
Trade union engagement required	<i>No</i>
Equality Impact Assessment	<i>No</i>

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1. Introduction

- 1.1 We attach the greatest importance to ensuring that high standards of governance and ethical behaviour are demonstrated by all of our people and in all of our activities.
- 1.2 This Code of Conduct sets out the requirements and expectations which are attached to your role as a Governing Body member. You have a personal responsibility to uphold the requirements of this Code. You cannot be a member of the Governing Body if you do not agree to adopt this Code of Conduct. To confirm that you understand its requirements and accept its terms, you must review and sign this Code annually.
- 1.3 As a Group whose Parent is a Registered Social Landlord (“RSL”), we are required to adopt and comply with an appropriate Code of Conduct. This Code is based on the Model Code of Conduct produced by the Scottish Federation of Housing Associations. The Scottish Housing Regulator (“SHR”) has confirmed that this Code fully complies with its Regulatory Standards.
- 1.4 This Code of Conduct is an important part of our governance arrangements. Members of a Governing Body are responsible for ensuring that they are familiar with the terms of this Code and that they always act in accordance with its requirements and expectations. Governing Body Members must always ensure their actions accord with the legal duties and any applicable regulatory guidance.
- 1.5 If a member of the Governing Body appears to have breached any part of this Code, the matter will be investigated in accordance with the approved Group protocol. A breach of this Code may result in action being taken by the Governing Body to remove the member(s) involved.

2. Who the Code applies to

- 2.1 This Code of Conduct applies to all elected, appointed and co-opted members of our Group Governing Body, its sub-committees and members of the Governing Bodies of any Wheatley Group subsidiary organisation and/or their sub-committees.

3. How the Code is structured

- 3.1 The Code is based on the seven principles which are recognised as providing a framework for good governance. They demonstrate honesty, integrity and probity.¹
- 3.2 Each principle is described, as it applies to the activities of a governing body and its Governing Body Members, and supporting guidance is offered for each to provide more explanation of the Code’s requirements. The guidance is not exhaustive, and it should be remembered that Governing Body Members are responsible for ensuring that their conduct at all times meets high standards.

¹ Committee for Standards in Public Life 1994, [Nolan Principles on Standards in Public Life](#)

4. The Principles

4.1 The seven principles and what they mean for the purposes of this Code are:

- A. Selflessness**
- B. Openness**
- C. Honesty**
- D. Objectivity**
- E. Integrity**
- F. Accountability**
- G. Leadership**

A. Selflessness

You must act in the best interests of the organisation you are a governing body member of at all times and must take decisions that support and promote our strategic plan, aims and objectives. Members of the Governing Body should not promote the interests of a particular group or body of opinion to the exclusion of others.

- A.1** I will always uphold and promote the organisation's aims, objectives and values and act to ensure their successful achievement;
- A.2** I will exercise the authority that comes with my role as a governing body member responsibly;
- A.3** I will accept responsibility for all decisions properly reached by the Board/Committee (or a sub-committee or working group with appropriately delegated responsibility) and support them at all times, even if I did not agree with the decision when it was made;
- A.4** I will consider and respect the views of others;
- A.5** I will not seek to use my position inappropriately to influence decisions that are the responsibility of staff; and
- A.6** I will not seek to use my influence inappropriately or for personal gain or advantage or for the benefit of someone to whom I am closely connected² or their business interests.

² As defined in the Group Policy on Payments, Benefits, Gifts and Hospitality”

B. Openness

You must be transparent in all of your actions; you must declare and record all relevant personal and business interests and must be able to explain your actions.

- B.1** I will use my best endeavours and exercise reasonable skill and care in the conduct of my duties;
- B.2** I will avoid any situation that could give rise to suspicion or suggest improper conduct;
- B.3** I will declare any personal interest(s) and manage openly and appropriately any conflicts of interest; I will observe the requirements of our Conflicts of Interest Policy. I will keep my entry in the Register of Interests complete, accurate and up to date. I will make an annual statement to confirm my declarations are accurate;
- B.4** I will not accept any offers of gifts or hospitality from individuals or organisations which might reasonably create – or be capable of creating – an impression of impropriety or influence or place me under an obligation to these individuals or organisations. I will comply with the Group policy on Payments, Benefits Gifts and Hospitality Policy or equivalent;
- B.5** I will ensure that, in carrying out my role as a Governing Body member, I am informed about and take account of the views, needs and demands of tenants and service users;
- B.6** I will ensure that the organisation is open about the way in which it conducts its affairs and positive about how it responds to requests for information; and
- B.7** I will not prevent people or bodies from being provided with information that they are entitled to receive.

C. Honesty

You must ensure that you always act in the best interests of the organisation and that all activities are transparent and accountable.

- C.1** I will always act honestly and in good faith when undertaking my responsibilities as a Governing Body member;
- C.2** I will use my experience, skills, knowledge and judgement effectively to support our activities;
- C.3** I will ensure that decisions are always taken and recorded in accordance with our Rules and procedures;
- C.4** I will ensure that the organisation has an effective whistleblowing policy and procedures to enable, encourage and support any staff or Governing Body member to report any concerns they have about possible fraud, corruption or other wrongdoing;³
- C.5** I will report any concerns or suspicions about possible fraud, corruption or other wrongdoing to the appropriate senior person within the organisation in accordance with our whistleblowing policy;
- C.6** I will comply with all policies and procedures regarding the use of our funds and resources⁴ and I will not misuse, contribute to or condone the misuse of these resources;
- C.7** We forbid all forms of bribery, meaning a financial or other advantage or inducement intended to persuade someone to perform improperly any function or activity. I will neither accept from nor give bribes or any other inducement to anyone. I will comply with our policy on anti-fraud and bribery and will report any instances of suspected bribery or corruption within the organisation or any of its business partners; and
- C.8** I will ensure that neither I nor someone closely connected to me receives or is seen to receive preferential treatment relating to any services provided by the organisation or its contractors/suppliers. I will declare all interests openly and ensure they are effectively managed to demonstrate this.

³ These concerns might include, but are not confined to, suspected fraud, dishonesty, breach of the law, poor practice, non-compliance with regulatory requirements, misconduct, breach of this code.

⁴ Resources include people, equipment, buildings, ICT, funds, knowledge, stationery, transport

D. Objectivity:

You must consider all matters on their merits; you must base your decisions on the information and advice available and reach your decision independently.

- D.1** I will ensure that the decisions that I take are consistent with our aims and objectives and with the relevant legal and regulatory requirements (including those of the Scottish Housing Regulator, the Office of the Scottish Charity Regulator, the Financial Conduct Authority and the Care Inspectorate);
- D.2** I will prepare effectively for meetings and ensure I have access to all necessary information to enable me to make well-informed decisions;
- D.3** I will monitor performance carefully to ensure that the organisation's purpose and objectives are achieved, and take timely and effective action to identify and address any weaknesses or failures;
- D.4** I will use my skills, knowledge and experience to review information critically and always take decisions in the best interests of the organisation, our tenants and our service users;
- D.5** I will ensure that our organisation seeks and takes account of additional information and external/independent and/or specialist advice where necessary and/or appropriate;
- D.6** I will ensure that effective policies and procedures are implemented so that all decisions are based on an adequate assessment of risk, deliver value for money, and ensure the financial well-being of the organisation; and
- D.7** I will contribute to the identification of training needs, keep my knowledge up to date, and participate in ongoing training that is organised or supported by us.

E. Integrity:

You must actively support and promote our values; you must not be influenced by personal interest in exercising your role and responsibilities.

