

**THE WEST LOTHIAN HOUSING PARTNERSHIP LIMITED**

**BOARD MEETING**

**Wednesday 12 August 2020 at 2.00pm  
BY VIDEOCONFERENCE**

**AGENDA**

1. Apologies for Absence
2. Declarations of interest
3. Minute of Meeting held on 9 July 2020 and matters arising
4. Fraser of Allander Institute – Covid 19 economic impact (Presentation)
5. Mobilisation of Services update
6. Homelessness update (Presentation only)
7. Customer satisfaction surveys 2020/21
8. Development update
9. a) 2019/20 Financial Statements  
b) Annual Internal Audit Report and Assurance Statement 2019/20
10. Finance Report
11. 2020 SHR Five Year Financial Projections
12. Governance update
13. AOCB

## Report

**To:** West Lothian Housing Partnership Board

**By:** Lynsey Fotheringham, Acting Head of Housing

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

**Subject:** Mobilisation of services

**Date of Meeting:** 12 August 2020

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### 1. Purpose

- 1.1 This report provides an update on planned staged approach to the remobilisation of business operations over the coming months, including the methodology for transitioning between stages and the fit with phases of the Scottish Government's publication, '*Scotland's route map through and out of crisis*'.

### 2. Authorising context

- 2.1. The Group CEO has responsibility for business operations across the Group. The Covid-19 situation has had a significant effect on these operations and has impacted on the delivery of the Group strategy. The Board's understanding is therefore sought to the principles of our approach for how we might continue to develop our services over the coming months, subject to the rate at which Scotland moves through the phases of Scottish Government's route map.

### 3. Risk appetite and assessment

- 3.1. The Board's risk appetite relating to laws and regulations is "averse"; defined as avoidance of risk and uncertainty is a key organisational objective. The Group strategic risk register identifies the particular risk associated with non-compliance with health and safety requirements.
- 3.2. Our priority in the coming months will continue to be protecting the health and safety of our customers, our staff and the other people they come into contact with. The approach in this paper builds on those noted by the Board at previous meetings in May and July 2020 now that we have moved from lockdown to phase 3 of the Scottish Government route map.

### 4. Background

- 4.1. The Board noted the framework for start-up and renewal of activity at its meeting on 27 May 2020 with a further update at the meeting on 8 July. This framework highlighted that since lockdown in mid-March, we had been running a significantly altered operating model, with many staff working from home or furloughed. The framework also set out a scenario, which has now become reality, where the rate of Covid-19 infection – the R rate - decreased sufficiently to allow easing of restriction of movement to some extent.

- 4.2. Under this scenario plans were set out for how key services might be reintroduced. Many of these remobilisation plans have been, or are in the process of being, implemented.
- 4.3. The Scottish Government has provided information on the criteria that will determine when lockdown is eased, the phases this will follow and what it will mean for business and service operations. This information is contained in '*Scotland's route map through and out of crisis*' which was originally published on 21 May 2020. This route map is built around four phases with phase 3 being enacted on 15 July 2020. Aspects of the Scottish Government framework with the greatest impact on our business and service mobilisation are provided at Appendix 1. The aspects covered are:
- **Criteria/condition** which shows that R rate is the primary driver for movement between phases and needs to be below one and getting lower in order for restriction to be eased.
  - **Protection** which shows that physical distancing, hand-washing, hygiene measures, cough etiquette, and wearing of face masks in public spaces will all be required through all phases including into phase 4 where the virus is under control.
  - **Business** which shows that remote and flexible working where possible will continue throughout and that some non-essential indoor workplace can reopen – with suitable physical and hygiene measures from phase 2 – with more including call centres permitted in phase 3 although this aspect is still on hold. Construction sites were able to restart in phase 2.
  - **Getting around** which indicates that until phase 4, travel demand should be managed through staggered start times as there will be reduced capacity.
  - **Schools and childcare** which indicates that schools will reopen from 11 August. This date was confirmed by the First Minister on 30 July.
  - **Public and community services** which will resume gradually through the phases with re-establishment of justice system processes at phase 3 but normal operations not back until phase 4.
- 4.4 Key to our remobilisation plans has been the cross subsidiary working with our colleagues in Dunedin Canmore. We have combined staff to create a team of officers carrying out essential visits across our stock including welfare, arrears and gas safety. The officers are predominantly carrying out visits in the areas in which they live, reducing travel and maximising available visit time. West Lothian stock is covered by two officers. The visiting team is supported by colleagues who are continuing to work from home.

## 5. Discussion

- 5.1. Our planning assumptions for how lockdown would ease have been consistent so far with the Scottish Government's position and route map. The May report to the Board set out an anticipated service model for the June to September time period, while progress through the Scottish Government route map is determined by the extent to which Covid-19 is contained. We therefore anticipate that our own service model stages may straddle multiple phases of the Scottish Government route map phases; i.e. we do not anticipate having four different service models over the remainder of 2020.

- 5.2. The Scottish Government has confirmed that sufficient progress has taken place to move to its phase 3, which took place on 15 July.
- 5.3. Reflecting this, and the results of planning and service development since the Board's last update, our approach to service mobilisation has been refined further. We have developed specific mobilisation plans for core service areas and these are being updated at the end of July. Each mobilisation plan contains details of:
- Each stage of the remobilisation eg June-Sept, Oct-Dec and January onwards
  - The activities within each stage
  - The evaluation date for each stage
  - How we will communicate the details of each stage and transitions with customers
  - Personal Protective Equipment requirements
- 5.4. These plans will continue to be refined, and will be adapted depending on the actual rate at which progress is made through the phases of the Scottish Government route map. Highlights from our planned remobilisation, mapped approximately to the first three phases in the Scottish Government route map are shown below.

	SG Phase1	SG Phase 2	SG Phase 3
<b>Letting</b>	Via Local Authorities for homelessness	Homeless accommodation / Housing First	Matched highest need customer
<b>Income maximisation</b>	Home working	Visiting Teams	Face to face teams and rent campaign
<b>Fire safety</b>	Vulnerable customers and ongoing incident management	Fire Risk Assessments	Household visits
<b>ASB</b>	Central team – advice, guidance and phone and limited face to face	Central team – investigate – phone and increased face to face	Central team - visits
<b>Environmental</b>	MSF focus	Grass cutting	Stair cleaning
<b>Eatwell</b>	Customers in difficulty	Tapering-off	Most vulnerable customers
<b>Repairs</b>	Life and Limb	Safety First	
<b>Investment</b>	Suspended	Test projects	External
<b>Commercial</b>	Letting and services suspended	Letting – high demand Internal repairs	Further service mobilisation in line with group approach
<b>New Build</b>	Site-prep	Restart	
<b>Care</b>	Core service - telephone support and home working	Limited face to face and office redesign	Increased face to face and phased office working return
<b>Others</b>	Back office working from home	Back office- no change	

5.5. As advised at the Board meeting on 8 July, in order to transition through the stages in our remobilisation plans in a structured way we have developed an **evaluation methodology**. This will be applied at the end of each stage before transitioning to the next stage. A copy of the evaluation methodology is attached at Appendix 2. No service will move between stages without all elements of the evaluation being agreed by the relevant parties.

5.6. In this report we adopt the following terminology:

**Service Stage 1** – the period between the service model moving from a lockdown-based model into its next stage and approximately the end of September. The transition dates to Stage 2 for each service will be subject to detailed review and this timeline is therefore indicative at this stage. This broadly corresponds to Scottish Government phase 3.

**Service Stage 2** – anticipated to be the period from September/October until at least December, covering phase 4

5.7. We will update this at the next Board meeting in October, taking account of progress nationally and the impacts on our services, including our anticipated proposals to return to full service models in each area.

## **Housing and Environmental**

### Letting and void management

5.8. We have moved forward with Service Stage 1 as outlined below:

#### *Service Stage 1:*

- Reintroduction of direct letting, with a new protocol for accompanied physical viewings involving social distancing, PPE (gloves/masks) and post-viewing cleaning routines
- Delivering on our commitment to provide homes for use as temporary accommodation
- Continue to progress discussions on our support of the Housing First programme
- Work with West Lothian Council to match highest need customers, including bed blocking, homeless households and customers with care needs to properties
- Continue to work on voids where resources and availability of parts allow
- Performance Management information to monitor progress

#### *Service Stage 2:*

- Continue a letting service focused on highest need customers
- Void works completed on longer-term voids & backlog cleared

5.9. In July we reported the expected handover of our final 8 new build properties in Barracks View, Whitburn. On the day of handover, a customer advised that due to a change in circumstances he was unable to sign-up for a property. We made contact with our partners in West Lothian Council to request a further nomination and, as a result of the excellent working relationship we enjoy, they were able to provide us with a suitable applicant almost immediately.

- 5.10. The customer moved in the next day, resulting in minimal void rent loss of 1 day. In addition to the new build allocations we have re-housed 2 homeless customers and provided 5 properties to West Lothian Council to use as temporary accommodation. A further 5 sign-ups were carried out in conclusion of our pre-allocation work prior to lockdown.
- 5.11. Officers have embraced the technology available in order to facilitate comprehensive allocation processes which maintain both safety and standards of service. Pre-allocation visits normally completed in person are conducted via video call and tenancy agreements are explained fully on the phone in preparation for socially distanced handovers. Officers have been innovative in finding alternative ways to ensure that the customer experience isn't compromised with the reduction in face to face contact.

### Income

- 5.12. Maximising and protecting our income will remain a key focus as we progress through the Scottish Government route map out of crisis. We are continuing our successful remote working rent and income collection approaches which now incorporate door step visits from Housing Officers for customers who are not engaging with us by phone or email. In more detail, our approach includes:

#### *Service Stage 1:*

- Patch Housing Officer continues to work remotely via phone, e-mail and text
- Housing Officer face to face teams in place – for issuing letters and carrying out essential visits
- A new suite of letters more aligned with our successful “talk to us” campaign which has been running in recent weeks and will continue to do so
- Continue with referrals to Group Debt Recovery Team
- Review all arrangements/Expected Payment Plans- shifting customers to Direct Debit or Alternative Payment Arrangements if required
- Introduce escalated telephone/video appointments with specialist welfare benefits team as required
- Review all non-engagement cases
- Focus on contacting customers who are furloughed and at risk of unemployment as this comes to an end
- Introduce Webchat for income & SMART rules for automating contacts

#### *Service Stage 2:*

- Review and reset all escalation currently within the system
- Introduce new rent demand letters
- Preparing cases for Court resuming
- Updated/refreshed rent campaign which may encompass the Christmas period
- Introduce secure messaging via customer self-service accounts – including arrears letters

- 5.13. In the second period of reporting since the transfer of Barony properties our rent arrears are 3.06%. This is a reduction from 3.22% and is reflective of the income received in respect of Universal Credit claimants. We now only have a small % of customers on furlough with some having returned to their post and others, who've been made redundant, securing alternative employment. Officers are continuing to use the wealth of wraparound services available to support customers during this time.

- 5.14. They are also using their knowledge of customers and their circumstances to best advise them through the transition. One furloughed customer asked for her Direct Debit to be reduced in April as she was unsure what her income was going to be. This was agreed with the Housing Officer and whilst her account did spend a period in arrears it is now back up to date and in credit. Housing Officers will continue to have bespoke conversations with customers agreeing arrangements, making appropriate referrals and ultimately planning with the customer how they will become free of housing debt.
- 5.15. Emergency legislation was enacted in April as part of the Coronavirus (Scotland) Act 2020 which extended the notice period required to be given to tenants before a landlord can apply for an eviction order due to rent arrears until end of September 2020. The Homelessness and Rough Sleeping Action Group (HARSAG) have recently produced a report which recommended that this is further extended until 31 March 2021. We are awaiting the decision from Scottish Government on this, but clearly there will be a potential negative impact on rent arrears if this is extended.

#### Fire safety

- 5.16. As lockdown begins to ease, contact around fire safety has increased across Group:

##### *Service Stage 1:*

- Fire Safety Officers (“FSOs”) have returned to CIP Fire Safety Team
- Housing Officers continue to assess customers who may fit into SFRS ‘Very High Risk’ criteria. At present, WLHP does not have anyone in that category.
- FSOs are able to conduct telephone consultations with any customers identified to be Very High Risk and can deliver bespoke fire safety/prevention products as necessary.

##### *Service Stage 2:*

- FSOs will carry out vulnerable household visits (PPE/Social distancing if required)

#### Anti-social behaviour (“ASB”)

- 5.17. Across Group it is recognised that responding to ASB is a priority for customers and working alongside our colleagues in Wheatley 360 we are seeking to respond to this in the remobilisation plan. The key stages put in place are:

##### *Service Stage 1:*

- Highest priority cases (known as “CAT A”) investigations prioritised and investigated by Group’s specialist ASB team
- CAT B investigations led by Housing Officers to allow specialist ASB team to prioritise most serious cases
- Patch and field Housing Officers will investigate all Cat B ASB to a resolution (telephone investigations – visits by exception)
- CIP Police Intelligence Team available to assist with all ASB investigations

### *Service Stage 2:*

- Teams will be able to visit witnesses and perpetrators in person whilst adhering to social distancing guidelines
- Incremental return of CIP Police Team – subject to Police Scotland permitting this

- 5.18. More detail on our approach to anti-social behaviour and up-to-date performance information is provided at a separate item on this agenda.

### Environmental maintenance services

- 5.19. With increased easing of restrictions, we have been able to restart aspects of our environmental work such as grass cutting. All our properties have now had an initial cut and the NETs team are working through the second cuts across the area. Our approach to our environmental service involves:

#### *Service Stage 1:*

- Grass cutting & gardening services have commenced as well as arborist work.
- Repairs staff have taken on the role that Environmental staff had in supporting EatWell & Emergency Fund requests
- Stair cleaning will be progressively reintroduced

#### *Service Stage 2:*

- Stair Cleaning fully resumed

### EatWell

- 5.20. Our focus for EatWell will be on striking an appropriate balance between making sure we support our customers when they are most vulnerable, and transitioning the EatWell service to its primary focus on our most vulnerable customers.

- 5.21. The Group received £350k from the Scottish Government in recognition of the critical role we have in our communities.

- 5.22. *Service Stage 1:*

- We are continuing to receive referrals and deliver food parcels for those in need across our housing areas.
- We have introduced a supermarket voucher for new referrals (approx. £30 for single person) and we are now starting to see a reduction in the requirement for food parcel delivery as a result. Around 200 parcels have been distributed across WLHP since lockdown with £340 of supermarket vouchers having been issued since their introduction in July.

#### *Service Stage 2:*

- Revise/update criteria for ensuring we continue to target those in greatest need
- Review the impact of the changes above including the impact on staff resources on food voucher option
- Reduce staff levels as repairs staff move back to normal duties
- Continue to support referrals (at a significantly reduced level) across Group
- Formalise discussions with Fareshare on future 'community partner' status across Group

## Repairs, investment and compliance

### Repairs

- 5.23. In line with the easing of lockdown we have reassessed our repairs service which was operating on a 'life and limb' service. The restrictions still in place as part of phase 3 of the route map for easing lockdown mean that a full service still cannot be resumed.

#### *Service Stage 1*

- 5.24. We have introduced the Safety First Repairs service from the start of July. The table below sets out what is covered by this service:

<b>Safety first repairs</b>
<b>Definition of service</b>
<ul style="list-style-type: none"><li>▪ Serious damage to property</li><li>▪ Property is left Insecure</li><li>▪ Customer vulnerability</li><li>▪ Significant inconvenience</li><li>▪ Potential damage to property</li><li>▪ Persistent leaks</li><li>▪ All Fire Safety identified repairs are carried out</li></ul>
<b>Examples of Safety First service</b>
<ul style="list-style-type: none"><li>▪ Dangerous electrics</li><li>▪ No Power</li><li>▪ No cooking facilities</li><li>▪ No heating</li><li>▪ Dangerous ceiling</li><li>▪ Rain/water penetration</li><li>▪ Burst water supply pipes causing flooding</li><li>▪ Renew items e.g. shower (subject to availability) for vulnerable customers</li><li>▪ Persistent leaks - identify source &amp; prevent leak</li><li>▪ Choked W.C bowls</li><li>▪ Renew WC Bowls</li><li>▪ Leaks at W.C bowl or soil pipe</li><li>▪ Clear choked drains</li><li>▪ CCTV Survey of drains</li><li>▪ Secure front doors/windows</li><li>▪ Renew front doors/windows (subject to availability)</li><li>▪ Gain access where no keys available</li><li>▪ Renew Controlled entry handset</li><li>▪ Customer has alternative cooking facilities but not ideal longer term</li><li>▪ Temporary heating been in place greater than 7 Days</li></ul>

### *Service Stage 2:*

- Full repairs service reintroduced

In stage 2 we will resume a full repairs service. A key element of the remobilisation plan is planning to mitigate the risk of a significant spike in demand from the resumption of a full service. This will be addressed in part by completing a large number of the more urgent backlog repairs during the Stage 1 period.

- 5.25. Our latest figures show our average time taken to complete non-emergency repairs is 3.79 working days and we have been responding to emergency repairs in 1.55 hours. The amount of reactive jobs attended to in June is equal to that completed in the same period last year however it is worth noting that this reflects the increase in stock numbers following the transfer from Barony.

### Investment and compliance work in existing homes

#### *Service Stage 1:*

- 5.26. Our focus during the next phases of the Scottish Government's route map is on continuing the work put in to see expired CP12's kept to a minimum. This has been achieved through the high intensity contact from our gas team, refreshed customer communications, doorstep contact from Housing Officers and where the customer is not engaging, reinstating our forced entry procedure. Going forward we will look to embed the high intensity outbound calling as part of our business as usual gas process, given its success to date in reducing no-accesses.
- 5.27. Our contact with customers to facilitate their gas service remains very successful with only one outstanding gas service to report. This is scheduled for completion next week.

#### *Service Stage 2:*

- 5.28. We intend restarting external investment works and cyclical maintenance from late September, assuming progress continues through the phases of easing lockdown. In advance of this, we have restarted some projects that were put on hold at lockdown, to build experience in ensuring necessary safe-working practices and to provide customers with confidence on our approach and continued commitment in this area. At this stage, non-essential internal capital investment works (eg new kitchens where these are being replaced on a life-cycle programme basis) are not anticipated to take place until the new calendar year.
- 5.29. We plan to survey customers who are due to have any internal works done prior to the end of the financial year, to assess their views on having tradespeople in their homes and identify any concerns arising. In doing so, we will explain the measures we will take to mitigate health and safety risks, such as how we will operate social distancing principles and the PPE that will be used. We anticipate repeating this survey exercise around December/January in respect of customers scheduled to have internal investment/compliance work done in 2021/22.

- 5.30. We are making plans for the commencement of the LD2 programme which we hope to have completed within the new Government deadline of the end of May.
- 5.31. Our compliance programme now reflects the new components to be attended to with the introduction of the former Barony stock. Due to the nature of the works this is on-going and mirrors the previous arrangements under Barony.

### **New build development**

- 5.32. We have resumed activity on our sites and during July we let 8 new build properties at Barracks View, Whitburn, using our protocols for socially distanced sign-ups. We are actively engaging with our developers on an ongoing basis to understand the implications of the new environment for our development programme.

### **Care**

- 5.33. Further to the transfer of Barony and the introduction of supported tenancies within our stock our relationship with Wheatley Care has strengthened beyond the provision of the Tenancy Support Service it provided to our customers. In the main, most building based care, e.g. at our developments including Mill Court and Buttries View, has continued to be delivered face to face where possible.
- 5.34. Wheatley Care's planning for the remobilisation of their care services is based on undertaking an assessment on a service by service basis. Whilst each remobilisation will take into account the assessment of individual services the overarching priorities will be:

#### *Service stage 1*

- staff continuing to work from home where appropriate telephone support can be provided
- reviewing and revising all associated operational policies and procedures including health and safety arrangements such as increasing PPE supply, and use of public transport
- designing offices to ensure that they support social distancing and infection control requirements

#### *Service stage 2*

- increased face to face contact with customers
- reintroduction of the use of some common spaces

### **Back-office support services and governance**

- 5.35. Our back-office support services will continue to be delivered through home working as present. Similarly, our governance approach will remain unchanged through Service Stage 1 to the end of September with virtual board meetings, reduced agendas and reduced board member numbers dialling in to allow easier management of conference calls/video calls. We will consider the potential for the October Board meeting to be face-to-face, subject to this being permitted by Scottish Government guidance.

## **Personal Protective Equipment (“PPE”)**

- 5.36. The service transitions above will require an increasing use of PPE. At present, we have sufficient supplies across WLHP for the next 12-week period based on the anticipated Stage 1 service models of all remobilisation plans and we have robust supply lines. The confirmed availability is also a key element of the evaluation criteria for any service remobilisation progressing to Service Stage 2.
- 5.37. We have also made progress recently through the Scottish Government and we can now access additional supplies through an arrangement it has put in place with Lyreco. Group Procurement have tested this arrangement and it worked well with next day delivery. In addition, as a contingency, we have placed orders so as we will have a further 25% stock beyond what we expect to need. The stock will be held as ‘emergency supplies’ in Dunedin Canmore’s Bilston depot.

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

- 6.1. The plans set out in this report will be kept under review and flexed as necessary depending on progress in the Scottish Government route-map. They will also be informed by the experience we gain from operating our interim service models. Prior to progressing to the next Stage, a detailed assessment and evaluation will take place in accordance with Appendix 2, and the Board will be updated on progress at its next meeting in October.

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

- 7.1. The approach set out in this paper is designed to ensure we continue to deliver priority services for customers within government restrictions, focusing on keeping them and our staff safe. Customer feedback will form an important part of our assessments before moving to the next Stage service models.

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

- 8.1. Our financial position is presented to the Board as a separate item on this agenda.

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

- 9.1. The approach set out in this paper is based on latest the Scottish Government Framework and in particular ‘*Scotland’s route map through and out of crisis*’. We will continue to refine our proposals as the detail of government advice develops including in light of progress through the identified phases. We continue to notify the Scottish Housing Regulator, as necessary, of changes to our operating model and services through their “notifiable events” web portal.

## **10. Implementation and deployment**

- 10.1. The Head of Housing will direct the deployment of the proposals set out in this paper in relation to West Lothian Housing Partnership.

## **11. Partnership implications**

11.1 We will work with our partners where appropriate to deliver the proposals in this paper.

## **12. Equalities impact**

12.1. We will continue to take special account of those who have underlying health conditions or are shielding. It is recognised their ability to work may be restricted by their health concerns.

12.2. Given the increased risk to BAME staff we will also undertake tailored risk assessments to ensure these staff are appropriately protected as part of the remobilisation.

## **13. Recommendations**

13.1 The Board is asked to:

- note the approach set out in this report
- note that a further update on our service models will be provided to the next meeting in October

### **List of appendices:**

- 1- Scottish Government route map through Covid-19
- 2- Evaluation methodology for progressing Wheatley service models to their next stage

<b>Criteria/ conditions</b>	<b>Phase 1</b> R is below 1 for at least 3 weeks and the number of infectious cases is starting to decline.  Evidence of transmission being controlled also includes a sustained fall in supplementary measures including new infections, hospital admissions, ICU admissions, deaths of at least 3 weeks.	<b>Phase 2</b> R is consistently below 1 and the number of infectious cases is showing a sustained decline.  WHO six criteria for easing restrictions must be met.  Any signs of resurgence are closely monitored as part of enhanced community surveillance.	<b>Phase 3</b> R is consistently low and there is a further sustained decline in infectious cases.  WHO six criteria for easing restrictions must continue to be met.  Any signs of resurgence are closely monitored as part of enhanced community surveillance.	<b>Phase 4</b> Virus is no longer considered a significant threat to public health.
<b>Protection</b>	Physical distancing requirements in place.  Frequent handwashing and hygiene measures for all.  Cough etiquette is maintained.  Face coverings in enclosed public spaces, including public transport.	Physical distancing requirements in place.  Frequent handwashing and hygiene measures for all.  Cough etiquette is maintained.  Face coverings in enclosed public spaces, including public transport.	Physical distancing requirements in place.  Frequent handwashing and hygiene measures for all.  Cough etiquette is maintained.  Face coverings in enclosed public spaces, including public transport.	Physical distancing requirements to be updated on scientific advice.  Frequent handwashing and hygiene measures for all  Cough etiquette is maintained.  Face coverings may be advised in enclosed public spaces, including public transport.
<b>Business</b>	Remote working remains the default position for those who can.  For those workplaces that are reopening, employers should encourage staggered start times and flexible working.  Non-essential outdoor workplaces with physical distancing resume once relevant guidance agreed.  Construction – Phases 0-2 of industry restart plan can be implemented. (Industry to consult government before progressing to phase 2.)  Preparing for the safe reopening of the housing market.  Workplaces resuming in later phases can undertake preparatory work on physical distancing and hygiene measures.	Remote working remains the default position for those who can.  Non-essential indoor non-office-based workplaces resume once relevant guidance agreed – including factories & warehouses, lab & research facilities – to re-open with physical distancing.  Construction sector to implement remaining stages of phased return.  Relaxation of restrictions on housing moves.	Remote working remains the default position for those who can.  Non-essential indoor office workplaces can open, once relevant guidance agreed, including contact centres with physical distancing.	Remote and flexible working remains encouraged.  All workplaces open with improved hygiene and in line with public health advice.

Appendix 1 – Scottish Government Route Map Through Covid-19

<b>Getting around</b>	Consistent with the reopening of workplaces set out in this phase, where home working is not possible businesses and organisations are encouraged to manage travel demand through staggered start times and flexible working patterns.	Consistent with the reopening of workplaces set out in this phase, where home working is not possible businesses and organisations are encouraged to manage travel demand through staggered start times and flexible working patterns.	Public transport operating full services but capacity still significantly limited to allow for physical distancing. Travel at peak times discouraged as far as possible.	Public transport operating full service.
<b>Schools and childcare</b>	Re-opening of child minding services and fully outdoor nursery provision.		Children return to school under a blended model of part-time in-school teaching and part-time in-home learning. Subject to progress 11 August  All childcare providers reopen subject to public health measures, with available capacity prioritised to support key worker childcare, early learning and childcare (ELC) entitlement and children in need.	
<b>Public, Community services</b>	Gradual resumption of key support services at the community level with physical distancing and hygiene measures.  Re-opening of court and tribunal buildings, with limited business and public access.	Further scaling up of public services from Phase 1 where it is safe to do so.	Further resumption of justice system processes and services.	Public services operating fully, in line with public health advice, with modifications and changes to service design, including increasing use of digital services where appropriate.

Appendix 2 – Evaluation approach for progression to next Stage service model

Prior to any service moving from Wheatley Stage 1 to Stage 2 (and then Stage 3), the following assessment matrix must be completed. It is anticipated that Wheatley Stage 1 will correspond to broadly the Scottish Government’s phases 2 and 3 (covering the summer and the period when schools are expected to resume in August to potentially around the end of September). These evaluations may therefore be anticipated to take place in advance of a further shift in service model around September or October.

An evaluation sheet will require to be provided to the Group Executive Team as part of the proposals for moving to a new stage of service model.

Service: [xxxxx]	Description	Confirmation
Evaluation of current Stage service model, including customer feedback	<p>The proposal to the ET includes an evaluation of how the service model has performed in its current Stage which sets out, as a minimum:</p> <ol style="list-style-type: none"> <li>1. Customer feedback – the proposal should explain how customer feedback has been gathered; this may include surveys / analysis of CSC contact data / complaints / Housing Officer records, etc</li> <li>2. Staff feedback – how staff feel the service model has operated and strengths/weaknesses</li> <li>3. How effectively supporting infrastructure has operated - for example IT, fleet and relevant Wheatley Solutions services</li> <li>4. How risks have been managed and mitigated</li> <li>5. Lessons learned to take into the next Stage service model</li> </ol>	E-Signature – Director/Managing Director
Results of health and safety review of proposals, including PPE consumption	<p>Health &amp; safety team reviewed the proposals to move to the next Stage and identified the following issues:</p> <p>[list issues identified]</p> <p>The anticipated impact in terms of PPE consumptions arising from the proposed change in service model Stage has been appropriately forecast and the Group Health and Safety and Procurement teams have confirmed that we will be able to provide the necessary PPE.</p> <p>These have all been addressed in the revised proposals being presented to ET.</p>	<p>E-Signature – Group Health &amp; Safety Lead</p> <p>E-Signature – Group Procurement Manager</p>
Impact of proposals on furlough list	<p>The proposal will involve the following staff returning from the furlough list:</p> <p>[list staff, FTE impact]</p> <p>This will reduce furlough income by £[xxx] per month / £[xx]x in total.</p> <p>This has been included in the final approved ET proposals following prior agreement with the Director of Employee Relations.</p>	E-Signature – Director of Employee Relations
Trade Union consultation	<p>Consultation has been held with relevant trade unions, being [xxx] and [xxxx]. The following issues arose from this process:</p> <p>[list any issues arising]</p> <p>These have been addressed in the following ways in the final proposals being presented to ET:</p> <p>[explain how issues addressed]</p> <p>All relevant trade unions are comfortable with the proposals to move to the next Stage service model.</p>	E-Signature – Director of Employee Relations
Scottish Government guidelines	<p>The proposal being presented complies with all relevant government and regulatory guidelines based on the national phase of activity it is expected to cover.</p> <p>[provide brief summary of how this is achieved]</p>	E-Signature – Director / Managing Director
Impact on other service areas	<p>The proposal will require additional supporting resource relative to the previous Stage from the following services:</p> <p>[list any impacts on other services impacted, eg Wheatley Solutions or 360]</p> <p>These impacts have been agreed with the relevant Directors/Managing Directors, and there are no additional implications (eg on the furlough list) beyond those set out in the proposal to ET.</p>	E-Signature – Director/Managing Director
Communications	<p>The proposal has been reviewed by the Group Communications team who have advised on an appropriate strategy for customer, staff and wider stakeholder messaging. This has been included in the proposal being presented to the ET.</p>	E-signature – Director of Communications and Marketing
Executive Team approval	<p>The proposal has been approved by the Executive Team and all required amendments have been incorporated.</p>	E-signature – Group CEO

## Report

**To:** West Lothian Housing Partnership Board

**By:** Steven Henderson, Group Director of Finance

**Approved by:** Martin Armstrong, Group Chief Executive

**Subject:** Customer satisfaction surveys 2020/21

**Date of Meeting:** 12 August 2020

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### 1. Purpose

- 1.1. To seek the Board's agreement to the proposed approach to assessing customer satisfaction this year, in light of the impact of Covid-19.

