

**THE WEST LOTHIAN HOUSING PARTNERSHIP LIMITED
BOARD MEETING**

**Wednesday 9 February 2021 at 14.00pm
By videoconference**

AGENDA

1. Apologies for absence
2. Declarations of interest
3. a) Minute of meeting held on 10 November 2021 and matters arising
b) Action list

Main Business Items

4. a) East of Scotland partnership proposal [redacted]
b) Governance update
5. a) New Group development vehicle [redacted]
b) Five-year development programme
6. a) Five-year investment programme
b) Heat and smoke detector update (Presentation)
7. a) Rent and other charges 2022/23
b) Five-year financial projections
8. Group health and safety policy
9. Group dampness, mould and condensation policy

Other Business

10. Customer First Centre update
11. Performance report
12. Finance report
13. Funding update [redacted]
14. Corporate risk register
15. AOCB

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: 9 February 2022

1. Purpose

1.1 To update the Board on the outcome of the strategic governance review, the areas relevant to us and the implementation plan. This report supplements the agenda item on the development of the East of Scotland partnership agenda item.

2. Authorising and strategic context

2.1 As we transitioned into the implementation phase of the 2021-26 Group strategy and reflected on the experience of the pandemic, the Group Board agreed that the strategic context was appropriate to initiate a strategic governance review. This Board was updated on the Terms of Reference of the review (“review ToR”) at its meeting in May 2021.

2.2 Under the Group Standing Orders, the Group Board is responsible for the Group’s overall governance arrangements. The RAAG Committee supports the Board in this role.

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”. This reflects our risk appetite in relation to laws and regulation, which is “averse”, with the avoidance of risk and uncertainty is a key organisational objective and a priority for tight management controls and oversight.

3.2 Our strategic risk register contains the risk that, “*The governance structure is not clearly defined, is overly complex and lacks appropriate skills at Board and Committee levels to govern the Group effectively. Failure of corporate governance arrangements could lead to serious service and financial failures.*”

3.3 We mitigate this risk by having clearly defined roles and responsibilities across our governance framework, regularly reviewing our framework and submitting our governance arrangements to external review.

- 3.4 The strategic governance review engaged independent expertise to review our governance arrangements and make recommendations for how they can be further refined to continue to mitigate this risk.

4. Background

- 4.1 Campbell Tickell, independent governance experts, were appointed to undertake the strategic governance review. The review was undertaken in line with the review ToR, focussing on 4 areas:

1. The Group structure;
2. The role and remit of Boards and Group Committees;
3. Board compositions; and
4. Board practice.

5. Customer engagement

- 5.1 As a corporate governance related matter, there has been no direct engagement with customers. The review does however reiterate that customer engagement informing decision making is a core facet of good governance.

6. Discussion

- 6.1. The Group Board received feedback on the headline findings from the review directly from James Tickell of Campbell Tickell at its strategy workshop in August. The findings, in line with the agreed methodology, were based on individual interviews with all Group Board members, a sample of Board members from each partner Board and a comprehensive desktop review of both our governance framework documents and Board papers.

- 6.2. A key message at the strategic workshop was that we have strong, robust governance foundations. The Group Board subsequently received and considered Campbell Tickell's report and recommendations at its meeting at the end of October. The overarching assessment of our governance arrangements were that:

"We found that Wheatley continues to operate sound governance arrangements supported by good documentation. It has a large but engaged governance community of Board and committee members who are all highly committed to Wheatley and its constituent parts, and understand their respective roles and responsibilities."

- 6.3. As part of its consideration, the Group Board also agreed an implementation plan for how it wished to take forward the recommendations. As part of this it was agreed that we should engage individual Boards across the Group on the implementation approach.

- 6.4. A more detailed update on the implementation approach agreed by the Group Board in relation to each relevant recommendation is set out in Appendix 1. Further detail on how these will apply in our own context is set out below.

Group structure

Legal structure

- 6.5. As part of the review, Campbell Tickell noted that we have been on a journey of consolidation across the wider Group. This has included the transition to a single commercial vehicle in Lowther Homes, a single care vehicle in Wheatley Care and the reduction of the number of RSLs through the Barony and Cube stock transfer and Transfer of Engagements.
- 6.6. As Campbell Tickell recognised, our consolidation has '*been successfully achieved within the Group over a period of time*'. In terms of the future group structure, Campbell Tickell recommended that:
- 'Wheatley should continue the journey of group consolidation on the current trajectory'*
- 6.7. The Group Board partially accepted this recommendation. This was on the basis that any future consolidation would be based on whether it could deliver demonstrable and quantifiable benefits for customers and agreed by the relevant Boards.
- 6.8. Consideration to this recommendation was given at the Board workshop on 28th January relative to the delivery of our strategic priorities and is subject to separate reporting at this meeting.

Roles and responsibilities in a group context

- 6.9. In any Group structure, the respective roles of the Parent and subsidiary Boards and how they interact require to be sharply defined. Campbell Tickell made a number of proposals for how we can further define roles, responsibilities and reporting arrangements. Campbell Tickell's recommendations are made within the context of legal and regulatory requirements regarding Parent 'control' and oversight.
- 6.10. We are updating the Group Standing Orders to more explicitly document the Group Board's role in scrutinising subsidiary performance. Although this already happens in practice, with performance and finance reports covering the whole Group regularly being considered by the Group Board, our documentation will more explicitly state this.
- 6.11. As part of this we will review the Group Standing Orders more widely to consider areas such as matters reserved to the Group Board and delegation levels. Once this is concluded, the revised Group Standing Orders will be brought back to this Board for feedback.
- 6.12. We accepted the recommendation to develop specific Terms of Reference ("ToR") for each Board. The ToR will seek to consolidate what is already documented in our existing governance framework as well as document the route and parameters for this Board, and the Boards of our sister organisations, escalating issues to the Group Board.
- 6.13. We recognise there is value in the process of developing new ToR as an opportunity for each Board to refresh their understanding of their specific roles and responsibilities.

Risk management

- 6.14. In terms of how risk is managed within the Group, Campbell Tickell recommended that we have a single risk appetite for the Group. Whilst we agreed with the overarching premise that the Group Board needs to have control over risk within the Group, we believe that a single approach does not fully reflect the diverse nature of the Group.
- 6.15. As a housing provider our regulatory environment, customer base and service model is notably different from, for example, care or commercial partners within the Group. We would expect our risk appetite to be different from, for example, commercial entities within the Group. It is therefore intended that our risk appetite being subject to Group Board approval will give the Group Board sufficient oversight of how we propose to approach risk.
- 6.16. A wider review of our approach to risk management is already underway. As part of this a standalone risk workshop will be held with the Board in the next few months.

Role and remit of Boards

- 6.17. As expected, the matters covered within this area were inherently linked to the Group structure element. Given the previous recommendation to introduce Board ToR, the recommendations in this area focussed on more specific areas of individual Board/Committee roles.

Risk management

- 6.18. Of particular relevance for us was the recommendation in relation to risk management. The report confirms we have an appropriate system in place for risk reporting, oversight and monitoring. The report proposed means by which we can further strengthen this, through a collection of individual measures rather than any fundamental change.
- 6.19. As previously indicated, a refresh of our risk management approach is underway. It is intended that the specific changes recommended in the report are incorporated as part of this refresh, or sooner where practical.

Additional group wide scrutiny

- 6.20. Environmental and sustainability issues are prominent in our overall Group 2021-26 strategy. The Group Board also agreed that given that there was a strong case for enhanced group wide oversight within our governance arrangements. It was agreed that this will form part of the remit of the Wheatley Solutions Board.
- 6.21. This does however remain directly relevant for us on the basis that our own contribution to environmental and sustainability, for example through our investment programme and requirements in relation to EESSH 2. Equally, this Board will also be updated where appropriate on activity at Group level which will have implications for our business.

- 6.22. We also expect that a similar approach will be adopted in relation to having specific oversight of equality and diversity within our governance structures. This is subject to discussion by the Group Board in March and a further update on this will be provided in due course. We will also continue to have one of our own Board members also being a Board member of Wheatley solutions.

Board composition

- 6.23. The recommendations in this area primarily related to the Group Board specifically, with an overarching theme of moving towards smaller Boards. Taking this into account, the Group Board agreed that we should work towards all Boards having a maximum size of 10. We currently have a Board of 8.
- 6.24. The recommendations also covered three further areas: Board diversity; skills and experience, including skills mapping; and succession planning. In response to this it was agreed that the following approach should be consistently applied by all Boards across the Group:
- Each Board and Committee agrees its own skills and experience matrix;
 - Each Board member self-assesses against the skills and experience matrix;
 - The skills and experience of each member are mapped with Board requirements; and
 - The matrix is reviewed by each Board/RAAG Committee annually in conjunction with its 3 year succession plan
- 6.25. In terms of the skills matrix, we recently agreed a refreshed skills matrix. Board members were asked to complete a self-assessment against our skills matrix and provide feedback on the matrix itself. Given the Board are considering proposals for a partnership, it is proposed we pause activity in this area until these discussions and any associated process are concluded.

Board practice

- 6.26. It was recommended that we establish new arrangements for holding Board and Committee meetings virtually and that a hybrid model be considered for meetings in future.
- 6.27. We have now undertaken testing of 'mixed' meetings where attendees are both in-person and by video conference, across some of our partner Boards.
- 6.28. The testing has been successful. It is proposed that our approach in future should be as following:
- For attendance at scheduled meetings, the default should be attendance in person;
 - Virtual attendance at scheduled meetings should be with the prior agreement of the Chair;
 - For additional meetings outwith the normal schedule or rescheduled meetings attendance would preferably be in person, but virtual would be an option without any need for prior agreement with the Chair;

- Additional meetings will offer the option to attend virtually by default and where there is a limited agenda or purely transactional business be held virtually; and
 - Board workshops may only be attended in person other than exceptional circumstances agreed in advance with the Chair (eg full workshop is virtual).
- 6.29. In addition to the above, it is intended that we make greater use of virtual attendance for staff members at Board meetings. For example, where a staff member is attending a meeting to cover a single item, which is relatively routine in nature they may attend virtually with prior agreement of the Chair and Lead Executive.
- 6.30. In the short term our future in person Board meetings will be held at New Mart Road.

Summary

- 6.31. The strategic governance review recognised the strength of our existing governance arrangements and provided recommendations for how we can continue to refine them. The Group RAAG Committee has been delegated responsibility to oversee the implementation at Group level.
- 6.32. A key element of our implementation approach is engaging with Boards across the group as we progress with implementation to ensure that they are informing and influencing our approach. This also ensures that all Boards clearly understand our governance arrangements and each Board is clear on its own role and responsibilities.

7. Digital transformation alignment

- 7.1 The proposals retain an oversight and scrutiny role for Wheatley Solutions in relation to our digital transformation plan.

8. Financial and value for money implications

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

9. Legal, regulatory and charitable implications

- 9.1 The report independently confirms that we have strong governance arrangements and provides evidence to support our compliance with relevant legal and regulatory requirements.
- 9.2 Detailed legal advice will be sought as required throughout the implementation process.

10. Equalities implications

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

11. Environmental and sustainability implications

- 11.1 As set in the report, given the significance of this area it is intended this is reflected in our governance arrangements in future. This includes dedicated focus via the Wheatley Solutions Board.

12. Recommendations

- 12.1 The Board is asked to provide feedback on the planned implementation approach of the strategic governance review.

List of Appendices

Appendix 1: Strategic governance review implementation plan

Strategic governance review – implementation

Recommendation/Area for refinement	Proposed approach	Indicative timescale	Updates
Group Structure			
Continue current consolidation approach	<p>Partially accept recommendation</p> <p>The first step will be a detailed assessment of whether combining business plans of group RSLs in the east of Scotland would create a stronger base for investment, new build and keeping rents affordable.</p>	Update to Feb 22 Board	Agree by Group Board subject to agreement with WLHP Board. Board workshop held and update on agenda.
<p>Arrangements for control and oversight of the group's subsidiaries should continue to evolve and develop as the group structure changes as follows:</p> <ol style="list-style-type: none"> 1. Clarify in documentation how the Group Board maintains overview and scrutiny of the subsidiaries, including the routes and parameters for escalation of issues and risks arising in subsidiaries 2. Prepare terms of reference for subsidiary boards so that there is a clear and definitive description of the role and responsibilities of each board 3. Institute regular reporting of some form by subsidiary chairs to the Group Board (accepting interim arrangements may be required pending reduction in the size of the Group Board) 	<ol style="list-style-type: none"> 1) Accept recommendation <p>Additional wording to be added to Group Standing Orders to further codify scrutiny role and define routes and parameters for escalation. It should be noted there are already existing mechanisms in place in key areas, for example through the Scheme of Financial Delegation and risk scoring thresholds. It is intended escalation becomes a defined responsibility of individual Board Chair, in discussion with the Group CEO – formalising what happens in practice.</p> 2) Accept recommendation <p>Whilst this already largely exists via the Group Authorising Framework and Group Authorise Management Monitor Matrix this process will also act as a mechanism to ensure that roles and responsibilities of each Board (rather than individual Board members), including relative to the wider Group, are well defined and understood by each Board. Terms of Reference will be prepared and considered by each individual Board and thereafter be subject to Board approval. It is proposed that as part of this process Wheatley Solutions is formally designated the responsibility for oversight of the Group's environmental and sustainability activity as well as clearly defined responsibility for emerging areas such as Equality and Diversity and retrofitting.</p> 3) Partially accept recommendation <p>Given the current number of subsidiary Chairs, there is, as recognised, a practicality issue attached to this recommendation. Also, the core purpose of having Subsidiary Chairs as Board members is to ensure this happens in practice through Board discussions. It is proposed therefore that as interim arrangement we formally document in the Group Standing Orders a requirement for Subsidiary Chairs to feedback any material issues to the Group Board during Board discussions.</p> 	<p>December 2021</p> <p>April 2022</p> <p>December 2021</p>	<p>Proposed wording agreed by RAAG on 15 December 2021</p> <p>Draft terms of reference to be presented to next Board</p> <p>To be covered at Group Board under AOCB in short term until the process set out in the Terms of Reference is agreed.</p>

<p>4. Set a single risk appetite for the group, with tolerances within which the subsidiaries are required to operate</p>	<p>4) Partially accept recommendation</p> <p>We have different risk appetite levels which reflect the different maturity levels and types of activity across the Group. It is proposed the underlying requirement for the Group Board to have control over risk oversight is met by all risk appetite statements and any changes requiring Group Board approval. All risk statements are due to be reviewed in spring 2022.</p>	<p>June 2022</p>	<p>Plan for review to be reviewed by Group Audit Committee in Feb 2022 with update to Group Board Feb 2022</p> <p>Revised risk appetite statements reviewed and approved by Group Board – June 22</p>
<p>There would be merit in reviewing Matters Reserved and delegations to ascertain if further streamlining could take place. (4.28)</p>	<p>Accept suggestion</p> <p>A full review of matters reserved and delegations will take place as part of the implementation process. This will include a review of the Group Standing Orders and the template Intra-Group Agreement.</p>	<p>April 2022</p>	<p>Phase one included in report to RAAG covering matters reserved to the Group Board. More detailed review to be presented to RAAG Feb 2022 for initial review and onward recommendation to Group Board April 2022</p>
<p>Role and remit of Boards and Committees</p>			
<p>Responsibilities within the governance structure in relation to risk management should be clarified and amplified as follows:</p> <ol style="list-style-type: none"> 1. The roles of the Board and GAC in relation to risk management should be made clearer and explained in more detail in documentation 2. Deep dives into potential risk areas should be included in the remit of GAC 	<ol style="list-style-type: none"> 1) Partially accept recommendation – Following the risk management workshops planned for spring 2022 our documentation will be updated 2) Partially accept – linked to 1), this shall be reviewed following the risk management workshops as part of a wider refinement of our approach and associated roles and responsibilities. There are a number of areas where we already do this in practice just not characterised as ‘deep dives. Examples over the last year have included cyber security, fire safety being added to the Audit committee as a standing item, furlough, PPE and business plan assumptions. 	<p>Both June 2022</p>	<p>Initial wording in relation to key responsibilities and matters reserved to Board and Group Audit Committee Terms of Reference. The Group Audit Committee ToR include additional wording re the role of the Committee undertaking more detailed risk monitoring at the request of the Group Board. These may be further refined following the risk workshops in spring 2022.</p>
<p>Reporting about and oversight of risk within the governance structure should be strengthened as follows:</p> <ol style="list-style-type: none"> 1. Reporting to Group Board should generally focus on the top 10-12 strategic risks 2. Risks should usually be presented in ranked order of residual score (highest scoring first) – we understand this is already planned 3. A Board Assurance Framework or other form of reporting should be developed to provide the Board periodically with greater depth of information about the sources and strength of assurance available in relation to key risks 4. Consideration should be given to depicting controls against the three lines of defence in order to make it easier for the Board to recognise gaps 	<ol style="list-style-type: none"> 1) and 2) Accept recommendation <p>Strategic risk register structure to be updated to be ranked in order, which will ensure the top10-12 are also more prominent</p> <ol style="list-style-type: none"> 3) Partially accept recommendation <p>It is proposed that we embed this within the risk register reporting format. Core sources of assurance will also include detailing where risks are considered by Boards/Committees across the Group. Revised risk register format to be reviewed by Group Audit Committee in Feb 2022.</p> <ol style="list-style-type: none"> 4) Accept recommendation (to consider) 	<p>From 2022 reporting cycle</p> <p>February 2022</p>	<p>Refreshed reporting approach to be presented to Group Audit Committee at February 22 meeting. Updates to be presented within risk report to Group Board in Feb 22. This will then be discussed with partner Board through risk workshops.</p>

<p>5. Work to align risk appetite with risk scoring should be completed and used to make it clear in reporting whether risks are being managed within the appetite set by the Board – as already planned</p> <p>6. As a minimum, GAC should have included in its papers any full internal audit reports giving less than substantial assurance</p> <p>7. The frequency of reporting on risk to subsidiary boards should be increased to quarterly</p>	<p>To be considered as part of the review of the risk register reporting format and proposals. Revised risk register format to be reviewed by Group Audit committee in Feb 2022.</p> <p>5)Accept recommendation</p> <p>As recognised, this is already planned and will be completed as part of the risk workshops.</p> <p>6)Partially accept recommendation</p> <p>All Internal Audit reports are already available on request. It is proposed that the Chair of the Group Audit Committee is responsible for agreeing, in consultation with the Chief Internal Auditor, where the findings of the report are such the full reports should be issued in advance rather than on request. As both roles are independent of management, this further strengthens the impartiality of the decision.</p> <p>7)Accept recommendation</p> <p>To be implemented from 2022.</p>	<p>February 2022</p> <p>Spring 2022</p> <p>From 2022 reporting cycle</p> <p>From 2022 reporting cycle</p>	<p>See earlier timeline on review.</p> <p>To be agreed by Committee Chair on ongoing basis as part of meeting pre-meets.</p> <p>Implemented</p>
<p>Group Audit Committee - The terms of reference do not include reference to oversight of internal controls and we would recommend that the risk section should have more definition. (5.23-24)</p>	<p>Accept recommendation</p> <p>In practice, internal controls are inherent in the approval of the Internal Audit Plan and monitoring Internal Audit reviews. Similarly, the committee undertakes what are effectively deep dives (this is English regulatory terminology for a detailed review) in areas such as fire safety and cyber security.</p> <p>However, the Committee Terms of Reference will be reviewed by Committee, including:</p> <ul style="list-style-type: none"> ▪ to make specific reference to internal controls ▪ review the risk wording, including what, if any role, the Committee should have undertaking 'deep dives' ▪ recommendations made to the Board. 	<p>February 2022</p>	<p>Draft approved by RAAG 15 December 2021 for initial review.</p> <p>Group Audit Committee to consider and agree in Feb 22 for onward recommendation to the Group Board for formal agreement and adoption in Feb 2022</p>
Board composition			
<p>Development of the approach to Board and Committee skills mapping to ensure sufficient expertise and inform succession planning should continue.</p>	<p>Accept recommendation</p> <p>This is already underway at partner Board level. It is intended a full skills mapping of the Board and Committees be undertaken to inform the Board workshop proposed above to inform the discussions.</p>	<p>March 2022</p>	<p>Proposed approach agreed by RAAG and to be implemented via individual Boards</p>
Board practice			
<p>Boards and committees should be supported to participate together in effective discussion and decision-making as follows:</p> <p>1. New arrangements for holding virtual meetings should be agreed and adopted as a matter of relative urgency, which allow the whole of any Board or committee to participate in discussion and</p>	<p>1) And 2) Accept recommendation</p> <p>Proposals to be developed for consideration by the Board on where virtual meetings would be appropriate. We are also in the early stages of testing the</p>	<p>Feb 2022</p>	<p>Proposals for virtual meetings agreed and to be implemented via individual Boards</p>

<p>decision-making together – such that these are available if needed</p> <p>2. A hybrid model should be considered going forwards which combines virtual meetings for more transactional-type meetings with face to face meetings giving the opportunity for more open-format strategic discussion</p> <p>3. Efforts should be made to ensure Board and committee papers are concise, with executive summaries incorporated into the template and recommendations moved up-front in reporting</p>	<p>technology under a hybrid approach of in person and virtual attendees. It is intended this be tested in greater detail before considering it as an option for Board meetings. It is proposed however that the default for scheduled Board meetings remains in person. The urgency of Recommendation 1 has now been superseded by resumption of full Boards.</p> <p>3) Partially accept recommendation</p> <p>It is proposed the Board template be further reviewed. This will cover both content and structure. This will include consideration to an Executive Summary, however it is not proposed we commit to this in advance of the review.</p>	<p>February 2022</p>	<p>Revised template included in RAAG report for consideration and onward agreement by the Board in February 2022.</p>
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Report

To: West Lothian Housing Partnership Board

By: Lindsay Lauder, Director of Development and Regeneration

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

Subject: Five-year development programme

Date of Meeting: 9 February 2022

1. Purpose

1.1 To seek approval for the WLHP five-year development programme.

2. Authorising and strategic context

2.1 The responsibility for operational oversight of the Group development programme now rests with the Group Development Committee, in line with the Committee's terms of reference approved by the Wheatley Housing Group Board. This is in the context of our approval of the five year development programme.

