



**LORETTO HOUSING ASSOCIATION
BOARD MEETING**

**Monday 18 March 2024 at 2pm
Wheatley House Glasgow**

AGENDA

1. Apologies for absence
2. Declarations of interest
3. a) Minute of meeting held on 5 February 2024 and matters arising
b) Action list
4. Chair and Managing Director update

Main Business Items

5. 2024/25 Budget
6. May Strategy Workshop: structure and approach
7. Home Safety Building Compliance update
8. Antisocial Behaviour Policy and Neighbourhood Management Policy
9. Group Engagement Framework
10. Group Equity, Diversity, Inclusion and Human Rights Action Plan

Other Business

11. Finance report
12. Group Procurement - annual strategy and policy updates
13. AOCB

Stock tour will take place before the meeting commencing at 11am

Date of next meeting: 20 May 2024

Report

To: Loretto Housing Association Board

By: Lyndsay Brown, Director of Financial Reporting

Approved by: Pauline Turnock, Group Director of Finance

Subject: 2024/25 Budget

Date of Meeting: 18 March 2024

1. Purpose

1.1 The purpose of this paper is to seek the Board's approval for the 2024/25 budget.

2. Authorising and strategic context

2.1 Under the terms of the Intra-Group Agreement between Loretto Housing and the Wheatley Group, and this Board's Terms of Reference, the Loretto Board is responsible for approval of the annual budget for the financial year.

3. Background

3.1 At the previous meeting in February 2024 the Board was presented with the revised five-year financial projections and agreed that the 2024/25 figures would form the basis of the 2024/25 annual budget, which is presented in Appendix 1. This paper provides additional detail and commentary.

4. Discussion

4.1 The budget is summarised below and compared against the financial projections.

	Budget 2024/25		
	Financial Projections £'000	Budget £'000	Variance £'000
Turnover	22,528	23,378	850
Operating expenditure	(16,188)	(16,335)	(147)
Operating surplus	6,340	7,043	703
<i>Operating margin</i>	28%	30%	
Net interest payable	(4,157)	(4,157)	-
Surplus	2,421	3,124	703
Net Capital Expenditure	13,202	13,909	(707)

- 4.2 The 2024/25 budget reports an operating surplus of £7,043k and a statutory surplus of £3,124k, both £703k higher than the financial projections approved in February 2024.

The movement is due to:

- The recognition of gift aid paid to Loretto from Wheatley Developments Scotland (WDS) with corresponding higher costs in new build spend; this being an intra-group item with a nil effect on the production of consolidated results for both the RSL Borrower Group and full Group;
- Agreement of the cost-of-living uplift for staff at 4.5% compared to the assumed 4% uplift in the projections, with the overall cost impact being managed within the financial parameters agreed in February;
- A reduction in the provision for void losses and bad debts, reflecting current performance; and
- An uplift in the provision for repairs and maintenance, managed within the overall income and expenditure position within the financial projections.

- 4.3 Over recent times our business has accommodated higher levels of inflation on our operations while keeping rent increases low to help tenants with the initial impact of the cost-of-living crisis, reducing our financial capacity for capital investment. The investment programme spend of £3,496k reflects rent and cost efficiency assumptions to allow us to build capacity back into the business for re-investment into capital and energy efficiency improvements in our existing properties. Tenants have told us this is important to them through the 2024 rent consultation feedback.

- 4.4 The budget also recognises the higher demand and cost pressures on repairs experienced in 2023/24 with £4,086k provision for revenue repairs and maintenance included in the 2024/25 budget. Through our collaboration with City Building Glasgow, we remain focussed on improvements to the customer journey, utilising technology to align our services and modernise the delivery of the repairs service.

- 4.5 Our frontline housing, customer first centre and neighbourhood environmental teams and the Wheatley 360 wraparound service remain key elements of our service provision. Support for vulnerable customers is prioritised through our Wheatley Foundation and our Livingwell offer for older customers. Our “Helping Hand Fund” will continue to offer support to customers with a particular focus on helping to pay rent.

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 financial projections incorporate cost efficiency measures, which are a key element of continuing to demonstrate value for money. These are reflected in the annual budget and performance will be monitored against budget each month.
- 8.2 Our financial covenants are assessed within the WFL1 borrowing group as a whole. In preparing the 2024/25 budgets across the RSL borrower group, the overall budgeted operating surplus and covenant compliance for the WFL1 borrowers is in line with the RSL financial projections.

9. Legal, regulatory and charitable implications

- 9.1 There are no direct legal, regulatory, or 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 proposed 2024/25 budget.

13. Recommendations

- 13.1 The Board is requested to approve the draft 2024/25 budget.

LIST OF APPENDICES:

Appendix 1: Loretto Housing Budget 2024/25



Loretto
Housing

Budget – 2024/25

 Wheatley
Group

Operating Statement

	2024/25 Financial Projections £ks	2024/25 Budget £ks	Budget Variance to FP £ks
INCOME			
Rental Income	17,103	17,103	-
Void Losses	(567)	(423)	144
Net Rental Income	16,536	16,680	144
Grant Income New Build	5,766	5,766	-
Grant Income Other	117	117	-
Other Income	109	815	706
TOTAL INCOME	22,528	23,378	850
EXPENDITURE			
Employee Costs - Direct	1,239	1,246	(7)
Employee Costs - Group Services	881	885	(4)
ER/VR	-	-	-
Direct Running Costs	2,283	2,283	-
Running Costs - Group Services	507	507	-
Revenue Repairs and Maintenance	3,686	4,086	(400)
Bad Debts	436	172	264
Depreciation	7,156	7,156	-
TOTAL EXPENDITURE	16,188	16,335	(147)
NET OPERATING SURPLUS / (DEFICIT)	6,340	7,043	703
<i>Operating Margin</i>	28%	30%	
<i>Surplus/(Deficit) on Sale of Properties</i>	238	238	
Interest payable	(4,157)	(4,157)	-
STATUTORY SURPLUS / (DEFICIT)	2,421	3,124	703
INVESTMENT			
Total Capital Investment Income	14,933	14,933	-
Investment Works	3,496	3,496	-
New Build	24,252	24,959	(707)
Other Capital Expenditure	387	387	-
TOTAL CAPITAL EXPENDITURE	28,135	28,842	(707)
NET CAPITAL EXPENDITURE	13,202	13,909	(707)

Comments

- The 2024/25 budget reports a net operating surplus of £7,043k and statutory surplus of £3,124k, which are both £703k favourable to the financial projections. The movement is due to the recognition of gift aid payable to Loretto from Wheatley Developments Scotland Ltd (WDS).
- Budgeted **net rental income** of £16,680k is £144k higher than the financial projections with the budget provision for void losses adjusted to reflect current performance.
- Grant Income** recognised on completion of new build units is budgeted at £5,766k with completion of 48 social rent units anticipated in 2024/25.
- Other Grant Income** of £117k for adaptations grant is also provided for in the budget.
- Other income** includes the recognition of a gift aid payment from WDS of £703k, with corresponding higher costs in new build spend, in addition to £3k additional MMR lease income from Lowther Homes.
- Direct and group services employee** costs are £11k higher than the financial projections due to a higher annual cost of living uplift compared to that assumed in the financial projections (4.5% vs 4.0%)
- Direct and group services running costs** are in line with the financial projections. The budget includes group recharges for the Nets and W-360 services, property costs, such as insurance, and utilities.
- Repairs and maintenance** costs of £4,086k are £400k higher than the financial projections and have been uplifted to make additional provision whilst operating within the overall income and expenditure position in the financial projections.
- Bad debt** costs of £172k are £264k lower than the financial projections, with the reduction reflecting current performance.
- Depreciation** costs, which reflect a non-cash accounting adjustment, are in line with the financial projections.
- Investment** expenditure has been budgeted at £3,496k, which includes provision for continued investment in our housing stock, capitalised employee costs in relation to investment staff and spend on disabled adaptations.
- New build** expenditure of £24,959k has been included in the budget, £707k higher than the financial projections due to recognition of a 5% management charge on the design and build services provided by WDS. These additional costs are almost fully reimbursed to Loretto through gift aid of £703k recognised in Other Income.
- Capital Investment Income** (grant) of £14,933k is expected to be received in the year for the new build programme and adaptations.

Underlying surplus

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 for the 2024/25 budget which adjusts our net operating surplus by excluding the accounting adjustments for the recognition of grant income, gift aid and depreciation, but including capital expenditure on our existing properties.
- An underlying surplus of £77k is budgeted which is £1,543k lower than the forecast underlying position for 2023/24. This is due to the profile of the investment programme with a higher level of spend in 2024/25.

LHA Underlying Surplus			
	2023/24 Forecast £ks	2024/25 Projections £ks	2024/25 Budget £ks
Net operating surplus	1,891	6,340	7,043
add back:			
Depreciation	7,627	7,156	7,156
less:			
Grant income new build	(2,223)	(5,766)	(5,766)
Gift aid income	(163)	0	(703)
Net interest payable	(3,802)	(4,157)	(4,157)
Total expenditure on Core Programme	(1,710)	(3,496)	(3,496)
Underlying surplus	1,620	77	77

Rental and Other Income

	2024/25 Budget
Rental Income (£'000)	
Rent Receivable	17,103
Void Losses	(423)
Net Rental Income	16,680
<i>Void Loss %</i>	2.5%
Average Stock	2,765
Average Rent per Property (£)	6,186

	Budget
Grant Income (£'000)	
New build	5,766
<i>Other</i>	
Adaptations	117
	117

	Budget
Other Income (£'000)	
Garages and lockups	20
Gift aid income	703
Mid-market rent	92
New build third party fee	-
WC management fee	-
	815

Comments

- The 2024/25 rental income budget has been set at £17,103k. The budget applies the approved rent increase of 7.5% for the forthcoming year.
- 2024/25 budgeted void losses of £423k includes a blended void loss assumption of 2.5%; comprised of 1.2% for mainstream stock, which is the majority, and between 7% and 11% for supported stock. Our assumption on supported stock is prudent as some of the properties rely on Local Authority referrals.
- New build grant income is recognised in the Operating Statement upon completion of units. During 2024/25, we expect 48 units to complete at East Lane, Paisley.
- Other grant income relates to medical adaptations.
- Other Income is budgeted at £815k for 2024/25 and includes recognition of gift aid paid to Loretto from Wheatley Developments Scotland Ltd (WDS).

Employee and Running Costs

	2024/25 Budget
Employee Costs (£'000)	
Employee Costs - Direct	1,246
Employee Costs - Group Services	885
Employee Costs (Net of Capitalisation)	2,131
ER-VR Costs	0
Total Employee Costs	2,131

	2024/25 Budget
Direct Running Costs (£'000)	
Employee related	44
Running costs	272
Group recharges	941
Property costs	580
Housing Property Utilities	378
Initiatives	39
Bank Charges	29
Total Running Costs - Direct	2,283
Running Costs - Group Services	507
Total Running Costs	2,790

Comments

Employee Costs

- The total 2024/25 budget for employee costs (net of capitalisation) has been set at £2,131k.
- The 2024/25 budget reflects the cost of living uplift of 4.5% for both direct and group services employee costs.
- Direct employee costs include Frontline housing staff (£679k), the Nets service (£417k), W-360 services (£58k), Compliance & investment team (£57k) and SHAPS scheme expenses (£35k).
- There is no provision for ER/VR costs in the 2024/25 budget.

Running Costs

- Total running costs (Direct and Group services) are budgeted at £2,790k for 2024/25.
- Approximately a third of the running costs budget relates to group recharges and is comprised of 1) Environmental running costs recharged from WH Glasgow (relating to vehicles, equipment and depot costs); 2) A recharge from WH Glasgow for Loretto's share of the running costs of the Wheatley 360 service; and 3) Payment to Wheatley Care of Loretto's temporary accommodation and Livingwell service charge income (for the services provided by Wheatley Care at these sites) less related property costs paid by Loretto on Wheatley Care's behalf.
- Insurance comprises a significant proportion of property costs. Other key property costs include cleaning costs associated with supported properties, factoring charges and rent to external lease providers.
- Initiatives costs include provision for Think Yes. Here For You support will continue through Wheatley Foundation in 2024/25.

Repairs and Maintenance

	2024/25
Repair & Maintenance Expenditure (£'000)	Budget
Reactive repairs	2,439
Compliance cyclical*	1,553
Property cyclical	94
	4,086
*Includes gas servicing, M&E equipment servicing, electrical testing and TMVs.	