### 2. Authorising context

- 2.1. The Scottish Housing Regulator requires that a survey of RSL tenants is carried out at least every three years. This is to assess tenants' views in relation to Scottish Social Housing Charter outcomes, for example on satisfaction with various aspects of a landlord's service. We typically carry out such surveys annually, in order to provide more regular insight into customer views, with the results being included in our Annual Return on the Charter ("ARC"). The ARC returns are subject to Board approval prior to submission.

### 3. Risk appetite and assessment

- 3.1. A full ARC-specification customer satisfaction survey is designed to gauge customer views in the context of normal operating conditions. There is a risk it may not therefore be appropriate in the context of Covid-19 and the significant disruption to our ability to deliver normal services. However, it is important we do seek customer feedback on how we have responded to the pandemic and how we have communicated, engaged and supported the people we work for across all of our activities. Otherwise, there is a risk that we may miss important lessons about how we respond in crisis situations.

### 4. Background

- 4.1. In a "normal" year, we would begin preparations for the RSL customer satisfaction survey process in August. A different approach is proposed this year, reflecting the unique circumstances of Covid-19, as set out below.

### 5. Discussion

- 5.1. It is proposed to carry out a specific survey of customers in order to assess how well we have responded to the pandemic in their eyes. This would be a much shorter and more focused survey than the ARC-specification model.

- 5.2. It will be designed to elicit more in-depth feedback that we can act on as necessary as we consider our approach to remobilisation in the coming months and delivering services in the context of continuing Covid restrictions.
- 5.3. We will commission an independent firm to carry out the survey Group-wide, and seek their input on a core set of questions that we develop, tailored for each part of the Group, including us. These will address issues such as:
- How well we have kept customers informed about our services and how Covid-19 has impacted these services
  - How customer experiences have changed as we have moved through different phases of the crisis
  - Which of our services were most important to customers and how did these change at different points?
  - How safe customers they felt when our staff were engaging face to face with them (use of PPE, distancing precautions, etc)
  - How did customers' digital skills change during the crisis
- 5.4. We would aim to carry out the survey across all parts of the Group around September/October, with an expectation that interviews will mainly be by telephone. The results will be reported back to the Board along with a summary of actions required.
- 5.5. The proposed approach will mean that the 2020/21 ARC return will contain the same customer satisfaction survey measures as those recently noted by the Board for the 2019/20 ARC return.

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

- 6.1. Understanding the views of our housing customers and People We Work For in care is central to how we design services. It will also help inform our thinking as we look to evolve our service models through the next phases of the pandemic.

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

- 7.1. The results from the proposed survey this year will help inform our activities to ensure we continue to deliver value to customers while keeping them and our staff safe.

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

- 8.1. No impacts.

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

- 9.1. The impact on the ARC returns for 2020/21 for our RSLs is noted above.

## **10. Implementation and deployment**

- 10.1. As noted above.

## **11. Partnership implications**

- 11.1 The survey process will include all partner organisations within the Group and allow comparisons to be made.

## **12. Equalities impact**

- 12.1. The survey will be designed in collaboration with the appointed independent survey firm, to capture input from a representative cross-section of customers.

## **13. Other resource implications**

- 13.1. No further implications.

## **14. Recommendations**

- 14.1 The Board is asked to:

- 1) Agree the proposed approach to gathering customer feedback for 2020/21
- 2) Agree that the 2019/20 formal ARC survey results will be reported in the 2020/21 returns to the Scottish Housing Regulator, as is permitted within the regulatory guidance

## Report

**To:** West Lothian Housing Partnership Board

**By:** Elspeth Lang, Development Manager

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

**Subject:** Development update

**Date of Meeting:** 12 August 2020

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### 1. Purpose

1.1 To provide the Board with an overview of the new build programme performance, including any programme highlights and/or exceptions.

### 2. Authorising Context and Risk Appetite

- 2.1 The Board is responsible for approving its development programme on a 5 year rolling basis. The Board considers our development programme each February with updates provided in year. Once the programme is approved, the Group Development Committee is responsible for scrutinising and approving each individual contract award.
- 2.2 This report enables the Board to consider and monitor progress within our new build development programme.

### 3. Risk Appetite and assessment

- 3.1 Our risk appetite for Growth and Investment has been agreed by the Board as level 4, 'Open'. This level of risk tolerance is defined as "willing to choose the one that is most likely to result in successful delivery while also providing an acceptable level of reward (and value for money etc.)."
- 3.2 The information provided in this report and accompanying dashboard will reduce risk in respect of development by providing a robust performance management framework for the Board.
- 3.3 Risks on individual projects have been assessed and reported separately to the Board at approval stage, and are re-assessed and mitigated as each project progresses.

### 4. Background

- 4.1 Our ambition, across the Group, is to continue as a key partner of the Scottish Government in the delivery of an ambitious growth programme supporting the Scottish Government's More Homes Scotland programme.

## 5. Discussion

- 5.1 Commentary on the new build development activity is provided in **Table 1** below:

**Table 1:**

Indicators	Highlights & Exceptions
Unit completions	83 units completed in 2019/20 comprised: <ul style="list-style-type: none"> <li>▪77 units at Dixon Terrace, Whitburn</li> <li>▪6 units at Kirk Lane, Livingston</li> </ul> <p>The final 8 units at Dixon Terrace completed on 7 July 2020</p>
On site	We have two projects on site: <ul style="list-style-type: none"> <li>▪Jarvey Street, Bathgate – 42 units for social rent</li> <li>▪Almondvale, Livingston – 120 units for social rent and 26 units for mid-market rent.</li> </ul> <p>Both sites were closed during lockdown but are now reopen.</p>
Due on site	There are two projects ‘due on site’ subject to Group Development Committee approval on 6 August 2020. These are: <ul style="list-style-type: none"> <li>▪Winchburgh Plot O:- 20 units of social rent</li> <li>▪Blackness Road, Linlithgow:- 14 units (8 units social rent and 6 units of mid-market housing)</li> </ul>
Programme	As of 30 June 2020, projects ‘in development’, due on site and ‘on site’ projects totals 357 units.
Budget versus Spend	Spend is £0.181m against budget of £4.025m to the end of June 2020. The spend variance is driven by cessation of construction activity during the Covid-19 lockdown.
Engagement Status	We have two ‘High Engagement projects’; at Jarvey Street due to the issues previously noted, and Almondvale due to the significant scale of this project.

- 5.2 In line with national guidance the construction sector in Scotland closed down from 23 March 2020. The contractors and developers who deliver our Group wide development programme progressed the closure, affecting three live sites at Dixon Terrace, Jarvey Street and Almondvale. Work on all three sites has now restarted.
- 5.3 At the point of lockdown, 8 flats were still to be completed at Dixon Terrace, Whitburn. Work at Dixon Terrace restarted in June 2020 and the final 8 units were handed over on 7 July 2020, completing this development.
- 5.4 While work has restarted at Almondvale and Jarvey Street the handover dates for both projects will be affected as a result of this period of lockdown. The impact on programme from the implementation of Covid-19 working practices is being monitored. Revised handover dates will be set once a clearer understanding on the impact on productivity of the social distancing and additional health and safety measures are known.

### *Winchburgh Plot O*

- 5.5 A report will be considered at the Group Development Committee on 6 August 2020 seeking approval to enter into a Development Agreement with BDW Trading Limited (Barratt Homes) for the construction of 20 social rent properties at Winchburgh Plot 'O' at a cost of £2,730,000 and a total development cost of £2,799,294. The development cost meets the Group financial appraisal requirements for new build projects.
- 5.6 Winchburgh Plot 'O' is located in the Winchburgh expansion area. The Winchburgh expansion project will provide over 3,400 new homes along with new schools, transport links, leisure facilities and amenities. Around 700 affordable units are expected to be delivered as part of the masterplan. Winchburgh Plot 'O' will be the third phase of affordable housing to be delivered following the completion of the recent WLHP project providing 55 units for social rent and the adjacent West Lothian Council project providing 41 units for social rent.
- 5.7 The following housing mix will be provided at Winchburgh Plot O:

Type	Accommodation	Tenure	No of B/room	No of B/space	No
Flat	3a/4p cottage flat	Social	2	4	8
House	4a/5p house	Social	3	5	12
<b>Total social rent units</b>					<b>20</b>

### *Blackness Road, Linlithgow*

- 5.8 A report will be considered at the Group Development Committee on 6 August 2020 seeking approval to enter into a Development Agreement with Cala Management Ltd for the construction of 8 social rent properties and 6 mid-market rent properties at Blackness Road, Linlithgow, at a cost of **£1,848,000** and a total development cost of **£1,909,480**. The development cost meets the Group financial appraisal requirements for new build projects.
- 5.9 There is high demand for affordable housing in Linlithgow, exacerbated by low turnover of existing stock and limited development opportunities in the area.
- 5.10 During the public consultation undertaken by Cala as part of the planning process there was considerable local support for the provision of other affordable tenures in addition to social rented housing. We obtained market assessment information on the potential demand for mid-market rent in Linlithgow. The market assessment confirmed a good level of demand can be expected. Both social rent and mid-market rent will be provided at Blackness Road in response. The mid-market rent properties at Blackness Road will be the first mid-market rent properties built in Linlithgow.
- 5.11 The following housing and tenure mix is proposed at Blackness Road, Linlithgow:

Type	Accommodation	Tenure	No of B/room	No of B/space	No
Flat	2a/2p cottage flat	Social	1	2	4
House	4a/4p house	Social	3	4	4
<b>Total social rent units</b>					<b>8</b>

Type	Accommodation	Tenure	No of B/room	No of B/space	No
Flat	2a/2p cottage flat	Social	1	2	4
House	4a/4p house	Social	3	4	2
<b>Total MMR units</b>					<b>6</b>

- 5.12 Cala are progressing a second site in Linlithgow at Preston Farm. A planning application has been submitted for this development and subject to planning approval, we expect to seek WLHP Board and Group Development Committee approval for 15 affordable units at Preston Farm for us later in 2020/21. The tenure mix at Preston Farm is proposed for 8 units for social rent and 7 units for mid-market rent.

*Jarvey Street, Bathgate*

- 5.13 Work has recommenced at Jarvey Street under the pre-commencement contract. The main completion contract is planned to become live by the end of August 2020.

*Future Programme*

- 5.14 Since Board approval of the 5-year programme we have learned that North Lanarkshire Council will not support the development opportunity we had identified at Harthill (31 units). The project is not being supported due to the prioritisation of funding to other areas within North Lanarkshire. We are reviewing a number of new opportunities to identify a substitute project.

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

- 6.1 At period 3 (30 June 2020), we have 196 units on site and 34 units due on site. We continue to review opportunities for further projects. Deans South, Livingston (127 units), is 'in development'.
- 6.2 Almondvale and Jarvey Street have restarted following the lockdown period. The impact on programme from new working practices related to Covid-19 is being monitored.

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

- 7.1 Our ability to successfully deliver new build housing helps strengthen the income streams in our business plan and supports our charitable objectives to address housing need by providing much needed homes for potential customers on our waiting lists.

7.2 Delivering value for money to our funders and stakeholders such as the Scottish Government and West Lothian Council is also important, in maintaining our position as a key delivery partner.

## 8. Impact on financial projections

8.1 The business plan approved by the Board in February 2020 reflects a new build programme of 317 new units to be completed over the next five years.

8.2 The table below summarises target and actual spend performance for period 3, to 30 June 2020:

<b>WLHP Capital Expenditure, New Build Programme 2020/21</b>			
<b>Period to End June 2020</b>			
<b>Spend</b>	<b>Budget</b>	<b>Variance</b>	<b>Budget for full year</b>
£0.181m	£4.025m	£3.844m	£18.137m

8.3 £0.181m of new build expenditure has been incurred in the year to date which is £3.844m lower than budget. This is a result of the Scottish Government instruction to close all construction sites on 23 March. Sites have now re-opened and spend is increasing as productivity is stepping up on sites.

8.4 Grant income to June 2020 was £0, reflecting the reduction in spend. Grant claims for Almondvale have been submitted to the Scottish Government in July 2020.

8.5 We will continue to monitor actual delivery against assumptions within the business plan and report on any changes and related impact on surplus as required.

## 9. Legal, regulatory and charitable implications

9.1 The Wheatley Solutions Property legal team continues to provide support to the programme through provision of advice supporting procurement, contracts and site acquisition.

## 10. Partnership implications

10.1 The programme is considered and agreed with our grant funders at an early stage in the development process.

10.2 We seek Funding Agreements with Scottish Government and the support of West Lothian Council through inclusion of our projects within their Strategic Housing Investment Plan. WLC's partnership group 'Homes for West Lothian' has continued to meet remotely during lockdown.

10.3 Consultation on individual projects takes place with local communities, asset management, housing management and Lowther Homes colleagues (where appropriate).

## **11. Implementation and deployment**

- 11.1 The delivery and performance management of the new build programme is led by the Wheatley Solutions Development Team under the Group Director of Property and Development.

## **12. Equalities Impact**

- 12.1 All of our new build developments are built to Housing for Varying Needs standard and continue to include housing to wheelchair standard, as a contribution towards the Council's targets.

## **13. Recommendations**

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

**Report**

**To:** West Lothian Housing Partnership Board

**By:** Morgan Kingston, Finance Manager

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

**Subject:** Financial statements for the year to 31 March 2020

**Date of Meeting:** 12 August 2020

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**1. Purpose**

- 1.1 This seek approval of the 2019/20 audited West Lothian Housing Partnership Limited financial statements.
- 1.2 To note that a summary of the financial statements has been reviewed by the Group Audit Committee and recommended for approval at its meeting which was held on 5 August 2020.

**2. Authorising context**

- 2.1 Under the terms of the Intra-Group Agreement between West Lothian Housing Partnership and the Wheatley Group, as well as the Group Authorise, Manage, Monitor Matrix, the Board is responsible for the on-going monitoring of performance against agreed targets. This includes the on-going performance of its finances and the approval of the statutory financial statements.
- 2.2 This report provides the Board with the final statutory financial statements following the completion of the external audit by KPMG and a reconciliation of the final out-turn to Period 12 2019/20 management accounts.

**3. Risk appetite and assessment**

- 3.1 Our agreed risk appetite in relation to compliance with laws and regulation is averse. Averse is defined as “Avoidance of risk and uncertainty is a key Organisational objective.”

**4. Summary of year-end financial results**

- 4.1 The financial statements are now complete and have been audited. They reflect the requirements of the 2014 Statement of Recommended Practice (“SORP 2014”) for Social Housing Providers. The audited financial results are summarised below.

	Year ended 31.03.20 £'000	Year ended 31.03.19 £'000
Turnover	8,066	4,858
Operating expenditure	(1,802)	(1,673)
<b>Operating surplus</b>	<b>6,264</b>	<b>3,185</b>
Loss on disposal of fixed assets	(5)	(12)
Net finance costs	(600)	(72)
Social housing property revaluation	(5,324)	(4,185)
<b>Surplus / (deficit) for the year</b>	<b>335</b>	<b>(1,084)</b>
Actuarial gain/ (loss) in respect of pension schemes	(72)	(55)
<b>Total comprehensive income / (loss) for the year</b>	<b>407</b>	<b>(1,139)</b>

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

## 5. Adjustments from 31 March management accounts

5.1 The adjustments made between the 31 March 2020 management accounts and the final audited accounts are summarised below:

	I&E £'000	Net Assets £'000
<b>March management accounts</b>	<b>5,464</b>	<b>12,920</b>
Social housing property valuation movement	(5,324)	(5,324)
Pension valuation adjustments	85	85
Depreciation and disposal adjustments	82	82
Additional grant income recognised	27	27
Release of provision	60	60
Other adjustments	13	13
<b>WLHP statutory accounts</b>	<b>407</b>	<b>7,863</b>

5.2 Property valuation movements: our social housing properties were revalued at the year end by Jones Lang Lasalle which resulted in a decrease of £5,324k to the value of social housing properties. It is usual for the accounting valuation of new build property to reduce on completion of the properties.

5.3 Pension valuation adjustments: On an annual basis the Scottish Housing Association Pension Scheme defined benefit pension scheme is revalued by independent actuaries. The 2019/20 valuation resulted in a credit to service costs reported in operating expenditure of £15k, interest on the liabilities of £2k and an actuarial loss of £72k.

- 5.4 Depreciation and disposal adjustments: as part of our year end work depreciation charges were calculated at individual component level and related disposals processed. This resulted in a reduction in the charge provided in the management accounts of £82k.
- 5.5 Release of provision: a provision had been made for dilapidation costs which is not now required following the extension of the property lease.

## **6. Audit summary**

- 6.1 The external auditors, KPMG have completed their audit of the financial statements and have issued an unqualified audit opinion.
- 6.2 No audit adjustments were identified during the course of the audit.
- 6.3 As a standard part of the standard audit process, and in line with previous years, KPMG require the Board of each organisation in the y Group to sign a “letter of representation” in which the Board confirms certain matters in terms of disclosure and record-keeping. As in previous years, a letter from the Chief Executive has been provided to each Board to provide comfort that the officers have complied with the matters stated in this letter. Both these documents are provided along with this paper at appendix 2 and 3 respectively.
- 6.4 The Board are asked to confirm in the letter of representation that the financial statements are prepared on a going concern basis. The assessment that the Partnership continues in business is based on the preparation and approval of the Partnership’s 30-year business plan which includes cashflow forecasts, the certainty of revenue streams from rental income and the assessment of the availability of funding provided to us through the RSL borrower relationship with WFL1.
- 6.5 The accounts and letter of representation will be signed following the approval of the Wheatley Group accounts at the Group Board meeting on 26 August 2020.

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

- 7.1 The report informs the Board of the final audited statutory results for 2019/20.

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

- 8.1 Ensuring financial performance remains in line with approved budget is a key element of continuing to demonstrate value for money. WLHP performed favourably to budget in 2019/20 ensuring the achievement of these targets. Any statutory accounts adjustments were non cash adjustments only and did not impact the achievement of these targets.

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

- 9.1 The business plan has been updated to reflect the final 2019/20 statutory results.

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

- 10.1 Under Section 485 of the Companies Act we are required to appoint an auditor for each financial year. Under the Intra-Group Agreement with Wheatley Housing Group we are required to use the Group Auditors. We require to appoint KPMG LLP as the auditors for 2020/21 at the Annual General Meeting. The appointment will be subject to the Group confirming their reappointment at its Annual General Meeting.
- 10.2 Following approval and signing of the financial statements they require to be submitted to Companies House and the annual return made to the Scottish Housing Regulator.

## **11. Equalities impact**

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

## **12. Recommendations**

- 12.1 The Board is asked to:

- 1) Approve the 2019/20 financial statements;
- 2) Confirm the preparation of the financial statements using the going concern basis;
- 3) Delegate authority to the Chair and Group Director of Finance to approve any non-material changes to the accounts; and
- 4) Approve the letter of representation from the auditors, and note the related letter of comfort from the Chief Executive.

## **List of Appendices**

Appendix 1: Financial statements for the year ending 31 March 2020 [redacted. Please find Financial statements for the year ending 31 March 2020 here: [https://www.wlhp.org/\\_data/assets/pdf\\_file/0022/115717/WLHP-Annual-report-and-financial-statements-2019-2020.pdf](https://www.wlhp.org/_data/assets/pdf_file/0022/115717/WLHP-Annual-report-and-financial-statements-2019-2020.pdf)]

Appendix 2: Letter of representation [redacted]

Appendix 3: Letter of comfort [redacted]

## Report

**To:** West Lothian Housing Partnership Board

**By:** Ranald Brown, Director of Assurance

**Subject:** Annual Internal Audit Report and Assurance Statement 2019/20

**Date of Meeting:** 12 August 2020

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### 1. Purpose

1.1 To provide the Board with the Annual Internal Audit Report and Assurance Statement for noting, following assurance work completed and reported during financial year 2019/20. As this paper supports the 2019/20 year-end financial statements, we will present this paper at the Board meeting as part of the overall financial statements.

### 2. Authorising context

2.1 Under the Group Authorising Framework, the Board is responsible for managing and monitoring its own compliance arrangements and operational performance. The activities undertaken by the Assurance Team provide the Board with independent assurance to support the Board in this role.

2.2 The Group Audit Committee is responsible for monitoring the Group's assurance activities. The Group Audit Committee has responsibility for instructing and keeping under review the long-term plan for internal audit within the Group, to approve the annual Group Assurance Plan and monitor results as presented in the annual internal audit report and assurance statement. The 2019/20 Annual Internal Audit Report and Assurance Statement was approved by the Group Audit Committee on 6 May 2020.

### 3. Risk appetite and assessment

3.1 There is no specific risk appetite for Internal Audit, however, the agreed risk appetite in relation to Governance is deemed "cautious" meaning that tolerance for risk taking is limited to events where there is little chance of any significant repercussion should there be a failure.

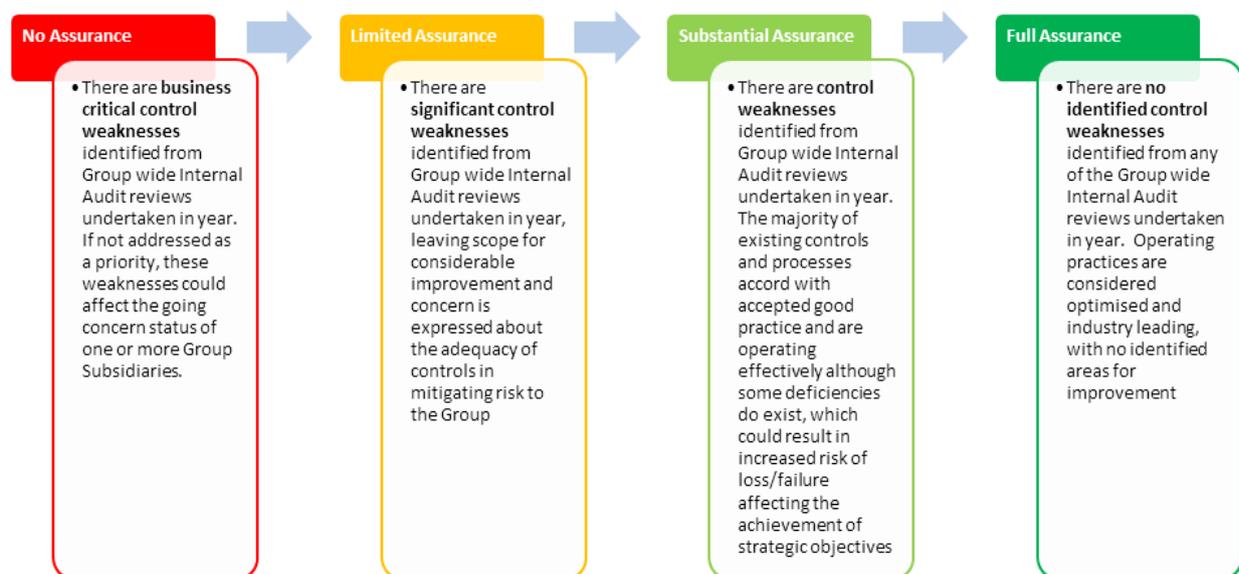
### 4. Background

4.1 The 2019/20 Annual Assurance Plan ("the Plan"), as approved by the Group Audit Committee on 13 February 2019, set out the Assurance services to be provided across the Wheatley Housing Group ("the Group"). The Group's established position is that it only operates Committees at Group level. The Group Audit Committee's role and responsibilities are contained within its Terms of Reference. **Annex 1** sets out the core areas and further explanation of the respective roles and responsibilities of the Group Audit Committee and partner Boards.

- 4.2 The Plan is set in order to provide assurance on systems of internal control that are both Group-wide and partner specific. Progress against the Plan was reported to the Group Audit Committee throughout the 2019/20 financial year. Our findings have been reported to the Group Audit Committee and to the Board where relevant.
- 4.3 In line with good practice, Internal Audit provides the Group Audit Committee with an Annual Assurance Statement, as a result of completion of the Plan alongside any other Assurance work completed (e.g. Business Assurance inspections, continuous auditing of data). The Annual Assurance Statement is then reported to each partner Board alongside the annual accounts. The Statement on Internal Financial Control included within the statutory accounts sets out our conclusions.

## 5. Group Internal Audit Report and Assurance Statement

- 5.1 A copy of the approved Annual Report and Opinion has been included at **Appendix 2**. The table below shows the different types of Internal Audit Opinion which may be given:



## 6. Annual Internal Audit opinion

- 6.1 Following completion of our approved Internal Audit Plan, we can confirm that sufficient work has been undertaken to enable us to provide an opinion on the adequacy and effectiveness of the internal control environment in operation during 2019/20. In giving this opinion, it should be noted that assurance can never be absolute.
- 6.2 During the delivery of our Internal Audit Plan, we identified no critical weaknesses in the governance, risk management, or internal control environments which would put the achievement of partner or Group strategic objectives at risk. Recommendations were raised during the year and management have acted to address these and strengthen the control environment. In addition, we gave a mid-year Assurance update to both Partner and Group Boards to highlight relevant Group and partner specific audit findings.

- 6.3 Based on our Group wide work undertaken during 2019/20 there continues to be a **substantial level of assurance** that there is a sound system of internal control, designed to support achievement of relevant organisational objectives. However, some weaknesses in the design and consistent application of controls do exist.
- 6.4 Due to the Covid-19 pandemic, in March 2020 the Group followed UK Government advice and implemented virtual working arrangements while moving to an emergency service delivery model. The opinion expressed in this report applies to the period before the emergency service delivery model was implemented.

(See **Appendix 2** within the Assurance Statement for IA Opinion Definitions).

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

- 7.1 The Group has a Value for Money (“VFM”) Framework in place and partner Boards and the Group Board have set their risk appetites in consideration of this.
- 7.2 Our risk based assurance approach is designed to consider the adequacy and effectiveness of operational activity and VFM is always a standard consideration when assessing control maturity.

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

- 8.1 The financial implications of individual audit findings have been considered as part of reaching the overall Internal Audit opinion.
- 8.2 An impact on surplus arises if audit findings and recommendations are not implemented to a sufficient extent to mitigate risks (particularly those with a financial impact). It is the responsibility of the Wheatley Group’s management to monitor and review the status of agreed audit findings on a regular basis to ensure that mitigating controls are appropriate to manage the impact on operating surplus.

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

- 9.1 We have an Internal Audit function in line with the requirements of the Scottish Housing Regulator’s revised Financial Regulations. The Group’s Internal Audit function complies with the Institute of Internal Audit’s (“IIA”) standards in relation to Internal Audit and is regularly quality assessed against IIA’s standards.

## **10. Partnership implications**

- 10.1 In accordance with the City Building Glasgow (“CBG”) Assurance Plan, the Glasgow City Council (“GCC”) Chief Internal Auditor is leading for elements of the controls work. In accordance with the agreed joint Internal Audit approach, WHG Internal Audit has full access to working papers. We have been provided with an understanding of the GCC Internal Audit Team and their audit approach. We were provided with a high level overview of CBG Internal Audit files during 2019/20 which demonstrated the audit approach used to reach the audit conclusions.

10.2 It is the responsibility of GCC (as lead Internal Auditors) to provide the annual Internal Audit opinion for CBG. In accordance with the agreed CBG Internal Audit approach, we have placed reliance on work undertaken by the GCC Internal Audit team (in terms of the strength of CBG's control environment) in determining the overall Group Internal Audit opinion.

10.3 We have placed reliance on the internal audit work performed by the Dumfries and Galloway Housing Partnership Internal Auditors (Beever & Struthers) during the year to 31 March 2020. Responsibility for the internal audit of this Partner passed to the Group's Director of Assurance on 1 April 2020.

## **11. Implementation and deployment**

11.1 The deployment of Internal Audit reviews is monitored and reported by the Head of Assurance and the Director of Assurance.