2.2 A copy of the five-year development programme was presented to the Group Development Committee on 27 January 2022 and will be presented to the Wheatley Housing Group Board on 23 February 2022.

2.3 The Scottish Government's key housing policy document, *Housing to 2040*, and the subsequent Bute House Agreement (SNP agreement with the Scottish Green Party, August 2021), confirmed the Scottish Government's ambition to deliver 110,000 affordable homes by 2032 as well as moving towards decarbonising Scotland's domestic (and non-domestic) buildings.

2.4 Linked to this, in July 2021, Scottish Government provided West Lothian with four-year resource Planning Assumptions (RPA), confirming grant for 2021-26 of £79.800m. Longer-term RPAs are a key enabling mechanism for the Council and its partners, providing greater certainty and confidence in the programme and capacity for future delivery.

3. Risk appetite and assessment

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

- 3.2 A key risk is that we do not identify a pipeline of development opportunities to realise our assumed development programme. This could lead to us not constructing enough units to repay our borrowing levels or achieve assumed reductions in management cost levels. To mitigate this risk we have brought together a strong programme of named sites in the proposed five year programme. In addition, we have a further pipeline of additional sites, that are subject to regular dialogue with the local authority and developers.
- 3.3 While the overall grant allocation over the coming years is strong, there remains a risk that development costs continue to increase and the Scottish Government grant criteria (which the Council use to assess applications) do not provide for sufficient subsidy to make individual projects viable. This is also a risk in the context of the increasing green specification for new build projects; with the requirement that any schemes granted building warrant from 2024 will need to have zero carbon heating systems.
- 3.4 The new subsidy regime announced by Scottish Government in late 2021 increases the benchmark grant level and provides additional top-up grant for low carbon elements. The benchmark level is to be reviewed on an annual basis which will allow for ongoing monitoring of the cost associated with new homes meeting zero carbon ambitions. However, we continue to stress test our business plan at RSL and Group level to ensure we would not be adversely impacted were development to become unviable/uneconomic and we had to reduce our programme due to these factors.

4. Background

- 4.1 Over the last 4 years WLHP has completed 166 new affordable homes to the end of January 2022 with 113 further properties expected to complete in 2021/22. We have a further 222 units currently on site.
- 4.2 The Covid-19 pandemic, Brexit, global economic factors and material supply issues have impacted significantly on our development programme through 2020/21 and across 2021/22. The cessation of construction activity during the initial lockdown, followed by new procedures agreed between the construction industry and the Scottish Government for safe site operations, has enabled construction activity to continue but productivity has been impacted.
- 4.3 Material supply issues impacted our development programme throughout 2021/22. They are reported to be a combination of pressure on product availability in the UK market, driven by high demand and wider global issues caused by Covid-19 and Brexit (also linked to the availability of labour). The findings of a materials survey which we completed was reported to the Group Development Committee in September and has been shared with the Scottish Government and SFHA.
- 4.4 We have taken on board remaining uncertainty linked to Covid-19, Brexit and material and labour supply issues when considering the planning and Business Plan implications of the Group five year programme.

5. Customer engagement

- 5.1 The proposed housing and tenure mixes across the programme will be agreed with our Housing Management (for social rent) or Lowther Homes (for mid-market rent) teams, the Strategic Authority and are based on housing needs in the area.

- 5.2 In line with our engagement strategy, we will involve customers in the development process and provide customer choices in more elements of their news homes, such as kitchen colours and finishes.

6. Discussion

Development Footprint

- 6.1 Our future development pipeline is shaped by our understanding of the regeneration and housing development opportunities that are currently agreed, or may emerge, in our operational area. For us this continues to be driven by Local Authority Housing Strategy and the associated Strategic Housing Investment Programme.
- 6.2 Lowther Homes will take forward a significant programme of mid-market rent housing through its own new build five-year development programme including development of one site within the WLHP strategic footprint via a combined project at Raw Holdings, East Calder.
- 6.3 The planning of our programme involves discussions with the respective local authorities, Scottish Government More Homes Division, in addition to signalling of our interest in these areas to our network of national house builders and private sector developer contacts.

Development appraisal criteria

- 6.4 The Board has previously approved the criteria that forms the basis for assessing new development opportunities. On the basis that proposed projects are included in our approved five-year development programme, the following criteria must also be met for any new development project to be eligible for approval:

Criteria	Measure/Test
Local Housing Strategy	Contribute to the WLC Local Housing Strategy. The project appraisal should detail which of the LHS outcome(s) the project will contribute.
Building and strengthening strategic partnerships/relationships	Contribute to strengthening our relationship with WLC and developers. The appraisal will identify the strategic partnerships and/or relationships to which the project will contribute.
Improving customer choice	The housing mix will be developed in consultation with WLHP Housing Management and respond to known and anticipated housing need for social rented housing and in conjunction with Lowther Homes for our future mid-market rent programme.
Housing Market Areas	Within the agreed local authority areas unless otherwise agreed with the Group Board and the respective RSL.
Internal Rate of Return	The Internal Rate of Return shall be a minimum of 5.7% over 30 years.
Debt	Borrowing required would not exceed total assets.

Borrowing	Borrowing will be repaid within 30 years.
Valuation Growth	Projects will be valuation positive on our balance sheet and assumed to deliver valuation growth within 3 years.

6.5 Accordingly, the Development Committee, or in future the new development company, will have the authority to approve projects where they meet the agreed criteria. This allows a balance between a strategic programme role, and the ability to set clear parameters for projects to proceed.

6.6 Where any of these criteria are not met the project may be referred by the Development Committee or new development company, where it considers there to be an exceptional reason for proceeding, to this Board for consideration.

5 Year Development Programme

6.7 The revised business plan assumes we will complete 312 units of affordable housing new supply units over the next five financial years from 2022/23.

6.8 Table 1 below sets out the WLHP programme by year to 2026/27, with more detailed information provided at appendix 1.

Table 1 – WLHP Programme

Team	22/23	23/24	24/25	25/26	26/27	Total
Social	34	38	52	65	62	251
MMR	32	0	29	0	0	61
Total	66	38	81	65	62	312

6.9 The Board considered at its recent workshop how forming a single vehicle for the East of Scotland through joining Dunedin Canmore could significantly expand the potential of the future programme in West Lothian.

6.10 At the workshop the Board recognised the proposed partnership with Dunedin Canmore, as outlined in more detail on a separate agenda item, would lead to stronger financial capacity through a combined business plan. This additional capacity would allow an increase in the number of new homes built in West Lothian to over 1,000 units over the next 10 years, taking advantage of the strong pipeline of opportunities that exist in the area. If the proposals go ahead, the WLHP programme would transfer to Dunedin Canmore at the point of merger.

6.11 Appendix 1 includes the already identified pipeline which would form the basis of this expanded programme in West Lothian. These opportunities will include being able to take advantage of further land releases in Winchburgh and Gavieside as well as future phases of Raw Holdings and possible town centre projects in Linlithgow.

7. Digital transformation alignment

7.1 All properties in the programme will be digitally enabled, supporting social inclusion. Providing this infrastructure will allow our customers to access high speed internet services quickly at point of entry, without additional works having to be carried out by their internet service provider.

8. Financial and value for money implications

- 8.1 Our business plan assumes a net cost of £21.8m over the next five years for WLHP. The successful delivery of the development programme helps us realise the wider assumptions within WLHP's financial projections. The summary of the development costs and grant over the next five years is presented in the table below:

Table 2 – Financial Expenditure and Grant

Investment in new properties - WLHP	Forecast				
	Year 1 2022.23	Year 2 2023.24	Year 3 2024.25	Year 4 2025.26	Year 5 2026.27
	£'000	£'000	£'000	£'000	£'000
Development Costs	11,551	7,963	8,015	9,575	9,513
Grant Income	8,566	1,210	5,483	4,494	5,069
Total Net Development Cost	2,985	6,753	2,532	5,081	4,444

- 8.2 In line with our approved methodology for the appraisal of new build schemes, a forecast cash-flow is prepared based on the cost of a development, and our assessment of the development's future income, management, maintenance and lifecycle costs.
- 8.3 This cash-flow is used to calculate certain key indicators including net present value (NPV) and internal rate of return (IRR) to ensure it generates sufficient return to cover cost of funds plus a margin for risk. The minimum requirement for social and mid-market rent schemes is 5.7%.
- 8.4 Continued use of both our Group contractor framework, and where appropriate access to external contractor frameworks, combined with seeking to extend our developer partnerships for land led opportunities, should continue to offer the Group a significant programme of development.

9. Legal, regulatory and charitable implications

- 9.1 On a regular basis details of the Group development programme are shared with the Scottish Housing Regulator.
- 9.2 Legal support for the Development Programme is provided via both our in house and Framework Solicitors as required.
- 9.3 Where projects are awarded directly through Section 75 agreement or developer led opportunities, we are taking advantage of a commercial opportunity that has been offered to us. Where developers are not called off the group Framework Agreement our experience of the current market suggests that the likelihood of any procurement challenge is low and is mitigated by our willingness to consider opportunities presented by other developers. Remaining flexible to take advantage of new opportunity is considered in our best interests and contributes to our strategic growth plans.

10. Equalities implications

- 10.1 Within the programmes, all new build units are designed to Housing for Varying Needs (Part 1), as integrated into mandatory standards promoted by the

Scottish Government. The inclusion of wheelchair units on a number of sites is a standard funding requirement.

11. Environmental and sustainability implications

- 11.1 The properties will be developed to meet Aspects 1 and 2 of the Silver Sustainability Standards which covers reduction in carbon dioxide emissions and energy use for space heating. The EPC level of this development will be Band B and we will work with Design Teams to develop an approach to zero carbon emissions homes.

12. Recommendation

- 12.1 The Board is asked to approve the details of the WLHP five-year development programme as summarised in this report.

List of Appendices

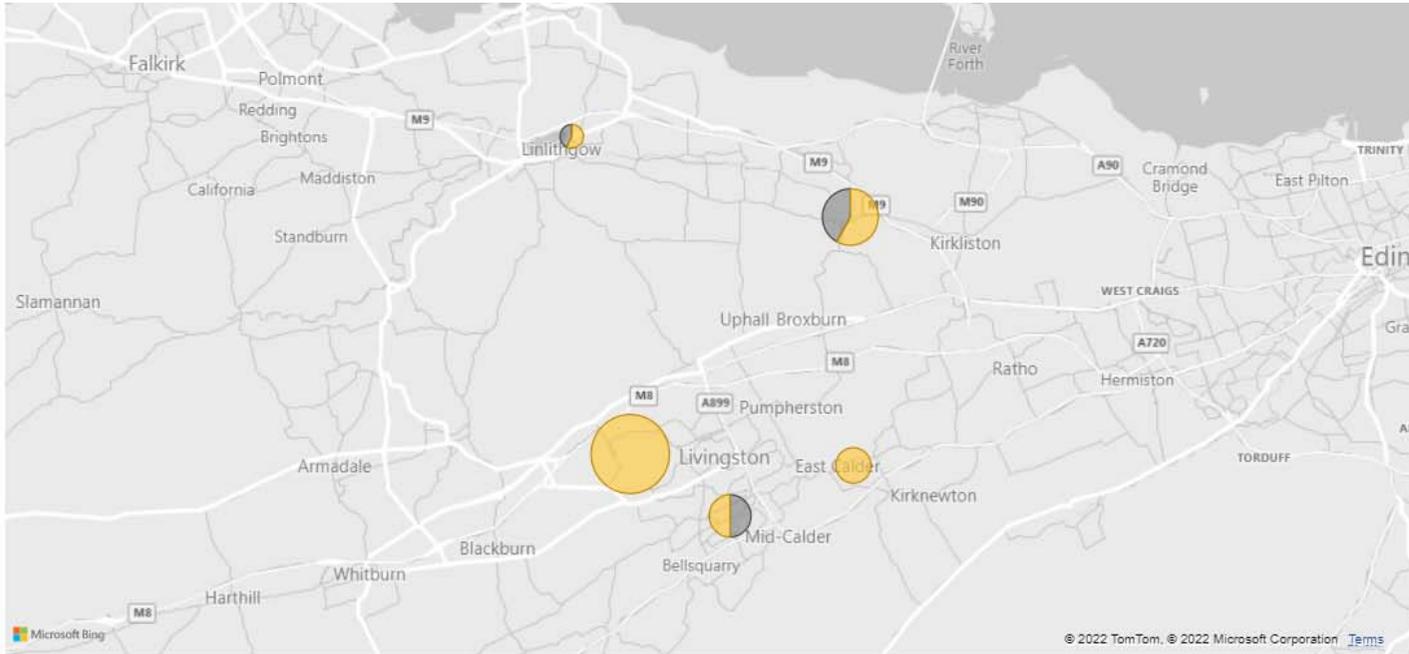
Appendix 1 – WLHP five-year development programme

5 Year Plan

2022/2023 to 2026/2027

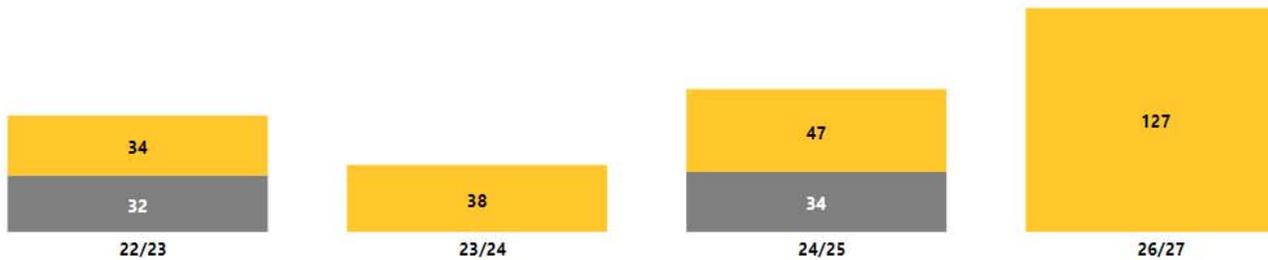
Year of Completion	Project	21/22	22/23	23/24	24/25	25/26	26/27	27/28	5 Year Plan
21/22	Jarvey Street	42							
	Winchburgh Site 'O'	20							
22/23	Almondvale	94	52						52
	Blackness Road		14						14
23/24	Raw Holdings			38					38
24/25	Winchburgh BB				81				81
26/27	Deans South, Livingston					65	62		127
Total		156	66	38	81	65	62		312

Programme



- Building in:**
- Bathgate
 - East Calder
 - Linlithgow
 - Livingston
 - Winchburgh

● MMR ● SR



Projects

Almondvale

RSL: WLHP

LA: West Lothian

Area: Livingston

Contractor: Cruden

Year of Completion: 22/23

Total Units: 146

Tenure: Mixed

Current Status: On Site & Completed

In SHIP: Yes

	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Total	94	52					
SR	94	26					
MMR		26					



Blackness Road

RSL: WLHP

LA: West Lothian

Area: Linlithgow

Contractor: Cala

Year of Completion: 22/23

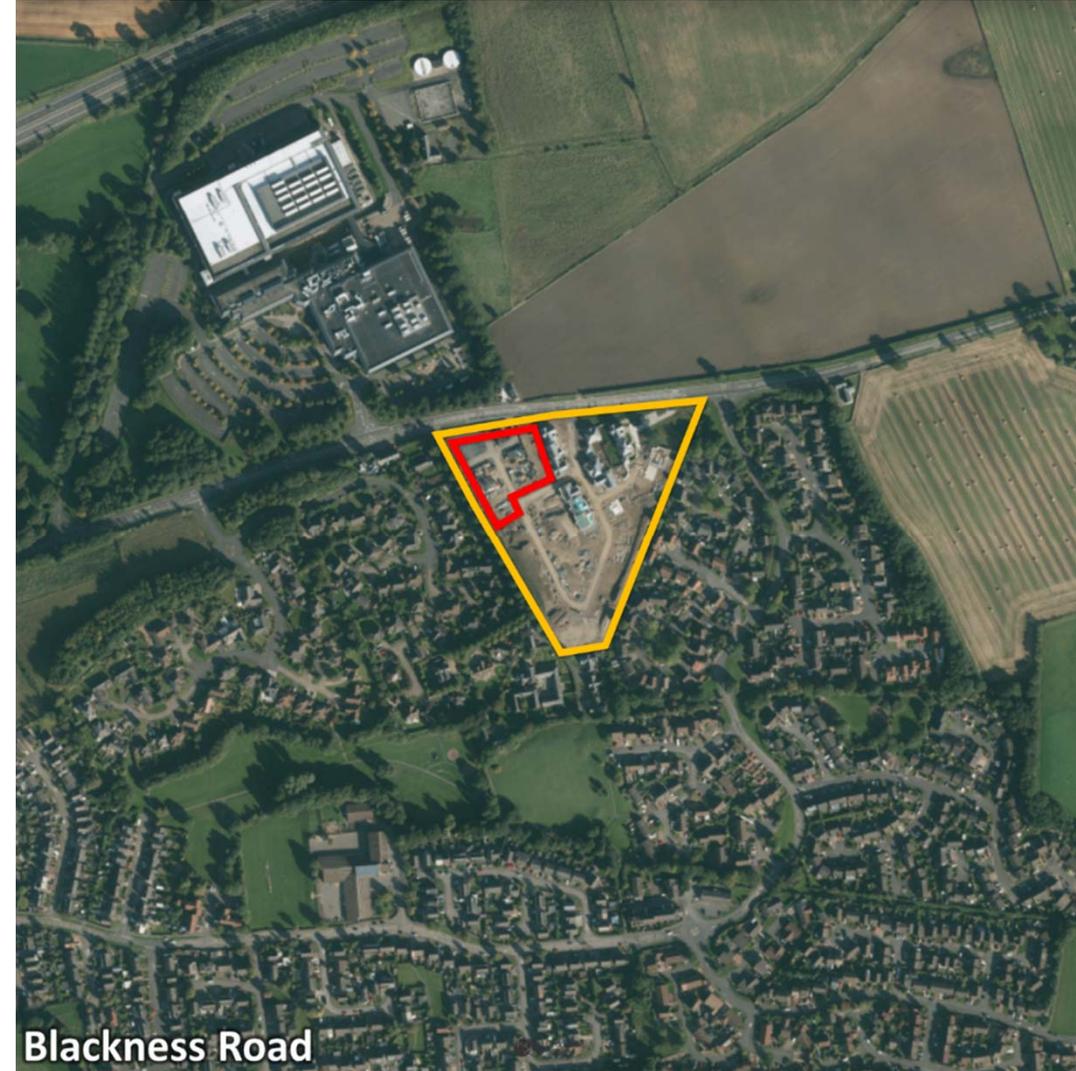
Total Units: 14

Tenure: Mixed

Current Status: On Site & Completed

In SHIP: Yes

	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Total		14					
SR		8					
MMR		6					



Raw Holdings

RSL: WLHP/Lowther

LA: West Lothian

Area: East Calder

Contractor: Persimmon

Year of Completion: 23/24

Total Units: 63

Tenure: Mixed

Current Status: Approved & Due On Site

In SHIP: Yes

	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Total			63				
SR			38				
MMR			25				



Raw Holdings Ph1



Classified as Internal

Winchburgh BB

RSL: WLHP

LA: West Lothian

Area: Winchburgh

Contractor: McTaggart

Year of Completion: 24/25

Total Units: 81

Tenure: Mixed

Current Status: Approved & Due On Site

In SHIP: Yes

	21/22	22/23	23/24	24/25	25/26	26/27	27/28
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Total				81			
SR				47			
MMR				34			



Winchburgh Site BB

Slides 8-10 redacted

Report

To: West Lothian Housing Partnership Board

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

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

Subject: Five-year investment programme

Date of Meeting: 9 February 2022

1 Purpose

- 1.1 To seek approval of our five-year asset investment plan. This plan underpins our strategic asset management approach, specifically our ambition to continue investing in our existing homes and communities – a key theme of our 2021-2026 strategy, Your Home, Your Community, Your Future.

2. Authorising and strategic context

- 2.1 Under the Group Authorise, Manage, Monitor Matrix, the WLHP Board is responsible for the approval of its business plan which forms part of the Group business plan.
- 2.2 The WLHP Board is also responsible for the approval of the key business planning considerations which arise from the approved business plan, including the approval of its investment profile, priorities and capital investment plan. Where any specific investment project is in excess of £1.5m then Group Board approval would be required, in line with the Group Scheme of Financial Delegation.

3. Risk appetite and assessment

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

4. Background

- 4.1 Our asset investment plan details our approach to major property improvement works across our housing asset portfolio over the next five years.

4.2 The plan is reviewed and updated annually to reflect changing customer priorities, new regulatory requirements and strategic investment decisions. This report seeks board approval for changes from the previously approved plan. All amounts include irrecoverable VAT where appropriate.

5. Customer engagement

5.1 As a landlord, we have a legal responsibility to keep our tenants safe in their homes. These safety and compliance duties drive the allocation of a significant proportion of the overall investment budget. With our remaining resources however, our aim is to increase customer participation in future investment planning decisions, both in relation to the type and timing of investment, putting customers firmly in control of their homes.