Comments

- Budgeted repairs and maintenance expenditure on our properties is £4,086k for 2024/25.
- The budget reflects an inflationary uplift in cost.

Capital Expenditure

	2024/25 Budget
Capital Expenditure (£'000)	
New Build Development - Grant	
Various sites	14,816
	14,816
New Build Development - Cost	
New build development programme	24,222
Capitalised employee costs	623
Capitalised interest	114
	24,959
Investment Works - Grant	
Medical adaptations	117
	117
Investment Works	
Core programme	2,394
Capitalised repairs	287
Capitalised salaries	362
Void repairs	336
Medical adaptations	117
	3,496
Other Capital Investment	
Group IT Investment	307
Office conversion/refurbishment	80
	387
TOTAL CAPITAL EXPENDITURE	28,842
NET CAPITAL EXPENDITURE	13,909

Comments

- This capital expenditure budget provides for investment in new build and existing properties and other fixed asset additions.
- Net capital expenditure is budgeted at £13,909k for 2024/25, and includes a significant new build programme in 2024/25.
- New build spend and grant income are budgeted at £24,959k and £14,816k, respectively. Spend includes £707k for a 5% management charge on the design and build services provided by WDS.
- The budget includes developments at East Lane Paisley, Forfar Avenue Glasgow, South Crosshill Bishopbriggs and Duke St Glasgow.
- Investment works of £3,496k includes £2,394k for core programme works (low rise fabric, kitchens, bathrooms etc.) and provision for capitalisation of large repair jobs and void repairs.
- Core programme includes funding of £120k for our customer led Customer Voice and Think Yes projects.
- Loretto continues to benefit from grant income from GCC and Scottish Government for disabled adaptations and spend has been budgeted in line with the anticipated grant income.
- Other capital investment of £387k includes Loretto's share of Group IT investment, which reflects our current strategy, and provision for the conversion/refurbishment of properties previously used by Wheatley Care as offices to lettable housing properties.

Report

To: Loretto Housing Board

Report by: Laura Henderson, Managing Director

Approved by: Laura Pluck, Group Director of Communities

Subject: May strategy workshop: our approach and proposed structure

Date of Meeting: 18 March 2024

1. Purpose

- 1.1 This report provides the proposed outline for the May strategy workshop and seeks the Board's feedback and agreement to the planned approach.

2. Authorising and strategic context

- 2.1 Under the Group Standing Orders the Group Board is responsible for the approval of the overarching Group strategy. Under our Terms of Reference, our Board is responsible for approving our five-year strategy, within the strategic context of the overarching Group strategy.
- 2.2 This Board annually undertakes a strategy review through consideration of our strategy and its wider contribution to the Group strategy.

3. Background

- 3.1 As part of our strategy renewal and refresh cycle the Board holds an annual strategy workshop in May. This year, this will be a strategy refresh. This follows the more detailed strategy renewal undertaken last year during the mid-year of our strategy period. The updated strategy was subsequently approved by the Board at its meeting in August 2023.
- 3.2 As part of last year's renewal, we updated our strategy to reflect the creation of the Customer First Centre and its role in providing exceptional services, our vision for neighbourhoods, a clearer focus on how we use data and technology to support asset management, and our focus on channel choice rather than channel shift in relation to digital.
- 3.3 Customer priorities such as repairs, the CFC and neighbourhoods were made more prominent within the strategy. Alongside this, we updated a range of our strategic measures to reflect progress to date and our updated five-year plans in relation to development and investment.

4. Discussion

Our approach

- 4.1 As part of our annual review process, the Group Board will consider and approve the 2024/25 Group Delivery Plan at its meeting on 24 April 2024. This will comprise of strategic projects, strategic measures and targets. These remain subject to any feedback from Boards across the Group.
- 4.2 We will consider relevant strategic projects and our measures and targets at our May meeting. This ensures we can set these with reference to 2023/24 performance but ensure that staff are clear on their priorities and that performance can be monitored during quarter one. Our strategy workshop will precede our Board meeting and is scheduled for 20 May 2024.
- 4.3 Our Board workshop discussion will shape our strategy refresh for 2024. In addition, our feedback will inform the Group Board strategy workshop in June and help shape the refresh of the overarching Group strategy.

Proposed structure

- 4.4 We have refined our approach each year based on feedback from previous strategy workshops, what the Board has already considered in detail over the year and any relevant factors within our operating environment.
- 4.5 Taking these factors into account it is proposed the workshop is as follows:
- recapping our current strategic context / external operating environment – *including customer insight, financial considerations and strategic risks;*
 - reflecting on our key achievements during 2023/24;
 - thematic discussion - asset strategy;
 - thematic discussion - 2024/25 priority areas - e.g. neighbourhoods, vulnerability, repairs and data; and
 - pathway to 2026 – reflection on overall progress with the strategy, the biggest advances expected by this time next year and any proposed changes.
- 4.6 Immediately following the strategy workshop, the board will also engage in a thematic discussion on risk.
- 4.7 A number of the discussions will be informed by reports for the May Board meeting, such as the 2024/25 Delivery Plan (2024/25 priorities) and five-year investment programme (asset strategy).
- 4.8 The focus on our asset strategy will broadly focus on: our key asset management principles; understanding our assets; asset strategy key drivers; financial considerations including the link to our future rent setting; and how we will develop our asset plan.
- 4.9 As we draw closer to the end of our strategy it is proposed that we consider our pathway to delivering our strategy by 2026. As part of this, we would also reflect on any areas of the strategy we want to amend.

5. Customer Engagement

- 5.1 The strategy workshop content will draw on customer feedback and insight we have generated through customer engagement over the year. Customer engagement is a central element of our strategy overall and as part of any discussions how we would propose to engage customers will be considered.

6. Environmental and sustainability implications

- 6.1 There are no specific environmental or sustainability implications associated with this report. The strategy refresh process will ensure our strategy considers recent developments in this area.

7. Digital transformation alignment

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

8. Financial and value-for-money implications

- 8.1 There are no direct financial implications associated with this report, which are covered via the approved 2024/25 business plan.

9. Legal, regulatory and charitable implications

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

10. Risk Appetite and assessment

- 10.1 We do not have a single risk appetite with respect to strategy. Our risk appetite seeks to consider a range of factors which may impact the delivery of our strategy.
- 10.2 To reflect this our strategy workshop includes a specific thematic discussion on risk. This includes the risks which may have implications for or arise from the planned delivery of our strategy.

11. Equalities implications

- 11.1 Equalities and tailoring our services to the diverse needs of customers and communities is a key theme threaded throughout our strategy.
- 11.2 Project monitoring and evaluations consider equalities information and Equalities Impact Assessments are undertaken at the outset of new programmes to ensure compliance with equality legislation, where applicable.

12. Key issues and conclusions

- 12.1 Our annual strategy review, which is this year a refresh, provides us with the opportunity to reflect on progress to date and consider key strategic issues in more depth.
- 12.2 The proposed structure reflects the stage of the strategy we are at, with several areas already delivered or well progressed and a narrowing number of areas which would benefit from more detailed discussion.

13. Recommendations

- 13.1 The Board is asked to consider and approve our proposed approach and workshop structure.

LIST OF APPENDICES:

None

Report

To: Loretto Housing Board

By: Brian Stewart, Director of Investment & Compliance

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

Subject: Home Safety Building Compliance Update

Date of Meeting: 18 March 2024

1. Purpose

1.1 This report provides an update to the Board on our home safety building compliance work streams during 2023/24.

2. Authorising and strategic context

2.1 Under our Terms of Reference, the Board is responsible for the ongoing monitoring and scrutiny of performance against agreed targets. This report provides the Board with an update on our compliance work programmes and our performance against those programme targets.

2.2 In line with our strategy we will maintain our commitment to “make the most of our homes and assets”. We will ensure through our home safety compliance programmes that we protect and maintain our existing assets.

3. Background

3.1 Our compliance work programmes include gas servicing, lift servicing, thermostatic mixer valves (TMVs), water management including legionella prevention and electrical works such as electrical inspections and smoke and heat detector renewals/replacement.

3.2 Landlords have a legal duty to repair and maintain gas pipework, flues, and appliances in a safe condition, to ensure an annual gas safety check on each appliance and flue, and to keep a record of each safety check.

3.3 Landlords also have other obligations under legislation or approved codes of practice for a variety of building maintenance and inspection activities for example firefighting equipment, lifting equipment, and alarm systems.

3.4 Landlords also have a mandatory responsibility for electrical safety including carrying out electrical inspections, commonly referred to as an Electrical Installation Condition Report (EICR) or Fixed Installation Testing (FIT).

3.5 The arrangements for how we meet our obligations through our compliance work programmes are illustrated in the table below.

Work Stream	Cycle	Status
Gas Servicing	Annual (10-month cycle)	Rolling annual programme
Smoke and Heat Detector re-life programme	Every 10 years but is dictated <i>annually</i> by build date / LD2 install date	Rolling annual programme
Lift Insurance Inspections	Six monthly	Rolling annual programme
Proactive Lift Maintenance	Monthly checks	Ongoing programme
Mechanical and Electrical (M&E) Works	Subject to asset requirements: examples are CCTV, Pumps, aerials, hoists, fire alarms, intruder alarms	Ongoing programme
Water Management	Site-by-site basis requirement, works include tank inspections, bacterial testing, legionella testing	Ongoing programme
Asbestos Surveying	Annual	Ongoing programme

3.6 The key objectives for our home safety compliance work are to:

- Increase customer safety within their homes by undertaking both statutory and good practice compliance activities in line with lifecycles/recommendations.
- Increase access levels for our partner, City Building Glasgow, and other specialist contractors such as Equans.
- Package up home safety visits where practical and minimise the number of visits to decrease inconvenience to the customer while enhancing value for money and productivity.
- Increase the visibility of compliance works with frontline staff and colleagues who can engage with customers while raising day-to-day repairs on their behalf.
- Promote the value of home safety works to our customers through regular marketing campaigns on our social media channels and website.
- Abide by guidance and requirements including those set by the Scottish Housing Regulator for mandatory work programmes such as Gas and Electrical.

One and done approach

- 3.7 Our approach to delivering compliance activities is embedded in our Repairs and Maintenance Policy as approved by the Board in September 2023; offering a one-stop shop service through compliance trades teams for compliance events required within a customer's home. The aim of this is to minimise disruption to the customer and to provide assurance of the safety of our homes.
- 3.8 To that end, working with City Building Glasgow (CBG), we have a dedicated Home Safety delivery team to work collaboratively with our Asset Landlord Compliance team at the joint venture. This CBG Home Safety Team consists of key leads across, Gas, Electrical, Water Management and Lift Safety. Our M&E contractor Equans mirrors this approach.
- 3.9 Wherever practical for similar related compliance activities within our stock we will endeavour to package works together taking cognisance of asset compliance cycles, property attributes and individual customer requirements.

Type of Package	Stock Targeted	Type of works
Home Safety Bundle 1: Gas and Water Management works	Gas properties	<ul style="list-style-type: none">▪ Annual gas servicing▪ Temperature checks at water outlets▪ TMV works▪ Test/servicing of smoke/heat/carbon monoxide detectors▪ Complete all certification
Home Safety Bundle 2: Electrical installs and servicing	All properties	<ul style="list-style-type: none">▪ Installation of smoke and heat detectors (re-life programme)▪ Carry out EICR inspections
Home Safety Bundle 3: Joinery and electrical	Electric-only (no gas) low-rise properties	<ul style="list-style-type: none">▪ Test/servicing of smoke and heat detectors▪ Service void dwelling windows and doors

- 3.10 When one of our properties is vacant, we will also use the opportunity to carry out any required compliance activities. The purpose of the void compliance works is to ensure that every new tenant moves into a home that is safe and secure, while also maximising the opportunity to undertake as many cyclical or capital compliance works as possible when the property is vacant.

4. Discussion

Gas Safety

- 4.1 We have (i.e. no outstanding CP12s). Our service has been recognised nationally including through City Building Glasgow winning Gas Contractor of the Year on two separate occasions. Achieving this compliance requires an annual inspection of every property with gas. We have **2,766** homes on the gas servicing contract. This year again we have maintained our 100% performance position and have zero failed CP12s.

- 4.2 In addition to formal appointment letters, we also carry out proactive outbound calling to maximise access to our tenant's homes. Tenants have the opportunity to change appointments to suit their needs by speaking with our Customer First Centre. We also have a team of nine Housing Compliance Officers who manage individual cases where there are complex issues or housing management challenges that impact access.
- 4.3 Only as a last resort, and after we have exhausted all reasonable efforts to obtain access through communication and liaison, do we move to a forced appointment, to guarantee we maintain 100% compliance and ensure the safety of our tenants and the protection of our assets.