## **12. Equalities impact**

12.1 No equalities impact arising from this report.

## **13. Recommendation**

13.1 The Board is asked to note the contents of this report along with the overall Annual Internal Audit opinion detailed in Section 6 above.

## **List of Appendices**

Appendix 1 – Respective roles and responsibilities of Group Audit Committee and Partner Boards

Appendix 2 - Annual Internal Audit Report and Assurance Statement 2019/20

## Appendix 1 – Respective roles and responsibilities of Group Audit Committee and partner Boards

Core area	Group Audit Committee roles and responsibilities	Partner Board roles and responsibilities
Internal Audit	<ul style="list-style-type: none"> <li>▪ Approve annual assurance plan (all planned Internal Audit work for the year).</li> </ul>	<ul style="list-style-type: none"> <li>▪ Note the Annual Plan and identify any potential areas to recommend to the Group Audit Committee for inclusion.</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Consider feedback from Group wide audits and inspections and monitor progress in implementing recommendations.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Note feedback from Partner specific audits and inspections and monitor progress in implementing recommendations.</li> <li>▪ Receive updates on Group-wide audits as part of bi-annual assurance update.</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Consider annual report and opinion for Group.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Note Group annual report and opinion.</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Monitor effectiveness of Internal Audit.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Provide feedback, as appropriate, on Internal Audit to Group Audit Committee.</li> </ul>
Risk, Fraud and Whistleblowing	<ul style="list-style-type: none"> <li>▪ Review and make recommendations to the Group Board on the Group’s risk management framework and Corporate risk register (Partners and Joint Ventures).</li> <li>▪ Group Audit Committee approves ‘Fraud, Corruption and Bribery’ and ‘Whistleblowing’ policies.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Approve own risk appetite level and risk register.</li> <li>▪ Partner Boards to monitor compliance with ‘Fraud, Corruption and Bribery’ and ‘Whistleblowing’ policies.</li> </ul>
Financial Statements	<ul style="list-style-type: none"> <li>▪ Review the Group’s accounting policies.</li> <li>▪ Review financial statements of all group members.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Approve Partner financial statements and letters of representation.</li> </ul>
External Audit	<ul style="list-style-type: none"> <li>▪ Approve annual audit plan.</li> <li>▪ Recommend appointment/re-appointment of external auditors to Group Board.</li> <li>▪ Set policy for award of non-audit work to external auditors.</li> </ul>	<ul style="list-style-type: none"> <li>▪ As required under individual constitution.</li> </ul>
Policy	<ul style="list-style-type: none"> <li>▪ Recommend to Group Board and/or approve assurance related polices.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Provide feedback on and implement Group assurance policies.</li> </ul>



# Wheatley Housing Group Internal Audit Annual Report and Opinion 2019/20

*(Approved by Audit Committee :  
6 May 2020)*

# Internal Audit Annual Report 2019/20

## Contents

1. Introduction
  2. Annual Internal Audit Opinion
  3. Summary of Findings
  4. Summary of other IA work
  5. Follow Up of Audit Actions
  6. Performance of Internal Audit Team
- App 1 - Limitations and Responsibilities  
App 2 - Assurance Opinion Definitions  
App 3 - Risk Rating Definitions

## Group Assurance Mission Statement

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

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

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

## 1. Introduction

The purpose of Internal Audit, as a function of the Assurance Team, is to provide independent, objective assurance and advice, which adds value and assists the Group in achieving its objectives in an effective and efficient manner. It provides appraisal of the Group’s internal control system and provides Accountable Officers and Board Members with continued assurance that the Group’s governance, risk management and internal control arrangements are adequate and effective.

Our professional responsibilities as Internal Auditors are set out in the International Standards for the Professional Practice of Internal Auditing and the Code of Professional Conduct (including Code of Ethics) promoted by the Chartered Institute of Internal Auditors.

The purpose of this report is to provide our view on the adequacy and effectiveness of the Wheatley Group’s (‘the Group’) system of governance, risk management and internal control, as relevant to our 2019/20 Annual Assurance Plan. The 2019/20 Annual Assurance Plan was approved by the Group Audit Committee on 13 February 2019 and progress against this plan has been reported to the Group Audit Committee throughout the financial year. Our detailed findings from specific reviews have been reported to Management during the year, with a summary of these findings reported to the Group Audit Committee throughout 2019/20. Reporting to Subsidiary Boards and the Group Board has taken place where appropriate.

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

# Internal Audit Annual Report 2019/20

## 2. Annual Internal Audit Opinion

### Scope

In line with the International Standards for the Professional Practice of Internal Auditing (“the Standards”), Internal Audit provides the Group Board, Audit Committee and Subsidiary Boards with an Annual Internal Audit Opinion, as a result of the work completed during 2019/20.

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

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

- the results of all Internal Audit work undertaken (including any upheld instances of fraud or whistleblowing) during the year ended 31 March 2020;
- in accordance with the Wheatley Group City Building Glasgow Assurance approach, we have placed reliance on the internal audit work done by the Glasgow City Council’s Chief Internal Auditor in relation to City Building Glasgow;
- we have placed reliance on the internal audit work performed by the Dumfries and Galloway Housing Partnership Internal Auditors (Beever & Struthers) during the year to 31 March 2020;
- whether or not any Critical recommendations have been made, and the resulting Management action;
- the effects of any material changes in the Group’s objectives, activities or regulatory environment; and
- whether there have been any resource constraints imposed upon us which may have impinged on our ability to meet the Group’s Internal Audit needs.

### Annual Internal Audit Opinion

Sufficient work has been undertaken to enable us to provide an opinion on the adequacy and effectiveness of the internal control environment in operation during 2019/20. In giving this opinion, it should be noted that assurance can never be absolute.

During the delivery of our Internal Audit plan, we identified no critical weaknesses in the governance, risk management, or internal control arrangements which would put the achievement of Group objectives at risk. As reported to the Audit Committee, Management has acted promptly to address the findings we reported during the year and thereby strengthen the controls in place. Implementing agreed actions is a priority and progress is regularly reported to the Directorate Management Teams, Executive Team, Subsidiary Boards, City Building Glasgow, Group Board and the Group Audit Committee.

*Based on our Group-wide work undertaken in 2019/20 a **substantial level of assurance** can be given that there is a sound system of internal control, designed to support achievement of relevant organisational objectives. However, some weaknesses in the design and or consistent application of controls exist (See **Appendix 2** for Assurance Opinion Definitions). Management has agreed to the improvements to the control environment and the progress of implementing these additional controls will be reported to the Group Audit Committee.*

Due to the Covid-19 pandemic, in March 2020 the Group followed UK Government advice and implemented virtual working arrangements while moving to an emergency service delivery model. The opinion expressed in this report applies to the period before the emergency service delivery model was implemented.

# Annual Internal Audit Plan 2020/21

## 3. Summary of Findings

We have completed the following audits within the 2019/20 Annual Plan, the results of which are shown below. We did not identify any critical internal control weaknesses which would require to be reported as part of the Statement of Internal Controls within the Group Financial Statements. Definitions of the report classifications and audit finding ratings are set out in **Appendix 3**.

Assurance Activity	Entities covered	Report Classifications	Number of findings per rating			
			Critical	Important	Moderate	Minor
RSM audit of Performance Management and Reporting		Minor	-	-	2	-
Governance – Annual Assurance Statement		Minor	-	-	-	2
Risk Management		Moderate	-	-	2	3
Housing: Service Innovation and Improvement		Moderate	-	-	3	4
Care: Service Innovation and Improvement		Minor	-	-	-	7
Core Financial Systems-Budget Management		Minor	-	-	1	2
Joint Venture Partnership Working		Minor	-	-	1	1
Project Management Methodology		Minor	-	-	2	-
Talent Management		Minor	-	-	1	2
Business Planning		Minor	-	-	-	2
External Stakeholder Engagement		Minor	-	-	-	2
Universal Credit Management		Minor	-	-	1	2
Dumfries and Galloway Housing Partnership		Moderate	-	-	3	3

	Group (inc W Solutions)		GHA		Cube		DC		WLHP		Loretto Housing
	Loretto Care		Barony		Commercial		W. Foundation		DGHP		CBG

# Internal Audit Annual Report 2019/20

## 4. Summary of other Internal Audit Work

In addition to the 14 audits shown on the previous page, the Internal Audit team has completed work in the following areas, as part of the 2019/20 Internal Audit Plan.

1. We completed the following reviews:

- MyHousing post-implementation review
- Benefits realisation
- Internal stakeholder engagement

The findings of these three reviews were reported in Audit Visit Memo format, with the actions arising reported as part of the Strategic Project Management audit.

2. We completed our annual service evaluations for RSLs and Care. The results were shared with management, with suggested areas for development and further investigation of the themes identified as a result of our analysis.
3. We undertook a two-stage validation of management's self-assessment of implementation of actions arising in a Care Inspectorate report. This confirmed that there was evidence in place to support management's assessment of all actions as complete.
4. We worked with an external provider to facilitate a Group-wide Digital Maturity Assessment. The Group's maturity was assessed as "Level 2- Digital Beginner" and a 2025 target digital maturity score of "Level 4 – Digitally Progressive" was set.

5. We completed an advisory review of Wheatley Solutions contribution to the Group's new Performance Framework, to support development of the Wheatley Solutions Performance Framework. The review assessed the level of direct and indirect involvement Wheatley Solutions teams have in the delivery of Strategic KPIs and Strategic Projects.

6. We monitored the development of the Group Repairs Performance Framework and provided assurance on completed KPIs in stages through the year. We reported our findings in Audit Visit Memo format, highlighting areas where management could develop controls to protect the completeness and accuracy of the data reported.

7. We rolled out use of IDEA data analysis software to:
- enable more efficient and effective testing of controls during audits, and
  - develop enhanced exception reporting for use by management as part of their controls.

# Internal Audit Annual Report 2019/20

## 5. Follow Up of Audit Actions

The Internal Audit team follows up internal audit actions each month, reporting on progress to Departmental Management Team (DMT) meetings and Executive Team meetings. This includes validating the updates provided by management by:

- reviewing the action updates provided by Management,
- obtaining evidence that actions have been completed as described, and
- assessing the effectiveness of actions taken to address the findings of our audits.

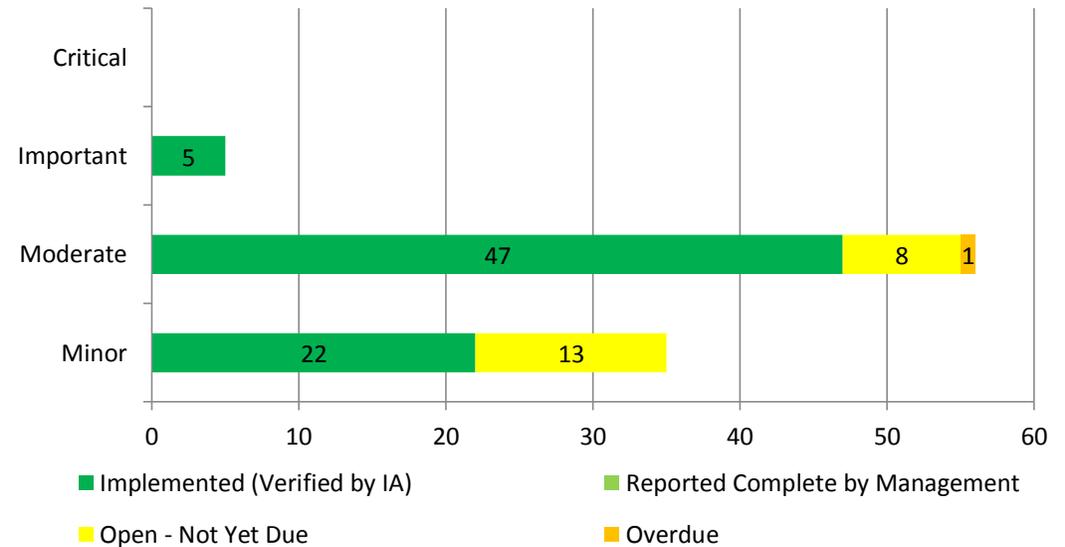
The following table provides a summary of follow up activity during 2019/20:

As at 31 March 2019	2019/20 Actions
Actions brought forward (no. overdue shown in brackets)	15 (1)
New actions added during year	81
Total actions followed up	96
Actions implemented during year	74
Actions carried forward (no. overdue shown in brackets)	22 (1)

We have verified the completion status of all 76 audit actions closed by Management during 2019/20. The following chart shows the status of all actions at 29 February 2020, split by the risk rating of the original finding.

One Moderate action remains overdue, which relates to the development of a revised Customer Service Centre performance framework. The Group Audit Committee has received regular updates on the progress towards completion of this action.

Action Status by Rating



# Internal Audit Annual Report 2019/20

## 6. Internal Audit Performance

The Assurance Team is responsible for delivering the Group's Internal Audit Service through the provision of independent, objective assurance and advice which adds value and drives improvement across the Group and its Subsidiaries. The high performance of the team is ensured through the following measures

### Internal Audit compliance with professional standards

We employ a risk-based approach to determine the audit needs of the Group at the start of each year and use a risk-based methodology to plan and conduct our work. All Internal Audit activity is performed in line with the International Standards for the Professional Practice of Internal Auditing and the Code of Professional Conduct (including Code of Ethics) promoted by the Chartered Institute of Internal Auditors. All Assurance Staff have confirmed their independence in year.

### Conflicts of Interest

Each member of the Internal Audit team is required to confirm their independence annually. Independence Statements were confirmed by each team member in August 2019 and the exercise will be repeated in August 2020.

The Internal Audit team is led by the Director of Assurance, who reports directly to the Group Chief Executive and meets regularly with the Chair of the Group Audit Committee. The Director of Assurance has other operational responsibilities. Consequently, the Group Audit Committee assesses the controls in place to maintain the Director's independence on an annual basis. The EQA process reported in February 2019 included consideration of the Group's arrangements for confirmation of the Director of Assurance's independence and found them to be generally conformant with the requirements of the standards.

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

The table below sets out the Internal Audit team's performance against its agreed KPIs for 2019/20:

KPI	Target	Status
Overall Customer Satisfaction Survey Rating	Average feedback score of 8 out of 10	Green
Audits are delivered in line with agreed timescales	100% of audits	Green
Annual Plan agreed before start of financial year to which it relates	At February Group Audit Committee	Green
Annual Report issued in line with consideration of Annual Accounts	At August Group Audit Committee	Green
Annual Plan completed in line with agreed timescale and budget ( <i>Fire Risk Management Arrangements Review - fieldwork was underway at time of COVID19 and therefore unable to complete review. This be completed on return to work.</i> )	100% of audits	Amber
Percentage of time utilised on Internal Audit Plan delivery (based on 200 days)	100% utilisation	Green

Key:	Red	More than 15% away from target
	Amber	Within 15% of target
	Green	Target met / on track for year

# Internal Audit Annual Report 2019/20

## 7. Internal Audit Quality Assurance

In order to ensure the quality of the work we perform, we have a programme of quality assurance measures in place which include:

- Supervision of staff conducting audit work;
- Review of working papers, audit files and reports by the Assurance Manager and the Director of Assurance;
- The use of satisfaction surveys and feedback for Internal Audits;
- Annual and on-going appraisal of Assurance staff through the My Contribution tool, linking into staff personal development and training plans;
- Sector specific training for staff alongside technical training such as attendance at Institute of Internal Auditors workshops, in-house Internal Audit Training and Financial Reporting Standards updates;
- The maintenance of an Internal Audit Manual and Charter; and
- External Quality Assessments undertaken every 3 years.

In years where an External Quality Assessment is not completed, the team completes a self-assessment against the International Internal Auditing Standards.

## Internal Quality Assessment Results

The 2019/20 self-assessment concluded that the Internal Audit team continues to be “**Generally Conformant**” with the standards (the highest available rating).

Each year, our review against the standards identifies areas in which we can continue to improve our service. In 2019/20, we have completed the following actions from our Improvement Action Log:

- The Assurance Map and Universe has been revised and refreshed.
- We introduced bi-annual meetings with all senior managers to update them on the work of Internal Audit team. These sessions include discussion to understand management risks, concerns and opportunities, which facilitates our Agile, risk-based internal audit approach.
- We have refreshed the Internal Audit intranet pages and worked with Care managers to deliver training sessions that provide staff with information and learning about Risks, Controls and the role of Internal Audit.
- We have redesigned our Customer Satisfaction Survey and used this to gather feedback on the Internal Audit service.

# Internal Audit Annual Report 2019/20

## Appendix 1: Limitations and responsibilities

### Limitations Inherent to the Internal Auditor's Work

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

### Opinion

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

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

### Internal Control

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

### Responsibilities of Management and Internal Audit

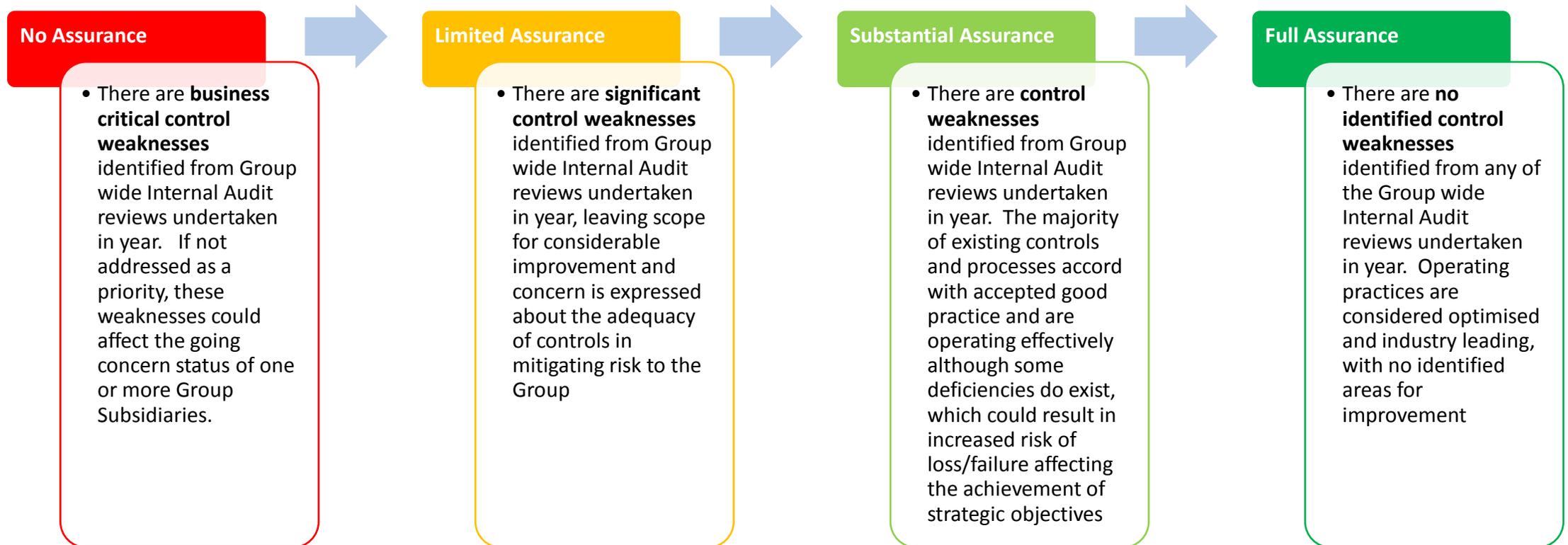
It is Management's responsibility to develop and maintain sound systems of risk management, internal control and governance to ensure the prevention and detection of irregularities and fraud. Internal Audit work should not be seen as a substitute for Management's responsibilities for the design and operation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

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

# Internal Audit Annual Report 2019/20

## Appendix 2: Assurance Opinion Definitions

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



# Internal Audit Annual Report 2019/20

**Appendix 3: Risk Rating Definitions** The following definitions are intended to be used a guide to describe areas which derive the risk rating to be applied to an audit finding and overall report rating. The Director of Assurances professional judgement will be the ultimate basis for the report rating:

## Report Classification:

Each report is assigned a classification based on the sum of the ratings of individual findings within the report:

<b>Critical</b>	<b>Important</b>	<b>Moderate</b>	<b>Minor</b>
•40+ points	•26 – 39 points	•8 – 25 points	•7 points or less

## Control Objective Classification:

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

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

## Findings ratings:

Each finding within the report is assigned a priority rating, based on the level of risk associated with the identified control weakness:

<b>Critical</b>	<b>40 Points</b>	<ul style="list-style-type: none"> <li>A report where a fundamental business critical control weakness has been identified. Failure to resolve any such findings immediately could result in loss of a business critical system that would have significant adverse impact to the organisation</li> </ul>
<b>Important</b>	<b>10 points</b>	<ul style="list-style-type: none"> <li>Control weakness that has a significant impact upon, not only the system, function or process objectives but also the achievement of the organisation's objectives in relation to the efficient and effective use of resources; the safeguarding of assets; the preparation of reliable financial and operational information and compliance with laws and regulations.</li> </ul>
<b>Moderate</b>	<b>3 points</b>	<ul style="list-style-type: none"> <li>Control weakness that has or is likely to have a significant impact upon the achievement of key system, function or process objectives. This weakness, while high impact for the system, function or process under review it does not have a significant impact on the achievement of the overall organisation's objectives.</li> </ul>
<b>Minor</b>	<b>1 point</b>	<ul style="list-style-type: none"> <li>Control weakness that does not impact upon the achievement of key system, function or process objectives. However, implementation of the recommendation would improve overall control and is in line with good practice.</li> </ul>

## Report

**To:** West Lothian Housing Partnership Board

**By:** Morgan Kingston, Finance Manager

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

**Subject:** Finance Report

**Date of Meeting:** 12 August 2020

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### 1. Purpose

- 1.1 To provide the Board with an overview of the finance report for the period to 30 June 2020.

### 2. Authorising context

- 2.1 Under the terms of the Intra-Group Agreement between WLHP and the Wheatley Group, as well as the Group Authorise, Manage, Monitor Matrix, the WLHP Board is responsible for the on-going monitoring of performance against agreed targets. This includes the on-going performance of its finances.
- 2.2 This report provides the Board with an update of performance to date to allow it to discharge its role in monitoring performance and agreeing any actions required.

### 3. Risk appetite and assessment

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

### 4. Background

- 4.1 This report outlines performance against budget approved by the Board on 27 May 2020.
- 4.2 The 2020/21 financial projections were prepared on the basis of the transfer of the properties from Barony Housing Association taking place on 1 April 2002. The transfer was delayed until 17 May due to the suspension of business by the Registrars of Scotland as a result of the COVID -19 lockdown. A number of the variances in the June results relate to expected income and operating costs for the Barony properties.
- 4.3 The appendices provide more detail on the financial results.

## 5. Discussion

### Finance Report for Period to 30 June 2020

5.1 We reported a statutory deficit of £135k to the end of period 3. This is £138k favourable to budget.

- Total income of £745k is £128k adverse to budget. Within this, gross rental income is £151k adverse to budget, and of this, £147k of this relates to the Barony units. The remaining £4k variance is due to 8 units at Dixon Terrace not being completed as planned in P12 of 2019/20 as a result of construction sites being closed due to the Coronavirus epidemic. The units were completed in July. Void losses are £22k favourable to budget.
- Operating costs of £629k have been incurred to date, reporting a £221k favourable variance. All lines are reporting lower spend or on track with budget.
- Revenue repairs and maintenance expenditure is £93k favourable to budget. Of this variance £32k relates to the Barony properties and the remaining variance relates to the operation of a “life and limb” repairs service up to the end of period 3 which has resulted in a reduction in the number of jobs and lower than expected costs. Direct employee costs are £33k favourable to budget, this reflects the claim made under HMRC’s job retention scheme for the period to date.

5.2 Net capital expenditure of £199k has been incurred in the year to date, £1,895k lower than budget.

- Core programme expenditure of £19k is £142k favourable to budget. Of this variance £42k relates to the Barony units and the remaining variance is linked to the postponement of the majority of investment works. A revised investment programme was included in the updated financial projections presented to the July Board meeting.
- No new build grant income has been claimed as there has been limited new build activity to the end of period 3 following the decision by Scottish Government to close all construction sites on 23 March. Sites have now started to re-open and it is expected spend will increase in the coming months but total spend for the year is forecast to be £10.9m lower than the original budget.

5.3 There have been no significant adverse or favourable movements in the financial performance when compared to budget in the month of June with the exception of new build expenditure which £1,138k lower due to the Covid-19 site restrictions in place. Total income for the month is in line with budget now the properties have transferred from Barony. Operating expenditure lines are reporting a favourable variance of £48k in the month with an additional claim made for June under HMRC’s job retention scheme and continued cost savings linked to the current operating model across the other expenditure lines. In total expenditure in the month is £48k favourable to budget.

5.4 Interest costs reflects lower than expected loan drawdowns as a result of lower than expected new build activity and shows a £15k favourable variance in the month.

## **6. Q1 2020/21 Full Year Forecast**

- 6.1 The Q1 Forecast output for 2020/21 reports a statutory surplus of £85k, £10,469k lower than budget and an operating surplus of £873k, £10,599k lower than budget.
- 6.2 The main driver of this variance is the lower level of HAG income recognised on the completion of new build properties which is £10,716k lower than the original budget. This reflects the re-profiled new build expenditure. The current forecast is for 8 new build units which were originally planned to be completed in P12 of 2019/20 to be completed in 2020/21. These units at Dixon Terrace were handed over in July 2020. The original budget assumed a further 188 units at Almondvale and Jarvey Street would be completed but these units have now slipped into 2021/22.
- 6.3 Gross rental income is forecast to be £211k lower than the original budget. This reflects the year to date variance, a result of the delay in the transfer of the Barony properties and the July completion of the units at Dixon Terrace. In addition, a further reduction of £60k is expected linked to the revised timing of the completion of the properties at Almondvale and Jarvey Street.
- 6.4 Total operating expenditure is projected to be £316k favourable to budget. Employee costs savings of £51k reflect the delay in the Barony units transferring as well as the forecast staff furlough claim to the end of October when the job retention scheme closes. Forecast revenue repairs and maintenance savings of £178k reflect the revised operating model.
- 6.5 Net capital expenditure is forecast to be £4,714k lower than budget. Core programme expenditure is expected to be £204k lower than the original budget. Of this variance £42k relates to the Barony units and the remaining variance is attributable to the postponement of a number of planned investment works as a result of the Coronavirus epidemic. New build grant income is expected to be £6,397k linked to lower new build expenditure which is expected to be £10,908k lower than budget. These variances reflect the revised spend profile as a result of site closures between March and June 2020, and the associated remobilisation measures being taken as work recommences.

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

- 7.1 The report informs the Board of the financial performance against year to date budget. The statutory deficit of £135k is £138k favourable to budget.

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

- 8.1 Ensuring financial performance remains in line with approved budget is a key element of continuing to demonstrate value for money. After excluding non-cash grant income the forecast statutory deficit of £463k is £246k favourable to the original budget.

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

- 9.1 The 2020/21 Business Plan was approved by the Board at the February 2020 meeting. The financial projections have been updated and reflect the most recent forecast out-turn.

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

10.1 Not applicable.

## **11. Partnership implications**

11.1 Not applicable.

## **12. Implementation and deployment**

12.1 Not applicable.

## **13. Equalities impact**

13.1 There are no direct equalities implications arising from this report.

## **14. Recommendations**

14.1 The Board is requested to note the management accounts for the period to 30 June 2020 at Appendix 1 and the full year forecast out-turn to 31 March 2021.

## **List of Appendices**

Appendix 1 - Finance Report – 30 June 2020



# **Period to 30 June 2020 Finance Report**

# 1) Period 3 - Operating Statement

## Key highlights year to date:

- Net operating surplus of £116k is £93k favourable to budget. Statutory deficit for the period to 30 Jun is £135k, £138k favourable to budget. .
- The original budget presumed that the units transferring from Barony HA would do so on 1 April 2020. The transfer took place on 17 May 2020. A number of the variances in the year to date relate to the revised timing of the transfer from Barony HA and the delay in the completion of 8 units at Dixon Terrace which are now due to complete in July.
- Gross rental income of £750k is £151k adverse to budget. The majority of this variance (£147k) relates to the delay in the transfer of the Barony properties. Void losses are £22k favourable to budget.
- Total expenditure of £629k is £221k favourable to budget. Of this variance £113k relates to the Barony units. The largest variance in expenditure relates to revenue repairs and maintenance expenditure which is £93k favourable to budget. Of this variance £32k relates to the Barony properties with the remaining variance due to the operation a 'life and limb' repairs service up the end of period 3 which has resulted in lower than expected costs.
- Group services charges for staff and running costs of £37k represent West Lothian's share of Wheatley Solutions' staff and service costs.
- Gross interest payable of £251k represents interest due on the £18.75m of loans due to Wheatley Funding Ltd 1.
- Core investment expenditure of £19k is £142k lower than budget. Of this variance £42k relates to the Barony units and the remaining variance is attributable to the postponement of a number of planned investment works as a result of the Coronavirus epidemic.
- New Build expenditure of £181k is reported at the end of period with the variance of £3,843k driven by the Scottish Government instruction to close all construction sites on 23 March. The main variances relates to Almondvale where spend of £86k has been incurred against a budget of £2,959k and Jarvey Street where there has been spend of £35k against a budget of £789k.