- E.1** I will always treat my Board colleagues our staff, our customers and partners with respect and courtesy;
- E.2** I will always conduct myself in a courteous and professional manner; I will not, by my actions or behaviour, cause distress, alarm or offence;
- E.3** I will publicly support and promote our decisions, actions and activities; I will not, by my actions or behaviour, compromise or contradict the organisation, its activities, values, aims or objectives. I will notify the Chair quickly if I become aware of any situation or event that I am associated with which could affect our reputation;
- E.4** I will fulfil my responsibilities as they are set out in the relevant role description(s); I will maintain relationships that are professional, constructive and that do not conflict with my role as a governing body member;
- E.5** I will comply with, support and promote our policies relating to equality, diversity and human rights as well as uphold our whistleblowing and acceptable use policies;
- E.6** I will respect confidentiality and ensure that I do not disclose information to anyone who is not entitled to receive it, both whilst I am a member of the Board and after I have left;
- E.7** I will observe and uphold the legal requirements and our policies in respect of the storage and handling of information, including personal and financial information;
- E.8** I will not make inappropriate or improper use of, or otherwise abuse, our resources or facilities and will comply with our policies and procedures regarding the use of our funds and resources; and
- E.9** I will not seek or accept benefits, gifts, hospitality or inducements in connection with my role as a member of our Governing Body (other than where permitted by the policy), or anything that could reasonably be regarded as likely to influence my judgement. I will not benefit, or be perceived to benefit, inappropriately from my involvement with the organisation and will comply with our policies on the matter.

F. Accountability

You must take responsibility for and be able to explain your actions, and demonstrate that your contribution to our governance is effective.

- F.1** I will observe and uphold the principles and requirements of applicable regulatory frameworks, and gain assurance that relevant statutory and regulatory guidance and our legal obligations are fulfilled;
- F.2** I will ensure that we have effective systems in place to monitor and report our performance and that corrective action is taken as soon as the need is identified;
- F.3** I will contribute positively to our activities by regularly attending and participating constructively in meetings of the Board, its committees and working groups;
- F.4** I will participate in and contribute to an annual review of the contribution I have made to our governance;
- F.5** I will not speak or comment in public on our behalf without specific authority to do so;
- F.6** I will co-operate with any investigations or inquiries instructed in connection with this Code whilst I am a governing body member and after I have left;
- F.7** I recognise that the Governing Body as a whole is accountable to its customers and I will demonstrate this in exercising my judgement and in my decision-making; and
- F.8** I will always be courteous and polite and behave appropriately when acting on our behalf.

G. Leadership:

You must uphold our principles and values and lead the organisation by example.

- G.1** I will ensure that our strategic aims, objectives and activities deliver good outcomes for our customers. I will make an effective contribution to our strategic leadership;
- G.2** I will ensure that our aims and objectives reflect and are informed by the views of our customers.
- G.3** I will always be a positive ambassador for the organisation.
- G.4** I will participate in and contribute to the annual review of the Governing Body's effectiveness and help to identify and attain the range of skills that we need to meet our strategic objectives.
- G.5** I will not criticise or undermine the organisation or our actions in public.
- G.6** I will not criticise staff in public; I will discuss any staffing related concerns privately with the Chair and/or Senior Officer.
- G.7** I will not harass, bully or attempt to intimidate anyone.
- G.8** I will not use social media to criticise or make inappropriate comments about the organisation, its actions or any member of the Board staff or other partners.
- G.9** I will not act in a way that could jeopardise our reputation or bring us into disrepute.⁵

⁵ This includes activities on social media, blogs and networking sites.

5. Declaring and Managing Personal Interests

- 5.1 Where you have a personal, business or financial interest in any matter that is relevant to our activities or is being considered (or is likely to be considered), or you know that someone to whom you are closely connected has such an interest, you must declare it promptly and record it in our Register of Interests.
- 5.2 It is your responsibility to keep your Register of Interests complete, accurate and up to date.

6. Breach of this Code

- 6.1 Each member of the Governing Body has a personal and individual responsibility to promote and uphold the requirements of this Code. If any member of the Governing Body believes that they may have breached the Code or has witnessed or has become aware of a potential breach by another member, they should immediately bring the matter to the attention of their Chair.
- 6.2 Alleged breaches of the Code of Conduct must be reported to the Company Secretary and Group Chair. In the case of a subsidiary, the alleged breach should be reported to the Chair of the subsidiary in the first instance (where appropriate). Any alleged breaches of this code shall be investigated by the Group Remuneration, Appointments, Appraisal and Governance Committee. The procedure for dealing with alleged breaches is described in the Breach protocol.
- 6.3 Each member of the Governing Body has a duty to co-operate with and contribute to any investigation relating to the Code of Conduct

7. Acceptance

I have read and understood the terms of this Code of Conduct and I agree to uphold its requirements in all my activities as a member of our Governing Body. I am aware that I must declare and manage any personal interests. I agree to review all relevant Registers regularly to ensure that all entries relating to me are accurate. I understand that, if I am found to have breached this Code of Conduct, action will be taken by the Governing Body which could result in my removal.

Name.....

Date.....

Supporting Guidance to the Code of Conduct for Wheatley Group governing body members

This Guidance has been prepared for governing body members of the Wheatley Group and its subsidiaries, to support the adoption of our Code of Conduct (the Code). All governing body members must sign the Code of Conduct when they are elected, co-opted or appointed, and then on an annual basis thereafter. References throughout this Code of Conduct to 'we', 'us' and 'our' mean Wheatley Housing Group Limited and any of its subsidiary undertakings (including Wheatley Homes Glasgow, Wheatley Homes East, Wheatley Homes South, Loretto Housing, Lowther Homes, Wheatley Care, Wheatley Foundation, Wheatley Solutions)

We attach the greatest importance to ensuring that high standards of governance and ethical behaviour are demonstrated by all of our people and in all of our activities. Our Code of Conduct sets out the requirements and expectations which are attached to your role as a governing body member. You have a personal responsibility to uphold both the spirit and the requirements of our Code.

Our Code of Conduct is an important part of our governance arrangements. It is supported by the Role description which describes your responsibilities as a governing body member. You are responsible for ensuring that you are familiar with the terms of the Code and that you always act in accordance with its requirements and expectations. Governing body members must always ensure their actions accord with the legal duties of the company and with regulatory guidance. You must also ensure you are familiar with any policies which are linked to this code.

As Registered Social Landlords (RSLs), Wheatley Housing Group, Wheatley Homes Glasgow, Loretto Housing, Wheatley Homes East and Wheatley Homes South are required to adopt and comply with an appropriate Code of Conduct¹. Our Code is based on the Model Code of Conduct produced by the Scottish Federation of Housing Associations (2021), which the Scottish Housing Regulator (SHR) has confirmed fully complies with its regulatory requirements. The provisions of the Code are based on good governance. We have extended the Code to apply to all entities within our group.

You cannot be a member of a governing body if you do not agree to adopt our Code of Conduct. To confirm that you understand its requirements and accept its terms, you must review and sign the Code annually.

Each year, following the AGM, governing body members will be asked to sign and date our Code of Conduct to confirm your commitment to the principles, requirements and expectations that it describes and to meet the requirements of our rules. A copy of our Code, showing your signature throughout your membership of the governing body will be retained by us, in accordance with our Data Protection/Privacy policy.

¹ Scottish Housing Regulator (2019) Regulatory Framework, [Regulatory Standard 5.2](#)

Our Code of Conduct applies to all elected, appointed and co-opted members of our governing body and its sub-committees and to the governing bodies of all subsidiaries and members of Wheatley Group.

Breach of the Code

If a complaint is made or concern is raised that a member of the governing body may have breached any part of our Code, the matter will be investigated in accordance with the Protocol which has been approved by the Wheatley Group Board. The protocol forms part of our governance policies and is accessible from the Director of Governance and on our Board portals.

How the Code is structured

We have adopted the Scottish Federation of Housing Associations (“SFHA”) Model Code of Conduct. The Code is based on the seven principles which are recognised as providing a framework for good governance. They demonstrate honesty, integrity and probity.²

This guidance is offered to support the application of the Code of Conduct by providing some illustrations of the practical application of the Code’s requirements. It is emphasised that the guidance is not exhaustive.

It must be remembered that governing body members are always responsible for ensuring that their conduct at all times meets the high standards that we are recognised for upholding.