5.2 The allocation of the discretionary elements of the budget beyond compliance and safety work has been informed by customer feedback in recent years, such as that gathered through pop-up local events pre-pandemic, from customer satisfaction surveys, rent consultations and the input of the housing team, reflecting the views coming from customers in local communities.

5.3 Over the next five years, we propose to go further, through our 'Stronger Voices, Stronger Communities' framework. This framework:

- Gives customers greater control of their home by choosing how and where investment is delivered;
- Uses both online and offline approaches to make it easier for customers to engage and to share their priorities; and
- Adopts new technologies to enable interactive engagement e.g., voting on investment proposals, ordering improvements for their home, making choices, and providing feedback on our investment and asset services.

5.4 Our investment plan includes our 'Customer Voice' budget in support of this framework, which will deliver nearly £200k of customer driven investment over the next five years. This budget will be used to deliver an enhanced programme of local priority investment work over and above existing planned investment commitments. The content of this programme will be informed exclusively by our tenants working with our frontline housing teams. This programme is in addition to over £1.942m already allocated to deliver current customer priority investment work programmes such as new windows, heating, kitchens and environmental improvements.

6. Discussion

Overall programme

6.1 We have a robust and sector leading approach to the management of our assets. This includes continuing to maintain and invest in our existing housing assets, to ensure that our homes and neighbourhoods remain viable and desirable in the long term.

6.2 Our five-year plan includes a core programme budget of £2.1m, which will be directed towards major property improvement works. In addition, the programme includes £206k for improvement works to vacant properties, £268k for capitalised repairs, £109k to support the delivery of major medical adaptations and £255k for capitalised staff to support the delivery of the programme. Total investment spend in West Lothian properties over the five years is £3.0m.

- 6.3 The commitment to improving our homes and communities over the next 5 years has a continuing focus on delivering investment that our customers want to see in their home and in their communities whilst also protecting our customers and assets through our safety and compliance programmes. Our investment plans also place a strong emphasis on sustainability. Around 32% of our total core programme is directed towards the delivery of energy efficiency measures designed to tackle the effects of fuel poverty and reduce the carbon footprint of our housing asset portfolio. Our investment programme continues to follow three broad themes:
- Warm, High Quality Homes,
 - Safe Homes; and
 - Great Neighbourhoods.
- 6.4 Further details of the programme that make up these themes is provided at Appendix 1. The figures in Appendix 1 and below are before on-costs unless otherwise stated.

Warm, High Quality Homes

- 6.5 A range of investment activities fall within this theme including for example:
- Energy Efficiency Measures (Heating, Wall Insulation, Windows, Doors); and
 - Internal Modernisation (new Kitchens and Bathrooms).
- 6.6 We plan to invest £0.69m over the next five years in improving the energy efficiency of our homes. These measures will include window replacements, wall insulation and improving the efficiency and operability of electric heating for homes in non-gas areas.
- 6.7 Our investment plan also takes cognisance of the UK Government's ambition to decarbonise the national gas network, which will see the gradual introduction of hydrogen as a replacement for natural gas from around 2025/26. This transition would see the introduction of an increasing blend of hydrogen with natural gas completely phased out in some parts of the network by the early 2030's. In preparation for this transition, we plan to commence a programme of replacing existing gas boilers with hydrogen-ready models capable of accommodating an increasing hydrogen blend from 2025/26. The geographical phasing and pace of the transition is not yet known however, we will ensure that our longer-term investment plans post 2025/26 are agile enough to move with the pace of the switch as dictated by government and technology.
- 6.8 Our planned programme of energy efficiency improvements will not only benefit our customers in terms of reducing fuel costs and fuel poverty but will also assist in relation to sustainability and delivering our legislative obligations in relation to the Scottish Government's Energy Efficiency Standard for Social Housing mark 2 ("ESSH2"). This new standard requires, as far as reasonably possible, that RSL properties to reach Energy Performance Certificate ("EPC") Band B by 2032, although exceptions are permitted on the grounds of cost, feasibility, and consent. The Scottish Government proposes to review the ESSH2 in 2023 to strengthen and realign the standard with the target for net zero heat in houses from 2040, as set out in their Heat in Buildings Strategy and the Housing to 2040 Route Map. Our wider strategic approach to the delivery of ESSH2 will be informed following the outcome of this review.

- 6.9 Maintaining excellent internal housing quality standards is essential in ensuring that our homes continue to remain desirable. Our 5-year investment plan includes the installation of around 70 modern kitchens and a further 85 bathrooms.

Safe Homes

- 6.10 Our Safe Homes programme includes the upgrade of smoke and heat detection to 748 homes at the commencement of the programme requiring this work to be completed by 31st January 2022, following the government's extension of the deadline. Access to customers' homes has been a challenge in delivering these improvements. To address this, we developed and implemented a robust and streamlined process involving DCPS and our Housing Officers pro-actively contacting and agreeing access with our tenants. We are pleased to confirm that all WLHP's homes have been upgraded to the new requirements in advance of the legal deadline. We will continue to promote and publicise our wider annual compliance programmes as part of our 'Home Safe' campaign and plan these improvements alongside other investment and repair works to drive improved access levels whenever practical.
- 6.11 Our five-year investment programme also continues to fund additional fire safety measures for some of our most vulnerable customers through supporting our fire safety officers in providing innovative solutions to help keep people safe. Measures include enhanced smoke/heat detection, portable fire suppression systems, fire retardant blankets and stove guards.

Great Neighbourhoods

- 6.12 We are committed to investing in our wider communities through the improvement of our common areas and environments. Maintaining the "kerb appeal" of our neighbourhoods is an integral part of our investment planning approach to ensure that our communities are desirable for both existing and prospective customers.
- 6.13 Our Investment Programme will help to support the delivery of our 'Keep Scotland Beautiful' environmental quality standard through works to improve controlled entry, common areas and backcourts as well as fencing, paths and steps in our main door properties.

Year 1 programme (2022/23)

- 6.14 Year 1 (2022/23) of the 5-year plan has a total value of £581k (including capitalised staff to deliver the programme). This includes £418k for major property improvements, £51k for capitalised repairs, £39k for improvements in vacant properties, £21k for major medical adaptations and staff of £52k. Our 2022/23 programme will deliver a range of work types and associated outputs including:



Continuing implications of Covid 19

- 6.15 The Coronavirus pandemic continues to have an impact on investment delivery, albeit to a much lesser extent than in 2020/21. Working restrictions have eased considerably; however, we have not yet returned to pre-Covid levels of productivity due to Covid infections and associated self-isolation periods continuing to affect our direct labour and supply chain resources.
- 6.16 Programme delivery in 2021/22 has also been hampered by intermittent material supply issues with a particular impact on manufactured items such as glass and ironmongery. Our Contracts and Investment team have been working to mitigate the impact of these shortages by widening our supply chain and manufacturing capacity (via Group supplier RSBI). We will continue to monitor the situation as we move forward to ensure that we remain agile to react to this evolving situation and to reduce the impact on programme delivery and customer experience.
- 6.17 We continue to follow our agreed customer engagement approach for internal investment activities, which seeks to provide customers with reassurance around the robustness of our health & safety approach whilst delivering works within occupied homes. This approach includes calls to every customer due to receive internal investment by a member of our Investment team to discuss the work and to seek their commitment to provide access for the work to take place. Another positive impact of this new process has been a reduction in no access and refusals at survey and installation stages across all internal works programmes, which has helped to drive down waste in resources.

EESHS/EESHS2

- 6.18 Our investment activities will contribute towards the delivery of our SHQS (Scottish Housing Quality Standard) and EESHS2 (Energy Efficiency Standards for Social Housing) by improving both the condition and energy efficiency of our assets.
- 6.19 We are currently 99.86% compliant with the SHQS standard. The remaining non-compliant elements relate to one property (ex Barony) that requires new energy efficient heating. A survey to the non-complaint property will be carried out during Year 1 of the programme.
- 6.20 The 2020 EESHS targets required stock to have an EPC (Energy Performance Certificate) of band D or above. Current WLHP compliance is in excess of 99%. Our 5-year plan includes various works that will help us towards achieving EESHS 2 such as external wall insulation, more efficient central heating systems and window replacements.

- 6.21 The current and future investment plan also includes provision for a specific 10-year programme focussed on the EESSH2 standard. The make-up of this programme will be developed taking account of expected Scottish Government consultation on the standard. In parallel, work is underway to develop a group wide EESSH2 policy statement, which will set out our approach to achieving this standard including how we will make decisions around investment and the development of a regime for data collection to demonstrate compliance. We have included an initial budget allocation of £111k to support innovative investment interventions over the next 5 years as we develop our investment approach and understand requirements and associated costs to achieve compliance with the ambitious target of all homes to have a 'B' EPC band by 2032. An early illustration of this innovation is the planned installation of Intelligent Quantum Heating with smarter controls, as part of our warm, high quality homes theme, providing customers with greater control of their heating and significant savings on their energy tariffs and energy use.

Think Yes for Investment

- 6.22 We will introduce a new staff facing initiative in 2022/23, "Think Yes for Investment", which aims to empower our frontline housing teams to Think Yes and use their judgement to make informed investment decisions that create excellent outcomes for customers. The initiative seeks to simplify the process for ordering minor investment work e.g. a new kitchen, bathroom or new internal pass doors.

Management and Delivery

- 6.23 The Dunedin Canmore Investment Team will provide day-to-day management of our investment programmes including all project management functions, customer communication and all performance, financial monitoring and reporting. The team's approach will include analysing performance and asset condition data to inform bespoke investment interventions and appraisals where required, ensuring we are investing in the right stock and at the right time. This approach will ensure that our investment decisions are transparent and justified, whilst also helping to protect and drive maximum value from our existing asset base. Dunedin Canmore Property Services (DCPS) will continue to act as the principal delivery vehicle for most of our investment activities. DCPS's capabilities will be supplemented as necessary through specialist providers.

Communications

- 6.24 Digital communication will be prominent as we explain and engage with customers on the investment taking place in our communities across West Lothian. As well as using our social media channels such as Facebook, we will increase the use of direct messaging to customers in local areas through text (including "GIF" images for those with Smartphones) and secure messaging

Creating additional investment capacity through East of Scotland partnership

- 6.25 This report presents the base case for the 5 year investment programme. As was presented at the recent Board workshop, should the proposed partnership with Dunedin Canmore progress, there would be additional monies available for investment. This additional budget totals £600k over 5 years, with approximately £120k available in each year.
- 6.26 Given the context of affordability and increasing utility bills it is intended that we would use the additional monies to strengthen investment in areas such as additional energy efficiency measures, including cavity wall and top-up loft insulations, A-rated window and door replacements and the upgrading of heating systems, all of which help to keep the running costs of our homes low for tenants and would be priorities for us as we work towards achieving EESSH 2 by 2032 for our existing properties. This would directly improve the affordability of homes which receive such investment.
- 6.27 We will however also seek to directly engage tenants on their priorities, which we would expect to include kitchen/bathroom upgrades and external work to enhance open spaces. Depending on the response from tenants on their priorities, up to 150 new kitchens and 45 new bathrooms could be delivered.

7. Digital transformation alignment

- 7.1 We will look to align our investment services with our digital transformation strategy. Historically we asked our customers to make a visit – often at a time of our choosing - to the office or other location to view investment plans and make choices. Now, we will look to provide more interactive and convenient methods for the customer to inform investment in their homes. An example of this will be developing tools that make kitchen design and colour choices a digital experience.
- 7.2 We have also phased out whitemail customer surveys with individual investment project satisfaction surveys now carried out by text.

8. Financial and value for money implications

- 8.1 In accordance with the Group's Value for Money statement the investment programme will deliver value for money in a number of ways including:
- **Meeting customer aspirations** - Our investment plan supports the delivery of customer investment aspirations with our locality planning process and customer voice approach forming a key role in the development of the programme and priorities;
 - **Quality of life** - Our investment plans help to improve our customers' quality of life and tackle fuel poverty through the provision of warm and affordable homes, which meet SHQS and EESSH standards in relation to quality and energy efficiency. Our investment planning also recognises the importance that a good quality environment can have on the desirability of our communities and on quality of life, with significant funds committed to deliver improvements in these areas;

- **Environmental maintenance** - Our approach to the delivery of environmental improvements, designed with input from our NETS service, will help to build capacity by reducing the maintenance burden on this service, enabling resources to be focussed on other key service priorities; and
- **Asset sustainability** - By continuing to deliver investment in our existing assets we ensure the long-term sustainability of our assets, helping to drive down responsive repair costs, whilst giving assurance to our lenders that we have a robust approach in place to manage and maintain our assets.

8.2 The core investment programme spend of £2.1m is contained within the overall £3.0m five-year capital investment programme as set out in the 2022/23 financial projections.

9. Legal, regulatory and charitable implications

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

10. Equalities implications

10.1 Our aspiration is for our homes to meet the long-term needs of our customers, enabling them to remain in their home and to live as independently as possible. Our approach to medical adaptations enables customers to self-refer for minor adaptations such as handrails and lever handle taps. Major adaptations such as level access showers and structural alterations are also funded through the capital programme following a referral from an Occupational Therapist. In most cases this can be reclaimed from Scottish Government grant funding.

10.2 We have a robust approach to the identification and assessment of customer requirements as part of our project planning activities. Individual customer needs are considered on a project-by-project basis and this helps to inform the project design and specification.

10.3 Our communications strategy takes account of the broad cultural mix of our customer base with the ability to tailor correspondence to a range of different languages.

11. Environmental and sustainability implications

11.1 The Scottish Government have set ambitious targets for the reduction of carbon footprint and the country's green agenda and response to climate change. WLHP will look to embrace this challenge and contribute towards Wheatley's overall objectives in these areas. We plan to deliver £0.69m of energy efficiency improvements over the life of the five-year plan, which equates to 32% of the total core programme spend.

11.2 Our investment programme includes the use of new innovative technologies through our programme of Quantum electric heating replacements. This project will contribute positively towards the reduction of fuel poverty whilst also providing improved comfort and use flexibility with their heating.

- 11.3 The investment plan recognises the ambition of the UK Government to decarbonise the national gas network demonstrated by our plans to commence with installation of “hydrogen-ready” boilers upon lifecycle replacement of existing gas boilers from 2025/26.
- 11.4 In preparation for the first EESSH2 regulatory reporting period we are continuing to develop a property-by-property assessment of current energy performance characteristics in order to determine the exact requirements up to 2032 for each dwelling. For now, our investment programme recognises the challenge of EESSH2 with a dedicated budget of £111k in our programme to support the delivery of innovative solutions to help deliver compliance with this standard over the next 5 years. This is in addition to existing work programmes such as heating upgrades, window replacements and external wall insulation which all contribute positively towards our EESSH2 objectives.

12. Recommendation

- 12.1 The Board is asked to approve WLHP’s Five-Year Asset Investment Programme 2022-2027.

List of Appendices

Appendix 1: WLHP Five-Year Investment Plan 2022-27

WLHP Five-Year Investment Plan: 2022 - 2027

Over the next five years **£2,723m** will be invested in our homes and communities. Output projections for some of the **key** investment work streams over the next five years are shown below:

Heating

The Central Heating programme has a total value across the five years of **£336K**. The programme consists of £193k for reactive gas boiler replacements where existing boilers breakdown and cannot be repaired. A further £143k has been allocated in years 4&5 to commence with the installation of hydrogen-ready boilers. The timing and delivery phasing of this programme will be closely aligned with the geographical roll out of the wider decarbonisation of the national gas network.

In addition, we will continue to deliver our intelligent Quantum Heating Program for our customers. We expect around 10 customers to have benefitted from these improvements in the 1st year of this programme with a 28 further WLHP homes due to receive this work over the next 4 years. The intelligent heating systems provides the customer with greater control of when they heat their home, whilst also saving them money on their energy tariffs, with 22% less energy use than existing storage heating.

Low-rise fabric

The Low-Rise Fabric (LRF) programme consists of the provision of external fabric and roof replacement works. We have planned investment of **£0.2m** in Year 3-5 of the programme. The work will include 'Drone' roof and fabric surveys in Year 3 that will determine the program over years 4-5.

Kitchen & Bathrooms

We plan to invest **£532k** in new kitchens, bathrooms over the next 5 years. Bathroom replacements remain a high investment priority for our customers. Ad – Hoc and void property replacements will be included within the 5-year plan. Year 1 of the programme will include kitchen replacements in line with condition and life cycle.

Windows and Doors

We plan to spend **£235k** on window replacements over the next 5 years, benefitting over 67 tenants. The programme will include ad hoc, reactive installations where we have previous been refused access or new acquisitions in addition to planned lifecycle replacements across our localities. Within Year 1 of the plan, window replacements will commence at Pyothall Court. New energy efficient windows will be supplied via our group supplier RSBI.

Environmental

We will invest **£134k** in improving the environment within our communities over the next 5 years. The programme will include backcourt improvements for tenement stock, new bin/bike storage provision and paths and fence painting. Further Customer engagement events will shape and drive the 5-year programme.

Common Works

We have allocated nearly **£175k** to deliver common area improvements encompassing investment such as improved security (new controlled entry doors), flooring and decoration of our common stairs, Year 1 will include Castle Place, and Waverly Place.

EESH2

In recognition of our obligations around compliance with the new EESH2 standard we have allocated a budget of **£111k** over the next five-years to deliver innovative energy efficiency measures across our stock portfolio. The make up of this programme will be developed following the planned Scottish Government review of this standard in 2023.

Customer Voice

We are committed to putting our customers in control of investment decisions, which affect their homes and communities. We have allocated nearly **£200k** to deliver customer driven investment works over the next 5 years. Our dedicated Customer Voice budget will help our local housing management teams deliver on their customers' investment priorities identified through the ongoing engagement activities.

Think Yes for Investment

We will introduce a new staffing facing initiative in 2022/23, which seeks to empower our frontline housing teams to make decisions on investment that will deliver great outcomes for customers. A programme **of £150k** will be allocated over the next five-years to support housing officers in instructing small improvements such as a new kitchen, bathroom or painting a close where they feel the work is justified and is a priority for customers.



LD2 Position Statement – Smoke & Heat Detectors

Lynsey Fotheringham
9 February 2022



Context

By February 2022 every Scottish home was required to have:

- one smoke alarm in the living room or the room you use most
- one smoke alarm in every hallway or landing
- one heat alarm in the kitchen

All smoke and heat alarms should be mounted on the ceiling and be interlinked

Programme of installations have been running across Wheatley since 2018



WLHP Position at 31/1/22

- Programme for LD2 installations covered approx. 350 WLHP properties
- 100% compliance reported at 31/1/22
- No forced accesses necessary to complete works



Better homes, better lives

**WEST
LOTHIAN**
Housing Partnership

Report

To: West Lothian Housing Partnership Board

By: Lynsey Fotheringham, Head of Housing

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

Subject: Rent and other charges 2022/23

Date of Meeting: 9 February 2022

1. Purpose

1.1 This report:

- Provides feedback from our consultation on the 2022/23 RSL rent and service charge increase; and
- Seeks Board approval for the 2022/23 rent and service charge increases.

2. Authorising and strategic context

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

2.2 The Group Board agreed that a base increase of 1.9% should be the basis of consultation with each RSL's tenants. Our Board also agreed to proceed with this recommendation.

2.3 In addition, our Board agreed that a second and third option, 0.5% and 1.0% above the base level, should be discussed with tenants, with tenants asked whether they would be prepared to pay these higher levels in return for additional local investment.

2.4 It was also agreed that tenants who had transferred from Barony through the stock transfer ballot would be consulted on a 2% increase, in line with the 3-year ballot commitment.

3. Risk appetite and assessment

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

- 3.2 In relation to the statutory requirement in consulting and engaging tenants on any rent increase, our risk appetite is averse, that is “*avoidance of risk and uncertainty is a key organisational objective*”.
- 3.3 The decision on rent increases involves striking a balance between tenant affordability, continuing to deliver services our customers tell us they want and the need to maintain financial viability. Setting rents lower than the assumption in the business plan could – in the absence of mitigating cost savings – risk our financial viability. We are also required under statute to take into account the views of customers before making final decisions on rent levels.

4. Background

- 4.1 The rent increase assumptions in our financial projections are subject to annual review. The annual review takes into account the key principles set out in our Group rent setting framework:
- 1) Financial viability;
 - 2) Affordability;
 - 3) Comparability; and
 - 4) Consultation with tenants and service users.
- 4.2 The Board considered the first three principles as part of agreeing the baseline consultation levels during discussions at the November 2021 meeting. A series of focus groups were held during November and December to gather customer feedback on the rent setting proposals. This feedback was taken into account in the formal rent consultation process with tenants, which is the final element of our rent setting process prior to formally agreeing rent levels.

5. Customer engagement

- 5.1 As a consultation process, the report sets out the responses to our customer engagement on the rent setting proposals.

6. Discussion

- 6.1 This year we reintroduced the approach of extensive focus groups with tenants from across the Group, which informed our formal consultation with all tenants. The feedback from each part is set out in further detail below:

Focus Groups

- 6.2 The information in this section is reported on a Group wide basis as the focus groups included a mix of tenants across Group.
- 6.3 This year, we further refined our approach to the focus groups, introducing an online option for tenants, which proved to be popular with tenants reflecting on the increased convenience to them in not having to travel. Due to the dispersed geography within the WLHP we only held online focus groups. Across Group over 30% of participants took part online. Independent advisors BMG facilitated the focus groups and supported tenants to access the online groups.