Gas Services Completed	Total Gas Services Required	Percentage completion
2,766	2,766	100%

Smoke and Heat Detectors LD2

- 4.4 All our properties, excluding long-term vacant stock at Duke Street, have compliant LD2 smoke and heat detectors installed at the point of construction (for new build) or as an upgrade as part of our rolling programme of re-life works (10-year cycle). All customers are offered a minimum of two appointments to enable the work to be completed at a time suitably convenient for them. As a last resort, we move to a forced appointment to ensure we maintain 100% compliance in this area.

Periodic Electrical Testing (EICR)

- 4.5 Periodic electrical inspections are required to be undertaken in all properties on a cycle of no more than 5 years. Landlords must make "reasonable efforts" to ensure that homes are accessed to carry out the inspection. The table below shows the position across our stock.

Stock in EICR programme	EICR valid / completed	Total EICR Inspections Outstanding	Percentage completion
2,816	2,814	2	99.92%

- 4.6 Both outstanding addresses are currently being managed by our Housing Team to find solutions to the current housing management tenancy issues preventing the EICR from being carried out. Once resolved both addresses, will be quickly programmed for completion.

TMV Servicing – Qualifying households

- 4.7 Our TMV programme is not mandatory; it is a best practice approach that involves a rolling annual programme and includes potentially vulnerable customer groups within qualifying households (e.g. those containing under 5s or over 75s and care sites / specialist housing locations). In care site / specialist housing locations TMV service visits, performance checks, and temperature monitoring are carried out by our specialist M&E contractor.

- 4.8 There are 334 qualifying households within this programme and 220 inspections have been completed. We have therefore completed 66% of the planned inspections to date.
- 4.9 The qualifying households programme is reliant on individual customer access. Our efforts to encourage access include flexibility to amend appointments, proactive customer contact and three access attempts. Where access is not achieved, letters are sent to customers informing them of our attempts and inviting them to contact us to make an appointment.
- 4.10 To reduce the number of visits to customers' homes we are planning to include TMV servicing alongside gas safety visits next year to maximise customer convenience and to take advantage of our 100% access record in this area.

Lift Inspections and Maintenance

- 4.11 Proactive servicing of our lifts is carried out monthly via our approved Insurance company.
- 4.12 Lift performance, such as time to complete any minor defects or major repairs is routinely monitored and managed within set Service Level Agreement (SLA) timescales. Examples of these SLAs include one hour for trapped passenger(s) and all other emergencies within four hours.

No. of lifts	Total Inspections Complete	Percentage completion
27	27	100%

Mechanical and Electrical Works (M&E)

- 4.13 **1,461** M&E service visits were carried out by our M&E contractor to meet respective servicing and statutory requirements including wet and dry riser pressure testing, sprinkler systems, fire alarm maintenance and tests, lighting conductors, ventilation, automatic opening vent (AOVs) and closed-circuit television (CCTV) repairs and general maintenance.
- 4.14 Performance monitoring shows that any emergency callouts are being dealt with within timescales and that all compliance tasks are being managed and delivered.

Water Management

- 4.15 Legionella testing is part of our overall water management strategy and is a year-round rolling programme of works.
- 4.16 Our regime varies on a site-by-site basis taking into consideration the water system installed, the type of property and the customer demographic. Works can include visual inspections of the tanks, risk assessments, temperature checks of both the water inlet and of resting water within the tank, bacterial testing which checks the water supply for various bacteria including e-coli and legionella and chemical testing for metal and mineral contents to ensure that water meets the relevant water quality standards as set by the Water Supply (Water Quality) (Scotland) Regulations 2001.

4.17 The table below provides details of progress against the current rolling annual programme. We expect to achieve 100% compliance by the end of March 2024.

Inspections/tasks completed so far	Total Inspections/tasks Required	Percentage completion
311	315	98.73 %

Asbestos Surveying

4.18 Asbestos inspections of communal areas are in an annual programme to ensure any potential risk/damage to existing asbestos is identified and can be remediated as required. Annual inspections are carried out by the CBG asbestos team. Following inspections, the asbestos survey report, for each block, is uploaded to our asset management system PIMSS. The table below shows the current position with this programme.

No. Communal areas	Total Inspections/tasks Required	Percentage completion
66	66	100%

4.19 All asbestos information relating to our properties is held in our asset management system to which all relevant staff have access. Asbestos information is passed to contractors by relevant staff when they are required to work on our properties, and this is monitored by the Compliance Team. If asbestos is present in a property a process is followed which ensures the correct safe working procedures are followed

5. Customer Engagement

5.1 Experience tells us the value of proactively engaging our customers, and emphasising the importance of our compliance work programmes through our annual “Stay Safe” Messaging, use of our social media channels and our website.

5.2 We will continue to strengthen communications with customers at each communication stage to explain:

- what we are doing and why it’s important;
- how we will ensure the work can be carried out safely;
- what we need them to do; and
- how they can get in touch to talk to us.

5.3 We reinforce key messages where appropriate in all our communications to customers including that:

- The safety of our customers is important to us as a landlord;
- Compliance activities are essential work aimed at keeping you and your home safe; and
- Promote positive messaging to improve the profile of compliance activities so that our customers see them as “value works”.

5.4 Our Housing Teams also emphasise the importance of allowing access to compliance programmes during routine contact with our tenants and at the annual tenant visit.

5.5 We supplement these key messages, where appropriate, with details of the individual project using a range of methods including telephone calls, online, web and social media.

6. Environmental and sustainability implications

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

6.2 Our approach to carrying out associated compliance works in one visit, wherever practical, will lead to fewer travel visits by engineers and trade staff across our assets.

7. Digital transformation alignment

7.1 We will look to align our compliance activities work programmes with our overall group digital transformation strategy.

8. Financial and value-for-money implications

8.1 There are no direct value-for-money implications arising from this report.

8.2 Budgets for these work streams have already been agreed and approved as part of the 5-year Capital Investment plan presented to the Board in February 2024.

9. Legal, regulatory and charitable implications

9.1 In considering the current legal implications, we currently meet all our statutory and legal building compliance obligations required of us as Landlord and we will respond to any changes to regulations from the Scottish Government and SHR as and when they may arise.

10. Risk Appetite and assessment

10.1 Our risk appetite relating to building compliance work streams is minimal" i.e. preference for ultra-safe business delivery options that have a low degree of inherent risk and only have a potential for limited reward.

10.2 The compliance activities and the progress against them discussed in this report ensure that the risk is managed in line with our agreed risk appetite and as set out in our risk register.

10.3 Some compliance activities, for example, gas servicing, and electrical safety are embedded in the Scottish Housing Regulator's reporting return requirements.

11. Equalities implications

11.1 Specific work programmes have been developed and put in place to address potential vulnerabilities due to age i.e. the TMV Servicing programme.

11.2 When undertaking works we will carry these out in ways that minimise inconvenience to all of our customers i.e. by offering a range of appointments for works that suit their needs and offering a one-stop shop service through compliance trades teams for compliance events required within a customer's home.

12. Key issues and conclusions

12.1 We will continue to complete all essential compliance activities to keep our customers and homes safe. We will also continue to develop our approach to maximising access for compliance works through our new operating model.

12.2 Our "one and done" approach allows, where possible similar compliance activities to be completed at the same time, subject to asset cycles, property attributes and customer requirements. Ensuring we remain agile and alert to any changing legislation or best practice is key to maintaining our commitment to providing a robust level of landlord assurance across the various compliance activities.

12.3 We continue to robustly monitor and manage performance to ensure tasks are delivered on time and to the required standards.

13. Recommendations

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

LIST OF APPENDICES:

None

Report

To: Loretto Housing Board

By: Jennifer Anderson, Wheatley 360 Lead

Approved by: Laura Pluck, Group Director of Communities

Subject: Antisocial Behaviour Policy and Neighbourhood Management Policy

Date of Meeting: 18 March 2024

1. Purpose

1.1 To seek approval of our Antisocial Behaviour (“ASB”) Policy and Neighbourhood Management Policy.

2. Authorising and strategic context

2.1 Under the Group Standing Orders, approval of the ASB Policy and Neighbourhood Management Policy are reserved for the Board.

2.2 Within our strategy, we have made a commitment that *‘Over 70% of our customers live in neighbourhoods categorised as peaceful’*. Implementation of our ASB Policy and Neighbourhood Management Policy is critical to achieving this target.

3. Background

3.1 As part of our strategic project to ***‘Redesign our approach to safer communities’***, we have undertaken work to review the end-to-end processes for dealing with ASB. The project included a review of how we manage noise complaints that do not constitute ASB and how we manage wider neighbourhood concerns.

3.2 A key focus of the project was to seek the views of customers, ensuring our policies and approach reflect their wishes and expectations, in addition to reflecting best practice across the sector.

3.3 As a result of the review and feedback from customer voices, the scrutiny panel and staff across the organisation, we have set out three distinct documents that capture our approach and procedures for managing these types of concerns:

- An overarching group-wide ASB Framework that sets out our approach and principles for managing ASB as an internal staff-facing document.
 - An RSL-specific ASB Policy setting out how we respond to complaints about ASB, clearly detailing incident types and categorisation which constitutes ASB and the action we will take; and
 - An RSL-specific Neighbourhood Management Policy that sets out how we proactively manage neighbourhoods, what incidents would constitute a neighbourhood management concern and the action we will take.
- 3.4 The ASB Framework was approved by the Wheatley Group Board in December 2023 in line with the Standing Orders, following which, individual ASB and Neighbourhood Management Policies were drafted for approval by this Board.

4. Discussion

- 4.1 We know from listening to and engaging with our customers that our response to and management of ASB and wider neighbourhood issues remains a key priority. Having three distinct documents that set out our approach, the principles of how we work and the practical steps we will take when concerns are raised provides us with a strong structure for the management of our neighbourhoods.
- 4.2 The design of bespoke, separate policies for ASB and Neighbourhood Management ensures that there is clarity for our tenants on:
- What constitutes ASB and can be dealt with under the enforcement powers available to us as an RSL; and
 - What is a neighbourhood management concern.
- 4.3 There are clear benefits to having distinct ASB and Neighbourhood Management policies, which include:
- Provides clarity for staff and customers on the correct route to deal with incidents reported.
 - Better manages expectations around the process, powers available and potential resolutions.
 - Improved customer satisfaction levels when cases are being dealt with within the most effective process.
 - Improves staff confidence to have dedicated policies and processes for effective handling of management of neighbourhood concerns.
- 4.4 To support the process of determining which policy to use, we have developed a case triage methodology. This allows staff to use the information provided from the affected person(s), alongside some factors for consideration. This process will support the routing of cases and help better manage the expectations of the customer. The triage process is set out below:

Triaging methodology - factors for consideration	
1.	What is the nature of the issue or concern?
2.	When is the activity, action or behaviour taking place – (e.g., time of day)?
3.	How often is the activity, action or behaviour taking place – (e.g., the frequency of this – hourly, daily, weekly, monthly)?
4.	How long does the activity, action, or behaviour last – (e.g., the duration of this - 30 minutes, one hour, all morning/evening, all day)?
5.	What impact is the action, activity or behaviour having on the person affected by this?
6.	Are there any underlying reasons to explain the activity, action, or behaviour?
7.	Is the activity, action, or behaviour unreasonable?

4.5 The triaging process is a guide for both customers and staff, outlining factors that should be considered to ensure the concerns are responded to appropriately. However, every concern raised will be responded to in a person-centred way and considered on its own merits. Our staff will communicate clearly with customers which route their concern is being dealt with under - neighbourhood management concern or antisocial behaviour.

Antisocial Behaviour Policy

4.6 The ASB Policy has been drafted to take account of customer and staff feedback. This includes an outline of what comprises ASB, how to report it, our time commitments to customers in handling the concerns and what support those impacted can expect to receive.

4.7 We have simplified the ASB categorisation from the categories outlined within the original ASB Framework. This has meant a reduction in categories from 15 distinct categories to 10. No categories have been removed, only subsumed within the remaining categories.