The Principles of the Code

The seven principles of the Code are:

- A. [Selflessness](#)
- B. [Openness](#)
- C. [Honesty](#)
- D. [Objectivity](#)
- E. [Integrity](#)
- F. [Accountability](#)
- G. [Leadership](#)

² Committee for Standards in Public Life (May 1995), [Nolan Principles](#)

The remainder of this guidance offers some illustrations of how each of the principles may be applied to your role as a governing body member. There are references throughout to the need for governing body members to 'be familiar' with the terms of policies and other documents. This does not mean that you need to know the detailed content of all the documents but rather you should be aware of their key principles and have ready access to them in the event that the detail is necessary.

A. Selflessness

This principle emphasises the importance of governing body members acting in our best interests at all times and taking decisions that will support delivery of our objectives. Although individual governing body members bring knowledge and experience to their role, you are not a representative for a specific interest or group: your experience and knowledge should inform your contribution to discussion but your decision-making should be influenced by our aims and objectives and not individual or specific interests. In practice, this means that you must always make a conscious effort to see the bigger picture and not concentrate just on the issues that are important to you.

A1 refers to upholding our values, which are included at 1.1 in the introduction of our Code.

The principle contains a commitment to always support and uphold the governing body decisions and our actions (A3): if a governing body member were to actively undermine or publicly contradict or disagree with decisions and/or actions, this may constitute a breach. E3 of the Code contains a parallel commitment: if a decision is taken by the governing body that a member fundamentally disagrees with and cannot support, it may be that resignation should be considered.

This principle is not intended to prevent a governing body member from disagreeing with a proposal during a meeting or from recording their dissent from a decision; rather it is intended to ensure that no member of the governing body actively and/ or publicly undermines the organisation. In practice, this means, for example, that you should not question in public why a decision was taken or criticise the organisation. It is only if a governing body member actively undermines or disagrees with a decision or action that a breach of the Code may arise. A similar provision is contained in the Code of Conduct for staff.

A4 specifies that governing body members will always be respectful to others: this means, among other things, that you must uphold and be familiar with our policies relating to Equalities and Human Rights and Dignity at Work. This requirement relates to all of your engagements with governing body colleagues and staff, tenants and customers, partners and agents. In practice, this means listening to and considering other views and respecting opinions even if they are very different from your own. It also applies to wider conduct: E1, E2 and E3 are specific about the responsibilities of governing body members to ensure that they do not bring the organisation into disrepute.

The Code stresses that governing body members should not stray into operational matters or seek to use their influence (A6) inappropriately or for personal gain. This means that governing body members should always refer individual matters relating to themselves or someone they know or in which they have an interest to the relevant member of staff or to the Director of Governance for onward delegation.

B. Openness

This principle sets the framework for ensuring that, in all of our activities and in all your actions, transparency and openness are evident. In practice, this means that you must identify and declare all personal interests which are relevant to our work and to your role with us. You must be familiar with the process for declaring interests and you must make sure that the Register of Interests is accurate and up to date at all times. You must ensure that you are well informed about our policy on declaring interests, which forms part of our EPB (Entitlements, Payments and Benefits) Policy (B3).

You must always be careful and cautious about how your actions may be viewed by others and take care to avoid anything which could compromise or embarrass you or us (B2). In practice, this means that you cannot accept gifts or hospitality that are not permitted by our Payments, Benefits, Gifts and Hospitality policy.

B5 reflects the requirements of SHR's regulatory standard 2 by emphasising the importance of governing body members being well-informed about the needs and priorities of tenants. In practice, this may include considering information from Tenant Scrutiny groups, monitoring tenant satisfaction and landlord performance data, offering/considering insight provided from individual governing body members' experiences of their landlord. governing body members should use this information to inform their consideration of the business that is brought to the governing body.

Some of our group are covered by the requirements of the Freedom of Information (Scotland) Act. For our RSLs, the SHR's Regulatory Framework requires them to be open and accountable for what they do³. As a member of a governing body, you are responsible for ensuring that we comply with these legal and regulatory requirements: in practice, this means monitoring our compliance and ensuring that we communicate openly and respond effectively to tenants, customers, regulators, funders and partners.

The governing body should oversee a culture of openness throughout the organisation – in our communications, access to our website, engagement with tenants and customers and willingness to provide information and answer questions. In practice, this means working on the basis that information will be made available unless there is a good reason for it being withheld. At the same time, you must also ensure that confidentiality is respected (B6 and B7 require that information is made available but E6 also requires that confidentiality must be ensured). This means that it is important for governing body members to be involved in agreeing the policy framework that supports how we categorise information.

³ Regulatory Standard 2 (SHR Regulatory Framework 2019)

C. Honesty

This principle emphasises the importance of always acting honestly and in good faith in undertaking your role as a governing body member; it also supplements the principle of Openness. To uphold this principle, you should ensure that you are familiar with our rules, standing orders and scheme of delegation, as well as our governance policies and procedures (C3).

C4 requires you to be aware of the terms of our Whistleblowing Policy: in practice, this means that the governing body, collectively, must be assured that the policy is fit for purpose (SHR has issued Statutory Guidance on Whistleblowing) and that there is regular training provided for governing body members and staff on its terms. Governing body members must also ensure that there are effective procedures in place for whistleblowing allegations to be made and investigated, with adequate safeguards in place to protect complainants. Governing body members have an individual duty to report any concerns that you may have about possible fraud, corruption or wrongdoing (C5 and C7). You must, therefore, be familiar with the terms of our Anti-Fraud, Bribery and Corruption policy. You are expressly forbidden to accept any gifts or other inducements which might create, or be capable of creating, a sense of obligation to another party.

C6 stresses your commitment to ensure that our funds and resources are used properly and for legitimate purposes. This means that decisions about what we do and how we act must fit with, amongst other things, our permitted purpose, and objectives, our business plan and the terms of our loans and grant-making authorities.

C8 further emphasises⁴ your responsibility to ensure that neither you nor someone closely connected to you is seen to benefit inappropriately from your role with us and to be very open in declaring all relevant personal interests. In practice, this means ensuring that you are not involved in any decisions which personally impact or affect you or someone you are close to.

D. Objectivity

This principle is about the need to ensure that you make decisions based on an objective consideration of the information that is presented to you in reports. In practice, this means that you must be satisfied that you have access to all of the information you need to fulfil your responsibilities, whilst – at the same time – being mindful of and respecting the distinct roles of governing body members (strategic) and senior staff (operational).

D1 reflects the provisions of Regulatory Standard 1 by committing governing body members to ensuring that decisions are consistent with all legal, constitutional and regulatory requirements. This means that governing body members must be familiar with these provisions. Reports should refer and draw attention to the relevant legal, regulatory and financial constraints/conditions, with Minutes recording that these have been adequately considered.

⁴ A6 and B3 are also relevant

D2 is explicit about the importance of preparing adequately for meetings – our role description contains an indication of the time that is likely to be involved in meeting preparation. Preparation includes reading all of the reports and also accessing any additional information that may be available (e.g. supplementary reports) and which you feel is necessary. This might also involve the governing body requesting that specialist or independent advice is obtained (D5 and Regulatory Standard 4.1) – and individual members being aware of when it is appropriate and/or necessary to do so (D5).

D6 describes the responsibility of governing body members to ensure that the organisation has an effective and robust framework for assessing and managing risk: this includes being satisfied about the delegation of authority, operation and reporting of e.g. the Audit and Risk sub-committee. It also relates to the operation of financial regulations and the effectiveness of financial planning, budget preparation, forecasting and reporting. Regulatory Standard 3 is relevant to this principle.

In order to be objective, governing body members must be well-informed about the organisation's business and operating environments as well as the sector and economic policy and strategy contexts. D7 commits governing body members to participate in regular training to keep their knowledge up to date. Of course, no one is expected to be an expert in everything but there is an expectation that each governing body member will help to identify their own ongoing training needs and the priorities collectively – this will be an element of the annual review of the governing body's effectiveness (as required by Regulatory Standard 6.5).

E. Integrity

This principle focuses on the importance of always acting in our best interests and actively promoting our values, aims and objectives and reflects many of the other principles in the Code.