- 6.4 In the focus groups, the Head of Housing made a presentation to tenants giving more context to the proposals. In order to maintain the independence of the focus groups, staff did not participate in the subsequent focus group discussions.
- 6.5 The presentation set out the key elements contained within the proposed consultation brochure to be sent to all tenants, specifically:
- How we spent tenants' money in the previous year i.e. what rent pays for;
 - Key challenges for the year ahead; and
 - The rent options.
- 6.6 In total across Group we undertook 43 focus groups, of which 2 were for WLHP. The total participation level across Group was 159 tenants. The focus groups allowed us to engage with tenants across Group in more depth on our rent setting proposals, in particular:
- Tenants' perception of what their rent pays for vs what it actually pays for;
 - Tenants' understanding of the drivers of rent increases;
 - Value drivers for tenants in terms of rent levels; and
 - General feedback on tenants' views of our landlord services in the context of rent.
- 6.7 In exploring these issues with tenants, as opposed to asking a binary 'yes or no' question on rent proposals, we were able to gather a) quantitative feedback by testing if the group discussion and increased knowledge of how rents are set impacts tenants' views of rent, and b) qualitative feedback we can use to understand what drives and impacts tenants' views on rent setting, potentially informing our service delivery and future strategic thinking.
- 6.8 Focus group participants (excluding those where there is an existing ballot promise) were asked whether they supported a rent increase, and if so which of the options they preferred. They were asked this both before and after the discussion. Across the focus groups, support for the options 1-3 was 72%, which rose from 59% following the discussions and supporting information on the reasons for the increase. The breakdown by option is shown below.

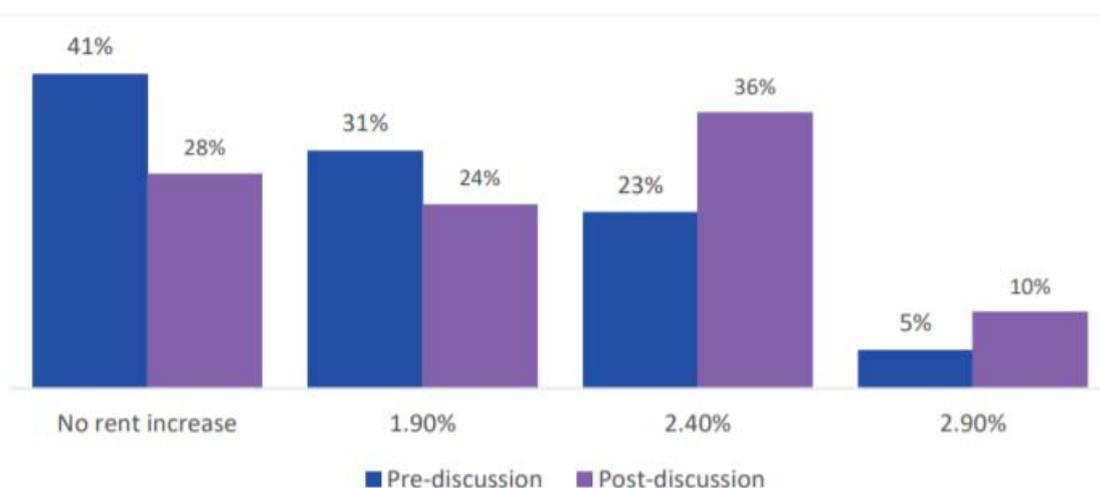


Figure 1: Views on the rent increase options – Group wide

6.9 The report provided detail of key drivers of tenant satisfaction. The following were identified by BMG as key satisfaction drivers:

- Strong feeling of community that arises from having a good relationship with their neighbours. This is enhanced by the quality and feel of their communal areas, where neighbours contribute to looking after the area, and also leads to a higher perception of value for money;
- Good experience of repairs service, with those in newer properties or with recent capital investment more likely to be satisfied with the maintenance of their home, and therefore with their landlord;
- 24/7 offering from the Customer First Centre, especially in relation to the repairs service;
- tenants (across all RSLs) who have experienced a range of wraparound services are noticeably more satisfied with and appreciative of their RSL, and are keen to impress on other tenants the value of this assistance. Other tenants responded positively to hearing that these services are provided if they were not already aware; and
- a proactive housing officer who is effective in supporting and signposting tenants such as help to access benefits which tenants weren't aware of e.g. pension credits.

6.10 In terms of main drivers of dissatisfaction, poor experience with repairs and maintenance, or experience of anti-social behaviour from neighbours were the most common themes.

6.11 A key overall driver was where a tenant considers an issue is not being addressed appropriately or as quickly as they would like. The associated communication in resolving such issues can further exacerbate such issues. We anticipate that the introduction of the new Customer First Centre, focused on first point of contact resolution, should improve this experience for our customers.

Rent Consultation

6.12 Following the Focus Groups, our formal consultation process with tenants encompassed two elements. Firstly, our consultation with all existing tenants based on the options agreed by the Board. In addition to this, ex Barony tenants were asked for their feedback on the existing cap of 2% increase as part of the ballot process for transferring to WLHP.

6.13 The consultation commenced on 13th December and closed on Friday 28th January. The process was **managed independently** by Civica, and encompassed two main elements:

- Consultation with ex Barony tenants on the 2% increase agreed as part of the ballot to join; and
- All remaining tenants consulted on the three options through a consultation brochure.

6.14 As part of the process tenants had the option to return a hard copy form or respond to the consultation online. In total approximately 17% of respondents utilised the option to provide their feedback online.

6.15 We received 47 responses from tenants. Civica independently certified the results which confirmed that **63.8% indicated they supported** one of the three options. We also received 14 responses from former Barony tenants on the 2% capped increase agreed as part of the transfer.

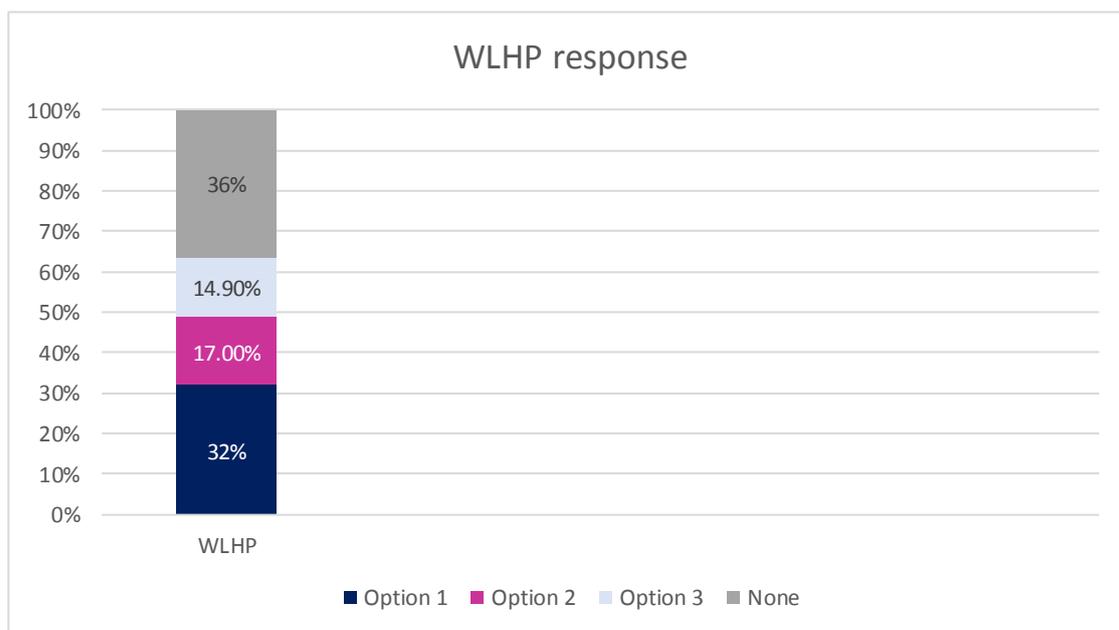
Ex Barony

6.16 A key element of the Barony ballot proposals was the 2% rent guarantee for three years. This is the third year of this promise and Barony tenants were given the opportunity to provide feedback during the consultation. As this was agreed by tenants as part of the ballot, this part of the consultation sought primarily quantitative feedback as there were no options.

6.17 We have reviewed all the feedback from ex Barony tenants, which totalled 14 responses. Of those who offered an explicit view in support or not of the proposals, the majority of were in favour of the 2% proposal, with only 1 respondent indicated they did not support the proposal.

All other tenants

6.18 The breakdown of results is set out below:



Qualitative feedback

6.19 We invited respondents to provide feedback on why they elected to choose the option they did. An analysis of this feedback is underway and a presentation will be provided at the meeting with the key themes along with comparators of proposed increases of some other RSLs operating in the same locations as us.

Summary

6.20 Our rent proposals are significantly below the current rate of inflation, which is 5.4%. This will support our overarching strategic priority of keeping rents affordable for our tenants.

6.21 The response rate is an increase from previous years and the first time in the last five years where we have received over 45 returns. Excluding last year's consultation - which received an unusually low response rate owing to the pandemic – we have typically received between 23 and 44 responses. This year we have also seen an increase in the proportion of respondents who supported one of the three options at 63.8%, compared to 60% in 2021 and 57% in 2020.

7. Digital transformation alignment

7.1 Tenants were able to participate in the consultation through a wider range of digital means than ever before. For the first time, we ran online focus groups. Responses were also able to be emailed to the independent provider Civica. We also used a wide variety of digital and social media approaches to publicise the consultation.

8. Financial and value for money implications

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

9. Legal, regulatory and charitable implications

9.1 Consultation with tenants on any increases in rent or service charges is a requirement of the Housing (Scotland) Act 2001. The approach set out in this paper therefore discharges our requirement to consult under the Act.

9.2 The 2016 Scottish Housing Regulator Thematic Review of Rent Setting detailed a number of recommendations, including provision of options to tenants during rent setting consultations. The approach taken this year responds to these recommendations.

10. Equalities implications

10.1 An update will be provided at the meeting including analysis of responses relative to protected characteristics where there is sufficient data to draw any conclusions.

11. Environmental and sustainability implications

11.1 No implications noted.

12. Recommendations

12.1 The Board is asked to:

- 1) Consider the feedback received through the consultation process with tenants on our 2022/23 RSL rent and service charge increase;
- 2) Approve a 2% increase for all ex-Barony tenants;
- 3) Approve a 1.9% rent and service charge increase for 2022/23 for all other tenants; and
- 4) Agree that we formally write to tenants to confirm this subject to Group Board approval.

Report

To: WLHP Board

By: Chris Cameron, Interim Finance Manager

Approved by: Steven Henderson, Group Director of Finance

Subject: Financial Projections 2022/23

Date of Meeting: 9 February 2022

1. Purpose

1.1 The purpose of this report is:

- to set out the updated projections for investment in assets and services over the five year period to 2027, in support of our strategy, *Your Home, Your Community, Your Future*; and
- to ask for the Board's approval of these updated financial projections, of which the first year will form the budget for 2022/23, noting that WLHP's business may transfer during the year to Dunedin Canmore, depending on further Board approvals and the outcome of a tenant ballot

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, whilst the Group Board is responsible for the overall approval of the plan and parameters, the WLHP Board has autonomy to agree its individual business plan within said parameters.

3. Risk Appetite and assessment

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

4. Customer Engagement

4.1 This report relates to our financial projections and therefore there are no direct customer engagement implications.

5. Background

5.1 We are entering a challenging period of higher inflation which places pressure on our operational costs and capital investment spend. Inflation has already risen during the second half of 2021/22 and CPI is at 5.4% at the time of writing, the highest level since the early 1990s.

- 5.2 Utility costs in particular, which make up a large proportion of our running costs, have contributed to the current rate rises and are forecast to rise by around another 60% next year. Efficiencies that we have realised to date are valuable and a focus on value for money remains important particularly in times of cost pressures. We recognise these economic factors will also put pressure on our tenants with rising inflation and an expected tightening of the job market impacting customers' ability to keep their rent accounts up to date.
- 5.3 In response, updated cost inflation assumptions have been provided in the earlier years of the projections and longer term we hold a prudent inflation assumption of 2.5%, which is above the Bank of England target rate of 2%. Operating cost efficiencies linked to improved working practices, asset growth and collaboration with service providers continue our focus on value for money savings in the projections. We have retained our provision for a higher number of tenants moving onto Universal Credit and an increase in rent arrears balances.
- 5.4 During 2021/22, we implemented our new operating model across the Group, with the introduction of flexible, agile based working, which harnesses the power of technology to enable staff to work from any location and respond to changing customer demands. We also re-launched our Customer Service Centre as the "Customer First Centre" with the aim of delivering outstanding customer services. Whilst varying levels of restrictions have been imposed by UK and Scottish Government throughout 2021/22 in relation to the Covid-19 pandemic, our new operating model has minimised the impact on the business and enabled us to continue to deliver services to our customers. The financial projections for 2022/23 assume no further restrictions on our ability to deliver services.
- 5.5 Discussions with funders on the inclusion of DGHP into the WFL borrower group arrangement and the negotiation of additional debt per unit in our covenants are nearing completion. The projections presented in appendix 1 show base case projections with a development programme in West Lothian of 312 units in the first 5 years and 372 new homes in total. We have ambitions to grow the development programme, however WLHP is constrained by its current financial capacity and is limited in its ability to borrow the amount of funding required over the time period. Proposals to enter into a partnership with Dunedin Canmore are being explored which would mean that by combining together the strength of both organisations could deliver 1,000 new homes in West Lothian in the next ten years.
- 5.6 Should the partnership proposals be progressed and concluded during 2022/23, only the financial projections up to the date of any future partnership taking effect will be relevant.

6. Discussion

- 6.1 More detail of the financial projections are provided in the appendix. Our strategy for 2021-2026, *Your Home, Your Community, Your Future*, forms the basis of these financial projections and address how the 5 key themes of the strategy will be achieved.

6.2 Included in the projections is provision for the continuation of investment in our services and assets:

- Over the five year period the business plan includes provision for investment of £3.0m in our existing housing stock.
- Our new build programme includes gross development spend of £46.6m projected over the five year period and the completion of 251 social rent properties and 61 MMR.
- Operating costs decrease over the 5 year period from £2,008 per unit in 2022/23 to £1,815 in 2026/27. These efficiencies create capacity within WLHP to fund the debt required to meet our current new build programme and invest in services for our customers.

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

Delivering Exceptional Customer Experience

6.3 Our strategy seeks to deliver exceptional customer experience while maintaining affordable rent levels for our tenants. These projections include funding to support:

- A contribution of £358k over the next five years towards the group's digital transformation strategy. This investment in technology will seek to deliver
 - Improved customer applications and services across mobile devices and core services (such as Home Comforts, Universal Credit and money advice, tenancy support services and digital access to housing staff for information and advice)
 - Improve our digital and online repairs services with automated communications and improved access to services, trades and real time feedback channels
 - Housing service improvements across virtual patches, improved online services and customer engagement
- The successful launch of the new operating model in 2021/22 and the additional resources in the new Customer First Centre enhancing further our customer service experience.

Making the most of our homes and assets

6.4 The projections include £46.6m of gross funding for the new build programme over the five years, delivering 251 new social housing units and 61 mid-market rent units during this period. Grant income of £24.8m is also assumed in the projections which will contribute towards the funding costs of the properties noted above.

6.5 In our existing homes, total investment of £3.0m has been provided which includes core investment works of £2.1m, voids, capitalised repairs and medical adaptations of £0.6m and £0.3m of staff to deliver the programme. This work will largely be completed by our joint venture partner, City Building (Glasgow) LLP. This funding will ensure that our properties remain in a good state of repair and sufficient provision is available for all compliance requirements.

- 6.6 The financial projections include £165k of funding in years 1-5 for customer identified investment priorities, “Customer Voice”. Engaging with customers will ensure investment work streams will be better directed towards what customers want.
- 6.7 During the first five years of the plan £3.9m has been earmarked for repairs, to assist in the upkeep and maintenance of our stock with the annual provision before inflation increasing from £733k to £841k by year 5.

Changing lives and communities

- 6.8 The financial projections demonstrate our commitment to changing the lives of our tenants and the wider communities in which we operate. This will be achieved through:
- Funding of £199k to the Wheatley Foundation (“The Foundation”) over the first 5 years of the financial projections. The Foundation use this to deliver services to our customers including welfare benefits advice, employability advice, our furniture up-cycling Homes Comforts scheme as well as our Eat Well service which delivers food parcels for 6 weeks to tenants most in need and My Great Start for new tenants.
 - The Group-wide Tenancy Support Service (“TSS”) is managed by our colleagues at Wheatley Care. WLHP’s financial projections include funding of £146k over the five years and in return we receive flexible, tailored support for our vulnerable tenants.
 - The Helping Hand Fund has been extended for the first three years of the plan; this funding continues to be relevant with the introduction of universal credit impacting our tenants. The £2.4k annual provision can provide a “helping hand” towards utility bills, the purchase of food or can be used to help clear rent arrears. This is particularly relevant with the roll out of universal credit. The fund will transfer to the Foundation in 2022/23 with WLHP staff able to access it in the same way as before.

Developing our shared capacity

- 6.9 During 2021/22 we introduced our new ways of working and launched our new Customer First Centre building on the changes we put in place to deliver services using a blended approach of face to face and virtual engagement with our customers. Over the next five years, we will continue to invest in our staff to ensure they have the exceptional skills, attitude, engagement and influence to excel in this new hybrid working environment. Through our contribution to Wheatley Solutions, our financial plan helps fund a continued focus on staff development in a technology enabled workplace and in our leadership and graduate programmes. Our planned investment in IT will provide staff with the technology they need to work effectively from home or our hubs.

Enabling our ambitions

- 6.10 In order to achieve our ambitious strategy, we must demonstrate a strong and stable financial performance. This will ensure we continue to achieve a strong credit rating and attract funding at low rates of interest. The financial statements presented below demonstrate our improving financial performance and position over the next five years.

6.11 The detailed financial projections and assumptions are provided in the appendices to this report. A summary Statement of Comprehensive Income is shown in Figure 1.

Figure 1: Statement of comprehensive income

£'000	2022/23	2023/24	2024/25	2025/26	2026/27
Net Rental Income	4,589	4,834	5,432	5,724	6,271
Other Income	131	174	353	376	384
Grant Income	3,860	3,562	5,587	5,504	5,387
Total Income	8,580	8,570	11,372	11,604	12,041
Management Costs	1,211	1,206	1,126	1,160	1,215
Repair and Maintenance Costs	733	762	836	868	937
Depreciation	2,354	2,452	2,690	2,756	3,017
Operating Expenditure	4,298	4,420	4,652	4,784	5,169
Investment Property Valuation Movement	(2,973)	16	(1,978)	(5)	55
Operating Surplus	1,309	4,166	4,742	6,815	6,928
Operating Margin (%)	15%	49%	42%	59%	58%
Finance Costs	(1,362)	(1,377)	(1,740)	(1,913)	(2,001)
Housing Property Valuation Movement	(3,218)	(3,558)	2,944	(4,420)	(4,042)
Statutory Surplus/(Deficit)	(3,271)	(770)	5,946	482	885

6.12 Over the five year period presented, WLHP's statutory surplus fluctuates due to property valuation movements and grant recognition on completed units.

6.13 Our annual rent and service charge consultation exercise has now been concluded and is reported to the Board separately. The financial projections incorporate the proposed 1.9% increase in rent and service charge levels. The financial projections also assume a reduction to our operating cost base, with efficiency savings ensuring we continue to deliver value for money for our customers; and

6.14 In order to achieve our ambitious strategy, we must demonstrate a robust and stable financial performance. This will ensure we continue to achieve a strong credit rating and attract funding at low rates of interest. Our Statement of Financial Position, set out below, shows a net asset position which improves by year 5 of the projections. The position drops slightly in year 2 as debt increases to fund the extensive new build programme, but does improve again in years 3,4 and 5 as homes are completed. The delivery of new social housing and mid-market rent properties will help to strengthen WLHP's net asset base. Figure 2 shows the projected change in the Statement of Financial Position over the five year period to 2026/27.