4.8 The updated categories are as follows:

Category	Definition incident type
A	<ul style="list-style-type: none"> ▪ A conviction or criminal charges of drug dealing (supply or intent to supply) or production of a controlled drug. ▪ Criminal behaviour involving serious incidents of violence or threats of violence (including possession of weapons, serious assault, culpable and reckless conduct) ▪ Hate Crimes ▪ Wilful fire-raising
B	<ul style="list-style-type: none"> ▪ Threatening / Abusive behaviour ▪ Nuisance Noise (ASB) ▪ Common Assault ▪ Threats (verbal, written or via telecommunications) ▪ Vandalism ▪ Dog Fouling (communal areas)

- 4.9 The timescales for investigating and resolving complaints of ASB have remained the same, however as per the request of customers and staff, have clearly been outlined within the policy for clarity. Our commitment is to resolve all complaints across both categories, within 10 days of the report being received.
- 4.10 Details of the support available for those impacted by ASB has an area of focus within the policy as this is something customers told us was missing from the original ASB Framework. Alongside this we've covered how to report ASB and details of our five-stage investigation process to ensure detail is provided transparently.

Neighbourhood Management Policy

- 4.11 This is our first dedicated policy for supporting the identification of issues or concerns that impact upon good neighbourhood management. We routinely deal with these issues at present and support customers impacted, however, the development of the Neighbourhood Management Policy will allow us to provide clarity around the management of our neighbourhoods and support our ambition for our neighbourhoods to be thriving spaces for all.
- 4.12 The policy clearly outlines what we define to be issues or concerns that compromise good neighbourhood management and to communicate this clearly with our customers and staff. We can ensure that concerns are processed under the correct process, thereby having a positive impact on potential outcomes for customers and satisfaction levels. Examples of neighbourhood management concerns are outlined in the policy and are as follows:

Neighbourhood management issue	Examples of activity
Nuisance Noise (Non-antisocial behaviour)	<ul style="list-style-type: none"> ▪ Children Playing (e.g., within the property, kicking a ball off a wall). ▪ Babies/children crying. ▪ Animals (e.g., birds chirping, dogs barking – within the property, in the garden or on the veranda). ▪ DIY. ▪ Domestic Noise (e.g., washing machines, hoovering, walking within the property, flushing toilet, showering, creaky floorboards). ▪ Musical Instruments. ▪ Lifts. ▪ Door/window closing (including common close/stairwell door).

Environmental	<ul style="list-style-type: none"> ▪ Fly Tipping (e.g., rubbish or bulk in a public area). ▪ Garden Maintenance (e.g., overgrown trees/hedges, rubbish not being put in bins, cutting of grass). ▪ Litter/Rubbish (e.g., being thrown from property or left in common close/stairwell area, in gardens, being dropped by people (including children), feeding the birds/keeping in veranda, use of other's bins. ▪ Dog fouling (private place) – (e.g. where this takes place within an individual's garden that isn't a shared space). ▪ Street Parking (e.g. parking on the street, parking in disabled bays). ▪ Smells – (e.g. cooking).
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4.13 We have outlined our customer commitments within the Neighbourhood Management Policy, which ensures our customers are clear about what level of service they should expect from us when they raise any issues about the management of their neighbourhood. We will respond to all neighbourhood management concerns within 3 days of the report being made and have committed to communicating any action within 10 days.

4.14 Through our safer communities recording platform, we will be able to raise cases involving concerns with the management of our neighbourhoods in one place. This includes ASB cases and those issues of neighbourhood management concern. This will provide the benefit of giving oversight around the full picture of our neighbourhoods and the types of issues impacting them. At present, we capture activity taken to resolve neighbourhood management concerns on individual customer records, which doesn't allow the benefit of capturing and monitoring trends.

4.15 We will report on wider neighbourhood management as part of our performance reporting within the Community Improvement Partnership, which will allow us to have full oversight of our neighbourhoods. The reporting will help identify any trends or thematic issues arising and support service design and delivery, as well as the allocation of resources. This information will be considered and taken into account when we engage customers in Neighbourhood Planning.

4.16 Extensive work is ongoing across the housing sector to develop improved policies and processes for the management of neighbourhood issues and concerns that do not constitute ASB. We will continue to monitor this and emerging best practice and revise our approach accordingly.

4.17 Following approval of the policies by this Board, we intend to hold dedicated sessions with all relevant staff to launch the revised policies.

5. Customer Engagement

5.1 We have engaged and sought feedback from Customer Voices and the Scrutiny Panel on both policies. Significant feedback was gathered that has informed the final drafts of the documents.

- 5.2 Feedback focused on:
- Simplification of the documents, less information, ensure information is what customers need to know;
 - Clear categorisation of what types of incidents belong in ASB and Neighbourhood Management; and
 - Outline action that will be taken when concerns are raised, and time commitments detailed where possible.
- 5.3 Our Protecting People and Communities ‘Community of Excellence’, where staff across all service areas come together to share and implement best practice and innovate, have had extensive involvement in developing the content for both policies.

6. Environmental and sustainability implications

- 6.1 Development and implementation of the ASB Policy and Neighbourhood Management Policy helps us meet three of the seventeen UN Sustainable Development Goals, which include:

Goal 3	Good health and wellbeing	We know that ASB and experiencing concerns within neighbourhoods can have a negative impact on people’s well-being. A robust approach to responding to and managing reports of ASB and neighbourhood management concerns in our communities supports our tenant’s overall health and well-being.
Goal 10	Reduced inequalities	Our approach is trauma-informed and responsive and recognises that those living in the most socially deprived areas and within specific social groups are more likely to experience ASB. This can be either through engaging in it or being impacted by it. By having a person-centred approach to ASB and neighbourhood management, with a greater understanding of the challenges faced through deprivation and reduced inequality, we can achieve greater equality for our tenants.
Goal 16	Peace, Justice, and strong institutions	By robustly tackling ASB we support the UN Goals of reducing violence across the globe and operating as a transparent, effective, and accountable institution. Our policy clearly outlines the enforcement action we’re able to take to resolve ASB and obtain effective resolution for those impacted.

7. Digital transformation alignment

- 7.1 As part of the ‘**Redesign our approach to safer communities**’ project we have improved the functionality of our platform for recording all ASB case details. As well as using the platform to record ASB cases, pending approval of the Neighbourhood Management Policy, from May 2024 we will start recording incidents reported under this policy. The changes to the system have been well received by staff across the business.

7.2 The policies will be available digitally for staff to access on WE Connect and available for our customers via our website.

7.3 Our digital communication channels of WE Connect and Talk Together will be utilised to raise awareness of the policies and their importance and to encourage staff engagement with them.

8. Financial and value-for-money implications

8.1 There are no financial implications arising from this report.

9. Legal, regulatory, and charitable implications

9.1 We report on ASB and neighbourhood management to the Scottish Housing Regulator through the Annual Return of the Charter (ARC). Details of the ARC indicators concerning the management of neighbourhoods have been included in the respective policies.

10. Risk Appetite and assessment

10.1 The ASB Policy and Neighbourhood Management Policy supports our ambitions across all five of our strategic themes. Our risk appetite for operational delivery for these themes ranges from open to hungry.

10.2 By developing an ASB Policy and Neighbourhood Management Policy we ensure that:

- These documents reflect our customer expectations; and
- Customers and stakeholders are clear on our approaches, how they should report concerns or issues and the response they can expect.

11. Equalities implications

11.1 Our approach towards the management of our neighbourhoods is supportive of our strategic vision that we want to create thriving neighbourhoods where all customers feel part of their community, that people look out for each other, and they feel safe and secure.

11.2 In Scotland there is recognition of the links between inequality, poverty, and adverse experiences in childhood with the risk of offending, reoffending and/or being a victim of crime. It is through this recognition that our Prevention and Solutions model within the CIP, which is outlined within the ASB Policy, states that we will take a trauma-informed and person-centred approach towards dealing with ASB and ensure that the appropriate levels of support feature as a key tool in dealing with the behaviour and conduct.

11.3 An Equality Impact Assessment has been completed for both the ASB Policy and Neighbourhood Management Policy. A copy of either full assessment is available on request.

12. Key issues and conclusions

12.1 As part of our strategic project to redesign our approach to safer communities, we have undertaken work to review the end-to-end processes for dealing with ASB. This included a review of our overarching ASB Framework, how we manage ASB, noise complaints and neighbourhood management concerns.

- 12.2 The ASB Framework was approved by the Wheatley Group Board in December 2023 following which individual ASB and Neighbourhood Management Policies were drafted.
- 12.3 The documents proposed set out clearly and concisely the specific incident types that will be considered under each policy, the approach we will take to understand what the potential solutions are and the action we will take when responding to the concerns. A clear triaging process will assist staff in determining what policy concerns should be managed under.
- 12.4 For the first time, neighbourhood management issues will be captured in our safer communities recording system providing a much more detailed picture of the range of concerns being raised in our communities.
- 12.5 Subject to Board approval the policies will be launched with staff across the organisation between April and June.

13. Recommendations

- 13.1 The Board is asked to:
- 1) Approve the Loretto Housing ASB Policy; and
 - 2) Approve the Loretto Housing Neighbourhood Management Policy.

LIST OF APPENDICES:

Appendix 1 – [redacted] available [here](#)
Appendix 2 – [redacted] Policy available [here](#)

Report

To: Loretto Housing Board

By: Laura Henderson, Managing Director

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

Subject: Customer Engagement Framework

Date of meeting: 18 March 2024

1. Purpose

1.1 This report provides the Board with an overview of the review of the *Stronger Voices, Stronger Communities* Customer Engagement Framework.

2. Authorising and strategic context

2.1 Under the Group Standing Orders, the Group Board has a strategic role in determining the overall direction and objectives of the Group. It is responsible for approving the Group policies and frameworks, including the Group's Customer Engagement Framework. We are responsible for implementing this within Loretto Housing.

2.2 Our 2021-2026 Group Strategy, *Your Home, Your Community, Your Future*, committed to co-creation with our customers. It specifies that we will provide customers with increased control and choice, empowering them to self-direct their services.

2.3 Our approach to customer engagement is Group-wide. The Customer Engagement Framework focuses on the strategic themes of *delivering exceptional customer experience; making the most of our homes and assets; and changing lives and communities*.

3. Background

3.1 Our *Stronger Voices, Stronger Communities* Customer Engagement Framework ("the Framework") was approved by the Group Board in December 2020 and implemented across the Group in 2021, albeit with some limitations due to the Covid environment during that year.

3.2 The Framework aimed to widen the scope of customer engagement by creating a model of engagement that is accessible, flexible, and diverse. In essence, we set out to shift the balance of power and control towards the customer.

3.3 Our approach to customer engagement is supported by four key pillars:

- **We listen, You are heard** – customers can give their views through focus groups, panel meetings, surveys, and complaints, and we will respond and take action;
- **We consult and co-create, You influence and design with us** – customers can influence service delivery and strategic direction through focus groups, surveys, panels, and conferences;
- **We give power to, You decide** – customers are empowered to make decisions about their environment. For example, through the You Choose Challenge in communities; and
- **We support, Your voice is stronger, and people listen** – we support individuals to develop their potential and widen the opportunities available to them.

3.4 Our Group Framework has been reviewed under our 3-year policy review cycle and the key findings of the review are discussed below.

4. Discussion

4.1 Our customers were at the heart of our extensive review. A key achievement of the Framework implementation is that we have recruited over 60 customers to our Customer Voice programme – against a target of 50. We asked our Customer Voices for their feedback on the Customer Voice programme, and the engagement activities that they have experienced. We facilitated one online focus group in addition to an online survey, in which the response rate was 26%, to gather their views on our refreshed approach to customer engagement. We then carried out subsequent engagement with Customer Voices which focused on the barriers faced by customers with protected characteristics to inform our Equalities Impact Assessment (EIA).

4.2 Our review also included input from staff members from a wide cross-section of the business. The review was driven by our *Stronger Voices* Community of Excellence, and informed by staff members from across the Group, including our Housing team, Wheatley Care, Wheatley Foundation, Customer First Centre, Governance and Development.