	Year to 30 June 2020			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
<b>INCOME</b>				
Rental Income	750	901	(151)	3,664
Void Losses	(6)	(28)	22	(112)
<b>Net Rental Income</b>	<b>744</b>	<b>873</b>	<b>(129)</b>	<b>3,552</b>
Other Income	0	0	1	22
HAG Recognised in the Year	0	0	0	11,263
<b>TOTAL INCOME</b>	<b>745</b>	<b>873</b>	<b>(128)</b>	<b>14,836</b>
<b>EXPENDITURE</b>				
Employee Costs - Direct	104	137	33	546
Employee Costs - Group Services	23	23	0	72
Direct Running Costs	65	103	38	367
Running Costs - Group Services	14	14	0	46
Revenue Repairs and Maintenance	43	135	93	582
Bad Debts	10	12	2	49
Depreciation	371	426	55	1,702
<b>TOTAL EXPENDITURE</b>	<b>629</b>	<b>850</b>	<b>221</b>	<b>3,364</b>
<b>NET OPERATING SURPLUS / (DEFICIT)</b>	<b>116</b>	<b>23</b>	<b>93</b>	<b>11,472</b>
<i>Net Operating Margin</i>	16%	3%	13%	77%
Interest receivable	0	0	(0)	2
Interest payable	(251)	(297)	45	(919)
<b>STATUTORY SURPLUS / (DEFICIT)</b>	<b>(135)</b>	<b>(273)</b>	<b>138</b>	<b>10,554</b>

	Year to 30 June 2020			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
<b>INVESTMENT</b>				
<b>Total Capital Investment Income</b>	<b>-</b>	<b>2,092</b>	<b>(2,092)</b>	<b>8,659</b>
Total Expenditure on Core Programme	19	161	142	645
New Build & Other Investment	181	4,025	3,844	18,138
Other Capital Expenditure	0	0	0	27
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>199</b>	<b>4,186</b>	<b>3,987</b>	<b>18,809</b>
<b>NET CAPITAL EXPENDITURE</b>	<b>199</b>	<b>2,094</b>	<b>1,895</b>	<b>10,150</b>

## 2) Management Information - Employee & Running Costs

Employee Costs	Year to 30 June 2020			Full Year Budget £ks
	Actual £ks	Budget £ks	Variance £ks	
Salary/NIC/Pension	115	176	61	734
Staff Costs Capitalised	(12)	(39)	(27)	(188)
Overtime	1	0	(1)	0
<b>TOTAL</b>	<b>104</b>	<b>137</b>	<b>33</b>	<b>546</b>

Direct Running Costs	Year to 30 June 2020			Full Year Budget £ks
	Actual £ks	Budget £ks	Variance £ks	
Consultancy/Legal/Insurance	2	8	6	32
Environmental Recharges	11	11	0	27
Initiatives	20	24	4	39
Office & Property	32	58	26	262
Staff Related Costs	0	2	2	8
<b>TOTAL</b>	<b>65</b>	<b>103</b>	<b>38</b>	<b>367</b>

Initiatives	Year to 30 June 2020			Full Year Budget £ks
	Actual £ks	Budget £ks	Variance £ks	
Helping Hand	-	1	1	2
Tenancy Support Service	2	2	0	8
Think Yes	-	1	1	5
Wheatley Foundation	17	17	0	17
Wider Action	1	3	2	6
<b>TOTAL</b>	<b>20</b>	<b>24</b>	<b>4</b>	<b>39</b>

### Comments

#### Employee Costs

- Employee costs of £104k are £33k favourable to budget. Salary and on-costs are £61k lower than budget linked to the delay in the transfer of the Barony properties as well as new build staff costs which are lower than budget with a claim made under the job retention scheme. Capitalised staff costs are £27k adverse to budget linked to the lower costs of the new build team.

#### Running Costs

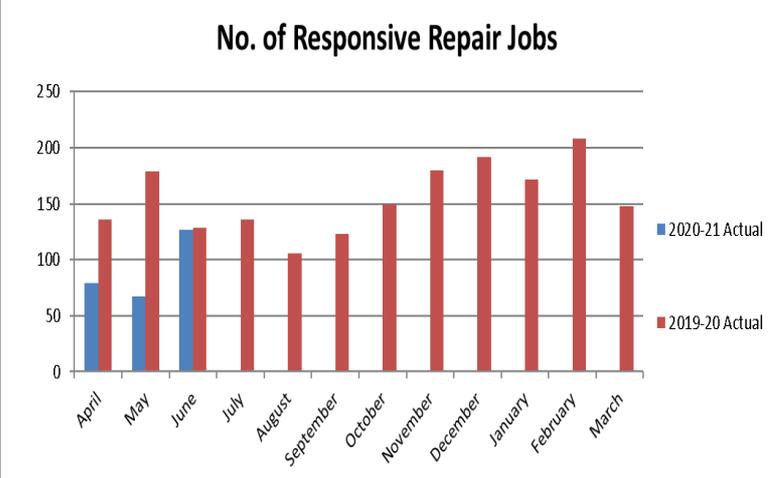
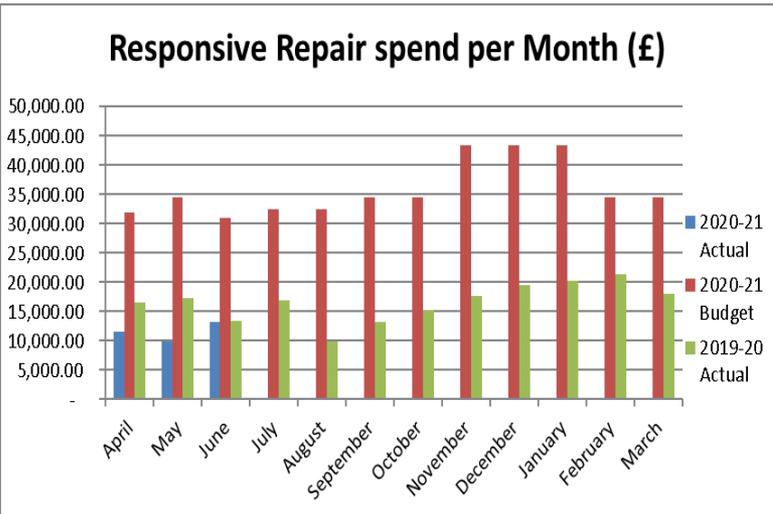
- Direct running costs of £65K are £38k favourable to budget.
- Central environmental recharges include the use of the Bathgate depot, owned by Dunedin Canmore and vehicle and equipment use, where the costs for these are incurred centrally.
- Office and property costs are lower than budget as a result of savings made in overheads with all office based staff working from home.

#### Initiatives

- The bottom table provides a breakdown of year to date Initiative expenditure. The annual donation to the Wheatley Foundation was paid in period 1.

# 3) Management Information - Repairs and Investment

Repairs & Maintenance	Year to 30 June 2020			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
Responsive Repairs	35	98	63	431
Cyclical Maintenance	8	37	29	146
Communal Heating	0	1	0	5
<b>TOTAL</b>	<b>43</b>	<b>135</b>	<b>93</b>	<b>582</b>



### Comments

#### Repairs

- Repairs and maintenance expenditure of £43k is £93k favourable to budget.
- Responsive repairs costs are £63k favourable to budget. Cyclical maintenance costs are £29k favourable to budget. Of the overall variance of 93k, of which £32k relates to the delay in the transfer of the Barony properties with the remaining variance reflecting the 'life and limb' operating model.
- The graphs present the 2020/21 spend and volume of responsive repair jobs against budget and prior year trends. The volume of jobs is 39% lower than the same period in 2019/20, which given the operating model in the year to date, is in line with expectations. The 2020/21 budget is significantly higher than the previous year to reflect the repair costs associated with the units transferred from Barony with June spend including the Barony units.

#### Investment

- Core investment spend of £8k is £126k lower than budget. This is as a result of the majority of works in the investment programme being postponed and the delay in the transfer of the Barony properties. The void costs of £6k are £3k favourable to budget Capitalised staff are lower as a result of the claim for furloughed employees.

Investment	Year to 30 June 2020			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
Void	6	9	3	37
Core Investment	8	134	126	536
Capitalised Staff	5	18	13	71
<b>TOTAL</b>	<b>19</b>	<b>161</b>	<b>142</b>	<b>645</b>

## 4) Management Information - New Build

	Year to 30 June 2020			Full Year Budget £'000
	Actual £'000	Budget £'000	Variance £'000	
SR - Almondvale	86	2,959	2,873	6,841
SR - Dixon Terrace	2	-	(2)	160
SR - Harthill	-	207	207	3,209
SR - Blackness Road				223
SR - Winchburgh	53	-	(53)	1,614
SR - Raw Holdings				1,691
SR - Kirk Lane	-	41	41	41
SR - Jarvey Street	35	789	754	2,760
MMR - Almondvale	-	-	0	1,482
Deans South	0	-	(0)	-
Capitalised Employee Costs	6	29	24	117
<b>TOTAL INVESTMENT</b>	<b>181</b>	<b>4,025</b>	<b>3,844</b>	<b>18,137</b>
<b>GRANT INCOME</b>	<b>-</b>	<b>2,092</b>	<b>2,092</b>	<b>8,659</b>
<b>NET CAPITAL EXPENDITURE</b>	<b>181</b>	<b>1,933</b>	<b>1,752</b>	<b>9,478</b>

### New Build Expenditure

- £181k of new build expenditure has been incurred in the year to date which is £3,844k lower than budget. This is a result of the Scottish Government instruction to close all construction sites on 23 March. Sites have now started to re-open and it is expected spend will increase in the coming months but total spend for the year is forecast to be £10.9m lower than the original budget.

### Grant Income

- No grant income has been received in the year to date which is £2,092k lower than budget, again this reflects site closures.

# 5) Balance Sheet

	30 June 2020 £'000	31 March 2020 £'000
<b>Fixed Assets</b>		
Social Housing Properties	37,348	37,519
Other Fixed Assets	<u>258</u>	<u>258</u>
	37,606	37,777
Pension asset	3	3
<b>Current Assets</b>		
Trade & Other Debtors	199	167
Cash & Cash Equivalents	<u>462</u>	<u>683</u>
	661	850
<b>Creditors: within 1 year</b>		
Trade Creditors	(2)	(9)
Accruals & Deferred Income	(10,822)	(11,157)
Prepayments of Rent and Service Charge	(99)	(61)
Other Creditors	(52)	(82)
Amounts due to Group Undertakings	<u>(839)</u>	<u>(733)</u>
	(11,813)	(12,042)
<b>Net Current Liability</b>	(11,153)	(11,189)
<b>Long Term Creditors</b>		
Amounts due to Group Undertakings	(18,725)	(18,725)
<b>Net Assets</b>	<u><u>7,728</u></u>	<u><u>7,863</u></u>
<b>Capital and Reserves</b>		
Share Capital	-	-
Revenue Reserve	7,728	7,863
<b>Partnership's funds</b>	<u><u>7,728</u></u>	<u><u>7,863</u></u>

## Comments:

- The balance sheet as at 31 March 2020 has been updated to reflect the audited statutory accounts for 2019/20. No change in the pension liability is assumed during the year for management accounts purposes as the valuation is carried out annually. The actuarial valuation for the 2019/20 year end reported a £3k pension asset. The value of our fixed assets reflects additions in the year less depreciation.
- **Trade & other debtors** of £199k include an intercompany balance of £104k and net rent arrears (after the provision for bad and doubtful debts) of £17k.
- **Cash at Bank** – At 31 May WLHP had £462k in the bank and has access to draw down further funding from WFL1 as and when required.
- **Short-Term Creditors** – Amounts due within one year of £11,813k include £839k due to other Wheatley entities and £10,822k in accruals and deferred income, primarily HAG received for the construction of new build properties. The remaining balance includes rent received in advance from our tenants, trade and other creditors.
- **Long-Term Creditors** - This relates to £18.75m of loans due to WFL1 less fees paid. This borrowing has primarily been used to fund the new build investment programme.

## 6) Quarter 1 Forecast to 31 March 2021

	2020/21 Budget £ks	Q1 Forecast £ks	Variance £ks
<b>INCOME</b>			
Rental Income	3,664	3,453	(211)
Void Losses	(112)	(90)	22
<b>Net Rental Income</b>	<b>3,552</b>	<b>3,363</b>	<b>(189)</b>
Other Income	22	12	(10)
HAG Recognised in the Year	11,263	547	(10,716)
<b>TOTAL INCOME</b>	<b>14,836</b>	<b>3,922</b>	<b>(10,915)</b>
<b>EXPENDITURE</b>			
Employee Costs - Direct	546	495	51
Employee Costs - Group Services	72	72	0
Direct Running Costs	367	317	50
Running Costs - Group Services	46	46	0
Revenue Repairs and Maintenance	582	404	178
Bad Debts	49	67	(18)
Depreciation	1,702	1,647	55
<b>TOTAL EXPENDITURE</b>	<b>3,364</b>	<b>3,048</b>	<b>316</b>
<b>NET OPERATING SURPLUS / (DEFICIT)</b>	<b>11,472</b>	<b>873</b>	<b>(10,599)</b>
<i>Net Operating Margin</i>	77%	22%	55%
Interest receivable	2	2	-
Interest payable	(919)	(790)	129
<b>STATUTORY SURPLUS / (DEFICIT)</b>	<b>10,554</b>	<b>85</b>	<b>(10,469)</b>
<b>INVESTMENT</b>			
<b>Total Capital Investment Income</b>	<b>8,659</b>	<b>2,262</b>	<b>(6,397)</b>
Total Expenditure on Core Programme	645	441	204
New Build & Other Investment	18,138	7,230	10,908
Other Capital Expenditure	27	27	-
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>18,809</b>	<b>7,697</b>	<b>11,112</b>
<b>NET CAPITAL EXPENDITURE</b>	<b>10,150</b>	<b>5,435</b>	<b>4,714</b>

### Comments

- This table shows the 2020/21 budget presented to the Board compared to the Q1 forecast for 2020/21. The forecast reflects the results in the year to date as well as the business plan reforecast that was presented to the board at the July meeting.
- The forecast operating surplus of £873k is £10,599k lower than budget. Statutory surplus forecast of £85k is £10,469k adverse to budget.
- The main driver of this variance is the lower level of HAG income recognised on the completion of new build properties which is £10,716k lower than the original budget. This reflects the re-profiled new build expenditure. The current forecast is for 8 new build units, originally expected to be completed in P12 of 2019/20 to be completed in 2020/21. The original budget assumed 188 units would be completed but these units are now expected to be completed in 2021/22.
- The variance in gross rental income of £211k reflects the year to date variance which is largely as a result of the units from Barony HA transferring in May 2020. The original budget assumed the transfer would occur on 1 April. In addition the variance reflects a reduction of £60k for rental income for properties originally expected to be completed in P12 as these are now expected to be completed in 2021/22.
- Total operating expenditure is projected to be £316k favourable to budget. Employee costs savings reflect the delay in the Barony units transferring as well as expected income from staff on furlough. Revenue repairs and maintenance savings reflect the revised operating model, moving from a life and limb basis to the expanded life and limb plus basis.
- New build expenditure and grant income as well as core investment programme expenditure have been updated to reflect the spend profile in the updated business plan.

## Report

**To:** West Lothian Housing Partnership Board

**By:** Morgan Kingston, Finance Manager

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

**Subject:** 2020 SHR Five Year Financial Projections

**Date of Meeting:** 12 August 2020

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### 1. Purpose

1.1 To provide an update on our financial projections and seek approval of the Five Year Financial Projections (“FYFP”) return which is required to be submitted to the Scottish Housing Regulator (“SHR”) by the end of September.

### 2. Authorising context

2.1 Under the terms of the Intra-Group Agreement between WLHP and Wheatley Housing Group, as well as the Group Authorise, Manage, Monitor Matrix, the WLHP Board is responsible for the on-going monitoring of performance against agreed targets, including the on-going performance of its finances.

2.2 While the Group Board is responsible for the overall approval of the Group business plan and parameters, the Board must also agree its individual business plan within these parameters.

2.3 The Scottish Housing Regulator requires the annual return on the FYFPs for each RSL to be approved by its Board before they are formally submitted.

### 3. Risk Appetite and assessment

3.1 Our 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”.

3.2 The information submitted to the SHR in the FYFP return is used as part of its annual review of our financial viability. As such it is important that the information provided is as robust as possible.

## **4. Background**

- 4.1 In February 2020 the Board approved the 2020/21 Business Plan Financial Projections and related key financial ratios. The first year of these projections formed the basis of our current year budget. As a result of the emergence of Covid-19 and the resulting lockdown, there has been substantial disruption to our business which is expected to continue for some time. This has had a significant impact on our financial performance in the current year and our Business Plan projections and related key financial ratios.
- 4.2 Revised financial projections were presented to the Board in July 2020 setting out an initial estimate of the impact of Covid-19. These projections reflected the anticipated changes to our new build, investment and repairs programmes due to restrictions in place and made provision for the challenges in rent collection as a result of the rise in unemployment and increase in tenants moving onto Universal Credit. They also included projected furlough claims under the HMRC job retention scheme and an increase in assumed savings in employee costs.
- 4.3 The revised projections reflected a significant change to our rent increase assumptions. In recognition of the need to ensure rental income remained affordable we reduced the assumed rent increases on social housing stock from 3.5% each year to 1.9% in April 2021, 2.4% in April 2022 and 2.9% from April 2023 on. This reduction in long term rent increases from 3.5% to 2.9% achieves the key outcome set out in our 2020-25 strategy to deliver below 3% increases by 2025. This earlier implementation of our strategy was made possible by efficiencies achieved to date, together with an increase in planned savings and reduced funding costs at the group level.
- 4.4 The forecast financial statements and key ratios presented to the July Board showed that we remained financially strong and that the RSL borrower group, of which we are part, was able to meet loan covenants imposed by lenders. It was agreed however that these financial projections would be kept under review and updated for any new information, with revised forecasts to be provided to the August Board and used as the basis for the Regulator's FYFP return.
- 4.5 The FYFPs are a web-based return designed by the SHR to collect the financial projections and related information of all RSLs in Scotland in a standard format. The information provided is used to calculate a number of financial ratios and is used by the SHR as part of its annual review of the financial viability of RSLs and in making decisions on the level of engagement. It is also used to allow developing trends, patterns and emerging issues to be identified and considered across the sector. The return provides the actual results for 2019/20 and the financial projections for the next five years and is usually required to be submitted by the end of June each year. However, in light of COVID-19 the SHR extended the deadline for submission to the end of September.

## **5. Discussion**

- 5.1 The revised forecast financial projections presented to the Board in July 2020 have been updated to reflect the final audited results for 2019/20 as reported in the statutory accounts. The projections have also been reviewed against the outturn figures for the first quarter of the current year and forecast for the remainder of the year and revised for any material changes.

- 5.2 The resulting projected financial statements together with the 2019/20 Statutory Accounts have been used as the basis for the SHR's FYFP return. The return includes financial statements and additional information for 2019/20 together with the first five years of our forecast. Information is collected in a standard format for all RSLs in Scotland with this broadly in line with the statutory accounts format. Our business planning / budgeting structure and accounting policies mean that our figures do not fit neatly into this template and therefore some presentational changes have been made for the purposes of the return. For example, employee costs are an important line included in our budget, but there is no line for this in the Regulator's return, with these being split between more thematic headings such as management and administration, repairs, wider action, etc.
- 5.3 The FYFP return to be submitted including the resulting financial ratios used by the regulator to assess and compare performance between RSLs is attached at Appendix 1. It should be noted that the calculation method used by the Regulator for these ratios differs from the methods used by our lenders for funding covenants.
- 5.4 To enable comparison to the figures presented to the Board in July, the summary forecast statement of comprehensive income for the five year period to 2024/25 is shown in Figure 1 below.

**Figure 1: Statement of comprehensive income**

	2020/21	2021/22	2022/23	2023/24	2024/25
Turnover	3,922	15,554	11,358	7,334	5,465
Operating Expenditure	(3,048)	(3,589)	(4,484)	(4,870)	(5,079)
Gain on Investment Properties	0	(425)	54	55	56
<b>Operating Surplus</b>	<b>874</b>	<b>11,540</b>	<b>6,928</b>	<b>2,520</b>	<b>442</b>
<b>Operating Margin (%)</b>	<b>22%</b>	<b>74%</b>	<b>61%</b>	<b>34%</b>	<b>8%</b>
Finance Costs	(790)	(1,030)	(1,675)	(1,900)	(1,944)
Housing Property Valuation Movement	456	(11,851)	(5,923)	385	3,226
Gain from Barony Transfer	10,414	0	0	0	0
<b>Total Comprehensive Income</b>	<b>10,954</b>	<b>(1,340)</b>	<b>(671)</b>	<b>1,005</b>	<b>1,725</b>
<b>July Re-forecast</b>	<b>3,519</b>	<b>(4,311)</b>	<b>(850)</b>	<b>839</b>	<b>1,633</b>

- 5.5 The main variances between the FYFP Return and the July re-forecast are summarised below:
- A gain of £10,414k has been reflected in 2020/21 in respect of the value of the assets transferred from Barony in May 2020. It was previously assumed that this transfer would complete before the end of the March 2020.
  - Whilst the projected performance trend remains the same the updated projections reflect a lower opening debt balance resulting in lower finance costs than previously assumed.
  - These projections also incorporate the latest property valuation which alters the projected property valuation movement when compared to the July re-forecast.

- 5.6 Our revised Statement of Financial Position, set out in Figure 2 below, shows the movement in the net asset position over the first five years of the projections. The delivery of 309 new affordable housing properties will help to strengthen our net asset base.

**Figure 2: Statement of Financial Position**

Statement of Financial Position	2020/21	2021/22	2022/23	2023/24	2024/25
Housing & Investment Properties	55,995	57,367	54,086	63,321	79,323
Other Fixed Assets	216	171	122	71	21
<b>Total Fixed Assets</b>	<b>56,211</b>	<b>57,538</b>	<b>54,208</b>	<b>63,392</b>	<b>79,344</b>
Current Assets	546	557	530	518	512
Current Liabilities	(13,892)	(8,406)	(2,058)	(8,717)	(18,154)
<b>Net Current Liabilities</b>	<b>(13,346)</b>	<b>(7,849)</b>	<b>(1,528)</b>	<b>(8,200)</b>	<b>(17,642)</b>
Long-Term Liabilities	(24,048)	(32,212)	(35,873)	(37,381)	(42,165)
Pension	0	0	0	0	0
<b>Net Assets</b>	<b>18,817</b>	<b>17,477</b>	<b>16,806</b>	<b>17,811</b>	<b>19,536</b>
Retained Earnings	18,817	17,477	16,806	17,811	19,536
<b>Total Reserves</b>	<b>18,817</b>	<b>17,477</b>	<b>16,806</b>	<b>17,811</b>	<b>19,536</b>
<b>July Re-forecast</b>	<b>17,347</b>	<b>13,036</b>	<b>12,186</b>	<b>13,024</b>	<b>14,658</b>

- 5.7 This shows a significant increase in net assets compared to the July projections as a result of an increase in the opening housing property valuation, and a reduction in opening debt. Over the period of the five year projections housing assets are being forecast to be £3.1m higher than assumed in the July Re-forecast, and debt is £2.5m lower as a result of the lower opening position; these being the main contributory factors to the improved net asset position. Fluctuations in current liabilities are due to the inclusion of new build grant income. This is reported as deferred income until completion of the units at which point it is transferred to Turnover in the Statement of Comprehensive Income.
- 5.8 While we are funded via an intra group loan from WFL1 and is not subject to covenants on a standalone basis it is important to assess our cash generation ability and contribution to the RSL Borrower Group financial position. A key measure used within the Group to determine this is interest cover, with this defined as EBITDA MRI (earnings before interest, tax, depreciation and amortisation with major repairs investment spend taken into account) over net interest payable. Ideally this should be >1 meaning that sufficient cash is generated from operating activities to cover both investment in existing assets and cost of funding. Figure 3 shows the revised projected for interest cover, including a comparison to the figures presented in July.

**Figure 4: EBITDA MRI interest cover ratio**

<b>£'000</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
Turnover (excl Grant)	3,375	3,819	4,741	5,202	5,465
Operating Costs (excl Depreciation)	(1,303)	(1,692)	(1,846)	(1,955)	(2,032)
<b>EBITDA</b>	<b>2,072</b>	<b>2,127</b>	<b>2,895</b>	<b>3,247</b>	<b>3,433</b>
Investment	(553)	(717)	(722)	(596)	(759)
<b>EBITDA (MRI)</b>	<b>1,519</b>	<b>1,410</b>	<b>2,172</b>	<b>2,651</b>	<b>2,675</b>
Interest (net)	(1,059)	(1,499)	(1,860)	(2,031)	(2,069)
<b>Interest Cover</b>	<b>460</b>	<b>(89)</b>	<b>312</b>	<b>620</b>	<b>606</b>
<b>Interest Cover (x)</b>	<b>1.43x</b>	<b>0.94x</b>	<b>1.17x</b>	<b>1.31x</b>	<b>1.29x</b>
<b>July Re-forecast</b>	<b>1.26x</b>	<b>0.87x</b>	<b>1.10x</b>	<b>1.23x</b>	<b>1.22x</b>

5.9 This demonstrates an improved performance compared to the financial projections presented in July. Whilst underlying operating performance remains unchanged the lower opening debt position results in decreased finance costs over the course of the projections. With the exception of 2021/22 we generate sufficient income from operating activities to cover both investment in existing assets and the cost of funding.

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

6.1 The revised projections show that we remain financially strong, and that there has been improvement compared to the position reported in July. Given the unprecedented level of uncertainty, these financial projections will remain under review and any significant changes reported back to the Board.

6.2 The SHR FYFP have been prepared in accordance with the guidance issued. These projections are based on the 2020 Statutory Accounts, also submitted to this board and the reforecast financial projections. The board are requested to consider and approve the regulator return. Once approved, these will be submitted to the SHR.

## **7. Value for Money implications**

7.1 The financial projections incorporate cost efficiency measures, which are a key element of continuing to demonstrate value for money. As part of the reforecast the long term rent increase assumption has been reduced from 3.5% to 2.9% each year.