Figure 2: Statement of Financial Position

£'000	2022/23	2023/24	2024/25	2025/26	2026/27
Housing Assets & Investment Properties	56,900	60,143	67,619	71,210	74,921
Other Fixed Assets	214	149	152	186	208
Total Fixed Assets	57,114	60,292	67,771	71,395	75,129
Current Assets	533	540	504	515	515
Current Liabilities	(11,541)	(9,189)	(9,085)	(8,075)	(7,757)
Net Current (Liabilities)/Assets	(11,008)	(8,649)	(8,581)	(7,560)	(7,242)
Long-Term Liabilities	(32,547)	(38,853)	(40,455)	(44,618)	(47,785)
Net Assets	13,559	12,790	18,735	19,218	20,102
Retained Earnings	13,559	12,790	18,735	19,218	20,102
Total Reserves	13,559	12,790	18,735	19,218	20,102

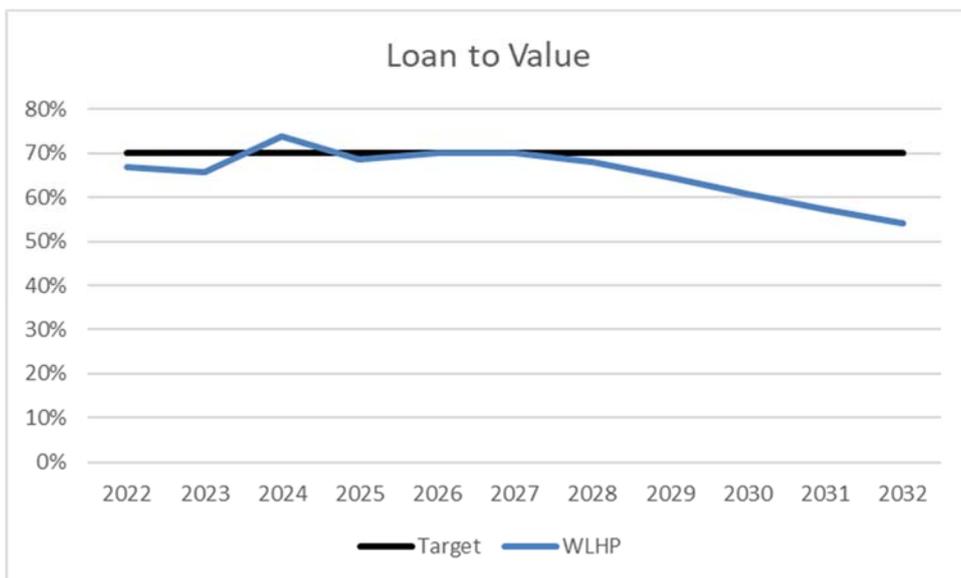
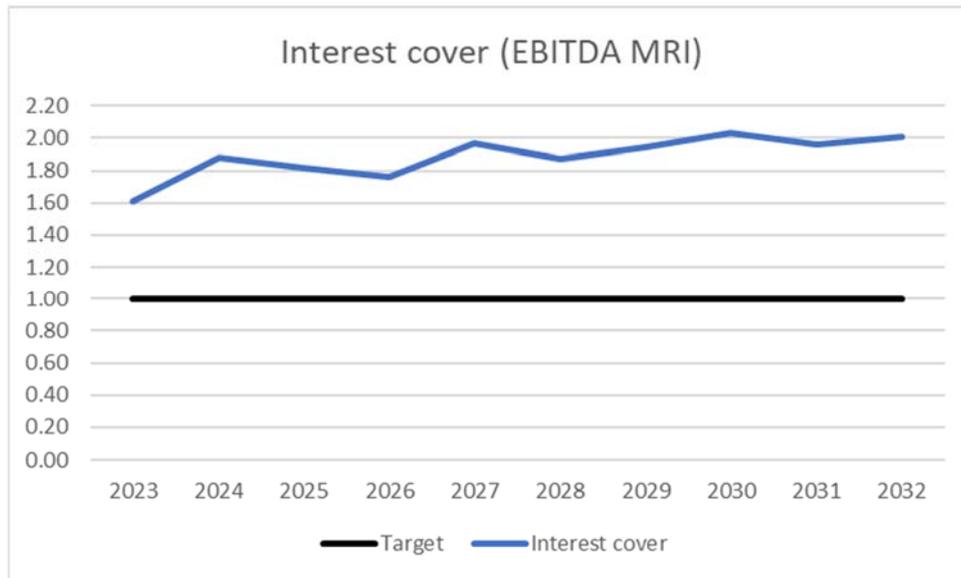
- 6.15 The value of housing assets increases by 31.7% across the first 5 years of the projections. This increase in housing assets requires additional debt funding from WFL1. Given the size of the new build programme, net asset growth is lower during the development period until the new properties generate returns and the level of debt reduces.
- 6.16 Figure 3 shows the cash position over five years – the net movement in cash reflects WLHP’s borrowing requirements from WFL1 in line with new build expenditure. Our borrowing levels are, however, sustainable and fully funded within our financial projections.

Figure 3: Cashflows generated

£'000	2022/23	2023/24	2024/25	2025/26	2026/27
Income (excl Grant)	4,720	5,008	5,785	6,100	6,655
Operating Expenditure (excl Depn)	(1,944)	(1,968)	(1,962)	(2,028)	(2,152)
Net Cash from Operating Activities	2,776	3,040	3,823	4,072	4,503
Core & Other Capital Expenditure	(659)	(529)	(722)	(779)	(642)
New Build Expenditure	(11,964)	(8,383)	(8,438)	(10,006)	(9,953)
Grant Income	8,566	1,210	5,483	4,494	5,069
Net Cash used in Investing Activities	(4,058)	(7,702)	(3,677)	(6,292)	(5,526)
Finance Costs	(1,394)	(1,636)	(1,785)	(1,934)	(2,147)
Net Movement in Cash	(1,394)	(1,636)	(1,785)	(1,934)	(2,147)

- 6.17 As there is a time lag between expenditure and the generation of additional rental income, our finance costs increase before we realise the benefit of additional rents from new build properties. Upon completion of the new build programme debt repayments will commence, reducing the associated finance costs, thereby improving the cash position.
- 6.18 We must ensure that WLHP and the other subsidiaries within the Group meet certain financial parameters. These include ensuring that a sufficient operating margin is generated and that there is sufficient cash flow strength and asset cover to support the level of debt. This ensures WFL1, as the RSL treasury vehicle, is able to meet its external funding conditions. There are two key ratios that we consider :-
- Revenue Surplus less Capital Investment (earnings before interest, tax, depreciation and amortisation with major investment spend taken into account) over net interest payable is the ratio used by the Group to assess whether sufficient surplus is generated to fund our activities, maintain the housing stock and cover interest payments. Ideally this interest cover ratio should be >1.
 - The loan to value ratio (outstanding loans net of cash divided by value of completed housing and investment properties) is used to assess whether there is sufficient asset cover to support the level of debt.

Figure 4: Key Financial Ratios



6.19 As shown above WLHP will generate sufficient income from operating activities to fund investment and finance costs with the level of cover varying with the development and completion of new build properties. Interest costs rise during the development period due to increased borrowing in order to fund the new build programme and interest cover dips. As rental income is subsequently earned from completed new build properties, interest cover rises. Loan to value increases from 66% in 2022/23 to over 70% in 2023/24, and remains above or close to 70% , our golden rule policy level for a period of five years before reducing again in subsequent years. This demonstrates that while WLHP will have sufficient asset cover to support loans, it would not be able to borrow more than the current new build programme, nor afford to lose operating cashflow from a lower rent increase or additional spend on existing stock. These factors have influenced the proposal to combine with Dunedin Canmore.

7. Digital transformation alignment

7.1 No direct implications

8. Financial and value for money implications

8.1 Revised financial projections for WLHP are summarised in section 6 above and in Appendix 1. These financial projections, once approved, will be submitted to the Wheatley Group Board for approval on 23 February. The figures in the first year of the projections, 2022/23, will then form the basis of the annual budget which will be presented to the Board for approval in March. Performance against the budget will then be monitored via the management accounts provided to the Board throughout the year, up to the point of a potential transfer of the business to Dunedin Canmore, at which point all budgets would transfer

9. Legal, regulatory and charitable implications

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

10. Equalities impact

10.1 Not directly applicable

11. Environmental and sustainability implications

11.1 Not directly applicable

12. Recommendations

12.1 The Board is requested to:

- 1) Approve the updated projections for investment in assets and services over the five year period to 2027;
- 2) Agree that the projected 2022/23 figures form the basis of next year's annual budget which will be presented to the Board for final approval in March, noting the context of a potential transfer of WLHP's business to Dunedin Canmore during the year, which will be subject to further Board approvals and the outcome of a tenant ballot

LIST OF APPENDICES

Appendix 1 – West Lothian Housing Partnership 2022/23 Detailed Financial Projections

WLHP Financial Projections 2022/23

1. Headlines

This year, 2021/22, saw the implementation of our new operating model across the Group, with the introduction of flexible, agile based working, which harnesses the power of technology to enable staff to work from any location and respond to changing customer demands. We also re-launched our Customer Service Centre as the “Customer First Centre” with the aim of delivering outstanding customer services.

Whilst varying levels of restrictions have been imposed by UK and Scottish Government throughout 2021/22 in relation to the Covid-19 pandemic, our new operating model has minimised the impact on the business and enabled us to continue to deliver services to our customers. The financial projections for 2021/22 assume no further restrictions on our ability to deliver services.

West Lothian Housing Partnership is expected to complete 156 new social rent properties in 2021/22 and project to invest £828k in our existing homes this year.

Looking towards 2022/23, all indications are that the sector will face a challenging economic environment. Inflation has already risen during the second half of 2021/22 and CPI is at 5.4% at the time of writing, the highest level since the early 1990s. Expectations are that the rate of price rises will remain high for a period of two years before returning to lower levels in 2024/25. Utility costs in particular, which make up a high proportion of our running costs, are forecast to rise by around 60% next year. Recognising these economic factors will also put pressure on our tenants with rising inflation and an expected tightening of the job market impacting customers’ ability to keep their rent accounts up to date, we have retained provision in the projections for a higher number of tenants moving onto Universal Credit and an increase in rent arrears balances.

The 2022/23 updated financial projections include:

- Provision to complete 312 new social and mid-market rent homes over the five years of the plan, with a further 60 units to be delivered in the period up to March 2028
- A further £3.0m of investment in existing stock
- Contribution of £358k to the Group’s IT investment, helping to support the strategic aims in the 2021-26 strategy
- £199k in donations to the Wheatley Foundation

During the development period, West Lothian's financial forecasts are driven by the profile of the development programme and the value of grant income and valuation adjustments on the completion of new build properties. The forecast bottom line statutory surplus, net assets, cashflow and ratios reflect the higher level of borrowing to support our new build programme.

WLHP's peak net debt is in 2026/27 (year 5) and finance costs on the debt borrowed from Wheatley Funding Limited 1 steadily increases as we approach this year. This is in advance of the significant benefit from increased rental and lease income from the new units and lowers the statutory surpluses reported.

In the period after 2026/27 all new build units are completed creating an increase in rental income and realising operating cost per unit efficiencies. Overall this results in strengthening the financial position of West Lothian Housing Partnership.

It is important to note that rent increases in line with those assumed in our strategy, and continued control of costs are an important aspect of managing the financial position.

We have ambitions to grow the size and scale of our development programme in West Lothian beyond the 372 new properties included in these financial projections. Existing financial capacity and the amount of debt and gearing in the WLHP Statement of Financial Position is a limiting factor on the size of the programme. Options are being explored around a potential partnership with Dunedin Canmore which would mean that together up to 1,000 new homes could be delivered in the West Lothian area over the next 10 years. Any partnership proposals would be subject to a favourable tenant ballot.

Should the partnership proposals be progressed and concluded during 2022/23, only the financial projections up to the date of any future partnership taking effect will be relevant.

2. Key Assumptions

The key financial assumptions in the 2022/23 Business Plan are highlighted below. All figures include VAT, where applicable but not inflation (unless stated otherwise).

2.1. Stock numbers

The 2022/23 WLHP Business Plan assumes an opening rented stock number of 905 social rent units. This is based on the 749 units owned by WLHP as at 1 April 2021 and the completion of 156 new build units at Almondvale (94), Jarvey Street (42) and Winchburgh site O (20).

The projections assume 251 new homes for social rent will be delivered in the next five years. Of the new social rented homes, we anticipate 34 being handed over in 2022/23, 26 at Almondvale and 8 at Blackness Road. Table 1 shows the planned profile of social housing stock over the period of the projections.

Table 1 – Social Housing Stock Numbers

	2022/23	2023/24	2024/25	2025/26	2026/27
Opening Stock	905	939	977	1,024	1,089
New Build	34	38	52	65	62
Closing Stock	939	977	1,029	1,094	1,156

Stock Profile – Other Affordable Housing

In addition to social housing, the updated projections assume 61 units for mid-market rent will be delivered. Of these properties we anticipate 32 being handed over in 2022/23, 26 at Almondvale and 6 at Blackness Road. Table 2 below shows the movement in mid-market rent units over the period of the projections.

Table 2 – Mid-Market Rent Stock Numbers

	2022/23	2023/24	2024/25	2025/26	2026/27
Opening Stock	-	32	32	61	61
Acquired/ Developed	32	-	29	-	-
Closing Stock	32	32	61	61	61

These properties will be managed under a lease arrangement with Lowther Homes with the letting and management risk being taken by Lowther in common with the arrangement in place between other Group RSLs and Lowther for mid-market rent properties. On-going capital works costs will remain WLHP’s responsibility, and these costs are contained within the business plan assumptions moving forward.

2.2. Rents and Service Charge Income

The plan assumes an average weekly rent based on the actual current average rent and, subject to Board approval, a 1.9% rent increase in April 2022. For the properties transferred from Barony HA, this is the final year of the 2% rent increase agreed as part of the partnership commitments made to Barony tenants. In the following two years, increases have been assumed at 3.7% each year with this reducing to 3.5% in April 2025 and 2.9% per annum thereafter. These are set out in the table below

Future rent increase assumptions are set out in table 3 and assume the tenant rent offer which would be proposed on the partnership with Dunedin Canmore.

Table 3 – Rent and service charge increase assumptions

	2022/23	2023/24	2024/25	2025/26	2026/27
Increase (existing WLHP tenants)	1.9%	3.7%	3.7%	3.5%	2.9%
Increase (Barony tenants)	2.0%	3.7%	3.7%	3.5%	2.9%

The offer to tenants as part of the proposed partnership with Dunedin Canmore would include a reduction in rent increases in 2023 and 2024 to 2.5%.

As the MMR properties are completed, income will be generated through a lease arrangement with Lowther. The value of these leases have been determined so that WLHP receive a sufficient return to cover the funding costs associated with them together with the cost of any capital replacements.

2.3. Cost Inflation Assumptions

Prices had been expected to rise on the resumption of more normal trading conditions as the restrictions put in place during the Covid pandemic were removed and provision for moderate price rises had been built into our prior year projections. Inflation in the UK has climbed sharply from 0.7% in March 2021 to 5.4% by December 2021, the highest rate since the early 1990s and well above the Bank of England target rate of 2%.

With further significant energy price increases expected over the coming year and with continuing supply issues and staffing shortages, inflation is expected to remain high for up to two years before moving back to lower levels as the market stabilises. We have updated the cost assumptions to reflect the current high rate of inflation within our 2022/23 financial projections. This includes an increase of 60% in utility costs and a 10% rise in insurance premiums. In years 2 and 3 our forecasts reflect an assumed general cost inflation of 3.0%, with a long term outlook of 2.5% from year 4 onwards, retaining an element of prudence in our forecasts.

Table 4 – Inflation Assumptions

General Inflation Assumptions	2022/23	2023/24	2024/25	2025/26	2026/27
General cost inflation	3.0%	3.0%	3.0%	2.5%	2.5%
Cost inflation – utilities	60.0%	0%	(6.0%)	(1.0%)	2.5%
Cost inflation - insurance	10.0%	3.0%	3.0%	2.5%	2.5%
Wage inflation	3.5%	2.5%	2.0%	2.0%	2.0%

2.4. Operating Performance

The percentage of rent lost to voids and bad debts assumed has been based on historical performance together with our expectations going forward. Table 5 below shows the assumptions in the plan for the next five years.

Table 5 – Void, Bad Debt, and Arrears Assumptions

	2022/23	2023/24	2024/25	2025/26	2026/27
Routine voids (%)	0.75%	0.75%	0.75%	0.50%	0.50%
Bad debts (%)	2%	2%	2%	2%	2%
Arrears (£'000)	264.5	335.3	344.8	308.3	319.9

The plan assumes voids losses for existing WLHP tenants of 0.75% of rental income for the first 3 years, reducing to 0.5% in years 4 and 5. The assumption includes a higher level of voids in supported properties. Voids losses in the current year to date (to period 9 21/22) are 0.32% and in 2020/21 were 0.31% with the provision in the financial projections being prudent compared to historical rates.

The bad debts assumption of 2% is also higher than current performance and allows for an increase in recognition of the potential impact of Welfare Reform and the introduction of Universal Credit as well as any impact the pandemic may have on tenants' ability to keep their accounts up to date. This has been set cautiously because of the increasing impact of welfare reform on our tenants.

Our Business plan assumptions on the movement in arrears as a result of Universal Credit have been updated to reflect our experience to date and take into account the numbers of tenants who have already transitioned and expectations going forward including:

- Increase in the number of tenants moving to universal credit (a total of 380 tenants – all tenants of working age)
- 80% of tenants who move to universal credit will have an increase in arrears, with this increase equivalent to 5 weeks rent; and
- Of this increased arrears balance it is assumed only 40% will be recovered which will take up to two years
- All tenants will have transitioned to Universal Credit by the end of 2023/24

2.5. Management Costs

Employee and running costs within the financial projections reflect the changes in structure, and cost efficiency savings made during the past few years.

An additional cost allowance has been made in the projections to provide for the management costs of additional units delivered through the new build programme in all years.

Charges from Group in respect of central and support services such as Finance, IT, HR and procurement are assumed to be £143k in 2022/23. This is proposed to decrease in future years reflecting efficiency savings resulting from continued investment in back office services, delivered through the use of technology and improved working practices.

Table 6 sets out the overall management costs assumed in the plan.

Table 6 – Management Cost Assumptions (excluding inflation)

£'000	2022/23	2023/24	2024/25	2025/26	2026/27
Employee Costs	501	462	422	422	422
Running Costs	407	410	435	440	464
Recharges from Group	143	141	140	140	137
Total	1,051	1,013	997	1,001	1,023

2.6. Asset Management and Growth

a) Revenue Repairs & Maintenance

WLHP’s repairs service is delivered by Dunedin Canmore’s property services team. Planned maintenance costs reflect a cyclical maintenance programme (gutter cleaning, painting and property MOTs), which help maintain the standard of our property assets and reduce future capital investment costs. Table 7 below summarises the revenue repairs and maintenance assumptions in the plan which shows a reducing trend as more new build properties are completed over the period.

Table 7 – Planned and Routine Maintenance Costs (excluding inflation)

£'000	2022/23	2023/24	2024/25	2025/26	2026/27
Routine Maintenance	565	570	600	607	633
Planned Maintenance	168	169	188	191	208
Total	733	740	788	798	841
Average No. of Units	922	958	1,001	1,057	1,120
Average Repair £ cost per unit	795	772	787	756	751

b) Capital Investment

WLHP’s existing stock fully meets the Scottish Housing Quality Standard (“SHQS”). The £3.0m of investment spend assumed within the first five years of the plan is therefore intended to maintain this standard while also responding to our customers’ investment priorities as set out in our Locality Plan. The programme also reflects the commitments made to Barony tenants to deliver additional investment in their properties.

Table 8 – Capital Investment Programme (including inflation)

£'000	2022/23	2023/24	2024/25	2025/26	2026/27	Total
Core Programme	418	285	491	539	402	2,135
Void Repairs	39	40	41	42	43	206
Capitalised Repairs	51	52	54	55	57	268
Medical Adaptations	21	21	22	22	23	109
Capitalised Employee Costs	52	51	50	51	52	255
Total	581	450	658	710	576	2,974

We are committed to listening to our Board and local communities to identify priorities for investment. Key priorities include replacement programmes for kitchens, showers and boilers within our properties and environmental works to improve the perception of local areas. Changing demographics mean there is greater demand for appropriate housing for older people. Investment in medical adaptations will allow more of our tenants to remain in their homes for longer, helping to deliver our business objectives. Figures in Table 8 do not include the additional £600k investment in the proposed partnership offer which would increase the core programme provision by over 25%

Capitalised void costs include the costs of carrying out the programme of void works as well as the costs of clearing the properties. The in-house service gives us greater control over the void turnaround process.

c) IT Capital Investment

In total, across the Group the financial projections provide for a 5 year IT capital investment programme of £40.2m. This investment is in recognition of the key role technology has in supporting the delivery of the key strategic aims in the Group’s 2021-26 strategy. Alongside the digital aspirations for Group services to customers and staff, the funding also provides for a safe, secure and reliable technology service. WLHP makes a capital contribution towards the overall Group IT capital costs. The table below details WLHP’s contribution over the next 5 years.

Table 9 – IT Capital Contribution (including inflation)

£'000	2022/23	2023/24	2024/25	2025/26	2026/27
IT Capital Contribution	79	79	64	70	66

Key investment in technology is planned across a number of areas including:

- Development of homeworking services to staff, network and voice investment across core services, cloud-hosted voice platform for staff and call centre services, improved Group connectivity aligned to mobile/agile staff service delivery, increased use of mobile devices and core desktop delivery improvements and improved end-user security.
- Moving to cloud-hosted services and closures to our data centre hosting arrangements and information security improvements. Application service and platform upgrades improving overall security and incorporating the latest features and functions

- Housing service improvements across virtual patches, improved online services and customer engagement and automating tasks and activities.
- Community digital engagement platforms and applications, aligning customer and community outcomes and providing information and collaboration services, implementing a predictive data science programme and extending and enhancing our online services
- Improved customer applications and services across mobile devices and core services (such as Home Comforts, Universal Credit and money advice, tenancy support services and digital access to housing staff for information and advice)
- Improving our digital and online repairs services through automated communications and improved access to services and trades and real-time customer feedback channels

d) New Build Programme

The new build programme is set out at Section 2.1 and shows the programme with 251 social and 61 mid-market rent properties to be completed over the five years. Table 10 summarises the investment in new build homes over the five years.

Table 10 – New build Funding Profile (including inflation)

£'000	2022/23	2023/24	2024/25	2025/26	2026/27	Total
Development Costs	11,551	7,963	8,015	9,575	9,513	46,617
Grant Income (cash received)	8,566	1,210	5,483	4,494	5,069	24,822
Net Cost	2,985	6,753	2,532	5,081	4,444	21,795

Our financial projections have been prepared under the existing financial capacity available to WLHP. We expect to conclude discussions with the WFL1 funders for an increase in the debt per unit covenant and the accession of DGHP into the borrower group before the start of the 2022/23 financial year. This increase capacity taking debt per unit from £27,000 to £35,000 would allow the overall Wheatley RSL development programme to grow to 12,500 new homes over a 10 year period.

Opportunities exist in West Lothian to grow their development programme, however WLHP's ability to undertake a substantially larger programme is constrained by its existing financial capacity and the levels of debt and gearing that would be needed through the development period. The proposed partnership with Dunedin Canmore would increase the capacity available in the combined organisation and provide scope for a programme that delivers 1,000 new build properties in West Lothian.