4.3 Our review found that the Framework has been, and continues to be, extremely successful at delivering a flexible and diverse engagement model that is more accessible to our customers. It highlighted that our customers strongly value our approach to engagement. Since the approval of the Framework in 2020, we have achieved the following:

- Our 2023 tenant satisfaction survey showed that 98% of our customers were satisfied with the opportunities given to participate in decision-making processes. This is a significant improvement from the results before the Framework introduction which was 86%;
- The high satisfaction with engagement has contributed to an overall satisfaction level of 93% in the same survey;

- Our Group approach to engagement received a CIH award for ‘Excellence in Customer Service’ in 2023;
 - 70% of Customer Voices would recommend the programme to others;
 - We held over 40 engagement events over the course of 2022/23;
 - Over 50 customers have been engaged in research, testing and co-design;
 - We developed the ‘My Academy’ learning platform which was tested with Customer Voices;
 - We introduced *My Voice*, an instant feedback tool, across a variety of service areas;
 - We collected Equality, Diversity and Inclusion data for Customer Voices, to ensure diversity of engagement. The analysis of this showed the diversity of Customer Voices was broadly comparable with our tenant base; and
 - We continue to learn from customer feedback and complaints resulting in changes in service delivery. For example, the introduction of *Book it, Track it, Rate it* in our repairs service.
- 4.4 The Framework has provided the basis for several new developments where customers have been at the heart of shaping outcomes. We carried out a comprehensive review of our Housing Information, Advice and Letting Policy, in which we engaged with customers on our housing lists, on how we could improve how we allocate homes. Customer feedback resulted in key changes being made to the Policy, including creating a new band for Livingwell properties and moving towards a bespoke matching service for applicants experiencing homelessness in Band B.
- 4.5 We have also carried out significant customer engagement across the Group with our customers who have families. We worked with an independent consultant, Neil Morland & Co, to understand the satisfaction of families with our services. We gathered feedback from approximately 1,800 customers from across the Group who responded to the survey, and a further 44 customers who participated in a focus group, or individual interview.
- 4.6 Customer feedback shaped the recommendations from the families’ research, which included improving repairs and communication around repair work and improving satisfaction with antisocial behaviour processes. We have already addressed many of these recommendations. For example, we have introduced *Book it, Track it, Rate it*. The ‘Track it’ functionality has resulted in an improvement in communication, with customers receiving text message reminders and updates about repairs.
- 4.7 We continue to develop and refine our Group approach to antisocial behaviour (ASB). We have a ‘preventions and solutions’ approach to ASB, which is focused on achieving prompt and sustainable solutions for customers.

- 4.8 We also carried out customer engagement to develop our Hate Crime Policy, in which we used our Equality, Diversity and Inclusion (EDI) data to host a female-only ethnic minority focus group. The outcome of these groups has helped us to simplify the Group Anti-Social Behaviour Framework and improve our communications approach.
- 4.9 Our approach to engaging customers on the rent setting consultation has been refined during the implementation of the Framework. We have developed a co-creation approach with our customers, with our Customer Voices working with us as part of focus groups to develop our messaging to all customers around rent setting, options for wider consultation, clear tenant priorities and explanation of how the rent pound is spent. The final part of the consultation is the invitation to all customers to express their views by making a choice on the rent level option and providing qualitative feedback if desired.
- 4.10 The outcome of the consultation has previously been reported and reaffirmed tenant views (already expressed in the Customer Voice focus groups) that investment, repairs and NETs are critical service priorities, with an understanding that in the current economic climate, a higher level of rent is required to maintain service levels and carry out desired levels of investment in homes.
- 4.11 Our approach to scrutiny has been enhanced and expanded over 2023. There are over 30 members of the Group Scrutiny Panel from all RSLs (two of these are our customers) who attend quarterly performance meetings and spotlight meetings on key service areas. As the Board are aware, members of our Group Scrutiny Panel chose to carry out a thematic review of repairs communication to identify areas for improvement; the review was carried out from July to November 2023. As part of their review, members of the thematic group met with key staff members and had a tour of the Customer First Centre. They assessed key documents such as customer journey maps, complaint case studies, national performance, and CFC call transcripts.
- 4.12 Members of the thematic group developed a report on their review. This had 18 recommendations and customers have met with key staff to discuss this and to proactively co-create solutions. Representatives from the group attended our Board meeting in February 2024 to discuss their experience of the review. The review will be promoted with customers and progress with the recommendations will be monitored by the group at their meeting in June 2024. The next thematic review by the Panel will be on the environment, as chosen by Panel members, and work has already started on this.
- 4.13 The review has concluded that our approach to engagement, and the key pillars to customer engagement referenced above, have, and continue to be, extremely successful in driving up customer satisfaction and creating positive changes both within the organisation and in our communities. It is therefore proposed that we retain our approach to customer engagement, and our Customer Voice programme, which continues to flourish.

- 4.14 Customers strongly value our approach to engagement, and feedback indicates that we should continue with our approach. They welcomed the accessibility of our approach which provides a range of methods, times, and locations for participation. Customer Voices suggested some operational improvements could be made to further enhance our already-high levels of satisfaction with the programme. These include:
- Ensuring feedback is consistently provided on the outcome of engagement events – this was already in development at the time of the review and a consistent framework for feedback has now been rolled out;
 - Providing customers with an agenda, or discussion points, in advance of a Customer Voice Panel or Focus Group – this has now been rolled out across our engagement events; and
 - Providing customers with a regular newsletter or magazine, detailing information on services and engagement opportunities. Community newsletters were distributed in most areas towards the end of last year, with a specific newsletter for Customer Voice participants issued in November/December 2023. Further newsletters will be issued throughout 2024.
- 4.15 We carried out additional engagement which explored the impact of our engagement on protected characteristics. These Group-wide Customer Voices were again supportive of our approach to customer engagement and recognised the actions we already take to remove barriers for customers taking part in engagement. For example, we provide customers with a range of options to engage, including a mixture of online and in-person opportunities at various times and dates to accommodate different circumstances.
- 4.16 Customers involved in the focus groups made the following suggestions to improve the experiences of those with protected characteristics:
- Improve acoustics for in-person meetings for customers who are hard of hearing or are affected by deafness;
 - Include the options of one-to-one calls or visits for customers who want to engage with us, but who are prevented from doing so in a group setting;
 - Ensuring that we are mindful of the space or room we choose for engagement events (for example, we should be mindful that accessible toilets are nearby); and
 - As above, continue to provide a range of times and dates for customers to engage with us.
- 4.17 Based on the feedback and the success of the Framework to date, the review does not propose any substantive changes. However, some minor items have been updated to reflect the current context, particularly concerning digital services. For example, we have included reference to our new real-time feedback options such as *MyVoice* and *Book it, Track it, Rate it* which did not exist when the Framework was first established

5. Customer Engagement

5.1 This report outlines our review of our Group Customer Engagement Framework. We carried out extensive customer engagement to inform the review of the Framework. Our customer engagement consisted of:

- **Online survey to all Customer Voices** in which 26% of our Customer Voices responded;
- **One Focus Group** involving our customers. This took place online; and
- Wider customer engagement through our **2023 tenant satisfaction survey**.

5.2 We subsequently carried out customer engagement to inform our Equalities Impact Assessment for the Framework. This focused on identifying any barriers for our customers with protected characteristics that could prevent them from participating in in-person, or online, engagement events. This assessment involved a sample of customer voices across the Group. The figures haven't been broken down for each RSL due to the smaller numbers and sensitivity of discussion topics. This consisted of:

- **Online survey to sample Customer Voices** with an 11% return rate;
- **Two customer focus groups** with 9 participants, which took place in person and online; and
- **Individual phone calls** with a small number of customers who requested a conversation about the EIA with members of staff in a private setting.

6. Environmental and sustainability implications

6.1 Customer engagement will seek to deliver sustainable outcomes for communities. You Choose Challenge is a key tool to empower customers to affect change in their local new-build community, and this is now aligned to our 'Greener Homes, Greener Lives' Sustainability Framework.

7. Digital transformation alignment

7.1 Customer engagement will inform key areas of digital transformation. The engagement may indicate other areas of digital change or transformation, and these will be incorporated into project proposals and reported as appropriate.

8. Financial and value-for-money implications

8.1 There are no financial or value-for-money implications from this report. The implementation of the Framework is contained within existing budget resources. Our engagement with customers may result in proposals which require further resources, but these will be incorporated within the appropriate project proposals.

9. Legal, regulatory, and charitable implications

9.1 There are no legal or regulatory implications arising from this report.

10. Risk Appetite and assessment

10.1 Our risk appetite level for operational delivery in the strategic outcome Delivering Exceptional Customer Service is open. This means we are keen to pursue opportunities to use digital services and platforms to improve the customer experience.

10.2 Customer engagement and control is at the heart of our strategic approach. This is likely to result in new and innovative approaches to service delivery which will fit with our open risk appetite level.

11. Equalities implications

11.1 We continue to obtain equalities information during the process of registering, and re-registering, Customer Voices, where they are willing to share this. This will be used to try to ensure appropriate representation, particularly at the project and RSL levels. Where specific gaps are identified we will work with customers and appropriate organisations to seek to address these.

11.2 An Equalities Impact Assessment (EIA) has been carried out on our Customer Engagement Framework. The actions arising have been captured and will be monitored. In relation to engagement events, it is particularly important that we fully consider EDI issues when arranging meetings, for example by providing a range of date options, accessible venues, online and in-person meetings, and translations where required.

12. Key issues and conclusions

12.1 This paper sets out the findings from our review of the Group 'Stronger Voices, Stronger Communities' Customer Engagement Framework. It demonstrates that the Framework has considerably improved the organisation's approach to customer engagement and that this has positively impacted customer satisfaction. We have shifted the balance of power and control towards the customer through co-creating services and products with them and adapting our strategies in response to their feedback and involvement.

12.2 The review suggests that minor changes are required to modernise the Framework, and some practical changes could improve the already high customer satisfaction levels with the Customer Voice programme.

13. Recommendations

13.1 The Board is asked to note the updated Customer Engagement Framework attached in Appendix 1.

LIST OF APPENDICES:

Appendix 1: [redacted]. Available [here](#)

Report

To: Loretto Housing Board

By: Stephen Wright, Director of Governance

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

Subject: Group Equity, Diversity, Inclusion and Human Rights Action Plan

Date of Meeting: 18 March 2024

1. Purpose

1.1 The purpose of this report is to provide an update on the next iteration of our Group Equity, Diversity, Inclusion (EDI) Action Plan, *One Group Many Voices 2024/25*.

2. Authorising and strategic context

2.1 Our strategy recognises that our customers and communities are diverse and therefore their priorities and needs will reflect this; as such we have a desire to increasingly tailor services to suit the needs of our customers and diversify our Customer Voices to ensure we hear from a diverse range of customers in a diverse range of ways. The Board has also previously emphasised its strong commitment to ensuring that we embrace EDI and a human rights approach in our work, for the benefit of our tenants, customers, staff, and other stakeholders.

2.2 Under the Group Standing Orders and their Terms of Reference, Wheatley Solutions has been tasked with supporting us to drive a strong EDI culture and human rights approach by agreeing and monitoring the implementation of an Action Plan. Our Board receives an annual update on the work undertaken.

3. Background

3.1 We received a detailed update on our EDI approach in November 2023. This included an update on the implementation of our first Action Plan and how this has supported us to enhance our progress in relation to EDI and Human Rights. With the vast majority of the actions already delivered it has been refreshed, building on the progress we have made.

4. Discussion

4.1 The areas of focus for the refreshed plan are as follows:

1. **Different Together with you** – customer and community focus;
2. **Different Together in our Group** - staff and internal culture focus; and
3. **Evolving our data** – whole journey approach and embedding it into decision-making

4.2 These areas form the three Outcomes for our updated action plan. In considering the themes we have reflected on the shifting of our use of language towards equity. This shift in language is in keeping with the wider practice in EDI, though it does not fundamentally change our approach in terms of actions.

4.3 The updated Action Plan is attached at Appendix 1. The Action Plan was refined following extensive staff and Trade Union engagement. It has also been informed by best practice research and externally reviewed by an Inclusion Advisor at Business in the Community (BITC) who welcomed the detail and level of activity.

4.4 The reviewed Action Plan focuses on embedding and sustaining all the progress and structures built since the first action plan was approved in November 2022.

4.5 A summary of the key updates, the three Outcomes and how we plan to measure success with these are detailed below with further detail contained within the Action Plan document.

Updating 'EDI' definitions

4.6 The terminology we use is important to appropriately convey our commitments and aspirations to our staff and customers. We recognise the importance of providing our customers, staff and stakeholders with fair opportunities to access our jobs, homes and services. As such, it is recommended that we update our 'EDI' definitions and change equality to equity.

4.7 This focus on 'equity' rather than 'equality' follows a changing language in diversity and inclusion and has been endorsed by BITC. While equality focuses on treating everyone the same, equity acknowledges that treating everyone the same can serve to reinforce barriers faced by some groups.

4.8 Instead, equity has a focus on allowing everyone to achieve a level of parity. In some cases, this may mean taking additional steps to support customers. For example, ensuring equity of opportunity to access social housing would not just mean giving everyone a copy of an allocations policy; it could mean taking additional steps to have this translated for someone unable to read English.