E1 and E2 echo A4: governing body members must be respectful and courteous in all that you do: in practice, this means being prepared to 'agree to disagree' when strong opinions are held and being tolerant of views and perspectives which might be very different from your own. It also means recognising and acknowledging that what is acceptable in terms of language and conduct can change and being mindful that differences in cultures, faiths and beliefs can be very significant and sensitive.

E3 complements A3 in terms of publicly promoting and supporting us and our activities but it also includes a commitment to notify the Chair as soon as you become aware of anything that might compromise us or our interests. In practice, this might include being associated with, for example, a community council's opposition to a planning application that we have made or being involved in something that may become public and which could embarrass us.

E4 refers to the role descriptions that we have adopted: all governing body members must be familiar with the terms of their role description and, for office bearers, there will be more than one. In practice, this principle seeks to ensure that relationships are professional: amicable and constructive with respect for the boundaries between the strategic role of the governing body member and the operational responsibilities of senior staff.

E5 complements A4 and is a specific commitment to uphold our Equality and Diversity and Whistleblowing policies: this reflects the regulatory requirement for us to have a whistleblowing policy and the Regulatory Standard that requires ‘clear procedures for employees and governing body members to raise concerns or whistleblow if they believe that there has been fraud, corruption or other wrongdoing within the RSL’⁵

E6 and E7 relate to confidentiality and the importance of maintaining it. This applies to the content of reports, discussions at governing body and committee meetings and all other business that you have access to in your role as a governing body member. Upholding this principle requires you not to discuss anything that is identified as being confidential with anyone who is not entitled to the information; it also means making sure that any papers are stored securely (e.g. by means of passwords on laptops or other devices, in a locked drawer) and that on-line discussions can’t be overheard (e.g. if attending a virtual meeting). In applying this principle, you must also be mindful of our duties in respect of safeguarding personal information i.e. anything from which an individual can be identified.

F. Accountability

This principle is about the importance of taking personal responsibility for your contribution to our governance. In practice, this means being active in your role as a governing body member – asking questions, critically reviewing information and monitoring performance and participating in strategy and planning events (F3).

F1 is a specific commitment to upholding legal and regulatory requirements: in practice, this means that you should feel assured and satisfied, as far as you reasonably can, that we are compliant with our legal and regulatory obligations as well as our own internally set standards. Your assurance will come from your participation in our governance – the reports, discussions, external advice and audits that you are asked to consider and which form the evidence for the governing body annual Assurance Statement (F2).

As a governing body member, you are expected to participate in an annual review of the effectiveness of your own contribution (F4) and of our overall governance (G4). As well as being a principle of the Code, this is also a regulatory requirement (Regulatory Standard 6.3, 6.3).

F6 places a responsibility on each governing body member to be assured that there is an effective process in place for appraisal of the senior management. In practice, this also means ensuring that senior management is adequately supported as well as being held to account for the achievement of both corporate and individual objectives. governing body members must also be satisfied that the annual appraisal is carried out effectively and that its outcome is reported to the governing body.

⁵ Regulatory Standard 5.6

Our Scheme of Delegation identifies who is authorised to make public comments on our behalf; it is not normally appropriate for an individual governing body member to speak in public without prior agreement from the Chair. This includes, for example, accepting an invitation to contribute to a conference or event because of your role with us. The Code's principles also extend to social media activities (F7, G7).

F8 is a specific commitment to participate in and co-operate with any investigations that may be instructed relating to the Code, involving you either directly or as a witness. This obligation extends beyond your term of membership of the governing body which means that your co-operation may be requested when you are no longer a member of the governing body. It is unlikely that you would be asked to contribute to any such investigation more than two years after you have left.

F9 requires governing body members to ensure that the best interests of customers, tenants and service users guide planning and decision-making. In practice, this means being informed and taking account of the views of customers, tenants and service users in all aspects of your role and ensuring that reports contain sufficient information to give you assurance that proposals are similarly informed before you make a decision.

G. Leadership

The role of the governing body is to lead and direct the organisation to deliver good outcomes for our customers, tenants and service users⁶. This section of the Code sets out some specific expectations about that part of your role. It also stresses the importance of governing body members leading by example and making a positive and active contribution to our governance (G1, G2).

G3 echoes A3 and E3 by specifying your responsibility to be positive in your support for us and our work. In practice, this means representing us positively both when acting on our behalf and in your wider activities.

G4 complements the individual focus of F4 by being explicit that the governing body should review the overall effectiveness of its governance arrangements: this forms part of our annual review process, which also includes a review of the range of skills, knowledge and experience that the governing body collectively needs to fulfil its responsibilities. governing body members have a responsibility to contribute to the process of identifying any gaps and the best means of filling them (D7)⁷.

G5 supports G3 (and A3 and E3) by being explicit that you should not criticise us, our people or our actions in public. This does not mean that you cannot be critical or raise concerns – that is a key part of your responsibility as a governing body member – but you should always be constructive and objective in your challenge and criticism, which should be expressed at meetings and in discussions and with the relevant people, in accordance with our structures and procedures.

⁶ Regulatory Standard 1

⁷ Regulatory Standard 6.5

G6 is a specific commitment not to criticise or undermine (or appear to undermine) members of staff (individually or collectively) in public (including to customers, tenants or partners). Any concerns which you have should be raised directly and privately with the Chair.

G7 echoes provisions regarding bullying and harassment.

G8 supplements the principle at F7 by making specific reference to social media activity: all of the provisions of the Code apply to your presence on all social media platforms.

It is essential that governing body members are not associated with anything that could compromise us or bring us into disrepute. G9 echoes the provisions that are set out at E3 and E4. In all that you do, you must be mindful of any potential negative impact on us and, if you become aware of anything that could affect us, you must bring it to the attention of the Chair quickly (E3).

Protocol for Dealing with a Breach of the Code of Conduct

- 1.1 This procedure sets out the arrangements that will apply to potential breaches of the Code of Conduct, which are defined as follows:
 - (a) Breaches of the Code of Conduct (the Code) that occur during a meeting and involve a member being obstructive, offensive or disregarding the authority of the Chair
 - (b) Other complaints about the conduct of a Member of the Governing Body
 - (c) Information that suggests that there may have been a breach of the Code by a member of the Governing Body.
- 1.2 A breach of the Code by a RSL governing body member is a Notifiable Event. The governing body is responsible for ensuring that the necessary notifications are made to the Scottish Housing Regulator as soon as any breach comes to light, and that the SHR's requirements (in terms of reporting the outcome of the investigation) are met.

Conduct at meetings

- 2.1 Potential breaches that occur during the course of a meeting will normally be dealt with by the relevant Board Chair during the meeting and/or within 24 hours of the meeting. In these circumstances, the Chair may ask the member to leave the meeting or a vote may be taken to exclude the member from the rest of the meeting. After the meeting, the Chair will discuss such behaviour with the member and may require the member to apologise or take such other action as may be appropriate.
- 2.2 Where the Chair regards such behaviour as potentially meeting the threshold for a breach of the Code they must raise this with the Group Company Secretary and Group Chair to agree whether to refer it for investigation subsequently in accordance with the terms of this protocol. It may be the case that no one instance is a standalone breach of the Code but a pattern of behaviour in meetings represents a breach.

Other Complaints

- 3.1 Potential breaches of the Code may occur beyond business premises (e.g. whilst a Governing Body member is at an external meeting, a meeting with staff, attending a training event or conference or otherwise representing us, or whilst engaging in social networking). Potential breaches may also involve inappropriate conduct in relation to colleagues, staff or service users or failure to follow the requirements of an approved policy.
- 3.2 A potential breach of the Code, including repeated instances of poor conduct at meetings, will normally be the subject of an investigation.

- 3.3 Not all potential breaches will be the subject of complaints or allegations. Where they are, they do not have to be made in writing but the Chair and Group Company Secretary should ensure that there is always a written statement of the complaint or allegation that is used as the basis for the investigation.
- 3.4 In the event that an allegation is made anonymously, it will be considered for further investigation based on the available evidence to support the allegation. This will, where appropriate, be undertaken in conjunction with the Group Whistleblowing Policy.