## **8. Impact on Financial Projections**

8.1 The impact of the reforecast financial projections is outlined in section 5 above.

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

9.1 Once approved by the Board the five year financial projections return will be submitted to the SHR. The information will be used only by the SHR in its role as regulator and will not be used or relied upon by any other party. It is therefore not expected that there will be any legal implications

## **10. Equalities Impact**

10.1 Not applicable

## **11. Recommendations**

11.1 The Board is requested to:

- Note the update to our financial projections, including the impact of the actual results for 2019/20 as reported in the Statutory Accounts; and
- Approve the summary sheet and accompanying financial data and projections at Appendix 1 and authorise these to be submitted to the Scottish Housing Regulator

Appendix 1 : SHR Five Year Financial Projection Return

Financial Projections & Assumptions		2020						318	
		West Lothian Housing Partnership Ltd							
PLEASE USE "0" FOR NIL VALUES THROUGHOUT THIS RETURN		2019/20	2020/21	2021/22	2022/23	2023/24	2024/25		
		Year 0	Year 1	Year 2	Year 3	Year 4	Year 5		
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>STATEMENT OF COMPREHENSIVE INCOME</b>									
Gross rents	10 :	2,160.0	3,372.0	3,793.0	4,612.1	5,071.9	5,333.6		
Service charges	11 :	0.0	43.3	44.0	45.3	46.7	48.1		
<b>Gross rents &amp; service charges</b>	12 :	2,160.0	3,415.3	3,837.0	4,657.4	5,118.6	5,381.7		
Rent loss from voids	13 :	0.0	51.8	50.9	55.6	58.9	61.1		
<b>Net rent &amp; service charges</b>	14 :	2,160.0	3,363.5	3,786.1	4,601.8	5,059.7	5,320.6		
Developments for sale income	15 :	0.0	0.0	0.0	0.0	0.0	0.0		
Grants released from deferred income	16 :	5,906.0	547.1	11,735.2	6,616.7	2,132.4	0.0		
Grants from Scottish Ministers	17 :	0.0	0.0	0.0	0.0	0.0	0.0		
Other grants	18 :	0.0	11.6	11.7	12.1	12.4	12.8		
Other income	19 :	0.0	0.0	20.7	126.9	129.5	132.0		
<b>TURNOVER</b>	20 :	<b>8,066.0</b>	<b>3,922.2</b>	<b>15,553.7</b>	<b>11,357.5</b>	<b>7,334.0</b>	<b>5,465.4</b>		
Less:									
Housing depreciation	22 :	990.0	1,688.0	1,830.9	2,561.4	2,834.4	2,964.9		
Impairment written off / (back)	23 :	0.0	0.0	0.0	0.0	0.0	0.0		
Management costs	25 :	358.0	628.2	749.6	800.7	841.6	871.8		
Planned maintenance - direct costs	26 :	184.0	253.5	318.5	305.9	313.6	322.1		
Re-active & voids maintenance - direct costs	27 :	231.0	224.2	486.0	596.3	651.5	686.5		
Maintenance overhead costs	28 :	0.0	0.0	0.0	0.0	0.0	0.0		
Bad debts written off / (back)	29 :	0.0	67.0	50.9	55.7	59.0	61.2		
Developments for sale costs	30 :	0.0	0.0	0.0	0.0	0.0	0.0		
Other activity costs	31 :	36.0	87.9	86.4	87.7	89.0	92.0		
Other costs	32 :	3.0	99.2	66.6	76.1	80.4	80.7		
	33 :	812.0	1,360.0	1,758.0	1,922.4	2,035.1	2,114.3		
<b>Operating Costs</b>	35 :	<b>1,802.0</b>	<b>3,048.0</b>	<b>3,588.9</b>	<b>4,483.8</b>	<b>4,869.5</b>	<b>5,079.2</b>		
Gain/(Loss) on disposal of PPE	36 :	(5.0)	0.0	0.0	0.0	0.0	0.0		
Exceptional Items - (Income) / Expense	37 :	0.0	(10,414.0)	424.5	(54.1)	(55.2)	(56.3)		
<b>OPERATING SURPLUS/(DEFICIT)</b>	38 :	<b>6,259.0</b>	<b>11,288.2</b>	<b>11,540.3</b>	<b>6,927.8</b>	<b>2,519.7</b>	<b>442.5</b>		
Interest receivable and other income	40 :	1.0	0.0	0.5	1.0	1.5	3.0		
Interest payable and similar charges	41 :	601.0	790.2	1,030.1	1,676.2	1,901.4	1,946.7		
Increase / (Decrease) in Negative Goodwill	42 :	0.0	0.0	0.0	0.0	0.0	0.0		
Other Gains / (Losses)	43 :	(5,324.0)	456.2	(11,851.1)	(5,923.1)	385.0	3,226.3		
<b>SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES BEFORE TAX</b>	45 :	<b>335.0</b>	<b>10,954.2</b>	<b>(1,340.4)</b>	<b>(670.5)</b>	<b>1,004.8</b>	<b>1,725.1</b>		
Tax on surplus on ordinary activities	47 :	0.0	0.0	0.0	0.0	0.0	0.0		
<b>SURPLUS/(DEFICIT) FOR THE YEAR AFTER TAX</b>	49 :	<b>335.0</b>	<b>10,954.2</b>	<b>(1,340.4)</b>	<b>(670.5)</b>	<b>1,004.8</b>	<b>1,725.1</b>		

		£'000	£'000	£'000	£'000	£'000	£'000
Actuarial (loss) / gain in respect of pension schemes	51 :	72.0	0.0	0.0	0.0	0.0	0.0
Change in Fair Value of hedged financial instruments.	52 :	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>54 :</b>	<b>407.0</b>	<b>10,954.2</b>	<b>(1,340.4)</b>	<b>(670.5)</b>	<b>1,004.8</b>	<b>1,725.1</b>
<b>STATEMENT OF FINANCIAL POSITION</b>							
<b>Non-Current Assets</b>							
Intangible Assets & Goodwill	59 :	0.0	0.0	0.0	0.0	0.0	0.0
Housing properties - Gross cost or valuation	62 :	37,519.0	55,994.6	54,662.4	51,327.0	60,506.2	76,452.3
Less							
Housing Depreciation	64 :	0.0	0.0	0.0	0.0	0.0	0.0
Negative Goodwill	65 :	0.0	0.0	0.0	0.0	0.0	0.0
<b>NET HOUSING ASSETS</b>	<b>66 :</b>	<b>37,519.0</b>	<b>55,994.6</b>	<b>54,662.4</b>	<b>51,327.0</b>	<b>60,506.2</b>	<b>76,452.3</b>
Non-Current Investments	68 :	3.0	0.0	2,705.0	2,759.1	2,814.3	2,870.6
Other Non Current Assets	69 :	258.0	216.4	170.5	121.7	71.5	20.8
<b>TOTAL NON-CURRENT ASSETS</b>	<b>70 :</b>	<b>37,780.0</b>	<b>56,211.0</b>	<b>57,537.9</b>	<b>54,207.8</b>	<b>63,392.0</b>	<b>79,343.7</b>
<b>Current Assets</b>							
Net rental receivables	73 :	39.0	217.7	229.4	202.0	189.6	184.1
Other receivables, stock & WIP	74 :	128.0	128.0	128.0	128.0	128.0	128.0
Investments (non-cash)	75 :	0.0	0.0	0.0	0.0	0.0	0.0
Cash at bank and in hand	76 :	683.0	200.0	200.0	200.0	200.0	200.0
<b>TOTAL CURRENT ASSETS</b>	<b>77 :</b>	<b>850.0</b>	<b>545.7</b>	<b>557.4</b>	<b>530.0</b>	<b>517.6</b>	<b>512.1</b>
<b>Payables : Amounts falling due within One Year</b>							
Loans due within one year	80 :	0.0	0.0	0.0	0.0	0.0	0.0
Overdrafts due within one year	81 :	0.0	0.0	0.0	0.0	0.0	0.0
Other short-term payables	82 :	1,655.0	1,789.6	1,789.6	1,789.6	1,789.6	1,789.6
<b>TOTAL CURRENT LIABILITIES</b>	<b>83 :</b>	<b>1,655.0</b>	<b>1,789.6</b>	<b>1,789.6</b>	<b>1,789.6</b>	<b>1,789.6</b>	<b>1,789.6</b>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>	<b>85 :</b>	<b>(805.0)</b>	<b>(1,243.9)</b>	<b>(1,232.2)</b>	<b>(1,259.6)</b>	<b>(1,272.0)</b>	<b>(1,277.5)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>87 :</b>	<b>36,975.0</b>	<b>54,967.1</b>	<b>56,305.7</b>	<b>52,948.2</b>	<b>62,120.0</b>	<b>78,066.2</b>
<b>Payables : Amounts falling due After One Year</b>							
Loans due after one year	90 :	18,725.0	24,047.6	32,212.1	35,873.4	37,381.4	42,165.4
Other long-term payables	91 :	0.0	0.0	0.0	0.0	0.0	0.0
Grants to be released	92 :	10,387.0	12,102.3	6,616.7	268.6	6,927.5	16,364.8
	93 :	<b>29,112.0</b>	<b>36,149.9</b>	<b>38,828.8</b>	<b>36,142.0</b>	<b>44,308.9</b>	<b>58,530.2</b>
Provisions for liabilities & charges	94 :	0.0	0.0	0.0	0.0	0.0	0.0
<b>NET ASSETS</b>	<b>95 :</b>	<b>7,863.0</b>	<b>18,817.2</b>	<b>17,476.9</b>	<b>16,806.2</b>	<b>17,811.1</b>	<b>19,536.0</b>
<b>Capital &amp; Reserves</b>							
Share capital	98 :	0.0	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	99 :	0.0	0.0	0.0	0.0	0.0	0.0
Restricted reserves	100 :	0.0	0.0	0.0	0.0	0.0	0.0
Revenue reserves	101 :	7,863.0	18,817.2	17,476.9	16,806.2	17,811.1	19,536.0
<b>TOTAL CAPITAL &amp; RESERVES</b>	<b>102 :</b>	<b>7,863.0</b>	<b>18,817.2</b>	<b>17,476.9</b>	<b>16,806.2</b>	<b>17,811.1</b>	<b>19,536.0</b>
Pension Liability - as included above	104 :	0.0	0.0	0.0	0.0	0.0	0.0
Intra Group Receivables - as included above	105 :	50.0	50.0	50.0	50.0	50.0	50.0
Intra Group Payables - as included above	106 :	19,458.0	23,772.9	32,193.6	36,126.3	38,069.4	43,355.0

		£'000	£'000	£'000	£'000	£'000	£'000
Balance check	107 :	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE
<b>STATEMENT OF CASHFLOWS</b>							
<b>Net Cash from Operating Activities</b>							
Operating Surplus/(Deficit)	111 :	6,259.0	11,288.2	11,540.3	6,927.8	2,519.7	442.5
Depreciation & Amortisation	112 :	1,053.0	1,744.7	1,897.5	2,637.5	2,914.8	3,045.6
Impairments / (Revaluation Enhancements)	113 :	0.0	0.0	0.0	0.0	0.0	0.0
Increase / (Decrease) in Payables	114 :	(2,621.0)	0.0	0.0	0.0	0.0	0.0
(Increase) / Decrease in Receivables	115 :	121.0	(130.5)	(11.6)	27.2	12.3	6.7
(Increase) / Decrease in Stock & WIP	116 :	0.0	0.0	0.0	0.0	0.0	0.0
Gain / (Loss) on sale of non-current assets	117 :	5.0	0.0	0.0	0.0	0.0	0.0
Other non-cash adjustments	118 :	(6,001.0)	(10,961.1)	(11,310.7)	(6,670.8)	(2,187.6)	(56.3)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>119 :</b>	<b>(1,184.0)</b>	<b>1,941.3</b>	<b>2,115.5</b>	<b>2,921.7</b>	<b>3,259.2</b>	<b>3,438.5</b>
Tax (Paid) / Refunded	121 :	0.0	0.0	0.0	0.0	0.0	0.0
<b>Return on Investment and Servicing of Finance</b>							
Interest Received	124 :	1.0	0.0	0.5	1.0	1.5	3.0
Interest (Paid)	125 :	(882.0)	(1,058.5)	(1,499.1)	(1,861.4)	(2,032.7)	(2,071.7)
<b>RETURNS ON INVESTMENT AND SERVICING OF FINANCE</b>	<b>126 :</b>	<b>(881.0)</b>	<b>(1,058.5)</b>	<b>(1,498.6)</b>	<b>(1,860.4)</b>	<b>(2,031.2)</b>	<b>(2,068.7)</b>
<b>Capital Expenditure &amp; Financial Investment</b>							
Construction or acquisition of Housing properties	129 :	(11,600.0)	(7,230.1)	(14,284.4)	(4,238.9)	(10,900.5)	(14,750.7)
Improvement of Housing	130 :	(290.0)	(565.7)	(727.0)	(732.3)	(606.0)	(819.2)
Construction or acquisition of other Land & Buildings	131 :	0.0	0.0	0.0	0.0	0.0	0.0
Construction or acquisition of other Non-Current Assets	132 :	(84.0)	(18.3)	(18.5)	(19.1)	(19.7)	(20.2)
Sale of Social Housing Properties	133 :	0.0	0.0	0.0	0.0	0.0	0.0
Sale of Other Land & Buildings	134 :	0.0	0.0	0.0	0.0	0.0	0.0
Sale of Other Non-Current Assets	135 :	0.0	0.0	0.0	0.0	0.0	0.0
Grants (Repaid) / Received	136 :	8,013.0	2,262.4	6,249.6	268.6	8,791.3	9,437.3
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>	<b>137 :</b>	<b>(3,961.0)</b>	<b>(5,551.7)</b>	<b>(8,780.3)</b>	<b>(4,721.7)</b>	<b>(2,734.9)</b>	<b>(6,152.8)</b>
<b>NET CASH BEFORE FINANCING</b>	<b>139 :</b>	<b>(6,026.0)</b>	<b>(4,668.9)</b>	<b>(8,163.4)</b>	<b>(3,660.4)</b>	<b>(1,506.9)</b>	<b>(4,783.0)</b>
<b>Financing</b>							
Equity drawdown	142 :	0.0	0.0	0.0	0.0	0.0	0.0
Debt drawdown	143 :	0.0	0.0	0.0	0.0	0.0	0.0
Debt repayment	144 :	0.0	0.0	0.0	0.0	0.0	0.0
Working Capital (Cash) - Drawn / (Repaid)	145 :	4,751.0	4,185.9	8,163.4	3,660.4	1,506.9	4,783.0
<b>NET CASH FROM FINANCING</b>	<b>146 :</b>	<b>4,751.0</b>	<b>4,185.9</b>	<b>8,163.4</b>	<b>3,660.4</b>	<b>1,506.9</b>	<b>4,783.0</b>
<b>INCREASE / (DECREASE) IN NET CASH</b>	<b>148 :</b>	<b>(1,275.0)</b>	<b>(483.0)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Cash Balance</b>							
Balance Brought Forward	151 :	1,958.0	683.0	200.0	200.0	200.0	200.0
Increase / (Decrease) in Net Cash	152 :	(1,275.0)	(483.0)	0.0	0.0	0.0	0.0
<b>CLOSING BALANCE</b>	<b>153 :</b>	<b>683.0</b>	<b>200.0</b>	<b>200.0</b>	<b>200.0</b>	<b>200.0</b>	<b>200.0</b>
Difference between Closing Balance and Cash at bank and in hand	154 :	0.0	0.0	0.0	0.0	0.0	0.0
<b>ADDITIONAL INFORMATION</b>							
<b>Units owned:</b>							
Social Rent Properties	159 :	519	749	911	998	1,024	1,024
MMR Properties	160 :	0	0	26	26	26	26

		£'000	£'000	£'000	£'000	£'000	£'000
Low Costs Home Ownership Properties	161 :	0	0	0	0	0	0
Properties - Other Tenures	162 :	0	0	0	0	0	0
<b>Number of units owned at end of period</b>	<b>163 :</b>	<b>519</b>	<b>749</b>	<b>937</b>	<b>1024</b>	<b>1050</b>	<b>1050</b>
Number of units managed at end of period (exclude factored units)	165 :	0	0	0	0	0	0
New Social Rent Properties added	167 :	83	230	162	87	26	0
New MMR Properties added	168 :	0	0	26	0	0	0
New Low Costs Home Ownership Properties added	169 :	0	0	0	0	0	0
New Properties - Other Tenures added	170 :	0	0	0	0	0	0
<b>Total number of new affordable housing units added during year</b>	<b>171 :</b>	<b>83</b>	<b>230</b>	<b>188</b>	<b>87</b>	<b>26</b>	<b>0</b>
<b>Financed by:</b>							
Scottish Housing Grants	174 :	5,906.0	547.1	11,735.2	6,616.7	2,132.4	0.0
Other public subsidy	175 :	0.0	0.0	0.0	0.0	0.0	0.0
Private finance	176 :	6,074.0	507.3	13,444.2	6,298.5	1,968.8	0.0
Sales	177 :	0.0	0.0	0.0	0.0	0.0	0.0
Cash reserves	178 :	0.0	0.0	0.0	0.0	0.0	0.0
Other	179 :	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total cost of new units</b>	<b>180 :</b>	<b>11,980.0</b>	<b>1,054.4</b>	<b>25,179.4</b>	<b>12,915.2</b>	<b>4,101.2</b>	<b>0.0</b>
	181 :						
<b>Number of units lost during year from:</b>							
Sales including right to buy	183 :	0	0	0	0	0	0
Demolition	184 :	0	0	0	0	0	0
Other	185 :	0	0	0	0	0	0
<b>Assumptions:</b>							
General Inflation (%)	188 :	0.0	3.0	1.5	3.0	3.0	3.0
Rent increase - Margin above General Inflation (%)	189 :	0.0	0.2	0.4	(0.1)	(0.1)	(0.1)
Operating cost increase - Margin above General Inflation (%)	190 :	0.0	0.0	0.0	0.0	0.0	0.0
Direct maintenance cost increase - Margin above General Inflation (%)	191 :	0.0	0.0	0.0	0.0	0.0	0.0
Actual / Assumed average salary increase (%)	192 :	2.2	2.2	1.5	1.5	1.5	2.0
Average cost of borrowing (%)	193 :	4.9	5.3	5.4	5.4	5.4	5.4
Employers Contributions for pensions (%)	194 :	10.4	10.4	10.4	10.4	10.4	10.4
Employers Contributions for pensions (£'000)	195 :	26.0	30.6	31.1	31.5	32.0	32.6
SHAPS Pensions deficit contributions (£'000)	196 :	35.0	18.7	19.2	0.0	0.0	0.0
Total staff costs (including NI & pension costs)	198 :	275.0	412.9	419.2	425.3	431.8	440.5
Full time equivalent staff	199 :	7.0	9.0	9.0	9.0	9.0	9.0
ESSH Capital Expenditure included above	201 :	0.0	0.0	0.0	0.0	0.0	0.0
Total capital and revenue expenditure on maintenance of pre-1919 properties	202 :	0.0	0.0	0.0	0.0	0.0	0.0
Total capital and revenue expenditure on maintenance of all other properties	203 :	521.0	789.9	1,213.0	1,328.6	1,257.5	1,505.7
ESSH Revenue Expenditure included above	204 :	0.0	0.0	0.0	0.0	0.0	0.0
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<b>Ratios</b>							
<b>West Lothian Housing Partnership Ltd</b>							<b>318</b>
	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	
	<b>Year 0</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	
<b>Financial capacity</b>							
Interest cover %	(134.1)	183.4	141.2	157.0	160.4	166.1	
Gearing %	229.5	126.7	183.2	212.3	208.8	214.8	
<b>Efficiency</b>							
Voids %	0.0	1.5	1.3	1.2	1.2	1.1	
Arrears %	1.8	6.5	6.1	4.4	3.7	3.5	
Bad debts %	0.0	2.0	1.3	1.2	1.2	1.2	
Staff costs / turnover %	3.4	10.5	2.7	3.7	5.9	8.1	
Turnover per unit (£)	15,541.4	5,236.6	16,599.5	11,091.3	6,984.8	5,205.1	
Responsive repairs to planned maintenance	2.1	3.7	2.2	1.7	1.4	1.7	
<b>Liquidity</b>							
Current ratio	0.5	0.3	0.3	0.3	0.3	0.3	
<b>Profitability</b>							
Gross surplus / Deficit %	77.6	287.8	74.2	61.0	34.4	8.1	
Net surplus / Deficit %	4.2	279.3	(8.6)	(5.9)	13.7	31.6	
EBITDA / revenue (%)	87.1	317.9	81.7	77.8	65.8	48.8	
<b>Financing</b>							
Debt Burden	2.3	6.1	2.1	3.2	5.1	7.7	
Net debt per unit (£)	34,763.0	31,839.3	34,164.5	34,837.3	35,410.9	39,967.0	
Debt per unit (£)	36,079.0	32,106.3	34,377.9	35,032.6	35,601.3	40,157.5	
<b>Diversification</b>							
Income from non-rental activities %	0.0	0.0	0.1	1.1	1.8	2.4	
Other Activities Surplus to Operating Surplus %	(0.6)	(0.8)	(0.6)	0.6	1.6	9.0	

# Financial Projections & Assumptions

2020



## West Lothian Housing Partnership Ltd

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		2019/20 Year 0 £'000	2020/21 Year 1 £'000	2021/22 Year 2 £'000	2022/23 Year 3 £'000	2023/24 Year 4 £'000	2024/25 Year 5 £'000
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PLEASE USE "0" FOR NIL VALUES THROUGHOUT THIS RETURN

### STATEMENT OF COMPREHENSIVE INCOME

Gross rents	10 :	2,160.0	3,372.0	3,793.0	4,612.1	5,071.9	5,333.6	
Service charges	11 :	0.0	43.3	44.0	45.3	46.7	48.1	
<b>Gross rents &amp; service charges</b>	12 :	2,160.0	3,415.3	3,837.0	4,657.4	5,118.6	5,381.7	10+11
Rent loss from voids	13 :	0.0	51.8	50.9	55.6	58.9	61.1	
<b>Net rent &amp; service charges</b>	14 :	2,160.0	3,363.5	3,786.1	4,601.8	5,059.7	5,320.6	12-13
Developments for sale income	15 :	0.0	0.0	0.0	0.0	0.0	0.0	
Grants released from deferred income	16 :	5,906.0	547.1	11,735.2	6,616.7	2,132.4	0.0	
Grants from Scottish Ministers	17 :	0.0	0.0	0.0	0.0	0.0	0.0	
Other grants	18 :	0.0	11.6	11.7	12.1	12.4	12.8	
Other income	19 :	0.0	0.0	20.7	126.9	129.5	132.0	
<b>TURNOVER</b>	20 :	<b>8,066.0</b>	<b>3,922.2</b>	<b>15,553.7</b>	<b>11,357.5</b>	<b>7,334.0</b>	<b>5,465.4</b>	SUM(14:19)
Less:								
Housing depreciation	22 :	990.0	1,688.0	1,830.9	2,561.4	2,834.4	2,964.9	
Impairment written off / (back)	23 :	0.0	0.0	0.0	0.0	0.0	0.0	
Management costs	25 :	358.0	628.2	749.6	800.7	841.6	871.8	
Planned maintenance - direct costs	26 :	184.0	253.5	318.5	305.9	313.6	322.1	
Re-active & voids maintenance - direct costs	27 :	231.0	224.2	486.0	596.3	651.5	686.5	
Maintenance overhead costs	28 :	0.0	0.0	0.0	0.0	0.0	0.0	
Bad debts written off / (back)	29 :	0.0	67.0	50.9	55.7	59.0	61.2	
Developments for sale costs	30 :	0.0	0.0	0.0	0.0	0.0	0.0	
Other activity costs	31 :	36.0	87.9	86.4	87.7	89.0	92.0	
Other costs	32 :	3.0	99.2	66.6	76.1	80.4	80.7	
	33 :	812.0	1,360.0	1,758.0	1,922.4	2,035.1	2,114.3	SUM (25:32)
<b>Operating Costs</b>	35 :	<b>1,802.0</b>	<b>3,048.0</b>	<b>3,588.9</b>	<b>4,483.8</b>	<b>4,869.5</b>	<b>5,079.2</b>	22+23+33
Gain/(Loss) on disposal of PPE	36 :	(5.0)	0.0	0.0	0.0	0.0	0.0	
Exceptional Items - (Income) / Expense	37 :	0.0	(10,414.0)	424.5	(54.1)	(55.2)	(56.3)	
<b>OPERATING SURPLUS/(DEFICIT)</b>	38 :	<b>6,259.0</b>	<b>11,288.2</b>	<b>11,540.3</b>	<b>6,927.8</b>	<b>2,519.7</b>	<b>442.5</b>	20-35+36-37
Interest receivable and other income	40 :	1.0	0.0	0.5	1.0	1.5	3.0	
Interest payable and similar charges	41 :	601.0	790.2	1,030.1	1,676.2	1,901.4	1,946.7	
Increase / (Decrease) in Negative Goodwill	42 :	0.0	0.0	0.0	0.0	0.0	0.0	
Other Gains / (Losses)	43 :	(5,324.0)	456.2	(11,851.1)	(5,923.1)	385.0	3,226.3	
<b>SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES BEFORE TAX</b>	45 :	<b>335.0</b>	<b>10,954.2</b>	<b>(1,340.4)</b>	<b>(670.5)</b>	<b>1,004.8</b>	<b>1,725.1</b>	38+40-41+42+43
Tax on surplus on ordinary activities	47 :	0.0	0.0	0.0	0.0	0.0	0.0	
<b>SURPLUS/(DEFICIT) FOR THE YEAR AFTER TAX</b>	49 :	<b>335.0</b>	<b>10,954.2</b>	<b>(1,340.4)</b>	<b>(670.5)</b>	<b>1,004.8</b>	<b>1,725.1</b>	45-47

5 Yr Financial Projections 2018-2019

Classified as Public

		£'000	£'000	£'000	£'000	£'000	£'000	
Actuarial (loss) / gain in respect of pension schemes	51 :	72.0	0.0	0.0	0.0	0.0	0.0	
Change in Fair Value of hedged financial instruments.	52 :	0.0	0.0	0.0	0.0	0.0	0.0	
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	54 :	<b>407.0</b>	<b>10,954.2</b>	<b>(1,340.4)</b>	<b>(670.5)</b>	<b>1,004.8</b>	<b>1,725.1</b>	49+51+52
<b>STATEMENT OF FINANCIAL POSITION</b>								
<b>Non-Current Assets</b>								
Intangible Assets & Goodwill	59 :	0.0	0.0	0.0	0.0	0.0	0.0	
Housing properties - Gross cost or valuation	62 :	37,519.0	55,994.6	54,662.4	51,327.0	60,506.2	76,452.3	
Less								
Housing Depreciation	64 :	0.0	0.0	0.0	0.0	0.0	0.0	
Negative Goodwill	65 :	0.0	0.0	0.0	0.0	0.0	0.0	
<b>NET HOUSING ASSETS</b>	66 :	<b>37,519.0</b>	<b>55,994.6</b>	<b>54,662.4</b>	<b>51,327.0</b>	<b>60,506.2</b>	<b>76,452.3</b>	62-64-65
Non-Current Investments	68 :	3.0	0.0	2,705.0	2,759.1	2,814.3	2,870.6	
Other Non Current Assets	69 :	258.0	216.4	170.5	121.7	71.5	20.8	
<b>TOTAL NON-CURRENT ASSETS</b>	70 :	<b>37,780.0</b>	<b>56,211.0</b>	<b>57,537.9</b>	<b>54,207.8</b>	<b>63,392.0</b>	<b>79,343.7</b>	59+66+68+69
<b>Current Assets</b>								
Net rental receivables	73 :	39.0	217.7	229.4	202.0	189.6	184.1	
Other receivables, stock & WIP	74 :	128.0	128.0	128.0	128.0	128.0	128.0	
Investments (non-cash)	75 :	0.0	0.0	0.0	0.0	0.0	0.0	
Cash at bank and in hand	76 :	683.0	200.0	200.0	200.0	200.0	200.0	
<b>TOTAL CURRENT ASSETS</b>	77 :	<b>850.0</b>	<b>545.7</b>	<b>557.4</b>	<b>530.0</b>	<b>517.6</b>	<b>512.1</b>	SUM(73:76)
<b>Payables : Amounts falling due within One Year</b>								
Loans due within one year	80 :	0.0	0.0	0.0	0.0	0.0	0.0	
Overdrafts due within one year	81 :	0.0	0.0	0.0	0.0	0.0	0.0	
Other short-term payables	82 :	1,655.0	1,789.6	1,789.6	1,789.6	1,789.6	1,789.6	
<b>TOTAL CURRENT LIABILITIES</b>	83 :	<b>1,655.0</b>	<b>1,789.6</b>	<b>1,789.6</b>	<b>1,789.6</b>	<b>1,789.6</b>	<b>1,789.6</b>	80+81+82
<b>NET CURRENT ASSETS/(LIABILITIES)</b>	85 :	<b>(805.0)</b>	<b>(1,243.9)</b>	<b>(1,232.2)</b>	<b>(1,259.6)</b>	<b>(1,272.0)</b>	<b>(1,277.5)</b>	77-83
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	87 :	<b>36,975.0</b>	<b>54,967.1</b>	<b>56,305.7</b>	<b>52,948.2</b>	<b>62,120.0</b>	<b>78,066.2</b>	70+85
<b>Payables : Amounts falling due After One Year</b>								
Loans due after one year	90 :	18,725.0	24,047.6	32,212.1	35,873.4	37,381.4	42,165.4	
Other long-term payables	91 :	0.0	0.0	0.0	0.0	0.0	0.0	
Grants to be released	92 :	10,387.0	12,102.3	6,616.7	268.6	6,927.5	16,364.8	
	93 :	<b>29,112.0</b>	<b>36,149.9</b>	<b>38,828.8</b>	<b>36,142.0</b>	<b>44,308.9</b>	<b>58,530.2</b>	90+91+92
Provisions for liabilities & charges	94 :	0.0	0.0	0.0	0.0	0.0	0.0	
<b>NET ASSETS</b>	95 :	<b>7,863.0</b>	<b>18,817.2</b>	<b>17,476.9</b>	<b>16,806.2</b>	<b>17,811.1</b>	<b>19,536.0</b>	87-93-94
<b>Capital &amp; Reserves</b>								
Share capital	98 :	0.0	0.0	0.0	0.0	0.0	0.0	
Revaluation reserve	99 :	0.0	0.0	0.0	0.0	0.0	0.0	
Restricted reserves	100 :	0.0	0.0	0.0	0.0	0.0	0.0	
Revenue reserves	101 :	7,863.0	18,817.2	17,476.9	16,806.2	17,811.1	19,536.0	
<b>TOTAL CAPITAL &amp; RESERVES</b>	102 :	<b>7,863.0</b>	<b>18,817.2</b>	<b>17,476.9</b>	<b>16,806.2</b>	<b>17,811.1</b>	<b>19,536.0</b>	SUM(98:101)
Pension Liability - as included above	104 :	0.0	0.0	0.0	0.0	0.0	0.0	
Intra Group Receivables - as included above	105 :	50.0	50.0	50.0	50.0	50.0	50.0	
Intra Group Payables - as included above	106 :	19,458.0	23,772.9	32,193.6	36,126.3	38,069.4	43,355.0	