- 4.9 This aligns with our updated face-to-face training being delivered in partnership with Diversity Scotland. As such, when we now refer to 'EDI', for us this means:
- *Equity* – people with different characteristics are treated fairly and have access to the same opportunities to fulfil their potential;
 - *Diversity* – respecting and valuing individual differences and unique characteristics, both in our organisation and our communities; and
 - *Inclusion* – making sure our employees and customers feel comfortable being themselves and that they feel valued, respected, and heard.

Outcome 1: Different Together with you

- 4.10 Our first Action Plan had a strong focus on developing staff knowledge and initiatives to enhance our EDI culture and awareness. This has been driven through our staff Community of Excellence (CoE).
- 4.11 'Different Together with you' extends this approach by introducing a CoE network group that focuses on customer and community actions. The network group will include representatives from frontline teams and will allow those teams to provide insight into opportunities we have to improve EDI, based on their insight and experiences from working with our customers.
- 4.12 'Different Together with you' aims to identify opportunities to improve access to housing by building on research from Shelter in relation to race and social housing. It also has a strong focus on ensuring that EDI considerations are at the forefront of our approach to communications.
- 4.13 A key priority over the next year will be how we understand and respond to customer vulnerability. Learning from the English Housing Ombudsman and our complaints has identified that a lack of vulnerability information can be a limiting factor in our ability to deliver personalised services.
- 4.14 Over the next year, we will develop a definition for vulnerability, agree on what data we will collect, how we will collect it (including security and data protection implications), and how we will use it. Reflecting this, vulnerability is a priority workstream within the Group Data Strategy.
- 4.15 An area of **very strong focus** on this outcome, which reflects the vulnerability theme, will be how we enhance our approach in relation to customers whose first language is not English, or who have specific communication needs relating to disabilities such as blindness or deafness.
- 4.16 In particular, we will look to improve and embed strong processes at the sign-up stage and after a translation is requested which triggers strong customer support. This will include things such as bespoke translated welcome packs for customers with very clear information on how to request a repair; make a complaint; report any issues such as ASB; or engage with a Housing Officer or CFC using a translator. We would also send this pack automatically to any existing customer who requests a translation.
- 4.17 We know we also need to consider how this information is accessible to staff, for example, for repairs staff going to the home of a customer who does not speak English, has low-level literacy, is deaf, or is blind. We are currently engaged with an external organisation who are undertaking a review of our translation provision, with a focus on repairs.

Outcome 2 - Different Together in our Group

- 4.18 The actions within this section of the plan will help us to build on the foundations we have laid through our staff Different Together CoE, focus groups, and EDI initiatives, particularly in relation to building a strong awareness and positive EDI culture.
- 4.19 A priority is that we continue to ensure we are a supportive and inclusive employer. We must continue to be able to attract a diverse group of talented staff who reflect our communities. This begins with the way we recruit being inclusive and in turn attractive to a diverse range of prospective applicants.
- 4.20 We already have some examples of how our EDI approach has helped us to attract new members of staff. For existing staff, an important part of this outcome will be the introduction of a staff survey question set that helps us to measure whether staff feel included and supported in relation to EDI.
- 4.21 Our established network groups, supported by Executive Directors, will each lead a high-profile engagement event aligned to development opportunities and/or training delivery, to reinforce our commitment to EDI and demonstrate that our agenda is set from the top.

Outcome 3 - Evolving our data

- 4.22 Our outcome focuses on data; which links in with our overall approach to making data-enabled decisions. We already have good examples of where we have used our EDI data to help inform decision-making, such as through the development of our approach to Hate Crime.
- 4.23 We will scope ways to capture EDI data relating to complaints. This will provide insight into whether there are trends from particular customer groups and allow us to review our services or processes to address any issues.
- 4.24 We will also look to measure the impact our EDI and human rights approach has had on customers, for example, through a question as part of our next customer equality data survey. Given the volume of data, we will be particularly cognisant of data security.

Next steps

- 4.25 Following Wheatley Solutions Board approval at their meeting on 12 February 2024, the Action Plan has been designed and updated under *Different Together* branding, published on our website (and our Group partner's websites). Progress will be monitored and reported at each Wheatley Solutions Board meeting, with regular updates also provided to our Executive Team and an annual update for this Board.

5. Customer Engagement

5.1 'Enhancing our Stronger Voices approach through Different Together' is a section within the revised action plan, under Outcome 1. Customer engagement is a key part of embedding our EDI approach, for example, engaging with groups of different characteristics to inform policy development and Equality Impact Assessments. Recently this has included the development of our Group Hate Crime Policy, our Group Engagement Framework review and our Group Anti-social behaviour framework review.

5.2 The collection of equality data required extensive customer engagement as we were required to ask all waiting list applicants, new tenants and existing tenants for protected characteristic data. Our next customer EDI survey is scheduled for 2025 and as detailed in the updated action plan we will co-create our approach towards this with customers taking into consideration vulnerabilities and additional support needs.

6. Environmental and sustainability implications

6.1 There are no direct environmental or sustainability implications arising from this report. Diversifying our engagement structures will support our Group Sustainability Framework implementation by engaging customers with our sustainability priorities, ensuring different perspectives are involved.

7. Digital transformation alignment

7.1 We have developed digital platforms to allow for easier analysis and utilising of our customer equality data. Evolving our data to help identify opportunities to increase access to our services is a focus within the updated Action Plan.

8. Financial and value-for-money implications

8.1 There are no financial implications associated with this report.

9. Legal, regulatory and charitable implications

9.1 Our Group EDI and Human Rights policy, and the updated action plan to support us in delivering this, support us to comply with our legal and regulatory obligations.

10. Risk Appetite and assessment

10.1 Our agreed risk appetite for the legal and regulatory compliance of our 'W.E. Think' strategic outcome is "cautious" as although '*Wheatley staff are trusted advisors, it is essential that mitigations are in place to help keep customers safe*'. In terms of EDI, our mitigation is to engage independent external advice as part of evolving our approach to demonstrate and evidence how we meet our equalities regulatory obligations.

11. Equalities implications

11.1 The report our approach to developing the next iteration of our Group EDI Action Plan, *One Group, Many Voices*. These actions will support us to assess equality implications in our decision-making.

12. Key issues and conclusions

- 12.1 As the Board has previously affirmed, we are strongly committed to ensuring we deliver services EDI. This is demonstrated through our Action Plan and the oversight of our EDI being a formal responsibility of the Wheatley Solutions Board. We have a strong focus on continuous improvement and ensuring this is reflected in our organisational culture – this can be seen through our focus on equity and social mobility, and continued EDI data analysis.

13. Recommendations

- 13.1 The Board is asked to note this update and the refreshed Action Plan at Appendix 1.

LIST OF APPENDICES:

Appendix 1: [redacted] available [here](#)

Report

To: Loretto Housing Association Board

By: Lyndsay Brown, Director of Financial Reporting

Approved by: Pauline Turnock, Group Director of Finance

Subject: Finance report

Date of Meeting: 18 March 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 29 February 2024.

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 29 February 2024 are summarised below.

£000	Year to Date (Period 11)		
	Actual	Budget	Variance
Turnover	16,677	14,311	2,366
Operating expenditure	(14,453)	(14,426)	(27)
Operating surplus	2,224	(115)	2,339
Net interest payable	(3,421)	(3,367)	(54)
Statutory Deficit	(1,197)	(3,482)	2,285
Net Capital Expenditure	3,857	12,032	8,175

4. Discussion

4.1 Period to 29 February 2024

A statutory deficit of £1,197k has been reported for the period to 29 February 2024, which is £2,285 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. Additional spend of £382k on repairs is broadly managed within the overall operating income and expenditure budget.

Key variances against budget include:

- Within income, void performance continues to be strong with a year to date void rate of 1.83% compared to the budgeted rate of 2.88% and net rental income of £14,279k is reporting a favourable variance of £169k to budget at 29 February 2024. 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 £27k unfavourable to budget with higher spend in revenue repairs and maintenance, partially offset by the favourable bad debt position and lower running costs.
- Revenue repairs and maintenance spend is £382k higher than budget. The variance primarily relates to a higher than budgeted spend across responsive repair linked to higher demand for repairs (4.4% ytd increase in job numbers vs ytd 2022/23).
- Net capital expenditure is £8,175k lower than budget, mainly due to the Croy and East Lane site starts being delayed, Dargavel Ph3 not progressing and the full grant for Maddiston being claimed in 2022/23.

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 29 February 2024 is £2,285k favourable to budget, which is linked to higher new build 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 29 February 2024 is £918k favourable to budget driven by the reprofiling in the core investment programme.

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 29 February 2024.

13. Recommendations

13.1 The Board is requested to note the Finance Report for the period ended 29 February 2024 in Appendix 1.

LIST OF APPENDICES:

Appendix 1: Period 11 – 29 February 2024 Finance Report



Loretto
Housing

**Period to 29 February
2024**
Finance Report

W Wheatley
Group

1a. Operating Statement – Period to 29 February 2024

	Period To 29 Feb 2024			Full Year Budget £k
	Actual £k	Budget £k	Variance £k	
INCOME				
Rental Income	14,545	14,528	17	15,859
Void Losses	(266)	(418)	152	(456)
Net Rental Income	14,279	14,110	169	15,403
Grant Income	2,223	0	2,223	2,223
Other Grant Income	85	105	(20)	116
Other Income	90	96	(6)	876
Total Income	16,677	14,311	2,366	18,618
EXPENDITURE				
Employee Costs - Direct	1,245	1,267	22	1,382
Employee Costs - Group Services	791	807	16	881
ER / VR	29	29	0	210
Direct Running Costs	1,608	1,671	63	1,813
Running Costs - Group Services	425	430	5	469
Revenue Repairs and Maintenance	3,256	2,874	(382)	3,198
Bad debts	123	372	249	407
Depreciation	6,976	6,976	0	7,627
TOTAL EXPENDITURE	14,453	14,426	(27)	15,987
OPERATING SURPLUS / (DEFICIT)	2,224	(115)	2,339	2,631
Interest Payable	(3,421)	(3,367)	(54)	(3,779)
STATUTORY SURPLUS / (DEFICIT)	(1,197)	(3,482)	2,285	(1,148)

	Period To 29 Feb 2024			Full Year Budget £k
	Actual £k	Budget £k	Variance £k	
INVESTMENT				
Total Capital Investment Income	1,978	11,186	(9,208)	11,196
Investment Programme	1,552	2,408	856	2,514
New Build Programme	4,024	20,423	16,399	22,048
Other Capital Expenditure	259	387	128	422
TOTAL CAPITAL EXPENDITURE	5,835	23,218	17,383	24,984
NET CAPITAL EXPENDITURE	3,857	12,032	8,175	13,788

Income and Expenditure account – key points

Net operating surplus of £2,224k is £2,339k favourable to budget. Statutory deficit for the year is £1,197k and is £2,285k favourable to budget due to the recognition of Maddiston's new build grant income earlier than budgeted.

- Gross rental income of £14,545k is favourable to budget due to early completions at Maddiston. Void losses in the year to date are £152k favourable with a rate of 1.83% 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 grants which has been fully claimed.
- Other income is £6k 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 £22k 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 £16k favourable to budget.
- Total running costs are £68k favourable to budget. Direct running costs are £63k favourable to budget due to the timing of spend and savings in the YTD.
- Revenue repairs and maintenance is £382k unfavourable to budget with responsive repairs spend £412k higher than budget. Completed responsive repair jobs YTD are 4.4% higher than the same period last year, reflecting a continued increase in customer demand. An improvement plan has been put in place to monitor the drivers of repairs costs, improve efficiency and keep repairs spend within the forecast spend.
- Bad debts are £249k favourable to budget. A prudent approach was taken when setting the budget.
- Net Interest payable is £54k unfavourable to budget linked to a higher variable rate than assumed in the budget at this point in the year.

Net capital expenditure of £3,857k is £8,175k lower than budget.

- Capital investment income (grant) is £9,208k lower than budget mainly due to Croy and East Lane site starts being delayed and Dargavel Ph 3 not progressing, in addition to the full grant for Maddiston being claimed in 2022/23.
- New build spend is £16,399k lower than budget resulting from delays at Croy and East Lane, in addition to Dargavel Ph 3 not progressing.
- Investment programme expenditure of £1,522k 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 £259k relates to the Loretto contribution to Wheatley Group IT costs.