Investigation of a potential breach

- 4.1 Allegations of a breach should normally be made to the relevant Board Chair or, where the complaint relates to the Chair, to the Group Chair or Group Company Secretary. The Chair should report the allegation to the Group Company Secretary and Group Chair, who in consultation with the Group RAAG Committee, will decide whether to take no further action, instruct an independent investigation or whether to carry out an internal investigation. No one who has any involvement in the complaint or the circumstances surrounding it will play any part in the investigation.
- 4.2 A potential breach of the Code which will be investigated will be notified to the relevant Governing body member and Governing Body by the Group Company Secretary within seven working days of it being agreed it will be investigated. The Governing Body Member must be notified in writing of the nature of the complaint and the arrangements proposed for investigation.
- 4.3 Any internal investigations will be carried out under a Terms of Reference agreed upon by the Group RAAG Committee. They will be supported in the conduct of the investigation by the Group Company Secretary.
- 4.4 Where the potential breach relates to the Group Chair, an independent investigation will be considered.
- 4.5 An independent investigation will normally be overseen by the Group Chair and one other RAAG Committee member, with support from the Group Company Secretary. In the event that the alleged breach relates to the Group Chair, the Senior Independent Director will oversee the investigation.
- 4.6 The Senior Independent Director and RAAG Committee, with any support they feel necessary, will brief the agreed advisor/investigator and then consider their recommendations at the end of the investigation, before reporting to the Governing Body. We will provide the investigator with a written brief that sets out the nature of the complaint and of the investigation to be carried out, as well as a timescale for completion and reporting. Investigations should not usually take more than six weeks to conclude. The advisor/investigator will normally present their report to the RAAG Committee.

- 4.7 The Governing Body Member whose conduct is being investigated will not be party to any of the discussions relating to the investigation. Any Governing Body Member who is the subject of a complaint is expected to co-operate with any investigation carried out. The Governing Body should agree to grant leave of absence to a member who is the subject of a complaint whilst an investigation is carried out.
- 4.8 A meeting of the RAAG Committee will be held to consider the report and recommendations from the investigation and to determine what action should be taken against any individual who is found to have been in breach of the Code.
- 4.9 The RAAG Committee will report the findings of the investigation and the proposed action to the member concerned within seven days of the meeting at which the report of the investigation was considered.
- 4.10 Where, following an investigation, it is concluded that a serious breach has occurred, the Governing Body may require the member to stand down from their position in accordance with the relevant constitution.
- 4.11 If it is proposed to remove a member the member will have the right to address the full RAAG Committee before their recommendation is made to the relevant governing body.

Action to Deal with a Breach

- 5.1 If, following investigation, a breach of the Code is considered to have occurred, action will be taken in response. This action will reflect the seriousness of the circumstances. It may take the form of some or all of the following:
- an informal discussion with the member concerned;
 - advice and assistance on how his or her conduct can be improved;
 - the offer of training or other form of support;
 - a formal censure; and/or
 - a recommendation of a vote to remove the Member from the Governing Body
- 5.2 Where the breach relates to a RSL governing body member the outcome of any investigation will be notified to the Scottish Housing Regulator.

Definitions

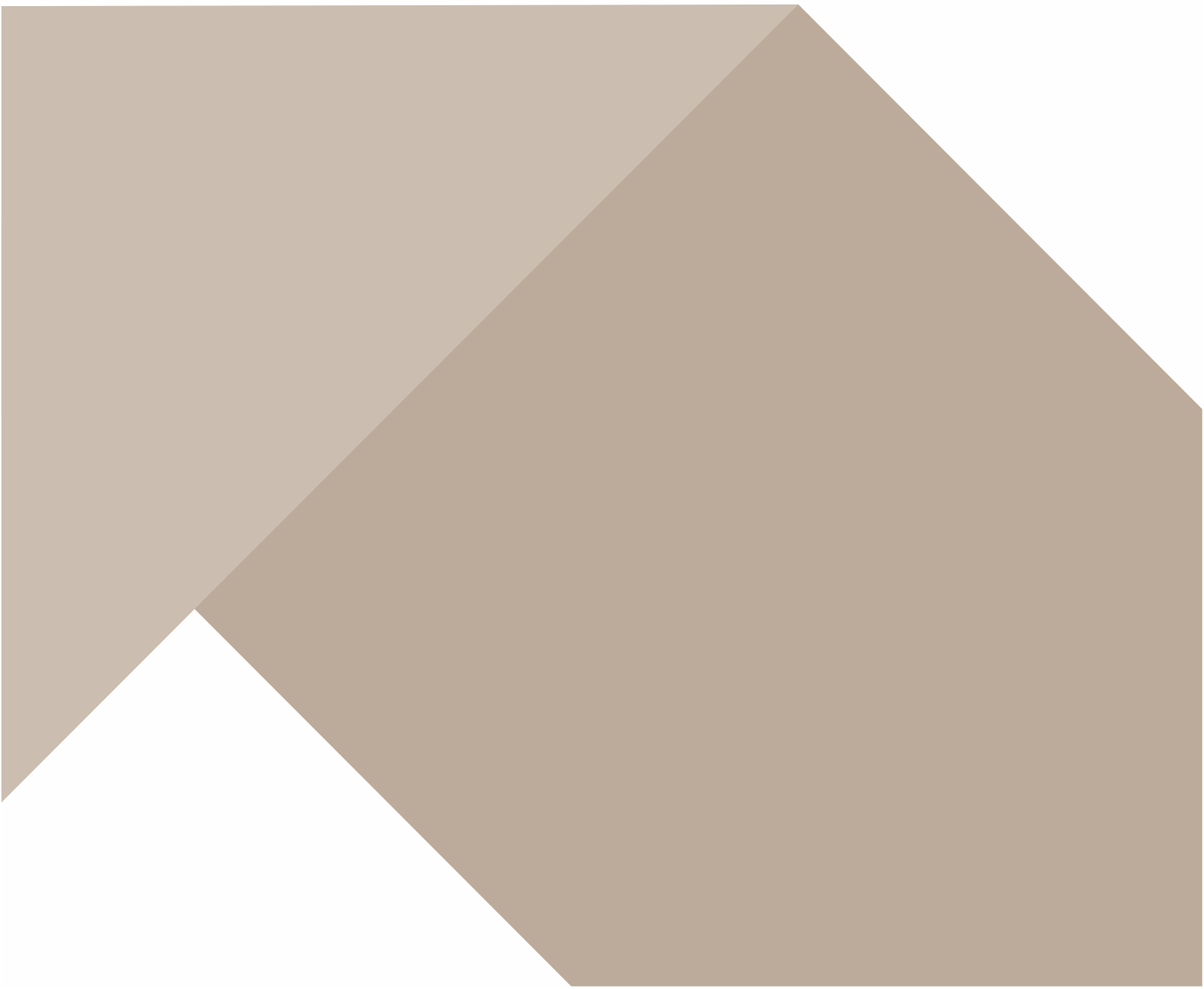
- 6.1 We will regard the following actions as likely to constitute a “serious breach” of the Code of Conduct (this list is not exhaustive):
- Failure to abide by the principle of collective responsibility regarding decisions made by the governing body;
 - Failure to act in our best interests and/or acting in a way that undermines or conflicts with the purposes for which we operate;
 - Support for, or participation in, any initiative, activity or campaign which directly or indirectly undermines or prejudices our interests or those of our customers, or our contractual obligations;

- Accepting a bribe or inducement from a third party designed to influence the decisions we make;
- Seeking to use the position as a governing body member to unduly influence others with the purpose of deriving personal gain (financial or non-financial); and
- Acting in an abusive way to any staff or governing body member.

Approval and Review

- 7.1 This protocol was approved by the Group Board on XXXX. It will be reviewed immediately following its implementation to deal with a potential breach or not later than ____ XXX, whichever is the earlier.

Competency Framework & Continuous Professional Development



A message from the Group Chair

At Wheatley Group we value the skills, knowledge and experience of all of our Non-Executives and recognise that they are essential in helping us to exercise good governance. We are committed to supporting our Non-Executives in retaining and developing their skills and knowledge, as well as ensuring that all our Non-Executives have a clear understanding of their role, duties and responsibilities.