2.7. Initiatives and Other Provisions

The financial projections continue to include a commitment to improve the wider communities in which we operate. Over the first 5 years of the plan, the following funding has been included:

- Costs of £28k per year over the term of the plan, for the Tenancy Sustainment service that Loretto Care delivers on our behalf.
- Donations to the Wheatley Foundation totalling over £199k over the five years of the plan. This is used by the Wheatley Foundation to fund their projects which directly impact the lives of tenants. These projects include their bursary programme, training for vulnerable tenants looking to get back into employment, fuel and welfare benefit advice as well as fitness classes and the Home Comforts and Eat Well services. Helping Hand funding helps those in financial difficulty, particularly those who are in and out of jobs or whose benefits may change as a result of universal credit. From 2022/23 this will be delivered through the Wheatley Foundation with WLHP staff continuing to access it in the same way.

2.8. Operating Cost per Unit

As a result of the assumed efficiencies in management costs, our operating costs per unit, excluding depreciation and finance costs, decrease over the five year period and are set out in Table 11 below.

Table 11 – Projected Operating Cost per Unit (real terms)

	2022/23	2023/24	2024/25	2025/26	2026/27
Operating Costs (£'000)	1851	1842	1902	1939	2033
Average No. of SR Units in year	922	958	1001	1057	1120
Operating Cost per Unit	2,008	1,923	1,901	1,836	1,815

This represents a 9.6% reduction over the five years showing a more efficient use of resources as WLHP manages more units added through planned asset growth. Efficiency savings will also arise as due to continuing investment in service transformation, including the introduction of self-service and automated services.

2.9. Interest Rate Assumptions

The new build programme planned requires debt finance to be drawn down over time. In line with the wider Group funding strategy, borrowing is advanced from Wheatley Funding Limited 1 (“WFL1”) at an assumed blended “all in” average funding rate of 4.5% in 2022-24, 4.6% in 2024-26 and 4.7% thereafter. The blended funding rate reflects a combination of bank and bond funding, any fixed rate arrangements in place and any monitoring or commitment fees payable by WFL1 to external funders and is consistent across all Group subsidiaries.

Table 12 – Interest Rate Assumptions

	2022/23	2023/24	2024/25	2025/26	2026/27
Interest Payable (Group Funding)	4.50%	4.50%	4.60%	4.60%	4.70%
Interest Receivable	0.25%	0.50%	1.00%	1.50%	2.00%

3. Financial Projections – next 5 years

a) Income and Expenditure Account

Table 13 – Income and Expenditure Projections

£'000	2022/23	2023/24	2024/25	2025/26	2026/27
Net Rental Income	4,589	4,834	5,432	5,724	6,271
Other Income	131	174	353	376	384
Grant Income	3,860	3,562	5,587	5,504	5,387
Total Income	8,580	8,570	11,372	11,604	12,041
Management Costs	1,211	1,206	1,126	1,160	1,215
Repair and Maintenance Costs	733	762	836	868	937
Depreciation	2,354	2,452	2,690	2,756	3,017
Operating Expenditure	4,298	4,420	4,652	4,784	5,169
Investment Property Valuation Movement	(2,973)	16	(1,978)	(5)	55
Operating Surplus	1,309	4,166	4,742	6,815	6,928
Operating Margin (%)	15%	49%	42%	59%	58%
Finance Costs	(1,362)	(1,377)	(1,740)	(1,913)	(2,001)
Housing Property Valuation Movement	(3,218)	(3,558)	2,944	(4,420)	(4,042)
Statutory Surplus/(Deficit)	(3,271)	(770)	5,946	482	885

Rental Income

Investment in the new build programme and assumed rental increases will generate 41% growth in rental and other income over the next five years.

Grant Income

In line with SORP 2014, grant income is recognised as part of turnover in the projected Income and Expenditure account. The table shows recognition of grant income upon completion of the related properties. The result of this is operating margin increasing or decreasing significantly in line with the level of grant income. Depreciation will increase in line with an increased asset base.

Expenditure

Even with the planned asset growth, improved working practices over the next five years are expected to result in efficiency savings that will achieve a 9.6% reduction in operating cost per unit in real terms.

Investment Property Valuation Movement

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

Finance Costs

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

Housing Property Valuation Movement

Social rent properties are held on the Statement of Financial Position at value. Valuations are carried out annually with any increase or decrease recognised within the Statement of Comprehensive Income after operating surplus.

Statutory Surplus/(Deficit)

The completion of new units has a significant impact on the reported statutory surplus/(deficit). Recognition of grant income in relation to completed units increases the reported operating surplus; however, this is offset by a downward valuation of housing properties in the year of completion. Under SORP 2014 new build grants are not taken into account when calculating valuation movements. In general, the gross development cost, i.e. excluding grant, of these newly completed properties will be higher than the EUV-SH valuation for social housing and MV-T for mid-market rent investment properties, and results in a downward valuation. We have adopted a highly conservative approach to valuation adjustments in the projections and the downward valuation adjustments presented are prudent scenario.

b) Statement of Financial Position

Table 14 – Statement of Financial Position Projections

£'000	2022/23	2023/24	2024/25	2025/26	2026/27
Housing Assets & Investment Properties	56,900	60,143	67,619	71,210	74,921
Other Fixed Assets	214	149	152	186	208
Total Fixed Assets	57,114	60,292	67,771	71,395	75,129
Current Assets	533	540	504	515	515
Current Liabilities	(11,541)	(9,189)	(9,085)	(8,075)	(7,757)
Net Current (Liabilities)/Assets	(11,008)	(8,649)	(8,581)	(7,560)	(7,242)
Long-Term Liabilities	(32,547)	(38,853)	(40,455)	(44,618)	(47,785)
Net Assets	13,559	12,790	18,735	19,218	20,102
Retained Earnings	13,559	12,790	18,735	19,218	20,102
Total Reserves	13,559	12,790	18,735	19,218	20,102

Housing Assets

Housing and Investment properties have been adjusted to reflect annual valuation movements. Properties are reported at cost within the Balance Sheet during construction and at value once complete. Over the five year period, the value of housing and investment properties is expected to increase by 42%, due primarily to the construction of new build properties.

Other Assets

This includes the cost of leasehold improvements made to the Bathgate office. The decrease in asset value is due to annual depreciation costs. The plan does not assume any further significant additions.

Current Assets and Liabilities

Current assets include cash, rent arrears, net of bad debt provision; and other debtors. The table shows current assets remaining broadly consistent over the next five years, as any excess cash generated will be used to fund the investment programme.

The movement within current liabilities is driven by the receipt, and then release, of Housing Association Grant upon completion of new build units, as grant is deferred until the relevant scheme is complete.

Long-Term Liabilities

Long-term liabilities predominantly relate to the loans due from WLHP to Wheatley Funding Limited 1 (“WFL1”). The balance due to WFL1 peaks in 2027/28.

Retained Earnings

Retained earnings are projected to fluctuate largely due to the statutory deficits resulting from assumed downward valuation movements in properties. In year 3 onwards, retained earnings start to increase as rental income streams from new build properties strengthen coupled with the benefit of cost efficiencies spread across a larger number of rental properties.

c) Cashflow

Table 15 – Cashflow Projections

£'000	2022/23	2023/24	2024/25	2025/26	2026/27
Income (excl Grant)	4,720	5,008	5,785	6,100	6,655
Operating Expenditure (excl Depn)	(1,944)	(1,968)	(1,962)	(2,028)	(2,152)
Net Cash from Operating Activities	2,776	3,040	3,823	4,072	4,503
Core & Other Capital Expenditure	(659)	(529)	(722)	(779)	(642)
New Build Expenditure	(11,964)	(8,383)	(8,438)	(10,006)	(9,953)
Grant Income	8,566	1,210	5,483	4,494	5,069
Net Cash used in Investing Activities	(4,058)	(7,702)	(3,677)	(6,292)	(5,526)
Finance Costs	(1,394)	(1,636)	(1,785)	(1,934)	(2,147)
Net Movement in Cash	(1,394)	(1,636)	(1,785)	(1,934)	(2,147)

Net Cash from Operating Activities

The plan assumes net cash from operating activities increases from £2,776k in 2022/23 to £4,506k in 2026/27, an increase of 62% over the five year period. This increase is due to the completion and handover of 312 units within this period creating additional rental and lease income. The plan also allocates management and maintenance costs for each new unit, with operating expenditure increasing as a result.

Net Cash used in Investing Activities

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

Finance Costs

Finance costs relate to the interest due on our loan with Wheatley Funding Limited 1. As expenditure is incurred to pay for our new build programme, WLHP will use existing cash resources, followed by drawing down money from Group. The projections assume the new build programme is completed in 2027/28. Peak net debt is reached that year and no further debt is expected to be drawn. Annual finance costs are therefore strongly linked to any increase or decrease in debt.

Net Movement in Cash

Across the five year of the plan we anticipate a £17.9m net cash outflow. This is due to the significant investment in the new build programme.

4. Key Financial Parameters

WLHP can borrow from WFL1 providing it can support the debt levels with its asset base and cash flows. WLHP, together with all the other RSLs in the RSL Borrowing Group, needs to ensure that all external funding conditions at WFL1 level are met at all times, including compliance with financial covenants. Whilst there are no specific financial covenants at each RSL level it is the delivery of the approved business plan financials by each RSL that is key to meeting funding conditions at WFL1. While individual RSLs may not meet covenants on a standalone basis for a short period it is key that all RSLs are financially viable, remain solvent and meet covenants in the medium term.

The resulting debt profile for WLHP is as follows:



Debt indicator	Value
Peak debt (net)	£49.3m
Peak debt year	6 (2027/28)
Debt repayment year	23 (2044/45)
Cash at Year 30	£54.0m

4.1 The following criteria need to be taken into account when assessing the impact of any risks or business decisions on the projections:

4.2 Operating Margin Generation

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

	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Income (excluding grant income and property valuation movement)	4,720	5,008	5,785	6,100	6,655
Adjusted Operating Surplus	422	588	1,133	1,316	1,486
Adjusted Operating Margin %	8.9%	11.7%	19.6%	21.6%	22.3%

The adjusted operating margin, which excludes grant income and valuation movements, is the measure used to test covenant compliance. It is lower than the operating margin reported in the Statement of Comprehensive income at 3a, illustrating the significant impact that the recognition of grant income on completion of new build has on the results. The margin increases over the five years due to additional rental income generated from completed new build units, as well as efficiency savings.

4.3 Cashflow Strength

Cash flows need to be sufficient to demonstrate that there is sufficient cash available to service intra-group debt each year and to repay funding within 30 years. Revenue Surplus less Capital Investment removes items that are non-cash and/or unrelated to underlying operations, such as grant income and property valuation movements after accounting for capital investment in our homes. This measure is used to assess the funds available to meet interest payments and pay for all costs related to current stock. A ratio > 1 means that there is sufficient capacity to meet interest payments as they fall due. As the debt principal must also be repaid, long term, the interest cover ratio needs to be comfortably over 1 to demonstrate sufficient capacity to repay capital.

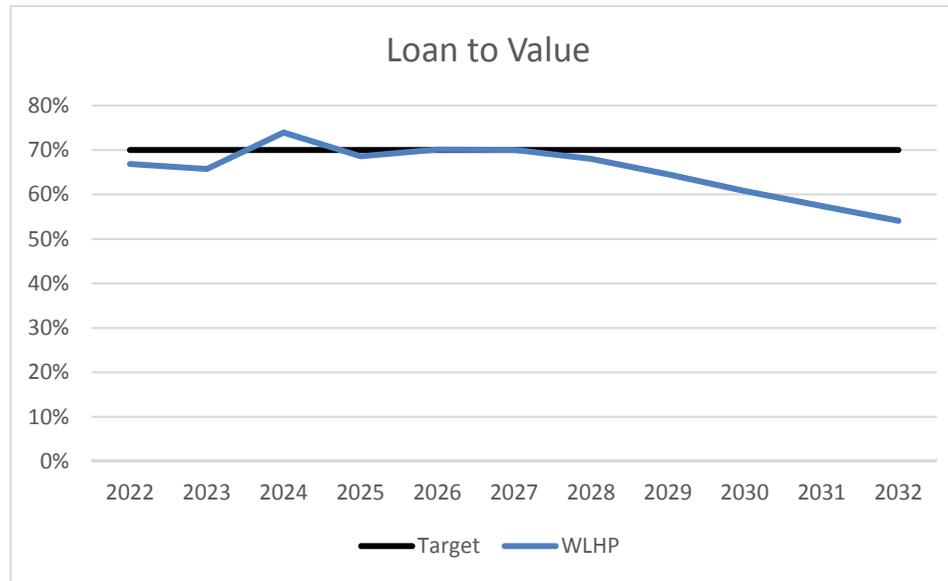
	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Revenue surplus less Capital Investment	2,196	2,590	3,166	3,362	3,927
Net Interest Payable	1,362	1,377	1,740	1,913	2,001
Interest Cover	1.61	1.88	1.82	1.76	1.96

The ratio is above 1 in all years but varies as a result of the profile of the investment programme. While this demonstrate WLHP can generate sufficient income to fund both investment and funding costs, increases in rental income and continuing management of the cost base during the five year period are of extreme importance.

The long term financial projections currently assume that debt can be repaid in Year 24 of the plan with £41.7m of cash generated in Year 30.

4.4 Asset Cover

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



Loan to value increases from 66% in 2022/23 to over 70% in 2023/24, remaining around this level for the following 5 years. This is at or above the golden rule policy level of 70% loan to value and remains there for a period of 5 years.

5. Risk analysis

We have performed sensitivity analysis showing the potential impact on the plan of key risk factors such as inflation and the cost base. These scenarios are presented in the below table, and consider changes to multiple Business Planning assumptions, the impacts of these, and mitigating measures.

West Lothian HP Financial Projections | 2022/23

#	Risk Description	Revenue Surplus less - capital investment - Interest Cover					Loan to Value (Max)	Cash Flow			Mitigation
		Year 1	Year 2	Year 3	Year 4	Year 5		Peak net debt - £m	Debt Repaid	Cash (Year 30)	
-	Base case	1.61	1.88	1.82	1.76	1.96	74	49.3	23	54.0	
1	Cost inflation higher by 0.5% in years 2-5	1.61	1.87	1.81	1.74	1.94	74	49.7	23	50.6	Expected reduction in interest cover is realised. Performance monitoring to identify other cost areas of the business where efficiencies may be available in order to realise potential savings.
2	Rent increase reduced to 2.5% from year 2, for the duration of the plan	1.61	1.84	1.74	1.65	1.84	74	50.2	25	27.8	Reduction in rental income results in worsening of interest cover, until year 5 as rental income from completed units is recognised, increased debt and reduced closing cash. Performance management, efficiency savings and review of services required to reduce costs.
3	Bad debts increased by 1%	1.58	1.84	1.78	1.72	1.92	74	49.7	23	49.2	Review of rent setting policy, operational efficiencies and service and repair levels to mitigate the financial impact of the additional bad debt costs

West Lothian HP Financial Projections | 2022/23

#	Risk Description	Revenue Surplus less - capital investment - Interest Cover					Loan to Value (Max)	Cash Flow			Mitigation
		Year 1	Year 2	Year 3	Year 4	Year 5		Peak net debt - £m	Debt Repaid	Cash (Year 30)	
-	Base case	1.61	1.88	1.82	1.76	1.96	74	49.3	23	54.0	
4	Employee costs - planned savings are not achieved	1.68	1.92	1.77	1.71	1.91	74	49.5	23	48.3	Reduction in interest cover from year 3. Performance monitoring to identify other cost areas of the business in which savings could be made.
5	Management costs - are £50k higher per annum from year 1	1.57	1.84	1.78	1.72	1.92	74	49.7	23	49.9	Performance monitoring to identify overspends and areas where efficiencies can be realised.
6	Maintenance costs are 10% higher per annum from year 1	1.56	1.82	1.76	1.70	1.90	74	49.9	23	47.1	Performance monitoring and service review to identify areas where savings can be achieved
7	Investment spend of £1m over the first three years - for new standards and regulations	1.39	1.60	1.58	1.71	1.91	75	50.5	23	50.6	Procurement savings and efficiencies to be sought. Review of investment programme to identify non-essential spend or works that could be deferred to accommodate additional costs

West Lothian HP Financial Projections | 2022/23

#	Risk Description	Revenue Surplus less - capital investment - Interest Cover					Loan to Value (Max)	Cash Flow			Mitigation
		Year 1	Year 2	Year 3	Year 4	Year 5		Peak net debt - £m	Debt Repaid	Cash (Year 30)	
-	Base case	1.61	1.88	1.82	1.76	1.96	74	49.3	23	54.0	
8	New Build, full programme is delayed by 6 months	1.61	1.88	1.85	1.83	1.94	73	48.8	23	52.6	Delay delivers an improvement to interest cover in the early years as financing costs are reduced, however this effect is reversed in later years as remobilisation takes effect.
9	Rent increase reduced to 2% in years 2-4, bad debts increase by 1% and maintenance costs are 10% higher from year 1-5	1.52	1.74	1.65	1.56	1.73	75	51.0	25	32.5	Interest cover reduces in all years as anticipated. Peak debt increases and cash in year 30 reduces. Performance monitoring and service review to identify where savings can be made

Report

To: West Lothian Housing Partnership Board

By: Stephen Devine, Director of Assets and Sustainability

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

Subject: Group Health and Safety policy

Date of Meeting: 9 February 2022

1. Purpose

1.1 To inform the West Lothian Housing Partnership Board of the revised Group Health and Safety Policy.

2. Authorising and strategic context

2.1 Under the Group Authorising Framework and Intra-Group Agreement the Wheatley Housing Group Board is responsible for approving Group Policies and their designation as applicable to all Group partners. The Group Health and Safety Policy was approved previously and designated as a Group Policy.

2.2 At its meeting on the 15 December 2021, the Wheatley Group Board approved the revised Group Health and Safety Policy to be shared with group partners for implementation with immediate effect.

3. Risk appetite and assessment

3.1 The Group's risk appetite relating to laws and regulations is "Averse" i.e. avoidance of risk and uncertainty is a key organisational objective. The risk tolerance of all subsidiaries relating to technical compliance (e.g. Health and safety, gas) is also "Averse".

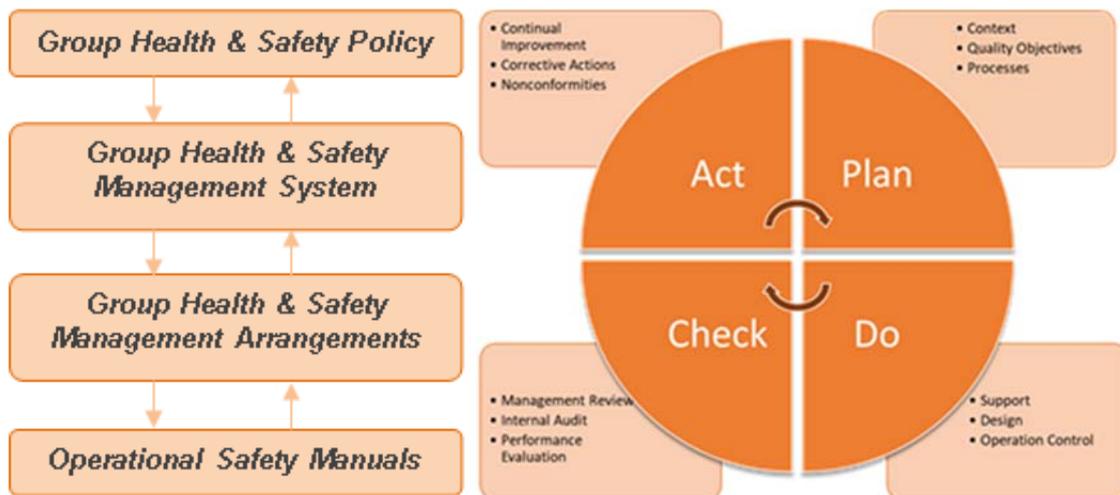
3.2 Health and safety compliance risks as associated mitigations are included in the group strategic risk register and in the subsidiary risk registers.

4. Background

4.1 Health and safety legislation requires that any employer with five or more employees must have a written health and safety policy containing i) Statement of Intent, ii) Organisational Structure including Roles and Responsibilities, and; iii) Details of the Arrangements for managing health and safety.

4.2 The revised Group Health and Safety Policy which was approved by the Wheatley Group Board meets these requirements and is embedded across the business.

- 4.3 We have arrangements in place to monitor and maintain the validity and accuracy of the Health and Safety Policy. This includes considering the implications for the policy of any organisational changes that are taking place, service evolution and any new and emerging legislation or best practice guidance.
- 4.4 Our Group Health and Safety Policy is part of our overall health and safety architecture as shown below, along with our Group Health and Safety Management System, Group Health and Safety Management Arrangements and Operational Safety Manuals. Each of these is discussed below.



5. Customer Engagement

- 5.1 The updated Group Health and Safety Policy presented here has been subject to consultation with recognised Trade Unions in line with our statutory obligations. There were no adverse comments received from those consulted in the review of the Group Health and Safety Policy.
- 5.2 More generally, discussions have taken place with colleagues and Trade Unions on arrangements associated with homeworking, lone working and the review of operational safety manuals discussed later in this report. In addition, quarterly H&S Committee meetings take place involving senior staff from across the Group and Trade Union officials. These meetings provide a route for discussing health and safety related matters, and escalation and resolution of issues should this be required.

6. Discussion

Group Health & Safety Policy

- 6.1 Our revised Group Health and Safety Policy at Appendix 1 has been updated, in the main, to reflect home working and lone working arrangements as we transition to our new operating model.