		£'000	£'000	£'000	£'000	£'000	£'000	
Balance check	107 :	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	
<b>STATEMENT OF CASHFLOWS</b>								
<b>Net Cash from Operating Activities</b>								
Operating Surplus/(Deficit)	111 :	6,259.0	11,288.2	11,540.3	6,927.8	2,519.7	442.5	38
Depreciation & Amortisation	112 :	1,053.0	1,744.7	1,897.5	2,637.5	2,914.8	3,045.6	
Impairments / (Revaluation Enhancements)	113 :	0.0	0.0	0.0	0.0	0.0	0.0	
Increase / (Decrease) in Payables	114 :	(2,621.0)	0.0	0.0	0.0	0.0	0.0	
(Increase) / Decrease in Receivables	115 :	121.0	(130.5)	(11.6)	27.2	12.3	6.7	
(Increase) / Decrease in Stock & WIP	116 :	0.0	0.0	0.0	0.0	0.0	0.0	
Gain / (Loss) on sale of non-current assets	117 :	5.0	0.0	0.0	0.0	0.0	0.0	
Other non-cash adjustments	118 :	(6,001.0)	(10,961.1)	(11,310.7)	(6,670.8)	(2,187.6)	(56.3)	
<b>NET CASH FROM OPERATING ACTIVITIES</b>	119 :	<b>(1,184.0)</b>	<b>1,941.3</b>	<b>2,115.5</b>	<b>2,921.7</b>	<b>3,259.2</b>	<b>3,438.5</b>	SUM(111:118)
Tax (Paid) / Refunded	121 :	0.0	0.0	0.0	0.0	0.0	0.0	
<b>Return on Investment and Servicing of Finance</b>								
Interest Received	124 :	1.0	0.0	0.5	1.0	1.5	3.0	
Interest (Paid)	125 :	(882.0)	(1,058.5)	(1,499.1)	(1,861.4)	(2,032.7)	(2,071.7)	
<b>RETURNS ON INVESTMENT AND SERVICING OF FINANCE</b>	126 :	<b>(881.0)</b>	<b>(1,058.5)</b>	<b>(1,498.6)</b>	<b>(1,860.4)</b>	<b>(2,031.2)</b>	<b>(2,068.7)</b>	124+125
<b>Capital Expenditure &amp; Financial Investment</b>								
Construction or acquisition of Housing properties	129 :	(11,600.0)	(7,230.1)	(14,284.4)	(4,238.9)	(10,900.5)	(14,750.7)	
Improvement of Housing	130 :	(290.0)	(565.7)	(727.0)	(732.3)	(606.0)	(819.2)	
Construction or acquisition of other Land & Buildings	131 :	0.0	0.0	0.0	0.0	0.0	0.0	
Construction or acquisition of other Non-Current Assets	132 :	(84.0)	(18.3)	(18.5)	(19.1)	(19.7)	(20.2)	
Sale of Social Housing Properties	133 :	0.0	0.0	0.0	0.0	0.0	0.0	
Sale of Other Land & Buildings	134 :	0.0	0.0	0.0	0.0	0.0	0.0	
Sale of Other Non-Current Assets	135 :	0.0	0.0	0.0	0.0	0.0	0.0	
Grants (Repaid) / Received	136 :	8,013.0	2,262.4	6,249.6	268.6	8,791.3	9,437.3	
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>	137 :	<b>(3,961.0)</b>	<b>(5,551.7)</b>	<b>(8,780.3)</b>	<b>(4,721.7)</b>	<b>(2,734.9)</b>	<b>(6,152.8)</b>	SUM(129:136)
<b>NET CASH BEFORE FINANCING</b>	139 :	<b>(6,026.0)</b>	<b>(4,668.9)</b>	<b>(8,163.4)</b>	<b>(3,660.4)</b>	<b>(1,506.9)</b>	<b>(4,783.0)</b>	119+121+126+137
<b>Financing</b>								
Equity drawdown	142 :	0.0	0.0	0.0	0.0	0.0	0.0	
Debt drawdown	143 :	0.0	0.0	0.0	0.0	0.0	0.0	
Debt repayment	144 :	0.0	0.0	0.0	0.0	0.0	0.0	
Working Capital (Cash) - Drawn / (Repaid)	145 :	4,751.0	4,185.9	8,163.4	3,660.4	1,506.9	4,783.0	
<b>NET CASH FROM FINANCING</b>	146 :	<b>4,751.0</b>	<b>4,185.9</b>	<b>8,163.4</b>	<b>3,660.4</b>	<b>1,506.9</b>	<b>4,783.0</b>	SUM(142:145)
<b>INCREASE / (DECREASE) IN NET CASH</b>	148 :	<b>(1,275.0)</b>	<b>(483.0)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	139+146
<b>Cash Balance</b>								
Balance Brought Forward	151 :	1,958.0	683.0	200.0	200.0	200.0	200.0	153 (Prior Year)
Increase / (Decrease) in Net Cash	152 :	(1,275.0)	(483.0)	0.0	0.0	0.0	0.0	148
<b>CLOSING BALANCE</b>	153 :	<b>683.0</b>	<b>200.0</b>	<b>200.0</b>	<b>200.0</b>	<b>200.0</b>	<b>200.0</b>	151+152
Difference between Closing Balance and Cash at bank and in hand	154 :	0.0	0.0	0.0	0.0	0.0	0.0	153-76
<b>ADDITIONAL INFORMATION</b>								
<b>Units owned:</b>								
Social Rent Properties	159 :	519	749	911	998	1,024	1,024	
MMR Properties	160 :	0	0	26	26	26	26	

		£'000	£'000	£'000	£'000	£'000	£'000	
Low Costs Home Ownership Properties	161 :	0	0	0	0	0	0	
Properties - Other Tenures	162 :	0	0	0	0	0	0	
<b>Number of units owned at end of period</b>	163 :	<b>519</b>	<b>749</b>	<b>937</b>	<b>1024</b>	<b>1050</b>	<b>1050</b>	SUM(159:162)
Number of units managed at end of period (exclude factored units)	165 :	0	0	0	0	0	0	
New Social Rent Properties added	167 :	83	230	162	87	26	0	
New MMR Properties added	168 :	0	0	26	0	0	0	
New Low Costs Home Ownership Properties added	169 :	0	0	0	0	0	0	
New Properties - Other Tenures added	170 :	0	0	0	0	0	0	
<b>Total number of new affordable housing units added during year</b>	171 :	<b>83</b>	<b>230</b>	<b>188</b>	<b>87</b>	<b>26</b>	<b>0</b>	SUM (167:170)
<b>Financed by:</b>								
Scottish Housing Grants	174 :	5,906.0	547.1	11,735.2	6,616.7	2,132.4	0.0	
Other public subsidy	175 :	0.0	0.0	0.0	0.0	0.0	0.0	
Private finance	176 :	6,074.0	507.3	13,444.2	6,298.5	1,968.8	0.0	
Sales	177 :	0.0	0.0	0.0	0.0	0.0	0.0	
Cash reserves	178 :	0.0	0.0	0.0	0.0	0.0	0.0	
Other	179 :	0.0	0.0	0.0	0.0	0.0	0.0	
<b>Total cost of new units</b>	180 :	<b>11,980.0</b>	<b>1,054.4</b>	<b>25,179.4</b>	<b>12,915.2</b>	<b>4,101.2</b>	<b>0.0</b>	SUM (174:179)
	181 :							
<b>Number of units lost during year from:</b>								
Sales including right to buy	183 :	0	0	0	0	0	0	
Demolition	184 :	0	0	0	0	0	0	
Other	185 :	0	0	0	0	0	0	
<b>Assumptions:</b>								
General Inflation (%)	188 :	0.0	3.0	1.5	3.0	3.0	3.0	
Rent increase - Margin above General Inflation (%)	189 :	0.0	0.2	0.4	(0.1)	(0.1)	(0.1)	
Operating cost increase - Margin above General Inflation (%)	190 :	0.0	0.0	0.0	0.0	0.0	0.0	
Direct maintenance cost increase - Margin above General Inflation (%)	191 :	0.0	0.0	0.0	0.0	0.0	0.0	
Actual / Assumed average salary increase (%)	192 :	2.2	2.2	1.5	1.5	1.5	2.0	
Average cost of borrowing (%)	193 :	4.9	5.3	5.4	5.4	5.4	5.4	
Employers Contributions for pensions (%)	194 :	10.4	10.4	10.4	10.4	10.4	10.4	
Employers Contributions for pensions (£'000)	195 :	26.0	30.6	31.1	31.5	32.0	32.6	
SHAPS Pensions deficit contributions (£'000)	196 :	35.0	18.7	19.2	0.0	0.0	0.0	
Total staff costs (including NI & pension costs)	198 :	275.0	412.9	419.2	425.3	431.8	440.5	
Full time equivalent staff	199 :	7.0	9.0	9.0	9.0	9.0	9.0	
EESH Capital Expenditure included above	201 :	0.0	0.0	0.0	0.0	0.0	0.0	
Total capital and revenue expenditure on maintenance of pre-1919 properties	202 :	0.0	0.0	0.0	0.0	0.0	0.0	
Total capital and revenue expenditure on maintenance of all other properties	203 :	521.0	789.9	1,213.0	1,328.6	1,257.5	1,505.7	
EESH Revenue Expenditure included above	204 :	0.0	0.0	0.0	0.0	0.0	0.0	
<b>Version 8.42</b>								

## Report

**To:** West Lothian Housing Partnership Board

**By:** Anthony Allison, Director of Governance

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

**Subject:** Governance update

**Date of Meeting:** 12 August 2020

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### 1. Purpose

- 1.1 To update the Board and, where applicable, seek Board approval on the following governance related matters:
- 2020 Annual General Meeting (“AGM”) arrangements
  - Secretary’s report
  - Constitutional changes
  - Board arrangements and cycle for the remainder of 2020
  - Scottish Housing Regulator consultation on the Regulatory Framework

### 2. Authorising context

- 2.1 Under the Group Authorising Framework, the Group Board is responsible for the Group’s overall governance arrangements. As part of this role, the Group Board is responsible for the Group’s governance framework and agreement of any changes.
- 2.2 The Board is responsible for calling meetings, including General Meetings. All Board member appointments / re-appointments at the AGM require approval by the Parent under the Articles of Association.

### 3. Risk Appetite and assessment

- 3.1 Our agreed risk appetite for governance is “cautious”. This level of risk tolerance is defined as a “preference for safe delivery options that have a low degree of inherent risk and have only limited potential for reward”.
- 3.2 In order to mitigate this risk we engaged our external legal advisors to support the revision of the Articles as well as engaged the Board throughout the process.

### 4. Background

- 4.1 At its meeting on 27 May the Board considered and agreed proposed changes to our Articles of Association. It was also agreed that those changes be presented to the members for agreement at a Special General Meeting.
- 4.2 It was agreed that an update would be brought back to the Board to set out in further details the specific approach for effecting the changes.

## 5. Discussion

### Annual General Meeting

- 5.1 The UK wide Corporate Insolvency and Governance Bill received royal assent on 25 June and is now an Act. The measures in this Act were designed to *'relieve the burden on businesses during the coronavirus (COVID-19) outbreak and allow them to focus all their efforts on continuing to operate'*.
- 5.2 Part of the Act allows organisations, including us, to hold General Meetings virtually, even where this is not expressly permitted in the constitution. This provision was in recognition that unnecessary gatherings should be avoided and that the facilities may not be available to do so even if permissible.
- 5.3 It is therefore intended that the 2020 AGM will be held virtually (via Zoom) on 23 September 2020 at 18.30. Papers will be issued to members in the normal way, a combination of a physical calling notice and supplementary paper being made available electronically.
- 5.4 We recognise that holding the meeting virtually has the potential to impact accessibility and we will make support available to tenants in particular to attend virtually. This might include support downloading and using the Zoom platform and if practical access to the necessary equipment and infrastructure. We will also strongly encourage the use of proxies, which will support us reaching the necessary quorum.
- 5.5 Under the Articles of Association the Board any Board member who has served for 3 year requires to retire from office. Any such member may seek re-election. John Hill and Mairi Martin have served for three years and therefore require to retire at the AGM. In line with our succession plan, both John and Mairi are proposed for reappointment at the AGM.
- 5.6 In addition to this we have appointed a number of Board members 'in year'. These appointments were made by the Parent under Article 37.7.1, in agreement with the Board. It is proposed that those appointed in year, namely Bryan Sheriff, Gregor Dunlay, Alan McCloskey and Gordon Smith retire and are proposed for reappointment at this year's AGM. This will allow their future retirement dates to be linked with our AGM cycles rather than spread across the year.
- 5.7 The reappointment of all members is subject to Parent approval and this will be formally confirmed by the Group Remuneration, Appointments, Appraisal and Governance Committee at its meeting on 26 August.

### Secretary's report

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

Article	Secretary report
62	The physical signing of the minutes was not possible during the early stages of the pandemic as meetings were held virtually. Provision has now been made to allow the minutes to be executed with a wet signature.
63	The seal is not routinely used. It is kept at the registered office.
64 and 65	All registers have been checked and maintained throughout the year and are held at our registered office
66	Our registered name is displayed at our registered office and at every office where our business is carried out. It is also clearly marked on business letters, notices, adverts, official publications and financial documents.
67	Our books of account, registers, securities and other documents are kept at our registered office at Wheatley House, 25 Cochrane Street, G1 1HL

### Constitutional changes

- 5.10 The Board received the proposed constitutional changes at its meeting in May. The changes were largely to keep us in sync with a wider review being undertaken across the Group to effect changes in tenure limits as part of our governance response to the pandemic. The particular issues for us related to the Chair's agreed tenure extension for a time limited period to the 2021 AGM and transitioning to a tenant membership.
- 5.11 In order to avoid making any immediate changes to the membership whilst we assimilate the Barony stock and await the outcome of the other part of the Barony reorganisation via the Transfer of Engagement ("ToE") it is proposed we make only the immediately necessary changes.
- 5.12 The Barony ToE issue relates to individuals who are now our tenants but remain Barony members and therefore have a right to Dunedin Canmore Housing membership as part of the ToE. Our intention is to review the DCH membership post ToE (if successful) with a view to transitioning our tenants from DCH to WLHP membership.
- 5.13 It is therefore proposed we call a Special General Meeting immediately before the AGM to pass the following resolutions:
- That article 59.10 of the Articles of Association be deleted and replaced with the following:*
- 59.10 The Chairperson can be re-elected upon expiry of their office term for a further maximum of two years and must not hold office continuously for more than five years (except with the approval of the Parent), subject always to the provisions of article 39.*
- 5.14 It is proposed that rather than effect a full Article change for the membership changes, we seek to use the Parent discretion on membership contained in the Articles. This is on the basis that the Parent is comfortable with our proposals, which it has indicated it is.

- 5.15 We would therefore convene a Special General Meeting (“SGM”). It is proposed that the SGM be immediately prior to the AGM, also virtually (via Zoom) on 23 September 2020 at 18.20. As we are a Company, the resolution and Article changes would take effect upon the resolution being passed.
- 5.16 We will make the same support available for attendance as the AGM and also strongly encourage proxy votes. For both the AGM and SGM the full Board are asked to attend or provide a proxy.

#### Board arrangements and cycle for the remainder of 2020

- 5.17 It is intended that this will be the final Board meeting under the interim governance arrangements and that we will revert back to the full Board at the next Board meeting. It is intended we will have a Board meeting in October, with a date to be confirmed, and subject to any changes to the current Scottish Government guidance hold this in person.
- 5.18 We will engage our Health and Safety colleagues to ensure the meeting is held in accordance with the Scottish Government guidance. We will also make provision for members to attend virtually if they do not wish to attend, for example if a Board member was shielding. We will also hold the November meeting as planned on 25<sup>th</sup> November.

#### Scottish Housing Regulator consultation on the Regulatory Framework

- 5.19 The SHR are currently consulting on proposals to adjust its regulatory approach in response to the Covid 19 pandemic  
<https://www.housingregulator.gov.scot/about-us/what-we-do/consultation-on-our-future-approach-to-regulation-in-response-to-the-covid-19-pandemic/our-consultation-on-our-future-approach-to-regulation-in-response-to-the-covid-19-pandemic> ).
- 5.20 The consultation covers the following key areas:
- Annual Assurance Statement – the proposal it remains a requirement to submit by 31 October 2020
  - Publication of Scottish Social Housing Charter performance reports by landlords – extension of the deadline to issue the Annual Report to Tenant to the end of December 2020 (reflecting the extension of the ARC submission to 31 July)
  - Publication of Engagement Plans and Regulatory Status – revised plans, including a Regulator Status, will now be issued on 31 March 2021
- 5.21 We are currently considering our response to the consultation and an update on this will be provided to the meeting.

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

- 6.1 The proposals in the report allow us to respond to the impact of Covid 19 by taking advantage of the option to hold virtual meetings and make the agreed changes to our succession planning.

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

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

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

8.1 There are no financial implications associated with this report.

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

9.1 The legal and regulatory requirements are set out in detail within the body of the report.

## **10. Partnership implications**

10.1 There are no partnership implications associated with this report.

## **11. Implementation and deployment**

11.1 It is proposed that we formally call AGM and SGMs to effect the proposals within the report. These meetings will be called in line with the requirements laid out in our Articles of Association.

## **12. Equalities impact**

12.1 As set out in the body of the report, we are in the process of implementing the Equality and Diversity policy and part of this will include considering how membership and Board recruitment actively takes into account, promotes and positively fosters equality and diversity.

## **13. Recommendations**

13.1 The Board is asked to:

- 1) Approve the proposed resolution at 5.13 to change our Articles of Association;
- 2) Agree to call the Annual General Meeting for 23 September 2020 at 18.30 to be held virtually via Zoom;
- 3) Agree to recommend John Hill, Mairi Martin, Bryan Sheriff, Gregor Dunlay, Alan McCloskey and Gordon Smith for reappointment at the AGM, subject to Parent approval;
- 4) Note the confirmation from the Secretary that Articles 62-67 have been followed
- 5) Agree to call an 'Special General Meeting for 23 September 2020 at 18.20 am to be held virtually via Zoom to pass the special resolution to amend our Articles of Association

Company Number: SC188968

## **The Companies Act 2006**

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### **Company Limited by Guarantee and not having a Share Capital**

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## **Articles of Association**

**of**

### **West Lothian Housing Partnership Limited (the "Company")**

## **INTRODUCTION**

### **Constitution of the Company**

- 1 The model Articles as prescribed in Schedule 2 to The Companies (Model Articles) Regulations 2008 are excluded in respect of the Company.

### **Objects**

- 2 The objects of the Company are:
  - 2.1 to provide for the relief of those in need by reason of age, ill-health, disability, financial hardship or other disadvantage through the provision, construction, improvement and management of land and accommodation and the provision of care; and
  - 2.2 any other purpose or object permitted under Section 24 of the Housing (Scotland) Act 2010 which is charitable both for the purposes of Section 7 of the Charities and Trustee Investment (Scotland) Act 2005 and also in relation to the application of the Taxes Acts.
- 3 The Company's permitted activities and powers will include anything which is necessary or expedient to help the Company achieve the objects set out in article 2.

- 4.1 The income and property of the Company shall be applied solely towards the promotion of its objects as set out in article 2 and except as further provided for in this article 4, no portion thereof shall be paid or transferred, directly or indirectly by way of dividend, bonus or otherwise howsoever by way of profit, to Members.
- 4.2 Nothing in this article 4 shall prevent the Company from managing a property in accordance with its objects, notwithstanding the fact that the tenant, lessee, owner occupier or licensee of such property may be a Member or Board Member, subject to the proviso that any Board Member who is a tenant, lessee, owner occupier or licensee of any such property shall not be entitled to speak in any debate or cast his/her vote in respect of any matter relating solely to the property of which he/she is lessee, owner occupier, tenant or licensee and shall absent himself/herself from such proceedings, but such Board Member shall be entitled to speak and vote in respect of matters which relate not only to such property but also to other properties owned or managed by the Company.

## **Powers**

- 5.1 Without prejudice to the generality of the provisions of article 2, and without restricting any powers the Company has, the Company shall have power to provide land, amenities and services, or provide, construct, repair or improve buildings, for the benefit of the Company's residents and others, with the purpose of promoting economic, social and environmental regeneration in the areas of deprivation in which the Company operates.
- 5.2 Subject to any statutory requirements applicable to the Company and without limiting its general powers, the Company shall have power to:
- 5.2.1 dispose, in such manner as the Board sees fit, of land and of other assets or interests of the Company, present or future, including by way of heritable security, floating charge, security assignment, mortgage or charge;
  - 5.2.2 subject to article 6.1, borrow money or issue loan stock for the purposes of the Company on such terms as the Company thinks fit;
  - 5.2.3 insure the property of the Company against any foreseeable risk and take out other insurance policies to protect the Company as the Board considers prudent;
  - 5.2.4 insure the Board Members against the costs of a successful defence to a criminal prosecution brought against them as Board Members or against personal liability incurred in respect of any act or omission which is or is alleged to be a breach of trust or breach of duty;
  - 5.2.5 form or participate in forming, purchase or otherwise acquire, or to encourage or promote in any way, support or aid the establishment and development of any Subsidiary or any joint venture established by the Company, or by a Subsidiary, with another entity or entities;
  - 5.2.6 subscribe to, purchase, or acquire in any other way, any incorporeal property (including but without prejudice to the generality of the foregoing any stock,

share, security, debenture or debenture stock in each case whether preferred, deferred or secured or unsecured) of any Subsidiary; and

5.2.7 acquire land or any interest in land.

## **Borrowing powers**

- 6.1 The Company can borrow money for as long as the Company's total borrowing at any time is not more than £100,000,000 or such larger sum as the Company, with the prior written consent of ~~The Scottish Housing Regulator and~~ the Parent, determines from time to time in general meeting. The Company can enter into any Guarantee in respect of or to secure by heritable security, mortgage, charge, floating charge, lien or other security which the Company is permitted by law to grant, upon the whole or any part of the Company's property or assets, the obligations and liabilities of any Subsidiary; or of any joint venture established by the Company (or by a Subsidiary) with any entity or entities. The foregoing power is valid notwithstanding, and is in no way limited by, any limits on the borrowing or lending powers of the Company (including the foregoing limits) contained in these Articles or otherwise.
- 6.2 In respect of any proposed borrowing for the purposes of article 6.1, the amount remaining undischarged of any index-linked loan previously borrowed by the Company or any deep discounted security shall be deemed to be the amount needed to repay such borrowing in full if the pre-existing borrowing became repayable in full at the time of the proposed borrowing.
- 6.3 For the purposes of article 6.1 in respect of any proposed borrowing intended to be index-linked or on any deep discounted security the amount of borrowings shall be deemed to be the proceeds of such proposed borrowings that would be receivable by the Company at the time of the proposed borrowing.
- 6.4 The Company will not pay more than the rate of interest which the Board considers to be the then market rate of interest on any money borrowed, having regard to the terms of the loan on any money borrowed.
- 6.5 The Company will not accept money on deposit from any party.
- 6.6 Subject to the provisions of article 6.9, the Company can, with the prior written approval of the Parent, lend money to any person or organisation including, without limitation, the Parent; any Subsidiary; any joint venture established by the Company or by the Parent or by any Subsidiary, with another entity or entities, on terms which the Board deems appropriate at the time of entering into the transaction. Where the Company is using a loan facility to on lend it must comply with the Regulatory Framework and Regulatory Guidance issued by The Scottish Housing Regulator from time to time.
- 6.7 The Company may borrow money from such lawful sources as is permitted by its treasury management policy subject always to the requirement that the Company will comply with the Regulatory Framework and Regulatory Guidance issued by The Scottish Housing Regulator from time to time.

- 6.8 Subject to the foregoing provisions [of this article 6](#), the Board can, with the prior written approval of the Parent, determine and change conditions under which the Company can borrow or lend money.
- 6.9 With the exception of the Parent, the Company shall not lend money to Members.

## MEMBERSHIP

- 7 The Members of the Company shall be: (a) those persons ~~or organisations~~ whose names are entered in the Register of Members; and (b) the Parent.

### Applying for membership

- 8.1 The Board shall set, review and publish its membership policy for admitting new Members. ~~Other than the Parent and subject~~ [Subject](#) to the provisions of article ~~7.2~~ [8.2](#), the following shall be eligible to become Members:

8.1.1 tenants of the Company;

[8.1.2](#) [any person who is a Board Member and who is not a tenant or Parent Appointee;](#)  
[and](#)

~~8.1.2~~ [8.1.3](#) ~~service users of the Company;~~ [Parent.](#)

~~8.1.3~~ ~~other persons who support the objects of the Company; and~~

~~8.1.4~~ ~~organisations sympathetic to the objects of the Company.~~

- 8.2 A person applying for membership must send a completed and signed application form and the sum of one pound (which will be returned if the application is not approved) to the Company's registered office. Whilst it is the Company's intention to encourage membership, the Board has absolute discretion in deciding on applications for membership and the following shall constitute grounds for refusal of an application for membership:

8.2.1 where membership would be contrary to the Company's Articles or policies;

8.2.2 where a conflict of interest may exist which, even allowing for the disclosure of such an interest, may adversely affect the work of the Company; and/or

8.2.3 where the Board considers that accepting the application would not be in the best interests of the Company.

- 8.3 An application for membership shall be considered by the Board as soon as reasonably practicable after its receipt by the Company. An application for membership will not be considered by the Board within the period of 14 days before the date of a general meeting. The Board has the power in its absolute discretion to accept or reject the application.

- 8.4 If the Board approves an application for membership, that person will immediately become a Member and his/her name and other necessary particulars will be included in the Register of Members within seven working days.

~~8.5 The Parent shall apply for membership in terms of these Articles and shall make payment of the sum of one pound to the Company's registered office. The Parent shall then become a Member of the Company and its name and other necessary particulars will be included in the Register of Members within seven working days.~~

8.5 Subject to article 37.5, the Board shall have deemed to have admitted a person as a Member from the date on which he/she was appointed as a Board Member under these Articles and his/her name and other necessary particulars will be included in the Register of members within seven working days.

8.6 The Parent shall be a Member of the Company.

~~8.6~~8.7 The Parent and the Company, together with all other organisations in the Group will document, formally and in terms that are transparent and understandable, their constitutional and financial relationships through the Group Agreement or similar document. The role of the Company and its relationship with other organisations in the Group must be undertaken in a manner consistent with the Charities and Trustee Investment (Scotland) Act 2005.

~~8.7~~8.8 Notwithstanding the other provisions of this article 8, the Parent may in its absolute discretion admit or remove any person as a Member.

~~8.8~~9 A person can apply for membership of the Company from the age of 16.

~~9 A member representing an unincorporated body shall for all purposes be treated as an individual member but shall have entered against his/her name in the Register of Members the name of the unincorporated body which he/she represents.~~

10 If a Member changes his/her address, he/she must let the Company know by writing to the Secretary at the Company's registered office within three months. This requirement does not apply to (a) the Parent; or (b) if you are a tenant of the Company and have moved home by transferring your tenancy to another property owned and managed by the Company.

## ENDING MEMBERSHIP

11.1 Membership of the Company will end and the Board will record the ending of a person's membership in the Register of Members if:

11.1.1 that person resigns his/her membership giving seven days' notice in writing to the Secretary at the Company's registered office;

11.1.2 except in the case of the Parent, the Board reasonably believes that a Member has failed to tell the Company of a change of address as required by article 10;

11.1.3 except in the case of a Tenant Board Member and the Parent, the Board is satisfied that a Member is no longer a serving Board Member following:

11.1.3.1 retirement pursuant to article 39.2;

11.1.3.2 removal or disqualification pursuant to article 44; or

11.1.3.3 resignation of the Chairperson pursuant to article 59;

~~11.1.3~~11.1.4 for five annual general meetings in a row that person has not attended, ~~submitted apologies, exercised a postal vote~~ or appointed a representative to attend and vote on his/her behalf by proxy;

~~11.1.4~~11.1.5 except in the case of the Parent, the Company receives a complaint about a Member's behaviour and two-thirds of the Members voting at a special general meeting agree to end that person's membership. The following conditions apply to this procedure:

~~11.4.1.1~~11.5.1.1 the complaint must be in writing and must relate to behaviour which could harm the interests of the Company;

~~11.4.1.2~~11.5.1.2 the Secretary must notify the Member of the complaint in writing not less than one calendar month before the meeting takes place;

~~11.4.1.3~~11.5.1.3 the notice for the special general meeting will give details of the business for which the meeting is being called;

~~11.4.1.4~~11.5.1.4 the Member complained of will be called to answer the complaint at the meeting. The Members present will consider the evidence supporting the complaint and any evidence the Member complained of decides to introduce;

~~11.4.1.5~~11.5.1.5 the Members can vote in person or through a representative by proxy; and

~~11.4.1.6~~11.5.1.6 if the Member complained of receives proper notice but does not go to the meeting without providing a good reason, the meeting will go ahead without that Member and the Members will be entitled to vote to end the membership of the Member complained of.

11.2 If a person's membership is ended in accordance with article ~~11.1.4~~11.1.5, that person will immediately cease to be a Member from the date that the resolution to end that person's membership was passed and any further application for membership by that person will need to be approved by two-thirds of the Members voting at a general meeting.

## **REPRESENTING ~~AN ORGANISATION~~THE PARENT**

12.1 ~~An organisation which is a Member~~The Parent is free to nominate any person it considers suitable as its representative to the Company. That person will represent all of the ~~organisation's~~Parent's rights and powers at general meetings.