Underlying surplus – Period to 29 February 2024

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 February 2024, an underlying surplus of £2,004k has been generated using this measure which is £918k favourable to budget. The variance is primarily driven by the timing of investment programme spend. The full year budget reflects an underlying surplus of £1,742k.

Loretto Underlying Surplus/(Deficit) - February 2024				
	YTD Actual £k	YTD Budget £k	YTD Variance £k	FY Budget £k
Net operating surplus/(deficit)	2,224	(115)	2,339	2,631
add back:				
Depreciation	6,976	6,976	0	7,627
less:				
Grant income	(2,223)	0	(2,223)	(2,223)
Net interest payable	(3,421)	(3,367)	(54)	(3,779)
Total expenditure on Investment Programme	(1,552)	(2,408)	856	(2,514)
Underlying surplus	2,004	1,086	918	1,742

Operating Statement – February 2024

	Period February 2024		
	Actual £k	Budget £k	Variance £k
INCOME			
Rental Income	1,322	1,321	1
Void Losses	(27)	(38)	11
Net Rental Income	1,295	1,283	12
Grant Income	0	0	0
Other Grant Income	0	9	(9)
Other Income	9	8	1
Total Income	1,304	1,291	13
EXPENDITURE			
Employee Costs - Direct	117	116	(1)
Employee Costs - Group Services	72	73	1
ER / VR	0	0	0
Direct Running Costs	150	146	(4)
Running Costs - Group Services	38	39	1
Revenue Repairs and Maintenance	324	296	(28)
Bad debts	10	32	22
Depreciation	642	642	0
TOTAL EXPENDITURE	1,353	1,344	(9)
OPERATING SURPLUS / (DEFICIT)	(49)	(53)	4
Interest Payable	(330)	(325)	(5)
STATUTORY SURPLUS / (DEFICIT)	(379)	(378)	(1)

	Period February 2024		
	Actual £k	Budget £k	Variance £k
INVESTMENT			
Total Capital Investment Income	393	9	(384)
Investment Works	282	90	(192)
New Build	421	1,418	997
Other Capital Expenditure	44	35	(9)
TOTAL CAPITAL EXPENDITURE	747	1,543	796
NET CAPITAL EXPENDITURE	354	1,534	1,180

Income and Expenditure account – key points

Net operating deficit of £49k is £4k favourable to budget. Statutory deficit for the month is £379k, £1k unfavourable 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 £1k 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 £1k unfavourable variance to budget. Employees recharged from Group Services are for Loretto's share of Wheatley Solutions staff.
- Running costs (direct and group services) are £3k unfavourable to budget due to the timing of spend.
- Revenue repairs and maintenance expenditure is £28k favourable to budget reflecting the increase demand YTD.
- Bad debts are £22k favourable to budget reflecting YTD performance.
- Gross interest payable of £330k represents interest due on the loans due to Wheatley Funding Ltd 1.

The net capital position of £354k is £1,180k favourable to budget, linked to the timing of the Croy, East Lane and Dargavel Ph 3 new build projects.

2a. Repairs & Investment Programme – YTD February 2024

Repairs & Maintenance Expenditure	1 April 2023 - 29 February 2024			2023/24 Budget £k
	Actual £k	Budget £k	Variance £k	
Responsive Repairs	1,748	1,336	(412)	1,485
Cyclical (local)	40	73	33	87
Compliance Revenue	1,468	1,465	(3)	1,626
Total	3,256	2,874	(382)	3,198

Investment Programme	1 April 2023- 29 February 2024			2023/24 Budget £k
	Actual £k	Budget £k	Variance £k	
Investment Programme Grant Income				
Adaptations	85	105	(20)	116
Total	85	105	(20)	116
Investment Programme Expenditure				
Adaptations	129	105	(24)	116
Core programme	586	1,606	1,020	1,630
Capitalised repairs	312	333	21	370
Capitalised staff	262	113	(149)	123
Void repairs	263	251	(12)	275
Total	1,552	2,408	856	2,514

Repairs and maintenance

- Revenue repairs and maintenance spend of £3,256k is £382k unfavourable to the budget of £2,874k.
- Responsive repairs are £412k unfavourable to budget. There is an 4.4% increase in completed jobs YTD compared to the same period in 2022/23.
- Cyclical repairs report a favourable variance due to re-profiling of the programme.
- Overall compliance expenditure is £3k unfavourable to budget driven by higher compliance costs, partially offset by lower utility costs.
- An improvement plan has been put in place which identifies several mitigating actions to manage repairs spend within the forecast spend.

Investment Programme

- Investment Programme expenditure of £1,552k YTD is £856k 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 £1,020k lower than budget due to the reprofiling and timing of the programme.

2b. New Build Programme – Period to 29 Feb 2024

	*Status	Contractor	Year To Date			Full Year
			Actual	Budget	Variance	Budget
Main St, Maddiston	Complete	Miller Homes	878	1,877	999	1,928
East Lane	On site	JR Group	2,363	7,784	5,421	8,129
Dargavel Ph3	Not Progressing	Not Progressing	17	5,517	5,500	5,898
Duke St	On site	City Building	42	2,350	2,308	2,629
Constarry Road, Croy	Due on Site	Miller Homes	2	2,015	2,013	2,164
Crofthead	Not Progressing	Not Progressing	0	0	0	1
Barrhill	Feasibility	Cala West	0	0	0	3
Forfar Avenue	Due on Site	McTaggart	110	0	(110)	0
South Crosshill	Due on Site	BWD Trading	2	0	(2)	0
Bank Street	Approved	McTaggart	3	0	(3)	0
Prior year schemes	-	-	27	333	306	513
Total social Rent			3,444	19,876	16,432	21,265
Land Acquisition	-	-	0	0	0	100
Capitalised Insurance	-	-	9	0	(9)	0
Capitalised Interest	-	-	0	0	0	88
Capitalised Staff Costs	-	-	571	547	(24)	595
Total New Build Investment			4,024	20,423	16,399	22,048

Grant Income			1,893	11,081	(9,188)	11,080
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Net New Build Costs			2,131	9,342	7,211	10,968
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Grant Income Completions (Recognised in OPS)			2,223	0	2,223	2,223
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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 back in November 2023. Works are progressing well.

Dargavel Phase 3: 62 units social rent. This is now no longer progressing due to the contractor, Stewart Milne Homes, going into administration.

Duke Street: 19 units social rent. All surveys complete, awaiting a temporary works design to allow works to be completed safely.

Constarry Road, Croy: 15 units social rent. Project expected to start on site following the first Golden Brick payment during March 2024, site start was budgeted to start Q2 23/24. The project is being progressed with the original partner following delays.

Forfar Avenue: 30 units for Livingwell. Approval received in November 2023. Planning and Building Warrant applications submitted in 2023, consents are awaited. Anticipated site start of Q1 2024/25 following approvals.

Bank Street, Coatbridge: 17 units social rent. Approval received in February 2024 for the land acquisition and tender. Land acquisition and building contract expected end March 2024, with site start in Q1 24/25. Spend on acquisition expected by end March 2024.

South Crosshill Rd, Bishopbriggs: s75 project with Barratt Homes for 44 social rent units. Approval received in August 2023 and grant approval awarded February 2024. Grant is Allia funded and will be received fully upfront by mid-March. First Golden Brick payment expected mid-March. Second/Final Golden Brick report expected early April 2024.

Barrhill: s75 project with Cala (West) for 18 social units. Public consultations took place in 2023. Site start now expected 26/27. Aiming for Planning application to be submitted before end of March 2024.

Crofthead Rd, Bishopbriggs: Project will not go forward as developer partner has been unable to agree terms with the landowner, who is targeting another developer.

3. Balance Sheet

	29 February 2024 £k	31 March 2023 £k
Tangible Fixed Assets		
Housing Properties	143,812	144,956
Investment Properties	1,260	1,260
Other Assets	1,304	1,299
	<u>146,376</u>	<u>147,515</u>
Current Assets		
Rent and service charge arrears	768	597
less: Provision for rent arrears	(421)	(364)
Prepayments and accrued income	353	6
Intercompany balances	47	99
Other debtors	1,868	1,918
	<u>2,615</u>	<u>2,256</u>
Cash at Bank and in Hand	778	2,062
	<u>3,393</u>	<u>4,318</u>
Short Term Creditors		
Trade creditors	(132)	(53)
Accruals	(2,784)	(2,331)
Deferred income	(2,995)	(2,226)
Rent and service charges in advance	(1,198)	(1,060)
Intercompany balances	(4,091)	(3,360)
Other creditors	(598)	(535)
	<u>(11,798)</u>	<u>(9,565)</u>
Net Current Assets	(8,405)	(5,247)
Long Term Creditors		
Amounts due after one year	(80,425)	(82,425)
Deferred Income	(302)	(1,402)
Pension Liability	(1,758)	(1,758)
	<u>(82,485)</u>	<u>(85,585)</u>
Net Assets	<u>55,486</u>	<u>56,683</u>
Capital and Reserves		
Share Capital	-	-
Revenue Reserve - b/fwd	58,441	46,881
Current year surplus/(deficit)	(1,197)	11,560
Pension Reserves	(1,758)	(1,758)
	<u>55,486</u>	<u>56,683</u>
Association's Funds	<u>55,486</u>	<u>56,683</u>

Comments

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

- **Fixed Assets** - Expenditure is capitalised in accordance with our accounting policy.
- **Investment Properties** –Barclay Street Mid-Market Rent properties, leased to Lowther Homes.
- **Current Assets (excluding cash)**– Currents assets are £359k higher than the March 2023 position, due to prepayments and the timing of housing benefit receipts.
- **Cash at Bank** - The balance is in line with year-end.
- **Short Term Creditors** – Amount due within 1 year are £2,233k higher than the March 2023 position, mainly due to the timing of intercompany settlements and supplier invoicing.
- **Deferred grants** – This relates to the schemes currently on site. Upon completion of the properties this income will be released to the I&E as grant income.
- **Long-Term Creditors** - This includes £80.5m of loans due to Wheatley Funding No 1 Ltd, excluding deferred loan fees.

Report

To: Loretto Housing

By: Laurie Carberry - Director of Procurement

Approved by: Anthony Allison - Group Director of Governance and Business Solution

Subject: Group Procurement - Annual Strategy and policy updates

Date of Meeting: 18 March 2024

1. Purpose

- 1.1 This report presents the annual updates to the Procurement Strategy, Procurement Policy, Group Sustainable Procurement Policy and Group Community Benefits Statement for review, prior to publication.
- 1.2 This report also details our Procurement-specific updates and performance information from 2022-2023.

2. Authorising and strategic context

- 2.1 Under its Terms of Reference, set out in the Group Standing Orders, the Wheatley Solutions Board has delegated authority to approve the Group procurement strategy and policy. Our procurement strategy and policy are a lever to support us in achieving strategic objectives within our strategy, such as sustainability, creating job and training opportunities more widely maximising value for money.

3. Background

- 3.1 As a Contracting Authority, we must comply with legislative requirements for procurement and contracting arrangements. Our overall compliance in 2023 for contracted spend is 99.83%. This is a significant improvement on last year's reported figure of 90.56%, against the target of 99%. The Group has an overall compliance of contracted spend of 98.08%.
- 3.2 The Group's external expenditure in 2022-2023 was £294.3m of which 67% (£196.8m) was on capital and 33% (£97.5m) on revenue. The Group's new build housing programme and investment in existing homes contribute to the capital spending.

3.3 Examples of Group procurement activity delivered during 2023 included:

- £2.4m Unified Communications Services – Customer First Centre
- £5.3m Void Maintenance and Repairs Works for Lowther Homes
- £3.1m Job Management System for WHS and WHE
- £95m New Build Homes – Mini Comp and direct award
- £950k Group-wide Grounds Maintenance Equipment
- Default energy supplier for void properties
- £5.4m Group-wide corporate cleaning contract
- £13m Group-wide Demolition tenders

3.4 During 2023, we have spent £18.5m making the most of the Group contracted suppliers to support the delivery of the new build homes and delivering further investment works. This contracted spend has the highest level of compliance across the Group at 99.83%.

3.5 Work is underway to appoint McTaggart Construction Ltd, the first to benefit from the Generation 3 New Build Framework, to deliver 30 new homes at Forfar Avenue during 2024.