We operate in a complex environment, where the focus on, and responsibilities of, our governing bodies is greater than ever. It is critical that we all have access to appropriate professional development to allow us to carry out our role effectively and continue to deliver our key duty: to protect the interests of our tenants and service users.

This Competency Framework and supporting Continuous Professional Development Programme is designed to ensure that the skills, experience and knowledge we have is the best it can be and I hope all Non- Executives use the opportunity to develop and supplement their skills and experience.

Jo Armstrong
Group Chair

Introduction

It is widely recognised that the skills, knowledge and experience of Non-Executives are **significant** determinants of the quality and effectiveness of governance. All members of the Wheatley Housing Group are strongly committed to excellence in governance and a key element of this is our Non-Executive professional development programme.

We have worked in partnership with the Institute of Directors to develop a Non-Executive Director Competency Framework which clearly sets out the Group's expectations of Non-Executive Directors.

To support the Framework, we have developed a Continuous Professional Development (CPD) programme which is fully aligned with the Framework.

The Framework and associated CPD for our Non-Executives has a wide range of benefits for both the Group and for individual Non-Executives, including:

- Governing bodies and their members constantly updating their skill sets;
- Demonstrating the Group and its Non-Executives 'commitment to self-development';
- Enabling the Group and Non-Executives to address skills gaps; and
- Governing bodies and their members are confident they are up to date on their key duties and responsibilities.

Non-Executive Director Competency Framework

Non-Executive directorship is a skilled, demanding and challenging role. This is reflected in the legal and regulatory responsibilities that Non-Executive Directors carry individually and the expectations of regulators and stakeholders of Boards as a whole.

In recognition of this, we have worked with the Institute of Directors, the UK's longest running organisation for professional leaders, to adapt their Director Competency Framework specifically for Non-Executive Directors.

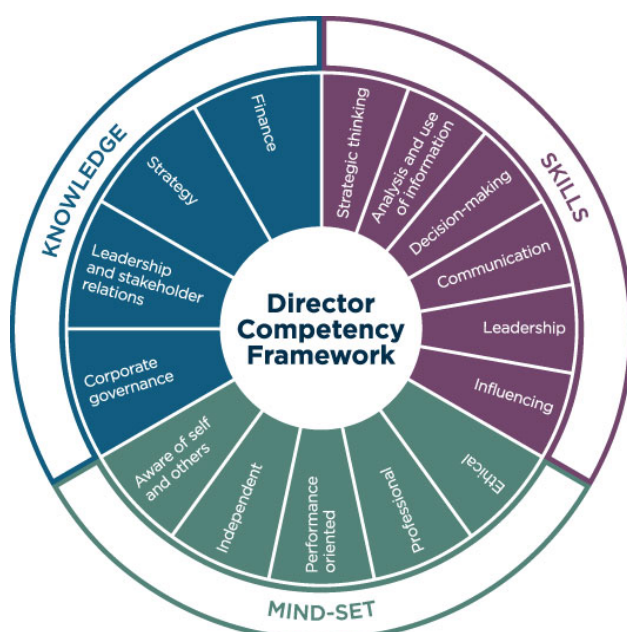
The Framework will be applied in a number of ways to support Non-Executives through the recruitment, induction and development stages, including:

- Setting clear expectations of Non Executives at the recruitment stage;
- Forming the basis of the induction process;
- Planning individual professional development plans;
- The design and delivery of Continuous Professional Development courses;
- Individual and Board appraisals; and
- Succession planning

Structure of the framework

The Framework is structured on core competencies across three dimensions:

KNOWLEDGE	SKILLS	MINDSET
The Non-Executive Director's understanding and appropriate application of essential practical and theoretical information	The experience that a Non-Executive brings to their role	The attitude and disposition that shape a Non-Executive director's responses and behaviours



- Each competency is accompanied by a **statement of purpose** which explains its role in effective performance
- Each competency is defined by a set of standards, which are expressed in terms that are observable and assessable. The standards identify the behaviour that a Non-Executive Director should demonstrate

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DIMENSION 1 - KNOWLEDGE

The Non-Executives understanding and appropriate application of essential practical and theoretical information

Corporate Governance

Purpose Why is it important?

Non-Executive Directors need to have the knowledge to steer the organisation towards achieving its strategic objectives while operating effectively, legally, responsibly and sustainably.

Knowledge		Standard: Non-Executive Directors should demonstrate an understanding of
Laws and Regulation	CG1	Laws and regulations applicable to the industries/sectors in which the organisation operates and how the organisation complies with them
Corporate Governance	CG2	Best practice in corporate governance, including relevant governance codes and the roles, duties, responsibilities and accountabilities of individual Non-Execs and the Board as a whole
	CG3	The organisations governance structures, processes and practices
Boardroom dynamics	CG4	Boardroom relationships, Non-Exec-Management relationship and Board composition
Ethics	CG5	Business ethics, ethical codes and ethical decision making
	CG6	Ethical policies of organisation
Risk oversight	CG7	Risk appetite and the role of risk in growth and value creations
	CG8	The structures and systems that enable your organisation to effectively identify, assess and manage risks

Board Leadership

Purpose Why is it important?

Non-executive directors need to understand leadership in a Board context and the impact of stakeholder relations, values and culture in effective leadership.

Knowledge		Standard: Non-Executive Directors should demonstrate an understanding of
Values	V1	The nature and purpose of organisational values and how to embed them
	V2	The values of the organisation
Culture	V3	Organisational culture and its role in performance
	V4	The existing and envisioned culture of the organisation
Leadership	V5	Good practice in Board and strategic leadership
Stakeholder Engagement	V6	The organisation's key stakeholders, approach to stakeholder engagement and the perspectives of key stakeholders

Strategy

Purpose Why is it important?

The key role of the Non-Executive Director is setting the strategic direction of the organisation. A thorough knowledge of the strategy development process is required to create and implement effective strategies

Knowledge		Standard: Non-Executive Directors should demonstrate an understanding of
Vision	ST1	The need for a clear vision and purpose to guide the strategy
	ST2	The organisation's vision and purpose and how it adds value in the context of its sector(s)
Strategy development	ST3	Models and methods of strategic analysis, option evaluation and creating an organisational strategy
	ST4	The organisation's strategic objectives and current strategy
	ST5	The organisation's current political, economic, social and technological environment and implications for the existing strategy and future direction
Strategy implementation and change	ST6	The factors involved in successful strategy implementation and organisational change

Finance

Purpose Why is it important?

Non-Executive directors need to understand how to assess the organisation's financial position and performance and be sure that it is sustainably financially viable

Knowledge		Standard: Non-Executive Directors should demonstrate an understanding of
Financial reporting	FN1	The collective responsibility for financial reporting
Financial health and performance	FN2	How to interpret financial statements and accounts in order to assess financial health of the organisation
	FN3	The financial performance of the organisation in the context of its strategic objectives
Sources of finance	FN4	The sources of finance available to the organisation and their relative merits and risk
Value	FN5	How to assess the financial value of an organisation and potential business opportunities

DIMENSION 2 - SKILLS

The skills and expertise Non-Executives need to undertake their role

Strategic thinking

Purpose *Why is it important?*

The ability to think strategically is the cornerstones of the Non-Executive director role.

Skill		Non-Executive Directors should be able to
Identifying opportunities and threats	SR1	Identify opportunities and threats to the organisation, taking into account the internal and external business environment
Taking a broad perspective	SR2	Offer a broad view beyond the immediate issue and own area of expertise, including short, medium and long-term perspectives
Considering impact of decisions	SR3	Identify the potential long term impact of decisions, including contingency plans and risk mitigation(s)

Analysis and use of information

Purpose *Why is it important?*

Non-Executive Directors need to be able to analyse, interpret and use information effectively to take appropriate decisions.