12.2 ~~To~~The Parent will confirm the identity of a representative, ~~the organisation must send by~~ issuing a notice to the Company ~~a copy of the authorisation or appointment of an~~

~~individual as a representative. This should be signed by~~ in writing or by Electronic Communication on behalf of a Director, Secretary or Authorised Signatory of the ~~organisation which signature must be witnessed, or in the case of a local authority, by the Chief Executive, or properly authorised officer of the local authority~~ Parent.

- 12.3 ~~An organisation~~ The Parent can change the identity of the person entitled to represent ~~that organisation~~ the Parent at any time by confirming the identity of the new representative in terms of article 12.2 and withdrawing the authority of the original representative.
- 12.4 ~~If a person is a~~ representative of the Parent in terms of article 12.2, ~~of an organisation which is a Member, that person~~ cannot be a Member as an individual. If that person is already a Member as an individual when he/she starts to represent ~~an organisation which is a Member~~ the Parent, the Company will suspend his/her membership as an individual, until such time as he/she is no longer a representative of ~~an organisation which is a Member~~ the Parent.

## LIABILITY OF MEMBERS

- 13 The liability of the Members is limited.
- ~~14.1~~ 14 The liability of each Member is limited to one pound, being the amount that each Member undertakes to contribute to the assets of the Company in the event of its being wound up while he/she is a Member or within one year after he/she ceases to be a Member, for:
- 14.1 payment of the Company's debts and liabilities contracted before he/she ceases to be a Member;
- 14.2 payment of the costs, charges and expenses of winding up; and
- 14.3 adjustment of the rights of the contributories among themselves.

## Transferring membership

- 15 A Member shall not be entitled to any property of the Company in their capacity as Member and their membership is not transferable ~~save in the circumstances set out in articles 16 to 19 (inclusive)~~.
- ~~16 A Member can transfer their membership if the Board agrees, other than in respect of the Parent's membership which may not be transferred but may be cancelled on the written request of the Parent.~~
- ~~17~~ 16 If a Member dies or ends their membership or has their membership ended, ~~or a person is a representative of an organisation which no longer exists,~~ the Board will cancel their membership ~~(except in those circumstances outlined in articles 18 and 19)~~.
- ~~18 A Member can nominate the person to whom the Company must transfer their membership in the Company when they die, as long as the person that is nominated is eligible for membership under these Articles and in terms of the Company's membership~~

~~policies. On being notified of a Member's death, the Board shall transfer that Member's membership to the person they have identified.~~

~~19 If a Member dies or becomes bankrupt and their personal representative or trustee in bankruptcy seeks to claim their membership, the Board (to the extent that the Members' personal representative or trustee in bankruptcy has right) will transfer the membership in terms of the Member's representative's or trustee's instructions.~~

## GENERAL MEETINGS

### Annual General Meeting

~~20.17~~ The Company will hold a general meeting known as the annual general meeting within six months of the end of each financial year of the Company. The functions of the annual general meeting are to:

~~20.1~~17.1 present the Chairperson's report on the Company's activities for the previous year;

~~20.2~~17.2 present the accounts, balance sheet and auditor's report; and

~~20.3~~ ~~elect Board Members; and~~

~~20.4~~17.3 consider any other general business included in the notice calling the meeting.

### Special General Meeting

~~21.1~~18 All general meetings other than annual general meetings shall be called special general meetings.

~~21.2~~19.1 The Board may call special general meetings and, on the requisition of the Parent or Members pursuant to section 303 of the Act, the Secretary shall, within 10 days of having received the requisition, give all Members notice calling the meeting. The meeting must take place within 28 days after receipt by the Secretary of the requisition. The Secretary should decide on a time, date and place for the meeting in consultation with the Board or the Chairperson but if such consultation is not practicable, the Secretary can at his/her own discretion decide the time, date and place for the meeting.

~~21.3~~19.2 Whoever asks for the meeting must give the Secretary details of the business to be discussed at the meeting.

~~21.4~~20 If the Secretary fails to call the meeting within 10 days of having received the requisition, the Board or the Members who have signed the requisition may themselves give notice and convene the meeting pursuant to the terms of section 304 of the Act.

~~21.5~~21 A special general meeting must not discuss any business other than the business mentioned in the notice calling the meeting.

### Notice for meetings

- 22.1 The Secretary will call all general meetings by written notice posted or sent by ~~fax or email~~ Electronic Communication to every Member (which must include the Parent) at the address, ~~fax number~~ or email address given in the Register of Members at least 14 clear days' before the date of the meeting but a general meeting may be called by shorter notice if it is so agreed:
- 22.1.1 in the case of an annual general meeting, by all the Members entitled to attend and vote thereat; and
- 22.1.2 in the case of any other general meeting, by a majority in number of the Members having a right to attend and vote being a majority together holding not less than 95 per cent of the total voting rights at the general meeting of all Members.
- 22.2 The notice shall specify:
- 22.2.1 the time, date and place of the meeting;
- 22.2.2 whether the meeting is an annual or special general meeting;
- 22.2.2 the business for which the meeting is being called; and
- 22.2.3 if a special resolution, or a resolution requiring special notice under the Act, is to be proposed, the notice shall also specify the intention to propose such a resolution and include the exact text of the resolution.
- 22.3 The Board may ask the Secretary to include with the letter or send separately to Members any relevant papers or accounts. If a Member, other than the Parent, does not receive notice of a meeting or papers relating to the meeting, this will not stop the meeting going ahead as planned. If the Parent does not receive notice of a meeting or papers relating to the meeting, the meeting cannot go ahead as planned.
- 23 The proceedings of a meeting shall not be invalidated by the accidental failure of the Company to send a notice calling the meeting to any Member, other than the Parent. Subject to the provisions of the Act, failure of the Company to send a notice calling the meeting to the Parent will invalidate the proceedings of that meeting.

## Procedure at ~~GENERAL MEETINGS~~ General Meetings

- 24.1 No business shall be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds to business. The quorum for a general meeting shall be the Parent and at least seven ~~Members. If there are more than 70 Members, the quorum for a general meeting shall be at least one tenth of the Members, including the Parent.~~ other Members.
- 24.2 If the Parent is not present in person or by representative and/or a quorum is not present within half an hour of the time to meeting was scheduled to start, the meeting shall stand adjourned to the same day the following week at the same time and at such place as may be fixed by the chairperson of the meeting and announced at the meeting. There is no need to give notice to Members of the adjourned meeting, with the exception of the

Parent, who must receive such notice if it was not present in person or represented at the meeting to be rescheduled. If at the adjourned meeting a quorum is not present at the scheduled starting time then notwithstanding article 24.1, the Members present shall constitute a quorum.

- 24.3 The Parent shall be deemed to be present in person at any general meeting if it is represented in person by an individual (who need not be a Member) who is appointed to act as such ~~in writing signed~~ by or on behalf of the Parent in accordance with article 12.

24.4 The Board shall determine the manner in which general meetings of the Company are held, subject to the prior approval of the Parent.

- 25 If a majority of Members present agree, the chairperson of a meeting can adjourn the meeting. No business can be discussed at the adjourned meeting other than the business not reached or left unfinished at the original meeting. There is no need to give notice to Members of the adjourned meeting.

- 26.1 The Chairperson of the Board will be the chairperson at all meetings of the Company. If there is no Chairperson or he/she is not present or willing to act, ~~the Members present must elect~~ a Board Member to will be chairperson of the meeting. If no Board Members are present, the Members present must elect a Member to be chairperson of the meeting.

- 26.2 If the Chairperson arrives later, after the meeting has commenced, he/she will take over as chairperson of the meeting as soon as the current agenda item is concluded.

### **Proxies/Representatives/~~Postal votes~~**

- 27.1 To appoint a representative to vote on a Member's behalf by proxy, the Member must let the Company have a properly completed document in the form shown in Appendix 1, which may be submitted by Electronic Communication. The Member's proxy does not need to be a Member.

- 27.2 The instrument appointing a proxy and any authority under which it is executed or a copy of such authority certified notarially or in some other way approved by the Board Members may:

27.2.1 be deposited at the Company's registered office ~~or at~~ submitted to the Company by Electronic Communication or delivered to such other place within the United Kingdom as is specified in the notice convening the meeting or in any instrument of proxy sent out by the Company in relation to the meeting not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the document proposes to vote;

27.2.2 in the case of a poll taken more than 48 hours after it is demanded, be deposited, submitted or delivered as aforesaid after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll;

- 27.2.3 where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded, be delivered at the meeting at which the poll was demanded to the Chairperson or to the Secretary or to any Board Member; and
- 27.2.4 an instrument of proxy which is not deposited, [submitted](#) or delivered in a manner so permitted shall be invalid.
- 27.3 If there is any doubt about whether a Member's proxy has authority to vote, the Chairperson will decide and his/her decision will be final.
- 27.4 The maximum number of proxy votes that may be cast by any one person is 10.
- 27.5 To reverse a Member's appointment of a proxy, the Member must let the Company have a properly completed document in the form shown in Appendix 2, [which may be submitted by Electronic Communication](#). The document must be presented to the Company before the meeting, at which the Member who no longer wants to be represented by proxy, convenes.
- 27.6 A vote given or poll demanded by proxy shall be valid, notwithstanding the previous determination of the authority of the person voting or demanding a poll, unless notice of the determination was received by the Company at the Company's registered office or ~~at such other place~~ [otherwise](#), at which the instrument of proxy was duly deposited, [submitted or delivered](#) before the commencement of the meeting or adjourned meeting at which the vote is given or the poll demanded or (in the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting) the time appointed for taking the poll.
- 27.7 The Chairperson will report to the meeting the details of any documents seeking to appoint a proxy received but which are not valid. ~~If a person represents an organisation, their authorisation or appointment as a representative requires to be in accordance with the terms of article 12.2.~~
- ~~27.8 If there is to be an election of Board Members at an annual general meeting, Members can vote by post. Not less than 14 days before a meeting is held at which one or more Board Members will be elected, Members will receive a ballot paper for the election. Members can vote in the election by returning the ballot paper to the Secretary at least five days before the day of the meeting, or by bringing a ballot paper along to the meeting.~~

## Voting

- 28 If a decision of a meeting is put to the vote, the outcome will be determined by the majority of those Members voting. Voting will be by a show of hands except where a poll is requested or required. Votes cannot be taken on resolutions which conflict with any provisions of these Articles or the law.
- 29.1 Where a vote is by a show of hands every Member, including the Parent, present in person has one vote (subject in the case of the Parent to the provisions of article ~~29.3~~ [29.2](#)). Where a vote is by a poll, every Member, including the Parent, present in person or who has

appointed a proxy representative has one vote. Where an appointed proxy is present and he/she advises the Chairperson, the Chairperson shall direct that the vote is by a poll.

~~29.2 In relation to the election of Board Members, the vote is by a poll using the ballot paper issued to the Members prior to the meeting; votes received by post in advance of the meeting will be counted in the total number of votes at the meeting.~~

~~29.3~~29.2 At any meeting called for the passing of a special resolution by the Secretary in accordance with these Articles for the purpose of considering and, if appropriate, approving:

~~29.3.1~~29.2.1 any amendments, additions or deletions to any of these Articles;

~~29.3.2~~29.2.2 the winding up or dissolution of the Company; and/or

~~29.3.3~~29.2.3 any change of name of the Company,

the Parent shall be allocated and shall be entitled to cast three quarters of the votes available to be cast on the relevant special resolution at the meeting and the other Members of the Company (collectively the "Other Members") shall among them be entitled to cast one quarter of the votes available to be cast on the relevant special resolution at the meeting. Votes exercisable by the Other Members in terms of this article ~~29.3~~29.2 shall be counted for and against the relevant special resolution(s) in the proportions for and against actually cast by each of the Other Members who are present and voting at the meeting in person or by proxy respectively. The Secretary shall make arrangements for such Other Members to vote on the special resolution(s) separately and shall count the number of votes in favour and against the special resolution(s) and shall notify the meeting of the totals and accordingly the manner in which the one quarter of votes available to be cast on the relevant special resolution at the meeting and exercisable by the Other Members have been cast. The Secretary shall notify the meeting of the decision of the vote having regard to the votes cast by the Parent.

30 Except where a resolution is passed in accordance with the provisions of article ~~29.3~~29.2, if there is an equal number of votes for and against a resolution, ~~or in relation to the election of Board Members~~, the Chairperson will have a second and deciding vote. Unless a poll is duly demanded, a declaration by the Chairperson that a resolution: has been carried; or carried unanimously or by a particular majority; or lost; or not carried by a particular majority, together with an entry to that effect in the minutes of the meeting, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

31.1 A poll can be required before or immediately after a vote by a show of hands, if at least one-tenth of the Members present at the meeting (in person or by proxy through a representative in accordance with articles 27.1 and 27.2) request this.

31.2 A poll must take place as soon as the Chairperson has agreed to it, in line with the Chairperson's instructions. The result of the poll will stand as the decision of the meeting.

## **~~PROCEEDINGS AT GENERAL MEETINGS~~**

## Proceedings at General Meetings

- 32 All speakers must direct their words to the Chairperson. All Members must remain quiet and orderly while this is happening.
- 33 A Member will not be allowed to speak more than once on any individual matter unless it is to explain something or ask for an explanation until every other Member has had the chance to speak. That Member will then have the opportunity to speak a second time on a matter but only if the Chairperson agrees. Where the Chairperson raised the matter for discussion initially, he/she shall be permitted to make a final reply on the matter.
- ~~34~~34.1 The Chairperson will decide how long each speaker is allowed to speak, allowing equal time to each speaker.
- ~~35~~34.2 If any point arises which is not covered in these Articles, the Chairperson will give his/her ruling. ~~If the Chairperson's ruling is challenged by more than one Member, the Chairperson will step down and those Members present will decide the point raised on a majority vote. If the vote is tied, the Chairperson's original ruling is carried.~~
- ~~36~~35 Meetings must not last longer than two hours unless at least two-thirds of the Members present agree after the end of that time to continue the meeting.
- 36.1 A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.
- 36.2 A Member is able to exercise the right to vote at a general meeting when:
- 36.2.1 that Member is able to vote, during the meeting, on resolutions put to the vote at the meeting; and
- 36.2.2 that Member's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.
- 36.3 The Board may make whatever arrangements it considers appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.
- 36.4 In determining attendance at a general meeting, it is immaterial whether any two or more Members attending it are in the same place as each other.
- 36.5 Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

## **THE BOARD OF MANAGEMENT**

### **Composition of the Board**

- 37.1 The Company shall have a Board of which shall have a minimum of seven and a maximum (including co-optees) of 11 persons of whom:
- 37.1.1 up to six Board Members shall be Independent Board Members;
  - 37.1.2 up to four Board Members shall be Tenant Board Members; and
  - 37.1.3 if appointed, one Board Member shall be the Parent Appointee (as defined in article 37.6).
- 37.2 The Company shall keep up to date a register of the names of the Board Members which shall be made available to any person at no cost. The names of the Board Members will also be published by the Company on its website, and in its annual reports and other similar documentation.
- ~~37.2~~37.3 A person must be aged 18 or over and a Member to become a Tenant Board Member ~~(including any person appointed to fill a casual vacancy) other than a person appointed as~~ A person must be aged 18 or over but need not be a Member to become a co-optee, a person appointed by The Scottish Housing Regulator or the Parent Appointee (as defined in article 37.6), ~~each and any of whom must be aged 18 or over but need not be a Member.~~
- ~~37.3~~37.4 With the exception of the Parent Appointee (as defined in article 37.6), an employee of the Company; ~~or~~ unless otherwise approved by the Parent, a Close Relative of an employee, may not be a Board Member.
- ~~37.4~~37.5 No Board Member may act as such until they have signed and delivered to the Board a statement, confirming that they will meet their obligations to the Board and the Company as set out in the Company's code of conduct for Board Members and their appointment has been ratified by the Parent. Any Board Member who has, without good cause, failed to sign such a statement within four weeks of appointment / election to the Board shall immediately cease to be a Board Member.
- ~~37.5~~ ~~Notwithstanding article 37.1, if at any time there are fewer candidates standing for election pursuant to article 39 to become Tenant Board Members than the number of available vacancies, then it shall become competent for a candidate who satisfies the criteria for election as an Independent Board Member to be eligible for election to fill the relevant place or places.~~
- 37.6 The Parent may from time to time and at any time by written notice to the registered office of the Company appoint up to one person as a Board Member (the "Parent Appointee") and by like notice remove or replace the Parent Appointee and in each case, such appointment or removal shall take effect upon the date of lodgement of such written notice at the Company's registered office or such later date as may be specified in the notice.
- 37.7 Notwithstanding any other provision of these Articles:
- 37.7.1 the Parent is the parent body of the Company and shall be entitled to appoint any number of Board Members and remove from office any and all Board Members as it may in its sole discretion determine;

- 37.7.2 any appointments and removals from office in terms of article 37.7.1 may be made from time to time and at any time by notice in writing ~~signed or by Electronic Communication~~ on behalf of the Parent and ~~served on the Company and~~, in each case, shall take effect upon the date of ~~lodgement of written receipt of the~~ notice ~~at by~~ the ~~Company's registered office~~Company or such later date as may be specified in the notice; and
- 37.7.3 all candidates for ~~election, re-election,~~ appointment, or re-appointment as Board Members in terms of these Articles shall first be approved in writing of by Electronic Communication by the Parent and any such ~~elections, re-election,~~ appointment or re-appointment of a Board Member shall not take effect unless and until such approval has been given.
- 37.8 Each of the Board Members shall, in exercising his/her role as a Board Member, act in the best interests of the Company, its tenants and service users and will not place any personal or other interests ahead of his/her primary duty to the Company; and, in particular, must:
- 37.8.1 seek, in good faith, to ensure that the Company acts in a manner which is in accordance with its objects;
- 37.8.2 act with the care and diligence which it is reasonable to expect of a person who is managing the affairs of another person;
- 37.8.3 in circumstances giving rise to the possibility of a conflict of interest between the Company and any other party:
- 37.8.3.1 put the interests of the Company before that of the other party, in taking decisions as a Board Member; and
- 37.8.3.2 where any other duty prevents him/her from doing so, disclose the conflicting interest to the Company and refrain from participating in any discussions or decisions involving the other Board Members with regard to the matter in question; and
- 37.8.4 ensure that the Company complies with any direction, requirement, notice or duty imposed on it by the Charities and Trustee Investment (Scotland) Act 2005.
- 37.9 The Board can require that a Board Member who is being investigated for a potential breach of the Company's Code of Conduct for Board Members take leave of absence and not attend any meeting in his/her capacity as a Board Member until the Board has completed its consideration of the potential breach. When on such leave of absence, the Board Member will not be entitled to receive minutes and/or documents in his/her capacity as a Board Member relating to the business of the Company.

## Interests

- 38.1 The Board shall set and periodically review its policy on payments and benefits. If a person is a Member, employee of the Company or serves on the Board or any sub-committee he/she must not receive any payment or benefit unless it is permitted by the policy. In

making any payment or conferring any benefit the Company shall act at all times with transparency, honesty and propriety.

- 38.2 If a person serves on the Board or any sub-committee he/she must declare any personal or other external interests on an annual basis in accordance with the Company's code of conduct for Board Members. If while serving on the Board that person has any conflict of interest in any contract or other matter about to be discussed at a meeting, he/she must tell the Board. He/she will be required to leave the meeting while the matter is discussed and will not be allowed to vote on the matter or to stay in the meeting while any vote on the matter is being held. If that person is inadvertently allowed to stay in the meeting and vote on the matter, his/her vote will not be counted. If no quorum exists for the purpose of voting on a matter only because of the operation of this article 38.2, provided that there are at least three remaining Board Members who are entitled to remain in terms of this article 38.2, such remaining Board Members are deemed to constitute a quorum for the purposes of voting and may proceed to make a decision as a quorate Board.
- 38.3 If a person serves on the Board or any sub-committee he/she must not receive any payment or benefit unless it is permitted by the Charities and Trustee Investment (Scotland) Act 2005 and as set out in the Company's policy referred to in article 38.1. He/she shall also comply with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 in respect of any conflict of interest that might arise.

### ~~ELECTING~~APPOINTING BOARD MEMBERS

- 39.1 Each Board Member ~~elected~~appointed under these Articles shall be ~~elected~~appointed for a fixed term of ~~office expiring at the conclusion of an annual general meeting~~three years (a "fixed term"). ~~The fixed term shall be for a term of three annual general meetings,~~ unless the Board has set a lower number of ~~annual general meetings~~years for the relevant Board Member on their ~~election or nomination~~appointment. No fixed term shall be set which would cause the relevant Board Member to serve ~~beyond their ninth consecutive annual general meeting~~for more than a period of nine years (whether continuous or in aggregate), unless otherwise approved by the Parent in accordance with article 39.5.
- 39.2 ~~At every annual general meeting each~~Each Board Member who has served their fixed term shall retire from office at the Board Meeting held immediately after expiry of their fixed term. Any Board Member who retires from office ~~at an annual general meeting~~ under this article 39.2 shall be eligible for ~~re-election~~re-appointment subject to the following:
- 39.2.1 where any Board Member retiring under this article 39.2 has only served one fixed term, that Board Member can ~~stand for re-election without being nominated~~be re-appointed by the Board;
- 39.2.2 where any Board Member retiring under this article 39.2 has served two fixed terms, that Board Member shall be eligible for ~~re-election~~re-appointment for one further fixed term, but only with the prior approval of the Parent; and
- 39.2.3 where any Board Member has nine years' service on the Board, that Board Member shall automatically retire at the end of their ninth year, ~~regardless of whether this date is the date of an annual general meeting,~~ and shall not be

eligible for ~~re-election~~re-appointment, unless otherwise approved by the Parent in accordance with article 39.5.

- 39.3 Board Members must also retire if they have been co-opted onto the Board under article 42.1 ~~or have filled casual vacancies under article 41.~~
- 39.4 If a Board Member leaves the Board for any reason other than by virtue of article 39.2, that Board Member will not be eligible ~~to stand for re-election~~re-appointment or to be co-opted onto the Board until the expiry of five years following the date on which they left the Board, unless otherwise approved by the Parent.
- 39.5 Other than the Parent Appointee (if appointed) no Board Member shall serve more than nine years' service in total on the Board, whether continuously or in aggregate, ~~unless otherwise approved by the Parent.~~ The Parent shall be entitled to approve a longer fixed term for any Board Member following the expiry of nine years' service where the Parent is satisfied that a Board Member is able to demonstrate his/her continued effectiveness as a Board Member. Where the Parent approves the re-appointment of a Board Member in terms of article 39.5, the Parent shall review that Board Member's appointment on an annual basis.
- 39.6 If a Board Member retires from the Board in terms of these Articles and ~~stands for re-election~~is re-appointed, subject to article 39.4, any time previously served on the Board shall count towards their period of service for the purposes of article 39.5.
- 39.7 The other terms of this article 39 shall not apply to the Parent Appointee (if appointed) who shall not be required to retire at any ~~annual general meeting~~Board Meeting.
- ~~40.1 If, at the annual general meeting the number of Members standing for election is less than or equal to the number of vacant places, the Chairperson will declare them elected without a vote. If there are more Members standing for election than there are vacant places, those present at the general meeting or those exercising a postal vote in accordance with article 27.8 will elect Members onto the Board, in accordance with article 29.2. Each Member present or who has appointed a proxy representative will have one vote for each place to be filled on the Board. A Member must not give more than one vote to any one candidate.~~
- ~~40.2 The Company will post or send by fax or email intimation of the intended date of the annual general meeting and information on the nomination procedure to each Member at the address, fax number or email address given in the Register of Members of the Company not less than 28 days before the date of the meeting. Nominations for election to the Board must be in writing and in the form specified by the Company and must give the full name, address and occupation of the Member being nominated. A Member cannot nominate himself/herself for election to the Board. Nominations must be signed by and include a signed statement from the Member being nominated to show that they are eligible to join the Board in accordance with article 37.3 and 43, and that they are willing to be elected. Nomination forms can be obtained from the Company and must be completed fully and returned by hand or by post to the Company's registered office at least 21 days before the general meeting.~~

~~41 If an elected Board Member leaves the Board between the annual general meetings, this creates a casual vacancy and the Board can appoint a Member to take their place on the Board until the next annual general meeting.~~

40.1 The Board shall determine the appointment process for Board Members from time to time, subject to the approval of the Parent.

40.2 An application for appointment to the Board can be rejected by a decision by not fewer than three quarters of the Board Members on one or more of the following grounds:

40.2.1 where appointment to the Board would be contrary to the Company's Articles or policies;

40.2.2 where a conflict of interest may exist which, even allowing for the disclosure of such an interest may adversely affect the work of the Company; or

40.2.3 where there is clear evidence of relevant circumstances from which it is concluded that appointment to the Board would not be in the best interests of the Company.

41 The rejection of an application for appointment to the Board shall be notified to the person concerned in writing following the relevant Board Meeting.

## Co-optees

42.1 Subject to approval by the Parent, the Board can co-opt to the Board or to a sub-committee anyone it considers is suitable to become a Board Member or member of a sub-committee. Co-optees do not need to be Members, but they can only serve as co-optees on the Board or sub-committee ~~until the next annual general meeting~~for a period of up to one year or until removed by the Board. A person co-opted to the Board can also serve on any sub-committees.

42.2 A person appointed as a co-optee shall undertake the role of Board Member or member of a sub-committee and accordingly will be subject to the duties and responsibilities of a Board Member. Co-optees can take part in discussions at the Board or any sub-committees and vote at Board and sub-committee meetings on all matters except those which directly affect ~~the~~these Articles, the membership of the Company or the election of the Company's Office Bearers. Co-optees may not stand for election, nor be elected as one of the Office Bearers of the Board.

42.3 Board Members co-opted in this way must not make up more than one-third of the total number of the Board or sub-committee members at any one time. The presence of co-optees at Board Meetings will not be counted when establishing whether a quorum is present to allow the meeting to take place as required by article 48 and the presence of co-optees will not count towards the quorum for sub-committee meetings.

## Eligibility for the Board

- 43.1 A person will not be eligible to be a Board Member and cannot be appointed ~~or elected~~ as such if:
- 43.1.1 he/she ~~has been adjudged~~is an undischarged bankrupt, has granted a trust deed ~~for or entered into an arrangement with creditors or his/her estate has been sequestrated and~~which has not been discharged or is in a current Debt Payment Plan under the Debt Arrangement Scheme;
  - 43.1.2 he/she has been convicted of an offence involving dishonesty which is not spent by virtue of the Rehabilitation of Offenders Act 1974 or an offence under the Charities and Trustee Investment (Scotland) Act 2005;
  - 43.1.3 he/she is a party to any legal proceedings in any Court of Law by or against the Company;
  - 43.1.4 he/she is or will be unable to attend Board Meetings for a period of 12 months;
  - 43.1.5 he/she has been removed from the board of another registered social landlord within the previous five years;
  - 43.1.6 he/she resigned from the Board in the previous five years in circumstances where his/her resignation was submitted after the date of his/her receipt of notice of a special Board Meeting convened to consider a resolution for his/her removal from the Board in terms of article 44.5;
  - 43.1.7 he/she has been removed from the Board in terms of articles 44.4 or 44.5 within the previous five years;
  - 43.1.8 he/she has been removed, disqualified or suspended from a position of management or control of a charity under the provisions of the Law Reform (Miscellaneous Provisions) (Scotland) Act 1990 or the Charities and Trustee Investment (Scotland) Act 2005;
  - 43.1.9 he/she has been removed from the office of charity trustee or trustee for a charity by an order made by the Charity Commissioners for England and Wales or by Her Majesty's High Court of Justice in England on the grounds of any misconduct in the administration of the charity for which he/she were responsible or to which he/she were privy, or which his/her conduct contributed to or facilitated;
  - 43.1.10 a disqualification order or disqualification undertaking has been made against that person under the Company Directors Disqualification Act 1986 or the Company Directors Disqualification (Northern Ireland) Order 2002 (which relate to the power of a Court to prevent someone from being a director, liquidator or administrator of a company or a receiver or manager of company property or being involved in the promotion, formation or management of a company);
  - 43.1.11 his/her application for appointment to the Board has been rejected in accordance with article 40.2;

~~43.1.11~~43.1.12 he/she has been removed from the governing body of any other member of the Group; or

~~43.1.12~~43.1.13 he/she has left the Board and a period of five years has not expired since his/her departure for the purposes of article 39.4 and the Parent has not approved his/her return within that period.

43.2 A person cannot be ~~re-elected~~re-appointed as a Board Member if the Board is not satisfied of the individual's continued effectiveness as a Board Member. In these circumstances the Board must not allow the individual to stand for ~~re-election~~re-appointment.