- 6.2 As part of our new operating model, arrangements for home based agile workers have been established. This includes the rolling out homeworking self-assessments, information leaflets, and e-learning across the business as necessary, to ensure staff work as safely and comfortably from home, so far as is reasonably practicable.
- 6.3 In addition, a catalogue of items to make homeworking ergonomically safe and comfortable has been developed and is available to promote wellbeing.
- 6.4 Our operating model includes lone working that includes staff in West Lothian Housing Partnership. Furthermore, as more staff are working from home at times and in our communities, this means there is also an increase in lone working.
- 6.5 To address this, a Group health and safety management arrangement for lone working has been established and communicated across West Lothian Housing Partnership. This includes the provision of advice and guidance for managers and staff on keeping safe when working alone.
- 6.6 New lone working technology has also been introduced and distributed, in the form of a lone working app on mobile telephones and standalone, lone working devices (pebbles). These allow staff members to speak with an alarm receiving centre, set notifications for wellbeing checks and recognises when staff may have fallen or are motionless. These devices also have an emergency distress call for use in the unlikely event that staff find themselves in threatening situations or feeling unwell.
- 6.7 E-learning training on the use of lone working devices and personal safety have been established and implemented for all staff designated lone workers.

Health & Safety Management System & Arrangements

- 6.8 Our Group Health and Safety Management System has also been updated to reflect the updated health and safety policy and specific arrangements that have been put in place to manage, maintain and promote a positive health and safety culture throughout the Group. This is based on the Health and Safety Executive's best practice model – Plan, Do, Check, Act; that is often associated with continuous improvement.
- 6.9 We are also progressing the harmonisation of existing health and safety procedures across all group subsidiaries, in the form of Health and Safety Management Arrangements ("HSMAs"), to ensure a consistent approach, across all business areas. Whilst there are well established policies in place across West Lothian Housing Partnership, the development of Group HSMAs allows us to share best practice and maintain consistency in our approach to health and safety management.
- 6.10 To support this, management working groups have been established to drive the continuous improvement across the business in key areas. These groups help drive our health and safety culture forward and include a specific Fire Working Group and Lone Working Group.

Operational Safety Manuals

- 6.11 The final part of our health and safety architecture, are our Operational Safety Manuals (“OSMs”). These are mandatory, ‘living documents’ across all subsidiaries to include West Lothian Housing Partnership and document safe systems of work, local procedures, guidance and best practice, specific to the nature of business. As such they have been recently updated to include guidelines for working safely in the current environment including guidelines for testing and self-isolation following the widespread introduction of a vaccine. OSMs are kept under review to ensure we maintain safe systems of work for all business areas and that any new and emerging risks such as those associated with the on-going pandemic are recognised and managed.

Safe Contractor Accreditation

- 6.12 The Group have retained our Safe Contractor Accreditation. This accreditation is a recognised mark of health and safety competence under the Safety Schemes in Procurement.

7. Digital transformation alignment

- 7.1 Technology is used where appropriate to support safe working arrangements. An illustration of this is the introduction of the lone working app and Pebble device discussed above.
- 7.2 E-learning training is also being developed beyond our H&S Awareness and Fire Awareness courses, to reflect our new operating model.
- 7.3 Over the last 12 months we have introduced many new courses to support staff such as, Homeworker, Personal Safety and Introduction to First Aid that also demonstrates our commitment to our legal obligations for the provision of Information, Instruction and Training under the Health and Safety at Work Act.

8. Financial and value for money implications

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

9. Legal, regulatory and charitable implications

- 9.1 The health and safety policy and management arrangements discussed here are part of how we satisfy legal requirements in this area. We also take account of HSE guidance in developing all health and safety related documents.
- 9.2 The ongoing maintenance and implementation of aspects of our health and safety architecture will support the overall approach to maintaining and ensuring compliance with health and safety legislation.

10. Equalities implications

- 10.1 There are no equalities implications associated with this report.

11. Environmental and sustainability implications

- 11.1 Our revised health and safety policy is a necessary and key part of ensuring the success of our new operating model. This operating model, which includes agile home working as highlighted above, will have positive environmental and sustainability implications including through:
- reducing unnecessary travel to an office location;
 - encouraging staff to meet, when necessary, in our new hub locations that include measures to reduce our carbon footprint such as solar PV; and
 - increasingly looking to encourage the use of electric vehicles and power tools, and active travel, where appropriate, to the work being carried out
- 11.2 Examples of the positive sustainability impacts we anticipate through this new operating model include a reduction, based on analysis by the UK Energy Research Centre, on average of 50kg (70%) of CO₂ a day, per staff member working at home.

12. Recommendations

- 12.1 The Board is asked to note the updated Health and Safety Policy at Appendix 1.

List of Appendices:

Appendix 1 – Group Health & Safety Policy

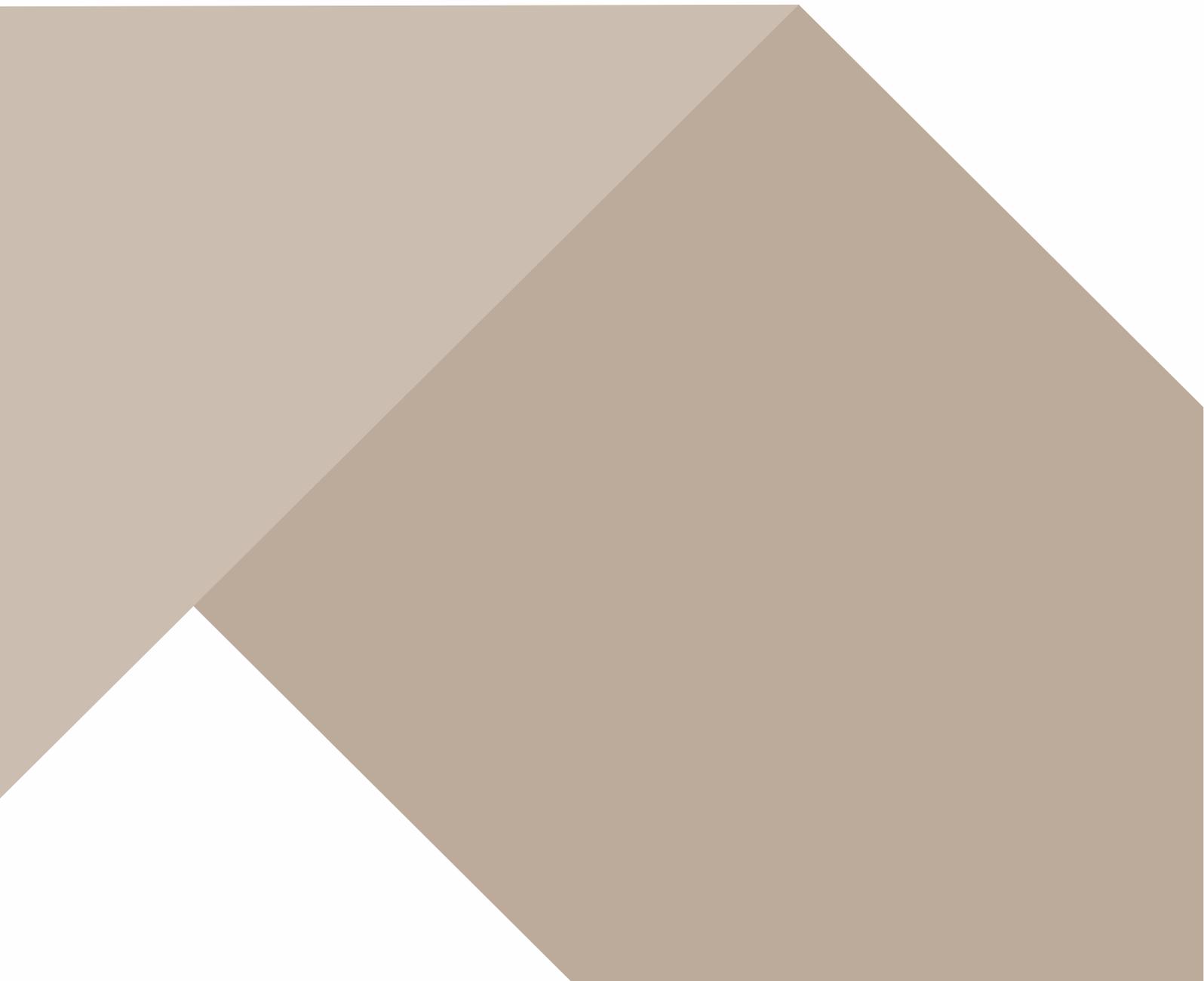
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Making homes and live better
wheatley-group.com

Group Health and Safety Policy

December 2021



Wheatley Group's Health and Safety Statement

It is the policy of all Wheatley Group subsidiaries to safeguard, as far as reasonably practicable, the health, safety and welfare of its staff and all persons likely to be directly affected by the activities of the Group.

The Wheatley Group subsidiaries acknowledge that successful health and safety management contributes to overall performance, and they are therefore committed to the following:

- All Group subsidiaries achieving compliance with legal and other relevant requirements through good health, safety and welfare management practices.
- Providing adequate staff and funding resources to implement this Group Health and Safety Policy
- Establishing and maintaining a safe and healthy working environment
- Striving to prevent avoidable injury or ill-health
- Striving for continual improvement in relation to Health & Safety performance
- Ensuring that significant risks arising from work activities under our control are eliminated or adequately controlled;
- Developing and implementing appropriate occupational health and safety management system procedures, and safe working practices;
- Incorporating the management of health and safety as a specific management responsibility;
- Ensuring this policy is understood and implemented across the group;
- Engaging employees, employer and trade unions in health and safety decisions through consultation and co-operation;
- Maintaining workplaces under our control and in conjunction with other landlords where there is shared occupancy, in a safe condition without risk to health or physical and mental wellbeing;
- Reviewing on a regular basis compliance with the Group Health and Safety Policy and the management systems that underpin this policy;
- Providing sufficient information, instruction, and assistance in implementation of control measures and supervision; to enable all staff to recognise hazards, use control measures and safe working practices to avoid incident, injury and ill health.
- Ensuring that staff receive appropriate training, supervision (where task deems necessary) and personal protective equipment (PPE) and are competent to carry out their designated responsibilities;
- Ensuring that there is oversight of and involvement where appropriate with designers and contractors appointed to undertake construction work on behalf of Group subsidiaries

The Group Health and Safety Team will develop supporting Health and Safety Management Arrangements and Operational Safety Manuals which form the basis for the on-going development of the Health and Safety Management System. The details within the management arrangements and the Operational Safety Manuals detail the processes and procedures to achieve legislative compliance. These responsibilities are shared and delegated amongst Directors and Managers across the Group.

The Operational Safety Manuals will be made available to all subsidiaries.

The Director of Assets and Sustainability will have responsibility for administering and positively maintain the implementation of The Wheatley Group Health and Safety Policy supported by The Wheatley Group Health and Safety Lead

Signed

Date: December 2021

Martin Armstrong (Chief Executive)

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Section 1 Introduction

- 1.1 The Wheatley Group ('The Group') is Scotland's leading housing, care and property-management group. It comprises six Registered Social Landlords, a care organisation and a commercial subsidiary. The Group provides homes and services to over 210,000 people in 19 local authority areas across Scotland
- 1.1.1 Our Group subsidiaries are:
- Glasgow Housing Association
 - Dumfries and Galloway Housing Partnership
 - Dunedin Canmore Housing
 - Loretto Housing Association
 - Lowther Homes
 - West Lothian Housing Partnership
 - Wheatley Care
 - Wheatley Solutions
- 1.1.2 City Building Glasgow is a shared 50/50 split Joint Venture with Glasgow City Council and Wheatley Group. City Building Glasgow have their own Governance arrangements in place and manage their own health and safety processes required to ensure their statutory obligations are being met.
- 1.1.3 This Group Health and Safety Policy applies to and binds all staff of the Group and its subsidiaries in meeting the requirements of the Health and Safety at Work Act and supporting legislation. Adherence to The Wheatley Group Health and Safety Policy is both an individual and a corporate responsibility; disciplinary action may be initiated against staff that knowingly fail to adhere to safety procedures or standards or fail to use PPE as identified in risk assessment.
- 1.1.4 The purpose of The Wheatley Group Health and Safety Policy is to set out the general operating principles covering all the activities undertaken within the Group. It sets out the Group's responsibilities to comply with health and safety legislation and the general arrangements to support compliance.
- 1.1.5 Should you require any assistance or guidance with any health and safety matter please contact #WheatleyhealthandSafety@wheatley-group.com.

Section 2 Principles, Aims and Objectives

- 2.1 It is the duty of all Group subsidiaries to safeguard, as far as reasonably practicable, the health, safety and welfare of its staff and all persons likely to be directly affected by the activities of the organisation.
- 2.1.1 All Group subsidiaries acknowledge that successful health and safety management contributes to overall performance, and are committed to the following:
- Achievement and maintenance of compliance with legal and other relevant requirements through good occupational health and safety performance
 - Provision of adequate staff and funding resources to implement this policy
 - Establishment and maintenance of a safe and healthy working environment
 - Striving to prevent avoidable injury or ill-health and continual improvement in relation to Health and Safety performance by investigating accidents to identify the root causes and trends and to ensure lessons learned are shared to avoid reoccurrence
 - Ensuring that significant risks arising from work activities under our control are eliminated or adequately controlled
 - Developing and implementing appropriate occupational health and safety procedures and safe working practices
 - Incorporating the management of health and safety as a specific management responsibility
 - Ensuring this policy is understood and implemented across the Group
 - Engaging staff, employer and trade unions in health and safety decisions through consultation and cooperation
 - Maintaining workplaces under our control in a safe condition without risk to health or physical and mental wellbeing
 - Reviewing compliance with The Wheatley Group Health and Safety Policy and the management systems that underpin this policy on a regular basis
 - Providing sufficient information, instruction, training, assisting in implementation of control measures, personal protective equipment (PPE) and supervision to ensure staff are appropriately equipped and competent to carry out their designated duties, avoid hazards and to engage with their health and safety at work
 - Having oversight of the Contractors and Safety Consultants (e.g. Principal Designers) we appoint to our construction, investment and repairs projects.

Section 3 Legal and Regulatory Requirements

3.1 The Health and Safety at Work Act 1974 requires the Group subsidiaries to ensure, so far as is reasonably practicable, the health, safety and welfare of all staff while at work. Group subsidiaries also have a responsibility to ensure that others not employed but who may be affected by the subsidiaries' work-related activities are not exposed to risks to their health and safety.

3.1.1 Under the Management of Health and Safety at Work Regulations, there is a responsibility to manage health and safety effectively.

3.1.2 As a minimum, the following processes and procedures will be put in place to meet the required legal requirements: The Group will adopt the intentions of HS(G)65 and arrangements will be developed and reviewed in line with 'Plan, Do, Check, Act' ethos, which will apply to all preventative and protective measures, including:

- A written Health and Safety policy (this document);
- Arrangements for the effective planning, organisation, control, monitoring and review of the preventive and protective measures that come from risk assessments;
- Assessments of the risks to staff, contractors, customers, partners, and any other people who could be affected by our activities taking account of the general principles of prevention i.e., avoidance, prevention, reducing, protection against risks occurring.;
- Records of all significant findings in writing
- Arrangements for appointing one or more competent persons to ensure compliance with the relevant statutory provisions, and ensuring access to competent health and safety advice;
- Provision of information to staff about the risks in their workplace and the preventive and protective measures;
- Instruction and training for staff in how to deal with the risks;
- Ensuring there is adequate and appropriate supervision in place;
- Consulting with staff, representatives and Trade Union representatives about their risks at work and current preventive and protective measures;
- Carrying out due diligence and ongoing oversight of the contractors and Principal Designers we appoint to ensure they have the skills, knowledge, experience and organisational capability to comply with health and safety legislation and provide the expected outcomes of the project;

- Documenting risk assessments, health and safety incidents, F10 forms and construct health and safety files at a central location for each Group subsidiary;
 - Ensuring that the Health and Safety Executive are provided with the notifications in accordance with current legislation.
- 3.1.3 Group subsidiaries are committed to managing any risks as far as reasonably practicable posed to our staff, customers, contractors, partners and the general public in relation to the work that we undertake.
- 3.1.4 Group subsidiaries will meet their duty to manage Health and Safety in line with relevant legislation and established best practice set out in Approved Code of Practices and relevant Guidance Documents.
- 3.1.5 The Social Care and Social Work Improvement Scotland (Requirements for Care Services) Regulations require Group's Care Subsidiaries to ensure the following as a Provider:
- Make proper provision for the health, welfare and safety of service users;
 - Provide services in a manner which respects the privacy and dignity of service users;
 - Ensure that no service user is subject to restraint, unless it is the only practicable means of securing the welfare and safety of that or any other service user and there are exceptional circumstances. Any use of restraint or physical intervention must be recorded within a service users care plan and be of an accredited recognized technique and intervention protocol;
 - Staff should be trained appropriately in an accredited physical intervention risk assessment system which underpins the use of physical intervention;
 - Where necessary, have appropriate procedures for the prevention and control of infection with all appropriate information shared with staff. Staff should receive appropriate information/instruction and training for effective infection control;
 - As a provider of a care home, make necessary arrangements for the provision of adequate services from a health care professional to service users;

Section 4 Roles and Responsibilities

4.1 The following health and safety accountabilities have been assigned to competent positions across the Group, to enable us to meet the objectives set out in our Group Health and Safety policy and written Management Arrangements.

4.1.1 The following table shows the duty holders for managing health and safety across the Group.

Subsidiary/Business area	Duty Holder
Glasgow Housing Association	Managing Director
Dumfries & Galloway Housing Partnership	Managing Director
Dunedin Canmore Housing Association	Managing Director
Repairs, Investment and Compliance	Director of Repairs, Investment & Compliance
Loretto Housing Association	Managing Director, Dunedin Canmore
Lowther Homes	Managing Director
West Lothian Housing Partnership	Managing Director, Dunedin Canmore
Wheatley Care	Managing Director
Wheatley Solutions	Director of Assets and Sustainability Director of Development & Regeneration Directors' of Wheatley Solutions
Wheatley 360	Managing Director

4.2 Wheatley Group Board

4.2.1 The Board is responsible for providing leadership, to ensure that Board decisions reflect its Health and Safety intentions as laid out in The Wheatley Group Health and Safety Policy and have arrangements in place to ensure all significant issues and failings are reported to the board, to ensure full cognisance is reflected in Board decisions and priorities of Wheatley Group.

4.3 Wheatley Group Chief Executive

4.3.1 The Chief Executive has overarching accountability for the formulation and implementation of The Wheatley Group Health and Safety Policy. However, it is important to recognize that this duty is shared with Group Directors, Managing Directors, Directors, Managers and staff with specific responsibilities inherent within their role and function:

- Ensuring that the necessary arrangements are in place for managing health and safety effectively, and that senior managers are accountable for health, welfare and safety;

- Providing Health and Safety Leadership within the Wheatley Group;
- Considering health safety and welfare during the planning and implementation of the Group's business strategy;
- Ensuring the responsibility for the implementation of compliance of this policy is assigned by Directors to managers and staff within their control;
- Ensuring there are sufficient resources for meeting the objectives of The Wheatley Group Health and Safety Policy.
- Ensuring arrangements are in place for consultation with staff and trade unions, and that they are involved in decisions relating to health and safety, and that progress in relation to health and safety is communicated to them;
- Including health and safety on the agenda of Board meetings and executive team meetings, providing leadership to all staff to promote and support a positive health and safety culture;
- Ensuring the provision and maintenance of a working environment for staff and other persons on our sites that is safe, without risks to health and adequate as regards facilities and arrangements for their welfare, so far as is reasonably practicable;
- Ensuring our 'New Operating Model' for Homeworking is safely implemented and suitable measures and resources are available to ensure the continued health, safety and wellbeing of staff.
- Ensuring arrangements are in place to monitor and review health and safety performance across each of the Group subsidiaries, including accidents and incidents; and ensuring that the necessary amendments are made to relevant policies, procedures and processes where necessary;
- Oversight of our contractors and Principal Designers' health and safety procedures as part of procurement and vetting procedures.

4.4 Managing Directors & Directors

- 4.4.1 Managing Directors and Directors of Group subsidiaries will be responsible for the application of this policy through the nomination of staff with delegated duties and responsibilities, and allocation of financial resources to ensure that they meet their Health and Safety management responsibilities.
- 4.4.2 Managing Directors and Directors are responsible for the implementation of the Group's Health and Safety policy, and in particular for:
- Ensuring that health, welfare and safety concerns are part of the planning and implementation of business strategy;

- Ensuring that the necessary arrangements are in place for managing health and safety effectively, and that senior managers are informed of their responsibilities as part of their role and functions for health, welfare and safety;
- Ensuring that managers within their area of responsibility are suitably trained, competent and fully understand their health and safety obligations;
- Ensuring there are sufficient resources for meeting the objectives of The Wheatley Group Health and Safety Policy;
- Ensuring arrangements are in place for consultation with staff and trade unions and that they are involved in decisions relating to health and safety, and that progress in relation to health and safety is communicated to them;
- Ensuring the provision and maintenance of a working environment for staff and other persons on site that is safe, without risks to health and adequate as regards facilities and arrangements for their welfare at work; so far as is reasonably practicable;
- Including health and safety on the agenda of senior executive team meetings;
- Ensuring arrangements are in place to monitor and review health and safety performance for each Group subsidiary, including accidents and incidents; and ensuring that the necessary amendments are made to relevant policies, procedures and processes.