Skill		Non-Executive Directors should be able to
Using a range of sources	AI1	Actively seek reliable, appropriately detailed and timely information from a wide range of sources
Synthesising information	AI2	Assimilate and synthesise financial, technical and qualitative information
Evaluating and interpreting information	AI3	Consider the applicability and limitations of the information and make objective interpretations
Simplifying complexity	AI4	Simplify complex information

Decision Making

Purpose *Why is it important?*

Good decision making skills are required to arrive at a course(s) of action in a timely manner that provides a clear direction and moves the organisations forward

Skill		Non-Executive Directors should be able to
Evaluating proposals	DM1	Evaluate proposals using a range of criteria and identify their advantages and disadvantages
Handling uncertainty	DM2	Make decisions, even in the face of uncertainty or incomplete information
Taking appropriate risks	DM3	Take calculated risks in the context of the organisation's strategy and agreed risk appetite level

Communication

Purpose Why is it important?

The ability to communicate effectively is essential to work successfully with others and operate as a Board.

Skill	Non-Executive Directors should be able to	
Listen carefully	L1	Listen dispassionately, carefully and attentively
Communicating candidly and openly	L2	Demonstrate transparency, candidness and openness wherever possible
Communicating clearly	L3	Communicate articulately, clearly and concisely
Adapting to audience	L4	Tailor their communication style to the needs of the audience and the situation

Leadership

Purpose Why is it important?

Strong leadership skills enable Non-Executive Directors to solve problems, cope with change and inspire confidence in the strategic direction of the organisation.

Skill	Non-Executive Directors should be able to	
Conveying self-assurance	LS1	Display confidence, self-assurance and conviction
Taking action	LS2	Take action quickly, under pressure and in difficult circumstances where necessary
Embracing change	LS3	Show flexibility, adaptability and willingness to embrace change
Inspiring others	LS4	Inspire, support and motivate others

DIMENSION 3 - MINDSET

The Non-Executives attitudes and dispositions shape their responses and behaviours.

Ethical

Purpose Why is it important?

Non-Executive directors with an ethical mind set demonstrate high standards of conduct and will be better placed to serve, advocate for and represent the organisations.

Mind set		Non-Executive Directors should
Modelling values	ET1	Models the values of the organisation
Display high standards of conduct	ET2	Demonstrate behaviour which conforms to high standards of public conduct
Prioritise interests of the organisation	ET3	Place the interest of the organisation above oneself in all business matters
Identifying and managing conflicts	ET4	Proactively identify and disclose conflicts or potential perceived conflicts of interest relating to both oneself and others when they become apparent and ensure they are managed appropriately
Treating others fairly	ET5	Treat others fairly and justly

Professional

Purpose Why is it important?

Non-Executive directors need to bring a professional attitude and outlook to their role in order to command respect

Mind set		Non-Executive Directors should
Showing care and diligence	PR1	Maintain high standards of skill, care and diligence in professional activities
Investing in own development	PR2	Invest time in learning and professional development applicable to the role
Taking responsibility	PR3	Take responsibility for their own performance and behaviour
Acting with integrity	PR4	Act with integrity and honesty in all dealings

Strategy Orientated

Purpose Why is it important?

Non-Executive directors should have the organisations strategic direction and objectives in mind as they carry out their role

Mind set	Non-Executive Directors should	
Focus on strategic priorities	SO1	Focus on how the organisation is performing relative to overall strategic priorities
Thinking longer term	SO2	Balance focus on short term priorities with how they are likely to impact the achievement of long term goals
Vision	SO3	Have a strong focus on what the organisation can and will be in the future not just what it is now

Independent

Purpose Why is it important?

Non-executive Directors need to have an independent mind set to provide the challenge and rigour required

Mind set	Non-Executive Directors should	
Displaying independence	IN1	Be willing to disagree and take an independent stance in the face of dissenting views
Encouraging diverse views	IN2	Encourage rigorous discussion and diverse views in order to prevent and dispel 'groupthink'
Question assumptions	IN3	Adopt an inquisitive approach and be prepared to question assumptions
Ask for clarification	IN4	Ask for clarification and explanation
Challenge the status quo	IN5	Be willing to challenge the status quo and historical ways of doing things

Aware of Self and others

Purpose Why is it important?

Non-Executives need to have an insight into their own emotions and behaviours as well as a sensitivity to the feelings

Mind set	Non-Executive Directors should	
Displaying emotional control	AW1	Demonstrate an understanding of their own emotional responses and an ability to manage their emotions appropriately
Demonstrating cultural sensitivity	AW2	Demonstrate social and cultural awareness and an ability to relate well to a diverse range of people
Showing empathy and perceptiveness	AW3	Display empathy and respond appropriately and sensitively to the emotions of others
Recognising and limiting bias	AW4	Demonstrate efforts to explore, understand and limit their own biases and preconceptions as well as those of others

CONTINUOUS PROFESSIONAL DEVELOPMENT PROGRAMME

Our Continuous Professional Development Programme (“the programme”) is geared towards allowing all Non-Executives to achieve all elements of the competency framework. The programme structure has been developed based on a number of factors, including:

- Feedback from Board appraisals;
- The legal and regulatory duties of Non-Executives;
- The Group and subsidiary strategies;
- Group governance framework; and
- Good practice in corporate governance

Board induction

The Board induction is the first point of interaction between Non-Executive Directors and the Group. The core Board induction process, set out at table 1, is focussed on building the knowledge element of the competency framework.

The level of CPD activity will be at its highest during the induction process and first 12 months after appointment. The induction process contains a basic structure and will be tailored for each Non-Executive director based on their existing skills, knowledge and experience.

As part of the induction process all new Non-Executives will be expected to attend a ‘Role of the Non-Executive’ full day session delivered in house by the Institute of Directors within 6 months.

TABLE 1 - Non-Executive Director Board Induction programme structure – RSL Example
(Tailored to reflect actual Board and individual requirements)

Induction Area	Key documents and reference material	Key Individual(s) : One to One meeting(s)	Key Outcome(s)
Company Structure & Governance <ul style="list-style-type: none"> ▪ Group structure and history ▪ Organisation legal structure ▪ Role of the Board/Board member/ Director duties ▪ Board member CPD/time commitments ▪ Senior staffing & key personnel ▪ Board procedures and practices, including: <ul style="list-style-type: none"> - Governance Framework, - Code of Conduct, - typical schedule of meetings - Board meeting protocols - administration of meetings eg issue of papers, submission of apologies ▪ Key Board issues eg actions from recent appraisals, particular areas of focus 	<ul style="list-style-type: none"> ▪ Previous Board papers ▪ Document summary ▪ Governance A-Z ▪ Governing body member handbook ▪ Group Standing Orders ▪ Articles/Rules of Association ▪ Group Structure Chart ▪ Guidance for Charity Trustee OSCR ▪ Code of Conduct 	One to one meeting(s) with: (Company Secretary) (Chair of the Board)	Director has a comprehensive understanding of Governance and the Company structure.
Operating environment and context <ul style="list-style-type: none"> ▪ Sector overview ▪ Key regulators and their area(s) of focus ▪ Key issues and risks ▪ Key stakeholders ▪ Key customers ▪ Key suppliers 	<ul style="list-style-type: none"> ▪ Scottish Housing Regulator - Regulatory Framework ▪ Scottish Housing Regulator – thematic reviews and relevant guidance ▪ Social Housing Charter ▪ Corporate Risk Register and risk appetite statement ▪ Housing sector A-Z 	One to one meeting(s) with: (Company Secretary) (Lead Executive)	Director has understanding of business operating context and wider sector context
Strategy and key operations specific to XXX <ul style="list-style-type: none"> ▪ Our strategy and vision ▪ Operating model ▪ Current business performance and key performance targets ▪ Investment priorities ▪ Development programme ▪ Stock tour 	<ul style="list-style-type: none"> ▪ 5 year Strategic Plan ▪ Annual Highlights ▪ In year performance targets ▪ Investment plan 	One to one meetings with: (Lead Executive) (Managing Director) (Development Manager)	Director has a specific understanding of the key aspects of XXX

TABLE 1 - Non-Executive Director Board Induction programme structure – RSL Example
(Tailored to reflect actual Board and individual requirements)