44 A Board Member shall cease to be a Board Member if:

44.1 he/she resigns his/her position as a Board Member in writing;

44.2 he/she ceases to be a Member unless he/she is a co-optee in terms of article 42.1 or an appointee of The Scottish Housing Regulator;

44.3 he/she missed four Board Meetings in a row without special leave of absence previously granted by the Board either at his/her request or by exercise of the Board's discretion;

44.4 except in the case of the Parent Appointee, the majority of the Members voting at a general meeting decide this. ~~The Members will then appoint another to take his/her place. If a replacement is not appointed at the general meeting, the Board may appoint a Board Member in terms of article 41;~~

44.5 except in the case of the Parent Appointee, the majority of those remaining Board Members present and voting at a special meeting of the Board convened for the purpose decide to remove him/her as a Board Member. The resolution to remove him/her as a Board Member must relate to one of the following issues:

44.5.1 failure to perform to the published standards laid down by ~~the Scottish Federation of Housing Associations and/or~~ The Scottish Housing Regulator adopted and operated by the Company;

44.5.2 failure to sign or failure to comply with the Company's code of conduct for Board Members; or

44.5.3 a breach of the Company's Articles, standing orders or other policy requirements;

44.6 he/she becomes ineligible as a Board Member in terms of article 43;

44.7 he/she is a co-optee whose period of office is ended in accordance with articles 39.3 or 42.1;

44.8 he/she is a Board Member retiring in accordance with article 39.2;

44.9 he/she is the Parent Appointee and the Parent subsequently removes him/her from the Board; or

44.10 he/she has failed to sign and deliver to the Board a statement confirming that the Board Member will meet his/her obligations to the Board and to the Company as set out in the Company's code of conduct for Board Members.

## POWERS OF THE BOARD

- 45 Subject to the provisions of the Act and these Articles, the Board is responsible for directing the affairs of the Company and its business and may do anything lawful which is necessary or expedient to achieve the objects of the Company. The Board is not permitted to exercise any powers which are reserved to the Company in general meetings either by these Articles or by statute. The Board is responsible for the leadership, strategic direction and control of the Company with the aim of achieving good outcomes for its tenants and other service users in accordance with the Regulatory Standards and Regulatory Guidance issued by The Scottish Housing Regulator from time to time. [The Board is responsible for ensuring that the Company can demonstrate its governance and financial arrangements are such as to allow The Scottish Housing Regulator to regulate effectively and exercise its full regulatory powers.](#)
- 46 Subject to the provisions of the Act, the Board acts in the name of the Company in everything it does. A third party acting in good faith and without prior notice does not need to check if the powers of the Board have been restricted, unless they are already aware that such a restriction may exist.
- 47.1 Without prejudice to its general powers conferred by these Articles, the Board may exercise the following powers:
- 47.1.1 buy, sell, build upon, lease or exchange any land and accept responsibility for any related contracts and expenses;
  - 47.1.2 agree the terms of engagement and remuneration of anyone employed in connection with the business of the Company and act as employer for anyone employed by the Company;
  - 47.1.3 grant heritable securities over land owned by the Company and floating charges over all or any part of property and assets both present and in future owned by the Company. This includes accepting responsibility for any related expenses;
  - 47.1.4 decide, monitor and vary the terms and conditions under which property owned by the Company is to be let, managed, used or disposed of;
  - 47.1.5 appoint and remove solicitors, surveyors, consultants, managing agents and employees, as required by the Company's business;
  - 47.1.6 refund any necessary expenses as are wholly necessary incurred by Board Members and sub-committee members in connection with their duties;
  - 47.1.7 compromise, settle, conduct, enforce or resist either in a Court of Law or by arbitration any suit, debt, liability or claim by or against the Company; and
  - 47.1.8 accept donations in support of the activities of the Company.
- 47.2 No alteration of these Articles shall invalidate any prior act of the Board which would have been valid if that alteration had not been made. The powers given by this article 47 shall

not be limited by any special power given to the Board by these Articles and a meeting of the Board at which a quorum is present may exercise all powers exercisable by the Board.

## BOARD PROCEDURE

- 48 It is up to the Board to decide when and where to hold its ordinary meetings, but it must meet at least six times ~~a~~per calendar year. The quorum for the transaction of the business of the Board at the time when the meeting proceeds to business shall be four, including (if appointed) the Parent Appointee (unless the Parent Appointee has presented their apologies in advance of the meeting).
- 49 The Board will continue to act while it has vacancies for Board Members. However, if at any time the number of Board Members falls below seven, the Board can continue to act only for another two months. If at the end of that period the Board has not found new Board Members to bring the number of Board Members up to seven, the only power it will have is to act to bring the number of Board Members up to seven.
- 50 Board Members must be sent written notice of Board Meetings posted, or delivered, by hand or sent by ~~fax or email to~~Electronic Communication the last such address for such communications given to the Secretary at least seven days before the date of the meeting, unless the Chairperson determines, in relation to a specific proposed Board Meeting, that a shorter period is required. The accidental failure to give notice to a Board Member (other than the Parent Appointee) or the failure of the Board Member to receive such notice shall not invalidate the proceedings of the relevant meeting.
- 51 Board Meetings can take place in any manner which permits those attending to hear and comment on the proceedings. A Board Member may participate in a Board Meeting by means of conference telephone, video conferencing facility or similar communications equipment whereby all the Board Members participating in the Board Meeting can communicate with each other. A Board Member participating in a Board Meeting in this manner shall be deemed to be present in person at the Board Meeting.
- ~~52~~52.1 All speakers must direct their words to the Chairperson. All Board Members must remain quiet and maintain order while this is happening. The Chairperson will decide who can speak and for how long.
- ~~53~~52.2 If any point arises which is not covered in these Articles, the Chairperson will give his/her ruling which will be final.
- ~~54~~53 All acts done in good faith as a result of a Board Meeting or sub-committee meeting will be valid even if it is discovered afterwards that a Board Member was not entitled to be on the Board.
- ~~55~~54 A written resolution ~~signed~~agreed in writing or by Electronic Communication by not fewer than three quarters of the Board Members or three quarters of the members of a sub-committee will be as valid as if it had been passed at a Board Meeting or sub-committee meeting duly called and constituted.

55 [Subject to these Articles, the Board may agree any arrangements which it thinks fit about how it takes decisions, and about how such arrangements are to be recorded or communicated to Board Members, subject to the prior approval of the Parent.](#)

## **Special Board Meetings**

- 56.1 The Chairperson, the Parent or two Board Members can request a special meeting of the Board by writing to the Secretary with details of the business to be discussed. The Secretary will send a copy of the request to all Board Members and to the Parent within three working days of receiving it. The meeting will take place at a place mutually convenient for the majority of Board Members, normally the usual place where Board Meetings are held, between 10 and 14 days after the Secretary receives the request.
- 56.2 No other business may be discussed at the meeting other than the business for which the meeting has been called.
- 56.3 If the Secretary does not call the special meeting as set out above, the Chairperson or the Board Members who ~~request~~[requested](#) the meeting can call the meeting. In this case, they must write to all Board Members at least seven days before the date of the meeting.
- 57 If a Board Member (other than the Parent Appointee) does not receive notice of the special meeting, this will not prevent the meeting going ahead.

## **Sub-committees**

- 58.1 The Board may delegate its powers to sub-committees or to staff or to Office Bearers. The Board will establish the terms of reference for such delegation, which will be set down in writing and communicated to the recipient of the delegated powers. Such delegation will be set out down in writing in standing orders, schemes of delegated authority or other appropriate documentation. In the case of a sub-committee such delegation shall include the purposes of the sub-committee, its composition and quorum for meetings. A minimum number of members for a sub-committee shall be three. There must be at least three of the members of a sub-committee present for the meeting to take place. The Board shall be responsible for the on-going monitoring and evaluation of the use of delegated powers.
- 58.2 The meetings and procedures of sub-committees or otherwise must comply with the relevant terms of reference.
- 58.3 Any decision made by a sub-committee must be reported to the next Board Meeting.
- 58.4 The Board can establish and delegate powers to sub-committees, designated as Area Committees, to take decisions relating to the management and maintenance of properties within a particular geographical area. The Board will determine the membership and delegated responsibility of an area committee in its terms of reference. An Area Committee shall exercise such delegated powers, notwithstanding the provisions of articles 42.1 and 42.3 which provisions do not apply to Area Committees.

58.5 [The creation of any new sub-committees by the Board is subject to the prior approval of the Parent.](#)

## THE SECRETARY AND OFFICE BEARERS

- 59.1 Subject to the provisions of the Act, the Secretary and any deputy or alternate Secretary and any other Office Bearers shall be appointed by the Board for such term and upon such conditions as it may think fit and any Secretary so appointed may be removed by the Board. The Office Bearers, except for the Secretary, must be ~~elected~~ Board Members ~~and~~ but cannot be co-optees. An employee of the Company, the Parent or any other member of the Group may hold the office of Secretary although shall not be a Board Member. If the Secretary cannot carry out his/her duties, the Board, or in any emergency the Chairperson, can ask another Office Bearer or employee to carry out the Secretary's duties until the Secretary returns. The appointment of an Office Bearer in terms of these Articles is subject to the prior written approval of the Parent.
- 59.2 The Secretary and the Office Bearers will be controlled, supervised and instructed by the Board in respect of performance of their respective duties (which duties, in the case of the Secretary, are those set out in article 59.3).
- 59.3 The Secretary's duties include the following (these duties can be delegated to an appropriate employee with the Secretary assuming responsibility for ensuring that they are carried out in an effective manner):
- 59.3.1 calling and going to all meetings of the Company and all the Board Meetings;
  - 59.3.2 keeping the minutes for all meetings of the Company and Board;
  - 59.3.3 sending out letters, notices calling meetings and relevant documents to Members before a meeting;
  - 59.3.4 preparing and sending all the necessary reports to the Registrar of Companies and The Scottish Housing Regulator;
  - 59.3.5 ensuring compliance with these Articles;
  - 59.3.6 keeping the Register of Members and other registers required under these Articles and the Act; and
  - 59.3.7 supervision of the Company's seal.
- 59.4 The Secretary must produce or give up all the Company's books, registers, documents and property whenever requested by a resolution of the Board, or of a general meeting.
- 59.5 The Chairperson will be appointed in accordance with article ~~59.6~~ 59.7 for a period which shall commence on the date of the Chairperson's appointment and shall expire immediately prior to the next scheduled Board Meeting held after the expiry of three years from the date of the appointment (the "office term"), subject always to the provisions of article 39.

## Role of the Chair

59.6 The Chairperson is responsible for the leadership of the Board and ensuring its effectiveness in all aspects of the Board's role and to ensure that the Board properly discharges its responsibilities as required by law, these Articles and the standing orders of the Company. The Chairperson will be delegated such powers as is required to allow the Chairperson to properly discharge the responsibilities of the office. Among the responsibilities of the Chairperson are that:

- ~~59.5.1~~59.6.1 the Board works effectively with the senior staff;
- ~~59.5.2~~59.6.2 an overview of business of the Company is maintained;
- ~~59.5.3~~59.6.3 the Agenda for each meeting is set;
- ~~59.5.4~~59.6.4 meetings are conducted effectively;
- ~~59.5.5~~59.6.5 minutes are approved and decisions and actions arising from meetings are implemented;
- ~~59.5.6~~59.6.6 the standing orders, code of conduct for Board Members and other relevant policies and procedures affecting the governance of the Company are complied with;
- ~~59.5.7~~59.6.7 where necessary, decisions are made under delegated authority for the effective operation of the Company between meetings;
- ~~59.5.8~~59.6.8 the Board monitors the use of delegated powers;
- ~~59.5.9~~59.6.9 the Board receives professional advice when it is needed;
- ~~59.5.10~~59.6.10 the Company is represented at external events appropriately;
- ~~59.5.11~~59.6.11 appraisal of the performance of Board Members is undertaken, and that the senior staff officer's appraisal is carried out in accordance with the agreed policies and procedures of the Company; and
- ~~59.5.12~~59.6.12 the training requirements of Board Members, and the recruitment and induction of new Board Members is undertaken.

~~59.6~~59.7 The Chairperson must be elected from the Board Members (excluding co-optees) which election must ~~then~~ be approved ~~in writing~~ by the Parent. The Chairperson must be prepared to act as Chairperson until the end of their office term (unless he/she resigns the post). The Chairperson can only be required to resign if a majority of the remaining Board Members present at a Board Meeting agree to this.

~~59.7~~59.8 If the Chairperson is not present at a Board Meeting or is not willing to act, the Board Members present will elect another Board Member to be chairperson for the Board Meeting. If the Chairperson arrives at the meeting late, he/she will take over as chairperson of the Board Meeting as soon as the current agenda item is concluded.

~~59.8~~59.9 If the votes of the Board Members are divided equally for and against an issue, the Chairperson will have a second and deciding vote.

~~59.9~~59.10 The Chairperson can resign his/her office in writing to the Secretary and must resign if he/she leaves the Board or is prevented from ~~standing for or~~ being ~~elected~~appointed to the Board under article 43. The Board will then elect another Board Member as Chairperson.

~~59.10~~59.11 The Chairperson can be re-elected upon expiry of their office term for a further maximum of two years and must not hold office continuously for more than five years, unless otherwise approved by the Parent, subject always to the provisions of article 39.

~~59.11~~59.12 Upon expiry of their period of service as Chairperson, the Chairperson must resign as a Board Member and leave the Board. If the Chairperson resigns under article ~~59.6~~59.7 or ~~59.9~~59.10 then they shall also be deemed to have resigned as a Board Member, regardless of the length of their period of service as Chairperson.

## NOTICES

- 60.1 Any notice which requires to be given to a Member under these Articles shall be given either in writing or by way of an Electronic Communication. Such a notice may be given personally to the Member or be sent by post in a pre-paid envelope addressed to the Member at the address last intimated by him/her to the Company or (in the case of a Member who has notified the Company of an address to be used for the purpose of Electronic Communications) may be given to the Member by way of an Electronic Communication.
- 60.2 Any notice, if sent by post, shall be deemed to have been given at the expiry of 48 hours after posting. For the purpose of proving that any notice was given, it shall be sufficient to prove that the envelope containing the notice was properly addressed and posted.
- 60.3 Any notice contained in an Electronic Communication shall be deemed to have been given on the day it is sent. For the purpose of proving that any Electronic Communication was sent, it shall be sufficient to provide any of the evidence referred to in the relevant guidance issued from time to time by the Chartered Institute of Secretaries and Administrators.
- 60.4 A Member present, either in person or by proxy, at any meeting of the Company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.

## INDEMNITY

- 61.1 Every Board Member or other Office Bearer or auditor of the Company shall be indemnified (to the extent permitted by section 232, 234, 235, 532 and 533 of the Act) out of the assets of the Company against any loss or liability which he/she may sustain or incur in connection with the execution of the duties of his/her office. That may include, without prejudice to that generality (but only to the extent permitted by those sections of the Act), any liability incurred by him/her in defending any proceedings (whether civil or criminal) in

which judgement is given in his/her favour or in which he/she is acquitted or any liability in connection with an application in which relief is granted to him/her by the court from liability for negligence, default or breach of trust in relation to the affairs of the Company.

- 61.2 The Company shall be entitled to purchase and maintain for any Board Member insurance against any loss or liability which any Board Member or other Office Bearer of the Company may sustain or incur in connection with the execution of the duties of his/her office, and such insurance may extend to liabilities of the nature referred to in section 232(2) of the Act.

## **THE BOARD'S MINUTES, SEAL, REGISTERS AND BOOKS**

### **Minutes**

- 62 Subject to the provisions of the Act, minutes of every general meeting, Board Meeting and sub-committee meeting must be kept. Those minutes must be presented at the next appropriate meeting and if accepted as a true record, signed by the chairperson of the meeting at which they are presented. All minutes signed by the chairperson of the meeting shall be conclusive evidence that the minutes are a true record of the proceedings at the relevant meeting.

### **Execution of Documents and Seal**

- 63 The Company shall execute deeds and documents in accordance with the provisions of the Act and the Requirements of Writing (Scotland) Act 1995 and record the execution in the register. The use of a common seal is not required. The Company may have a seal which the Secretary must keep in a secure place unless the Board decides that someone else should look after it. The seal must only be used if the Board decides this. When the seal is used, the deed or document must be signed by a Board Member and the Secretary or a second Board Member and recorded in the register.

### **Registers**

- 64 The Company must keep at its registered office a Register containing:
- 64.1 the names and addresses of the Members and where provided for the purposes of Electronic Communication, fax numbers and email addresses;
  - 64.2 the date each person was entered in the Register as a Member and the date at which any person ceased to be a Member of the Company;
  - 64.3 a statement of other property in the Company whether in loans or loan stock held by each Member; and
  - 64.4 the names and addresses of the Office Bearers of the Company, their positions and the dates they took and left office.
- 65.1 The Company must also keep at its registered office:

- 65.1.1 a second copy of the Register showing the same details as above but not the statements of property. This second register must be used to confirm the information recorded in the original Register;
  - 65.1.2 a register of loans and to whom they are made;
  - 65.1.3 a register showing details of all loans and charges on the Company's land; and
  - 65.1.4 all other registers as may be required under the Act.
- 65.2 The inclusion or omission of the name of any person from the original Register of Members shall, in the absence of evidence to the contrary, be conclusive that the person is or is not a Member of the Company.

## **Registered name**

- 66 The registered name of the Company must be clearly shown on the outside of every office or place where the Company's business is carried out. The name must also be engraved clearly on the Company's seal and printed on all its business letters, notices, adverts, official publications, website and legal and financial documents.

## **Documentation**

- 67 The Company's books of account, registers, securities and other documents must be kept at the Company's registered office or any other place the Board decides is secure.
- 68 At the last Board Meeting before the annual general meeting, the Secretary must confirm in writing [or by Electronic Communication](#) to the Board that articles 62 to 67 have been followed or, if they have not been followed, the reasons for this. The Secretary's confirmation or report must be recorded in the minutes of the Board Meeting.

## ACCOUNTS

- 69 Accounting records shall be kept in accordance with all applicable statutory requirements and such accounting records shall, in particular, contain day to day entries of all sums of money received and expended by the Company and the matters in respect of which such receipt and expenditure take place and a record of the assets and liabilities of the Company.
- 70 The Board must send the Company's accounts and balance sheet to the Company's auditor. The auditor must then report to the Company on the accounts it has examined. In doing this, the auditor must follow the conditions set out in the Act and Part 6 of the Housing (Scotland) Act 2010.
- 71 The Company must provide The Scottish Housing Regulator and such other organisations as the Board determines appropriate with a copy of its accounts and the auditor's report within six months of the end of the period to which they relate [or such other period as may be permitted by the applicable regulatory authority from time to time.](#)

## THE AUDITOR

- 72 Auditors of the Company shall be appointed and their duties regulated in accordance with the Act.

## ANNUAL RETURNS AND BALANCE SHEET

- 73 Every year, within the time allowed by law, the Secretary shall send to the Registrar of Companies the confirmation statement in the prescribed form and to the Office of the Scottish Charity Regulator the annual return in the prescribed form, together with all such documentation required by the Act and the Charities and Trustee Investment (Scotland) Act 2005.
- 74 If requested, the Company must provide a free copy of the latest confirmation statement, annual return and auditor's reports to Members or people with a financial interest in the Company.
- 75 The Company must always keep a copy of the latest balance sheet and auditor's report publicly displayed at its registered office.
- 76 The Company must comply with the requests of The Scottish Housing Regulator for annual returns.

## DONATIONS

- 77 The Board shall set and review periodically its policy for the donation of funds to charities. Such donations must further the objects of the Company and the Board shall report to the Members on such donations.

## INVESTMENTS

- 78 The Company's funds may be invested by the Board in such manner as is permitted by its investment policy subject always to the requirement that the Company will comply with the Regulatory Framework and Regulatory Guidance issued by The Scottish Housing Regulator from time to time.

## **INSPECTING THE REGISTER**

- 79 Any Member or person having a financial interest in the Company can inspect their own account. They may also inspect the second copy of the Register of Members which shall be made available to them for inspection within seven days of the request of a Member or eligible person. The books must be available for inspection at the place they are kept at all reasonable hours. The Board may set conditions for inspecting the books. ~~The Company will also maintain a register of the names of those Members who have given consent for this purpose which shall be made available for inspection within seven days of the request of any person.~~

## **DISPUTES**

- 80 Every dispute between the Company or the Board and:

- 80.1 a Member;
- 80.2 a person aggrieved who has ceased to be a Member within the previous six months; or
- 80.3 a person claiming under these Articles,

shall be dealt with in accordance with any procedures determined by the Board from time to time but without prejudice to all rights which any person may have to raise an action on the matter in any court with competent jurisdiction including without prejudice the Sheriff Court in the Sheriffdom in which the Company's registered office is located.

## **COPIES OF ARTICLES**

- 81 The Secretary shall, on demand, provide a copy of these Articles free of charge to any Member who has not previously been given a copy and, upon payment of such fee as the Company may require, not exceeding the amount specified by law, to any other person.

## **CLOSING DOWN THE COMPANY**

- 82.1 The prior written consent of the Parent is required before the Company can be wound up or dissolved.
- 82.2 If any property remains after the Company has paid its debts, this property will be transferred to such other charitable registered social landlord as determined by The Scottish Housing Regulator.

## **AMENDING THESE ARTICLES**

83.1 Any changes to these Articles shall require the prior written approval of the Parent and, subject to such approval, these Articles can be changed or deleted and new Articles can be introduced if:

~~83.1.1~~ three quarters of the votes at a special general meeting are in favour of the amendment(s); ~~and~~

~~83.1.2 The Scottish Housing Regulator has approved the amendment(s).~~

83.2 Where an amendment of these Articles affects the objects of the Company the prior approval of the Office of the Scottish Charity Regulator is required. The Company must submit its application for approval to the Office of the Scottish Charity Regulator not less than 42 days before the date on which the Company intends to amend its objects. Any other amendment of these Articles requires to be notified to them within three months of the change having been made.

83.3 The Company must notify The Scottish Housing Regulator within 28 days of the change or amendment being made to these Articles.

~~83.3~~83.4 The Company can change its name if:

~~83.3.1~~83.4.1 three quarters of the votes at a special general meeting are in favour of the change;

~~83.3.2~~83.4.2 the Office of the Scottish Charity Regulator has given its prior approval. The Company must submit its application for approval to the Office of the Scottish Charity Regulator not less than 42 days before the date on which the Company intends to change its name; and

~~83.3.3~~83.4.3 the Parent approves the change in writing.

~~83.4~~83.5 If the Company changes its name in terms of article ~~83.3~~83.4 it must ~~inform~~notify The Scottish Housing Regulator in writing within ~~14~~28 days of the change being made.

~~83.5~~83.6 The Company can change its registered office but must:

~~83.5.1~~83.6.1 notify The Scottish Housing Regulator of the change in registered office within ~~seven-working~~28 days of the decision having been made;

~~83.5.2~~83.6.2 notify the Registrar of Companies of the change within 14 days of the change having been made;

~~83.5.3~~83.6.3 notify the Office of the Scottish Charity Regulator within three months of the change having been made; and

~~83.5.4~~83.6.4 obtain the prior written approval from the Parent.

## INTERPRETING THESE ARTICLES

84.1 In these Articles, the following definitions and rules of interpretation shall apply:

- 84.1.1 "**Act**" means the Companies Act 2006 and any statutory modification or re-enactment thereof for the time being in force;
- 84.1.2 "**Articles**" means these articles of association as originally adopted or as altered from time to time;
- 84.1.3 "**Board**" means the board of management of the Company from time to time [\(or such other term that is used by the Company to denote the governing body of the Company\)](#) referred to in article 37.1;
- 84.1.4 "**Board Meeting**" means a meeting of the Board;
- 84.1.5 "**Board Member**" means any director for the time being of the Company and shall (save where expressly excluded) include co-optees to the Board pursuant to article 42;
- 84.1.6 "**Chairperson**" means the chairperson of the Company [\(or such other term that is used to denote the holder of this office\)](#) referred to in article 59.1;
- 84.1.7 "**charitable**" means both charitable under section 7 of the Charities and Trustee Investment (Scotland) Act 2005 and also in relation to the application of the Taxes Acts;
- 84.1.8 "**clear days**" excludes, in relation to the period of a notice, the day after the notice is posted (or, in the case of a notice sent by electronic means, the day after it was sent) and also the day of the meeting;
- ~~84.1.9~~ **84.1.9** "**Close Relative**" means ~~any person~~ [someone](#) who is the spouse, ~~cohabitee,~~ [or](#) civil partner, ~~of a person, or (being either of the same or different sex) who cohabits with that person, or is that person's~~ parent, grandparent, child, stepchild, grandchild, brother, [or](#) sister, ~~aunt, uncle, nephew or niece of any Board Member or employee of the Company from time to time;~~
- 84.1.10 "**Electronic Communication**" has the same meaning as is assigned to that expression in the Electronic Communications Act 2000;
- 84.1.11 "**Group**" means the Parent, the Company, and any Subsidiary from time to time;
- 84.1.12 "**Group Agreement**" means the written agreement from time to time between the Company and the Parent in relation to the objectives and operation of the Group;
- 84.1.13 "**Guarantee**" means any guarantee and includes any obligation (including as primary obligor), including a contract of indemnity or suretyship, however described, to pay, satisfy, provide funds for the payment or satisfaction of (including, without limitation, by advance of money, purchase of or subscription for securities and purchase of assets or services), indemnify against the consequences of default in the payment of, or otherwise be responsible for, any indebtedness of any Subsidiary or any other person;

- 84.1.14 "**Independent Board Member**" means a Board Member who is neither a Tenant Board Member nor the Parent Appointee;
- 84.1.15 "**Member**" means any person who is admitted to membership of the Company in accordance with the provisions of these Articles;
- 84.1.16 "**Office Bearer**" means the Chairperson, Secretary and any such other office bearer of the Company appointed under article 59.1;
- 84.1.17 "**Office of the Scottish Charity Regulator**" means the body set up under the Charities and Trustee Investment (Scotland) Act 2005 to regulate charities in Scotland;
- 84.1.18 "**Parent**" means Wheatley Housing Group Limited, a company incorporated in Scotland (company number SC426094) and a registered social landlord (registration number 363), having its registered office at Wheatley House, 25 Cochrane Street, Glasgow, G1 1HL;
- 84.1.19 "**Register of Members**" means the register of members referred to in article 64;
- 84.1.20 "**The Scottish Housing Regulator**" means the body corporate established under section 1 of the Housing (Scotland) Act 2010 ~~known as the Scottish Housing Regulator, having its principal office at 3rd Floor, Sutherland House, 149 St Vincent Street, Glasgow, G2 5NW;~~
- 84.1.21 "**Secretary**" means the secretary of the Company or any other person appointed to perform the duties of the secretary of the Company, including a joint, assistant or deputy secretary;
- 84.1.22 "**Subsidiary**" means any organisation which is from time to time a subsidiary of the Company within the meaning of Section 164 of the Housing (Scotland) Act 2010;
- 84.1.23 "**Taxes Acts**" means Part 11 of the Corporation Tax Act 2010 as read with Schedule 6 of the Finance Act 2010 and any statute or statutory provision which amends, extends, consolidates or replaces the same; and
- 84.1.24 "**Tenant Board Member**" means a Board Member who is elected to the Board pursuant to these Articles and is a residential tenant of the Company from time to time occupying a residential property let by the Company under a Scottish secure tenancy or a short Scottish secure tenancy.
- 84.2 Words in the singular also include the plural. Words in the plural also include the singular.
- 84.3 A reference to law or statute is a reference to that law or statute as re-enacted, amended or replaced.
- ~~84.4 In the event of Sterling joining the Euro any sums of money referred to in Sterling in these Articles shall be redenominated into Euros at the rate of exchange applying for such redenomination as at the date of joining the Euro.~~

## APPENDIX 1

### PROXY FORM

You must use the wording shown below to appoint a representative to vote at a meeting for you. Please see article 27.1 for more details.

I (insert name) am a member of (insert name) \_\_\_\_\_ Limited.

My address is: (please insert).

I hereby appoint (insert name) who lives at (insert address) to be my representative and vote for me at the Company's meeting on (insert date) and any other dates that meeting continues on.

Your name

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Your signature

---

Date

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## APPENDIX 2

### CANCELLATION OF PROXY

You must use the wording shown below to reverse your application to send a representative to vote at a meeting for you. Please see article 27.45 for more details.

I (insert name) am a member of (insert name) \_\_\_\_\_ Limited.

My address is: (please insert).

I hereby revoke the appointment of (insert name) as my representative to vote for me at the Company's meeting on (insert date) made by me on the (insert date).

I no longer authorise the person referred to above to represent me at the meeting referred to above.

Your name

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Your signature

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<b>Summary report:</b>	
<b>Litera® Change-Pro for Word 10.9.2.0 Document comparison done on 30/07/2020 17:09:35</b>	
<b>Style name:</b> Default Style	
<b>Intelligent Table Comparison:</b> Active	
<b>Original filename:</b> 5 WLHP Articles clean new.docx	
<b>Modified filename:</b> WLHP Articles - HM Clean 30.07.2020.docx	
<b>Changes:</b>	
<u>Add</u>	202
<del>Delete</del>	198
<del>Move From</del>	0
<u>Move To</u>	0
<u>Table Insert</u>	0
<del>Table Delete</del>	0
<u>Table moves to</u>	0
<del>Table moves from</del>	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
<b>Total Changes:</b>	<b>400</b>