4. Discussion

4.1 The Group Procurement Strategy 2024 is a legislative reporting requirement for all large Scottish contracting authorities. As a minimum, the strategy must include the following elements:

- 12-month retrospective review of contracts awarded
- 24-month forward plan of future contract opportunities
- Community Benefit Delivery
- Proposed Sustainability requirements
- Embedded compliance with legislation

4.2 The procurement strategy has an important role in enabling and supporting the delivery of key objectives within the Group 2021-26 Strategy *Your Home, Your Community, Your Future*. The procurement for new build homes and the inclusion of community benefits within contracts all support the delivery of strategic goals.

4.3 The 2024 Strategy, updated in track change from the previous version, is attached in Appendix 1. We have also updated the: Procurement Policy 2024 (Appendix 2), Group Sustainability Procurement Statement 2024 (Appendix 3), and Community Benefits Statement (Appendix 4) in compliance with statutory requirements.

4.4 The strategy is the roadmap towards achieving organisational objectives and meeting the Scottish Government's commitments to efficient and effective procurement, whilst reflecting legislative changes to procurement commercial thresholds; further detail now ensures Fair Work practices for our contracted supply chains ensuring that our approach is in line with Scottish Government procurement legislation and best practice.

- 4.5 To support us in achieving standardised procurement practices and procedures, the Policy, Sustainability Statement & Community Benefit Statement are developed to deliver the overall Procurement Strategy. To ensure these documents remain fit for purpose they are required to be reviewed on an annual basis.
- 4.6 There has been limited change across the suite of procurement documents this year. This is in keeping with us having a clear longer-term view on procurement that we would expect to refine rather than renew each year. The UK Government is currently reviewing the UK Procurement Legislation, which is an impact of post-Brexit trade agreements. We would anticipate a large-scale review and reform over the coming year as the focus moves to a more consistent approach to procurement regulations across the different nations within the United Kingdom.

Procurement Strategy

- 4.7 The updated strategy incorporates, changes to tender commercial thresholds. From 1 January 2024 for all Works the threshold is £5,372,609, this was previously £5,336,937; for Goods and Services the threshold is now £214,904, previously £213,477; and the 'Light Touch Regime' Services threshold unchanged remains at £663,540. For clarity, all threshold values are exclusive of VAT.
- 4.8 The strategy pipeline has also been updated to reflect the recently procured contracts in the last 12 months and the upcoming procurements for the next 24-month period. A key role of the strategy is leveraging our scale and purchasing power to effect change in our supply chain. For the current strategy, we have enhanced the focus on Equity, Diversity and Inclusion ("EDI") and cyber security. Additionally, Environmental, Social, and Governance are a more prominent feature in our strategy and are identified as an increasingly important element of our decision-making. This is reinforced by the Sustainable Procurement Statement.

Procurement Policy

- 4.9 Last year, we strengthened the procurement approach in terms of EDI by introducing a 'desirable' for suppliers to have an EDI policy signalling our commitment to this. The updated Procurement policy includes an update to the EDI content, reflective of our enhanced approach. The policy also reflects the increased legislative tendering thresholds. We have further strengthened the procurement approach to our Ethical, Social and Environmental responsibilities, ensuring that our tendering approach is further defined to ensure the best outcomes for our communities.

Group Sustainable Procurement Statement

- 4.10 The updated Group Sustainable Procurement Statement now provides further detail on the corporate carbon footprint which has been adjusted to take cognizance of work already delivered and reported via Planet Mark, as well as the inclusion of the outcomes from the Group Sustainability Framework delivery action plan.

- 4.11 This year, an electric van trial will commence. This will comprise approximately 20 small vans, increasing throughout the year to include larger vans and housing officer pool cars. A Fleet Decarbonisation Delivery Group will be set up to run in conjunction with the trial. We are also exploring options for reducing emissions associated with the grey fleet by looking into the potential of a salary sacrifice car scheme to provide a lower-cost solution, enabling employees to convert to electric vehicles.
- 4.12 The Group's wider long-term sustainability targets include: becoming carbon neutral across our corporate estate; and eliminating fuel poverty and reducing carbon emissions from our homes by at least 4000 tonnes per year. Procurement will take an active role in supporting these ambitions through sustainable sourcing of goods services and materials, as well as ensuring our supply chains also work towards these targets. It will be ensured that consideration of social, ethical, environmental, and economic impacts is present in each procurement activity. With the use of the Contract Management System (CMS), suppliers will be asked to record their CO2 emissions which will be measured, monitored, and recorded ensuring that reductions of emissions are captured.
- 4.13 Through collaboration across the Group we shall continue to seek to reduce, where possible, the use of single-use plastics, pesticides and chemicals that may cause harm to the environment, as part of all procurement activity. The commitment to zero waste going to landfills will also be a key contracting consideration.

Community Benefits Statement

- 4.14 The formation of this statement reflects Scottish Government Guidance, legislation and the need for requirements to be proportionate. This is in line with Scottish Procurement Legislation and Regulations.
- 4.15 Procurement has an important role in the delivery of Community Benefits. Where possible, there is a focus on maximising jobs and training places and supporting local community activity.
- 4.16 We seek to lever the delivery of new jobs, apprenticeships, training opportunities and supply chain development activities for the community. We monitor compliance of construction-related contracts and the obligation of the Contractor therein in relation to Community Benefits.
- 4.17 We support our EDI aims by using customer equality data and Wheatley Foundation equality data to inform our Community Benefits approach through analysis of our employability programmes as reported to this Board.
- 4.18 We have seen positive outcomes in the last year here for example, as part of the Community Benefit approach we met with legal services provider Shepherd and Wedderburn (S&W) to exchange good practice working in terms of EDI. This resulted in representatives from S&W's employee equality groups attending one of our Different Together Communities of Excellence to share their successes and barriers faced within their organisation with our staff.

- 4.19 Following this, the Foundation also supported S&W to identify a pupil from one of our community schools to take part in the PRIME work experience programme for S5/6 children. The pupil received excellent feedback from S&W. S & W then visited a school to speak to all the pupils that had applied for PRIME work experience through the Foundation but were placed on a waitlist (around 25 pupils). These pupils are still on the waitlist and will be invited to the next available PRIME work experience around April time.

Contract Management System (CMS)

- 4.20 We have continued the implementation of our CMS to digitise our contracts and assist Contract Owners with their contract management responsibilities. All Contract Owners have received login details to the CMS and have access to administer, monitor and manage their suppliers/contracts. A contract management mandatory online training course has also been rolled out for contract owners. All supplier changes (bank details, addresses) and additions are now undertaken via the CMS and are subject to the two-part authentication.
- 4.21 Wider business intelligence is being gained from our supply chain through sending Requests for Information (“RFIs”) regarding their compliance on matters such as Health and Safety, Equality, Diversity and Inclusion and adherence to Group policies such as No PO, No Pay. Further RFIs will be issued on Sustainability and Cyber Security in the coming months.

Challenges for Procurement 2024 - Market Conditions

- 4.22 As we entered 2023/24 inflationary pressures continued to have a significant impact on the business and our customers and the economic outlook in the UK remains under pressure. Inflation has proven 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 been on a slow downward reduction from its peak of 11.1% in 2022. 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.
- 4.23 Increases in the cost of fuel, utilities, insurance and repairs and maintenance costs have had a 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. An update on our key supply chains is provided below.

New Build - Developers

- 4.24 With the adverse impact on the market of Stuart Milne and Merchant Homes's recent administrations, the new build homes supply chain has been financially impacted. There is a concern that others will follow due to the knock-on effect. Contractors are therefore cautious about whom they are contracting with, to minimise risk. Subcontractors who historically worked with the private sector are now keen to work with affordable housing clients, as they are seeking continuity and guaranteed payment.

New Build - Material Price Increases

- 4.25 Contractors have now seen their supply chain increase their material supply quotes by up to 10%. Generally, materials availability appears to be consistent. However, it is advised to avoid materials from the Far East and to seek alternatives instead due to the uncertainty of the conflict developing in the Red Sea.

New Build - Labour/Trades

- 4.26 There are currently no issues regarding procuring labour and trades; rates have remained steady over the last two quarters, and availability has stabilised. Site Managers and site staff are reported to be a stable market. Professional Services (technical consultants) appear to be in demand, particularly Quantity Surveyors, who can command their price.

Group Fleet

- 4.27 The rollout of the new fleet has encountered challenges. The war in Ukraine and the disruption to shipping lanes have resulted in a hold-up of delivery from the manufacturer which has resulted in a delay to April 2024 for all our new diesel vehicles that were purchased in 2022. We also continue to work to mitigate any impact on our decarbonisation commitment.
- 4.28 Supply chain issues for spares/parts are anticipated to improve during 2024 which, in turn, should ease some of the inflationary pressure on these items. It is hoped that this will slow the rate at which spares are increasing in price.

5. Customer Engagement

- 5.1 Each procurement exercise will take into consideration customer engagement. Customer consultation will be carried out when applicable. Community Benefit delivery aspirations also involve key customer engagement activities.
- 5.2 The use of the new CMS system will ensure we are driving all the additional value and community benefit offerings from Group contracts, ensuring the best possible outcomes for our customers.

6. Environmental and sustainability implications

- 6.1 We aim to be carbon neutral in our corporate activities by 2026. Scotland has set a target to phase out the sale of new fossil fuel vehicles by 2032. To ensure delivery of these requirements we have a dedicated fleet team to oversee the transition of the Group fleet to carbon neutral by 2026.
- 6.2 Sustainability outcomes will continuously be measured against Group targets and Procurement will take an active role in supporting these ambitions through sustainable sourcing of goods services, materials and supply chains.

7. Digital transformation alignment

- 7.1 The Contract Management System (CMS) allows for the integrated use of IT systems and acts as a central repository for all contracts replacing an Excel spreadsheet-based contracts register. This gives rise to significant time savings as well as making contract management and performance analysis more effective.

8. Financial and value-for-money implications

- 8.1 The objectives of the group are being achieved by leveraging the Group's size and scale to ensure the delivery of greater value for money.
- 8.2 Effective procurement is a key approach to meet the Group business plan, sustainability targets, and identified savings targets.

9. Legal, regulatory and charitable implications

- 9.1 By publishing the Group Procurement Strategy, we are meeting our legal obligation and adhering to government requirements. All procurement within the Group adheres to legislative procurement requirements.

10. Risk Appetite and Assessment

- 10.1 Our agreed risk appetite relating to laws and regulations is "**Averse**". This level of risk tolerance is defined, as "Avoidance of risk and uncertainty is a key organisational objective".
- 10.2 The key procurement strategic risk (SSR15) for the Group is Non-Compliance with current Scottish Procurement Legislation/Regulations relating to procurement and award of contracts. To mitigate any risks to the Group the following measures are embedded:
- Compliance with Group standing orders
 - Annually reviewed Group procurement policy
 - Visibility of our Contract Register
 - Mandatory training for all staff authorised to procure 'Passport to Procure' eLearning tool
 - Procurement plans for above-threshold procurements
 - Procurement team with specialist knowledge/training Support from legal advice as required.
- 10.3 The Procurement Policy 2024 and the updated Procurement Strategy 2024, proposed Sustainable Procurement Policy 2024 and updated Community Benefits Statement 2024 help us mitigate the risks of non-compliance with regulation and legislation.

11. Equalities Impact

- 11.1 Through its procurement approach, relationships with Group-wide and local suppliers, and awareness of equalities legislation, the Procurement Team promotes equality across all areas of procurement business.
- 11.2 Updates made to our Procurement Policy and Community Benefits approach support our EDI aims as a Group, contained within our Group EDI Action Plan as approved in November 2022 by the Solutions Board. This supports the implementation of our Group EDI and Human Rights policy.
- 11.3 Our procurement strategy outlines how we will work to ensure our procurement process is inclusive for example through Equal Treatment, Non-Discrimination, Transparency and Proportionality; Prevention of Modern Slavery; Fair and Ethical trading; the Living Wage; and Supporting SMEs and social enterprises.

12. Key issues and conclusions

- 12.1 We must comply with legislative requirements for procurement and contracting arrangements due to the classification of Contracting Authority.
- 12.2 The updates to the suite of procurement documents presented and the following publication on our website are part of our approach to achieving compliance.

13. Recommendations

- 13.1 The Board is asked to note the following documents:
 - 1) Group Procurement Strategy (2024 – 2026);
 - 2) Group Procurement Policy 2024;
 - 3) Group Sustainability Procurement Statement 2024; and
 - 4) Group Community Benefits Statement 2024.

LIST OF APPENDICES:

- Appendix 1 – [redacted] available [here](#)
- Appendix 2 – [redacted] available [here](#)
- Appendix 3 – [redacted] available [here](#)
- Appendix 4 – [redacted] available [here](#)