Induction Area	Key documents and reference material	Key Individual(s) : One to One meeting(s)	Key Outcome(s)
Finance <ul style="list-style-type: none"> ▪ Organisation capital and funding structure ▪ Management financial reports ▪ Key accounting policies 	<ul style="list-style-type: none"> ▪ Annual Accounts ▪ Current financial projections and budget 	One to one meetings with: (Finance Manager) (Group Treasurer as required)	Director has a broad understanding of financial and reporting requirements
Policy <ul style="list-style-type: none"> ▪ Key policies that impact directors 	<ul style="list-style-type: none"> ▪ Document Summary ▪ Group Whistleblowing policy ▪ Group Fraud Corruption and Bribery policy ▪ Group Risk Management Policy ▪ Group Treasury Management Policy ▪ Group Information Governance policies ▪ Group Health and Safety Policy ▪ Expenses policy ▪ Gifts, Hospitality, Payment and Benefits Policy ▪ Value for Money Framework ▪ Group Framework/Policy schedule ▪ Director indemnifications 	One to one meetings with: (Chair) (Company Secretary) (Policy lead as required)	Director has awareness and understanding of key policies

Ongoing CPD

We recognise that the competency framework is comprehensive and wide ranging. Non-Executive Directors will have a wide and diverse range of existing skills, knowledge and experience and will have different needs within the competency framework.

We have developed a programme which maps our CPD offering with the competency framework, attached at Table 2.

In recognition that knowledge and skills require to be maintained the programme identified the frequency with which each element is undertaken. Additionally, certain Boards or Committees, by the nature of their work, will have specific additional requirements.

The programme delivers through a range of e-learning, in house sessions delivered by recognised experts and access to external events and content.

Board appraisal

All Non-Executives are subject to an annual appraisal with the Chair. The appraisal focusses on both individual performance and the performance of the Board collectively. As part of this process individuals will have the opportunity to discuss and identify their CPD priorities for the year ahead based on the programme and discuss any additional requirements at individual and Board level.

Boards may request that a CPD event (s) be arranged for them as a specific cohort.

TABLE 2 – COMPETENCY FRAMEWORK/CPD PROGRAMME MAPPING

CPD offering	Delivery partner/method	Suggested frequency	Applicability			Competencies covered
			All	Board/Committee specific	Individual	
Role of the Non-Executive (inc. good practice in corporate governance)	One day workshop delivered in-house by IoD expert tutor	As part of induction and recommended triennially thereafter	√			CG1-5, V5, ST1, DM1, FN1, ET1-5, PR1-4, SO1-3, IN1-5
Legal and regulatory landscape	½ day session delivered by external legal advisors	Triennially or where any major changes have applied	√			CG1, CG5, ST5
	E-learning	Triennially or where any major changes have applied	√			CG1
Housing sector briefing	½ day workshop on key policy issues in housing sector – SFHA/SHR	Annually	√			ST5, SR1
Good practice in corporate governance	½ day session delivered by external expert	Triennially	√			CG2, ST1, ST5, DM1
Financial reporting	½ day session delivered by KMPG	Triennially			√	FN2, FN3, AI2
Strategic thinking – Mastering the art of strategic questioning	One day workshop delivered in-house by IoD expert tutor	Triennially			√	SR2, SR3, AI1-4, DM1, SO1
The role of the Chair	One day workshop delivered in-house by IoD expert tutor	In preparation for taking up a Chair role			√	V1-6, LS1-4, AW1-4
Boardroom engagement	One day workshop delivered in-house by IoD expert tutor	Triennially			√	CG4, CG5, PR1-4
FCA Regulation	½ day session delivered by FCA compliance advisor	Annually		√ (Solutions)		CG1
	E-learning	Annually		√ (Solutions)		CG1, AI2
Accounting technical update	Post Committee session from external auditors	Annually		√ (Audit Committee)		CG1
Financial reporting	Practical guidance on reviewing and interrogating financial statements	Triennially	√			FN1-3
Risk Management	Annual Board workshop	Annually	√			CG7, CG8, DM2, DM3
Cyber Security	Facilitated by external expert	Triennially	√			CG1, CG7, CG8
Equality, Diversity and Inclusion (EDI)	Facilitated by Business in the Community	Triennially	√			CG1, AW1-4
Individual mentoring	Delivered by independent, experienced mentor	As required			√	SR1-3, L1-4, AW1-4

Appendix 3 – 2024 CPD programme

Topic	Applicability	Outcome	Provider	Delivery method	Time commitment	Mandatory
Role of the non-executive (February)	New Board members; existing Board members	This course will provide knowledge and skills in identifying the attributes of an effective non-executive; understanding the legal and practical responsibilities of the role; how to contribute to an effective Board; developing strategic thinking.	Institute of Directors	In-person (Glasgow)	Full-day	Yes for new Board members
Equality, Diversity and Inclusion (May and September)	All	Knowledge and understanding of the roles and responsibilities of Board members; good practice in EDI; building an understanding of the opportunities afforded by having an effective approach to EDI.	Business in the Community	In-person (Glasgow and Edinburgh options)	1 hours	Yes
		Understanding of equality, diversity and inclusion and what it means for us. This course covers key elements of equality, diversity and inclusion legislation.	My Academy (in house)	Online	30 mins	Yes
Cyber security (May onwards)	All	Cyber security awareness that helps reduce avoidable security incidents by measuring and improving security behaviours in ever-changing personal and work environments.	My Academy (in house)	Online	30 mins	Yes
	All	Board members have a clearer understanding of the cyber security landscape as a strategic risk for the group	External advisors – NCC	In-person /online	90 minutes	Yes
Financial reporting (July/August)	All	Provides Board members with an understanding of financial reporting and how to review statutory accounts.	KPMG	In-person (Glasgow) and online	2 hours	No

Subsidiary and individual-specific training

Topic	Applicability	Outcome	Provider	Delivery method	Time commitment	Mandatory
FCA regulation (May)	Wheatley Solutions	Information on the FCA regulation of Wheatley Solutions (WS) including details of why WS is regulated, WS key obligations, laws relevant to financial conduct.	Brodies LLP	In-person (post-Board)	1 hour	Yes
Health and social care sector outlook (April)	Wheatley Care	Knowledge of landscape and regulatory updates affecting the provision of our care services within our Group.	My Academy (in house)	In-person (pre-Board)	30 minutes	Yes
Role of the Chair	Future Chairs	This course is designed to support successor Chairs in stepping into their new roles/future roles.	IOD	In-person or online	1 day	Yes

Agenda Planner 2024

Meeting date	Items
5 February 2024 (Glasgow)	Repairs update Rent and service charges 2024/25 Customer satisfaction results (presentation only) Financial projections 2024/25 Five-year Development Programme and new build performance Five-year Capital Investment Plan Neighbourhood approach Finance Report Performance Report Governance update (inc Board appraisals)
18 March 2024 (Glasgow) Stock Tour	2024/25 budget Home Safe building compliance update Anti-social Behaviour Policy EDI Action Plan Finance report Governance update Group Procurement – annual strategy and policy updates
20 May 2024 (Glasgow) Strategy Workshop	2023/24 year-end performance and Annual Return on the Charter 2024/25 Delivery Plan and performance measures Supporting our customers - Wheatley Foundation Annual Report 2023-24 Fire Prevention and Mitigation update Health and Safety annual scorecard Customer Insights report Acquisitions and disposals update Finance report Risk Register Group Assurance update Governance update

Meeting date	Items
19 August 2024	<ul style="list-style-type: none"> Refreshed 2021-26 strategy Repairs update Performance report 2023/24 Financial Statements Annual Internal Audit Report and opinion Governance report Finance report
16 September 2024 AGM & Board Meeting	<ul style="list-style-type: none"> New build development programme: mid-year update Annual SHR assurance report Winter resilience planning Sustainability update Equality, Diversity and Inclusion update Governance update
25 November 2024 (Glasgow)	<ul style="list-style-type: none"> 2025 rent setting Customer insight update Performance and Delivery Plan Governance update (Board appraisals, updated succession plan) Health and safety update Finance report Covenant Amendment Risk register Group Assurance update