4.5 Director of Assets and Sustainability

4.5.1 The Director of Group Assets will be responsible for the Group Health and Safety Team and Fire Safety Team to include the following duties:

- Providing leadership to promote a positive health and safety culture across the Group;
- Overseeing the activities of the Group Health and Safety Lead, Group Health and Safety Managers and Fire Safety Manager and their respective team of advisors.
- Chairing the Health and Safety Strategy Meeting to drive a positive health and safety culture and meet our obligations under the Safety Reps and Safety Committee Regulations.
- Engage and persuade stakeholders on the importance of promoting a positive health and safety culture;
- Report to the Group board regularly on the Group's health and safety and fire safety performance.

4.6 Group Health and Safety Lead

4.6.1 The Group Health and Safety Lead is responsible for developing and communicating a Health and Safety management framework and providing the competent and comprehensive assistance to the Wheatley Group and its subsidiaries including the following:

- Setting the strategic direction for health and safety practice across the Group
- Establishing and maintaining The Wheatley Group Health and Safety Policy, management arrangements and Operational Safety Manual;
- Supporting Directors and managers with responsibilities for Health and Safety to meet, deliver and maintain statutory obligations for health and safety;
- Providing advice and guidance to all staff and especially those staff with specific health and safety responsibilities;
- Providing a programme for staff Health and Safety training and ensure records are kept up to date;
- Provision of liaison and support on all matters relating to health and safety across the Group;
- Chairing the Health and Safety Operations Meeting to drive a positive health and safety culture and meet our obligations under the Safety Reps and Safety Committee Regulations.
- Provision of liaison and support on all matter relating to health and safety across the group with HR and Occupational Health as required;
- Liaising with Health and Safety Executive and other enforcement bodies on all statutory health and safety matters;
- Monitoring the implementation of The Wheatley Group Health and Safety Policy and management arrangements, by audits, site visits and liaison with managers;
- Periodically reporting on health and safety and fire safety performance to Boards and relevant stakeholders.

Ensuring arrangements are in place to provide assistance in the case of investigation of Accidents, Incidents and Near misses where necessary.

4.7 Group Health and Safety Manager(s)

4.7.1 The Group Health and Safety Manager(s) are responsible for assisting the Group Health and Safety Lead in developing and communicating a health and safety management framework and providing the competent and comprehensive assistance to the Wheatley Group and all its subsidiaries including the following:

- Setting the strategic direction for care Health and Safety practice across the Group in the context of the Group Health and Safety Policy

- Establishing and maintaining The Wheatley Group Health and Safety Policy, management arrangements and Operational Safety Manual for care subsidiaries;
- Supporting Directors and managers with responsibilities for care related Health and Safety to meet, deliver and maintain statutory obligations for health and safety;
- Providing advice and guidance to all staff and especially those staff with specific care related health and safety responsibilities;
- Providing a programme for staff Health and Safety training and ensure records are kept up to date;
- Provision of liaison and support on all matters relating to Health and Safety across the Group;
- Chairing and driving positive change through recognised Management Working Groups to include but not limited to, Lone Working Group and Trades Working Group etc.
- Provision of liaison and support on all matter relating to health and safety across the group with HR and Occupational Health as required;
- Liaising with Health and Safety Executive and other enforcement bodies on all statutory health and safety matters;
- Monitoring the implementation of The Wheatley Group Health and Safety Policy and management arrangements, by audits, site visits and liaison with managers;
- Ensuring arrangements are in place to provide assistance in the case of investigation of Accidents, Incidents and Near misses where necessary.

4.8 Managers

4.8.1 Managers (e.g. Locality Housing Directors, Care Managers, Facility Managers, Environmental Managers etc.) will be responsible for ensuring that The Wheatley Group Health and Safety Policy is implemented within their structure. Managers must ensure risks are assessed and all required and appropriate controls implemented within the workplace and on our sites to ensure that safe conditions and systems of work are maintained. Where hazards are identified the manager must ensure that suitable and sufficient controls are in place, so far as is reasonably practicable.

Where any concern exists advice should be sought from the Group Health and Safety team.

4.8.2 The arrangements will meet the expectations of HS(G)65 Health and Safety management where Plan, Do, Check and Act will underpin the Wheatley Group Health and Safety management system. The intention of this will be to ensure the preventive and protective measures identified are in place, working effectively and regularly monitored.

4.8.3 Management duties include the following:

- Ensuring that staff, contractors and visitors are aware of safety procedures and make arrangements to ensure that all staff, including temporary workers, are familiar with The Wheatley Group Health and Safety Policy and that they are provided with relevant information, instruction, training and supervision to ensure their competence on the use of equipment, plant, machinery and substances;
- Establishing that all equipment, plant, machinery and substances used are suitable for the task and that their use is reviewed if staff role/function changes, or if there is a new system of work introduced, new work equipment, or new technology, through detailed risk assessments;
- Establishing that all equipment, plant, machinery and substances used are kept in good working condition; this includes the regular maintenance and servicing of equipment and machinery and retaining inspection and maintenance records;
- Liaise with the Group Health and Safety Team to participate in the process of risk assessments of workplaces, activities/equipment and sites' This will ensure the provision and maintenance of a working environment and work activities for staff and other persons on our sites that is safe, without risks to health and adequate as regards facilities and arrangements for their welfare, so far as is reasonably practicable. All risk assessments will be carried out in accordance with legislative requirements with regards to review timescales;
- Providing suitable and sufficient training, information, instruction and supervision to ensure work is conducted safely and that records of training are up-to-date;
- Have knowledge and understanding of how to access or request training records from The Groups Learning Management System, managed by the Wheatley Academy, to demonstrate compliance with health and safety requirements;
- Ensuring contractor management processes are in place and are followed in the areas of their control;
- Taking immediate and appropriate steps, to investigate and rectify any foreseeable risks to health and safety arising from the work activity or environment;
- Ensuring that all relevant personnel have the required Personal Protective Equipment (PPE) and that it is maintained/replaced as required;
- Bringing to the attention of local senior management any health and safety issue that requires their attention;
- Ensuring that all accidents, incidents and "near misses" are properly recorded, reported and investigated to determine causal factors;
- Maintaining safe access to and egress from the workplace at all times;
- Ensuring that relevant advice is sought from the Group Health and Safety team when required.

4.9 Construction, Design and Management

4.9.1 Managers who are responsible for initiating construction, repairs and investment work will be subject to the Construction (Design and Management) Regulations. They must take appropriate steps to ensure work is planned in accordance with relevant standards and statutory provisions. They must fulfill the role of “Client” as follows:

- Ensuring that appropriate due diligence of all main contractors and Group Health and Safety Consultants we appoint is carried out prior to their appointment;
- Ensuring that the principal contractor and principal designer have the skills, knowledge, experience and organisational capability to comply with health and safety legislation and carry out their duties;
- Ensuring monitoring of the principal contractor and principal designer is undertaken until the completion of the project and document the information;
- Collating F10 forms and health and safety files at a central location for the relevant Group subsidiary;
- Ensuring that the Health and Safety Executive is provided with the notifications in accordance with current legislation;
- Reporting any concerns over health and safety to the Group Health and Safety Team as soon as reasonably practicable.
- CDM Regulations places duties on clients, principal designers, principal contractors, contractors and self-employed persons. All are required to work together ensuring Health and Safety is incorporated into projects as early as possible.
- Managers of construction teams/projects must ensure safety management systems are in place to control project arrangements.
- Ensuring that appropriate arrangements are in place for the management of Temporary Works for their duration in any construction or associated projects.
- The Group will put systems in place to ensure all contractors working for Wheatley Group in Wheatley Group properties are vetted from a Health and Safety perspective.

Additional guidance with regards to construction is available from the HSE <http://www.hse.gov.uk/index.htm>

4.10 Group Health and Safety Team

4.10.1 The role and function of the Group Health and Safety Team is to maintain and promote an effective Health and Safety ethos and Health and Safety management system throughout the Group. The team will support all staff and management to implement the Health and Safety management system and comply with regards to all legislation and the principles of this Group Health and Safety policy.

4.10.2 Responsibilities of the Group Health and Safety Team include:

- Developing, review and updating of the Group Health and Safety arrangement documents and management system (OSM) for all parts of the business;
- Advising the Group on new legislative updates, Regulations, Codes of Practice and guidance notes relevant to its operations;
- Providing management with advice and support to meet their Health and Safety responsibilities;
- Assisting management in the on-going development, implementation and review of risk assessments;
- Inspecting/auditing/carrying out due diligence of operational functions of contractors and Principal Designers and providing written reports to operational management on findings and necessary action;
- Providing written reports to senior management on Health and Safety matters and the implications of statutory and common-law Health and Safety requirements;
- Promoting Health and Safety training and educational programs to develop Health and Safety awareness at all levels within the organisation;
- Training will be at a level to develop competence for staff with specific roles and responsibilities;
- Arranging and providing of Health and Safety training for all relevant personnel as necessary ensuring attendee details are updated on the Learning Management System;
- Ensuring that all reportable accidents/incidents within the Group are reported to the relevant enforcing authority and our insurers as required under the applicable regulations;
- Reviewing and investigating where necessary all accidents and incidents (including near misses) arising from operational functions and subsequent provision of advice to management in remedial or preventative measures;
- Liaising with external organisations and agencies as required;
- Providing statistical analysis on reportable accidents/incidents, and near misses.

4.11 Powers of the Group Health and Safety Team

4.11.1 To effectively implement the principles of The Wheatley Group Health and Safety Policy, the Group Health and Safety team will have the following control:

- The right to enter any Wheatley Group or Subsidiaries premises/ construction sites at any time for the purposes of inspection, audit and investigation;

- Where it is the belief of a Group Health and Safety Team member that there is an immediate risk of serious personal injury, the Group Health and Safety Team, in consultation with management, will take appropriate action that may include the immediate cessation of activity;
- In the event of major incident/accident to: (a) ensure that plant and equipment is not disturbed, and (b) to impound any equipment machine, substance or product which is required as part of an investigation, whilst liaising with relevant management in the area affected;
- Where a Group Health and Safety Advisor or Fire Safety Officer is of the opinion that a building or structure is a serious danger to staff or others, then the officer in consultation with management will take action which may include the temporary closure of a premise in extreme situations;
- To interview those with knowledge or information relevant to the investigation, and to obtain that knowledge/information either verbally or in a written statement. The Group Health and Safety Advisor or Fire Safety Officer has discretion on who can be present during questioning and the taking of a written statement not withstanding Union representative if appropriate;
- To inspect and take copies of books, photographs, measurements or documents required by them as part of an investigation.

4.12 Group Employee Relations Team

4.12.1 The Group Employee Relations Team support the welfare and health of staff throughout the organisation and have responsibility for policy relating to these areas.

4.12.2 The team will work closely with the Group Health & Safety Team to ensure that the health and safety of staff are supported.

4.13 Care Management Team

4.13.1 In addition to the general obligations for health and safety of Directors and Managers, the Group's Care Management Team have the following additional responsibilities which will be undertaken by relevant Care Manager(s):

- Making proper provision for the health safety and welfare of service users and staff;
- Providing services in a manner which respects the privacy and dignity of service users;
- Ensuring that no service user is subject to restraint, unless it is the only practicable means of securing the welfare and safety of that or any other service user/member of staff and there are exceptional circumstances which necessitate the intervention. Any physical interventions must be of a recognised and

accredited scheme and staff should be appropriately trained and understand the ethos of the training system, interventions and the application of it;

- Where necessary, having appropriate procedures for the prevention and control of infection;
- As a provider of a care home, making necessary arrangements for the provision of adequate services from a health care professional to service users.

4.14 Staff

4.14.1 It is the duty of all staff to take all reasonable care for the health and safety of themselves, and any other persons who may be affected by their acts or omissions at work. They must also co-operate with managers, trade unions, staff representatives and other staff to fulfil Group and subsidiary health and safety objectives and statutory duties. In particular, their duties include:

Complying with the information, instruction, supervision and training they are given in a timely manner and keep training records up-to-date;

- Attend and complete all necessary Health and Safety training as required;
- Not undertaking hazardous work unless they are appropriately trained and have the appropriate authority to carry out the work;
- Using machinery, equipment or substances provided by the Group or its subsidiaries in accordance with any training and instructions provided in the use of that equipment, and in compliance with relevant statutory requirements and prohibitions;
- Ensuring that they have undertaken appropriate training and it is valid and current to allow authorised use of machinery and conduct specialised tasks. Work pressures and timescales must not impact on this. Staff should discuss with managers/Group Health and Safety Team and or Union representatives if this is perceived to be an issue or concern;
- Carrying out their work safely and without undue risk to themselves, colleagues or others who may be affected by their actions;
- Not intentionally interfering, misusing or ignoring arrangements, controls including procedures and items provided for health and safety purposes;
- Check tools and equipment before using them, and must not use equipment which they know to be damaged or faulty;
- Ensuring that any damage to equipment is reported immediately to their manager/supervisor and removed from service until it is repaired or replaced. Pressures and timescales should not impact on this;
- Not bringing any equipment, tools, etc. onto company premises without first obtaining permission from their supervisor/manager, electrical equipment must be PAT tested prior to use, unless newly purchased;

- Complying with the arrangements for emergencies as they have been instructed;
 - Co-operating with management, colleagues, safety representatives and advisors promoting safe working practices;
 - Keeping their work areas tidy and clear of hazards;
 - Reporting accidents, incidents, near misses and any other hazards that they observe to their manager/supervisor;
 - Drive safely at all times whilst undertaking company business;
 - Reporting any concerns, they have relating to health and safety or welfare to their supervisor/line manager or the Group Health and Safety Team;
 - Report any health condition that may or does affect their ability to work safely to their line manager or HR as soon as possible;
 - Cease any work activity and leave any work area where a staff member/representative believes there is or senses immediate danger to themselves or others, this includes any doubt about the processes / procedures. Staff should stop activities and seeking clarification from the Group Health and Safety Team or review the risk assessment. Disciplinary action should not be taken against a member of staff who reasonably stops a work activity for Health and Safety concerns;
 - Ensure the use of appropriate personal protective equipment, clothing or safeguards provided and as identified at risk assessment. Ensure that personal protective equipment is stored correctly and kept in good condition, reporting losses or defects to line management.
 - Where an employee has been identified home-based agile They shall ensure they maintain a safe working environment within their home, in accordance with the Information, Instruction and Training provided to them.
- 4.14.2 Staff should not feel pressurised into carrying out work activities or tasks where they have not received the relevant training, or do not have the correct equipment to use or are not in possession of the required safety equipment.
- 4.14.3 Any health and safety concerns will be addressed through the management structure, initially to line managers or the Group Health and Safety Team. Thereafter appropriate investigation shall be undertaken in a timeous manner with appropriate action being taken.
- 4.14.4 All unresolved concerns/defects must be highlighted as soon as practicable to the Group Health and Safety Team. This can be done via line managers or directly via phone/email/in writing. (#WheatleyHealthandSafety@wheatley-group.com/)
- 4.14.5 Disciplinary procedures may be considered against staff that knowingly violate or fail to implement health and safety procedures or standards, or fail to use PPE or equipment provided for safety controls.

4.15 Trade Union Safety Representatives

- 4.15.1 The Group recognises the importance of staff involvement in Health and Safety matters and welcomes the positive role played by Trade Union safety representatives appointed under The Health and Safety at Work, etc. Act 1974, the Safety Representatives and Safety Committee Regulations,
- 4.15.2 Facilities and assistance will be provided to enable safety representatives to carry out their duties.
- 4.15.3 Arrangements for consultation and co-operation for Health and Safety of staff.
- 4.15.3 Management will consult with Trade Union Safety Representatives over issues related to health, safety and welfare and provide the information they require in order to carry out their functions.
- 4.15.4 Trade Union Safety Representatives are required to give management reasonable notice of their intention to carry out inspections, to provide written reports following such inspections and to adhere to agreed procedures when disputes over Health and Safety issues arise.
- 4.15.5 Management should consult with Trade Union Safety Representatives prior to staff moving into a new office/premise/location to ensure that they are satisfied with the standard of the new premises with particular reference to the welfare facilities and Health and Safety measures.
- 4.15.6 Management must co-operate with Trade Union Safety Representatives in the completion of Safety Representative Inspection Reports. It is most important that managers take a pro-active role in dealing with the matters brought to their attention and that they conform to the necessary time scales.
- 4.15.7 Management must make arrangements to establish and actively encourage a Health and Safety structure to facilitate consultation and co-operation on Health and Safety in all areas of the organization.
- 4.15.8 The functions of the Safety Representatives under the terms of legislation and as applied by this policy are:
- To carry out inspections following reasonable notice, of the workplace every three months or immediately following notifiable accidents or dangerous occurrences;
 - To investigate potential hazards and dangerous occurrences in the workplace and to examine the cause of accidents at the workplace;
 - To investigate complaints by a staff they represent, relating to that staff health, safety and welfare at work;
 - To bring to the employer's notice, in writing, any unsafe or unhealthy conditions or working practices or unsatisfactory arrangements for welfare at work and;

- To encourage safe practices among the staff they represent and promote the Health and Safety management system.

Section 5 General Health and Safety Arrangements

5.1 Accident, Incident, Near Miss Reporting and Investigation

- 5.1.1 The Group's Accident, Incident and Near Miss Reporting procedures must be followed and recorded by the relevant manager and a copy provided to the Group Health and Safety Team.
- 5.1.2 The Operational Safety Manual (Section A) contains the Accident, Incident and Near Miss Reporting procedures and forms. These are available in hard copy and electronically via the Health and Safety page of WE Connect.
- 5.1.3 All serious accidents, incidents and dangerous occurrences will be further investigated as necessary, to identify the cause and to prevent a recurrence. This will be by line managers and the Group Health and Safety team when determined as required/necessary.
- 5.1.4 The Group has a duty to ensure that when an accident, incident or near miss falls within the RIDDOR criteria (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) this is reported in accordance with the regulations guidelines. A report should be submitted within 15 days' maximum for an over 7-day absence category and without delay for a specified incident or fatality, not exceeding 10days.
- 5.1.5 There will be occasions when the HSE determine they wish to carry out an investigation and notification of this will be via the Group Health and Safety Team or by their arrival on site if it in response to a fatality or immediate dangerous concern.
- 5.1.6 Individuals who wish their trade union or employee representative informed specifically or to have them investigate an incident must sign a mandate or permission confirmation prior to full information being provided. Suitable arrangements will be put in place to inform the appropriate trade union or employee representative of reported incidents and this will take account of GDPR.

5.2 Alcohol, Drugs and Gambling Addiction

- 5.2.1 The Group recognises that those staff who misuse alcohol, drugs and gambling where it impairs their work performance, conduct or relationships at work, may also impact on a safe and healthy working environment.
- 5.2.2 The Group will continue to promote and support the health and wellbeing of staff to minimise problems at work arising from the effect of alcohol, drugs or gambling addictions.

Please refer to the relevant HR policies for further information.

5.3 Asbestos

- 5.3.1 The Group acknowledges the health hazards associated with asbestos arising from exposure to asbestos and will take the appropriate measures to reduce exposure so

far as reasonably practicable through the use of control measures and specialist contractors. Management procedures will include the following:

- Managing or removing asbestos in premises under the control of the Group;
- Assessing/ inspecting all reasonably accessible areas in properties under the control of a Group subsidiary when acquired and/or where there has been a significant change since a previous assessment;
- Reviewing plans for control of asbestos at regular intervals;
- Maintaining a written record of inspections, assessments, location/ condition of asbestos found and plans for on-going control (asbestos register).

5.3.2 Managing Directors, Directors and Managers including Supervisors and Team Leaders are required to read and familiarize themselves with the Group Health and Safety Management Arrangement: and complete the Group Health and Safety Awareness and Asbestos Awareness course which includes guidance and information on managing and preventing possible exposure of asbestos.

Please refer to the Group Health and Safety Management Arrangement: Asbestos, which can be found on W.E. Connect, for further information.

5.4 Construction, Design and Management

5.4.1 All building and construction work (including new build, demolition, investment refurbishment, extensions, conversions, repair and maintenance work) undertaken by or on behalf of the Group must comply with The Construction (Design and Management) Regulations (CDM Regulations). The relevant Group subsidiary is responsible for compliance with the CDM Regulations, including oversight of the Principal Designer and Principal Contractor roles (carried out by third parties). Note that where no third party is appointed to carry out these roles, the responsibility for the fulfillment of these roles lies with the Group subsidiary instructing the works.

5.4.2 The CDM Regulation requirements include the following:

- Managing construction projects throughout the lifespan of the project, as reasonably practicable, without risk to health or safety of any person affected by our construction projects;
- Providing pre-construction information to contractors and designers (including asbestos);
- Carrying out initial due diligence prior to appointment and ongoing oversight of Principal Designers and Principal Contractors until project completion to ensure they have the skills, knowledge, experience and organisational capability to fulfill their role under the CDM Regulations in a manner that secures health and safety of any person affected by the relevant project;
- Ensuring that a health and safety file for each project is established and retained by/ on behalf of the relevant Group subsidiary as necessary;

- Ensuring the Principal Contractor produces a construction phase plan for each project prior to commencement of construction;
- For projects consisting of 30+ days' construction and 20+ workers on site / construction to exceed 500 person days, notifying HSE prior to commencement of the construction phase;
- Ensuring safe access to and egress from construction sites; the site is made safe for workers (taking account of traffic routes, operation of equipment, fresh air, adequate lighting, welfare provisions and appropriate weather conditions) and is kept secure and in good order; and sufficient working space is made available to workers to enable them to carry out their work;
- Taking all practical steps to ensure stability of new or existing structures to prevent danger to any person;
- Ensuring that any demolition or dismantling works are planned and carried out in such a manner to prevent or minimise danger and documenting such arrangements;
- Ensuring that explosives are stored, transported and used safely and securely;
- Ensuring that all practical steps are taken to prevent danger to any person during excavations or in an area which has been excavated;
- Ensuring that sites are inspected and concerns are reported to the appropriate person;
- Ensuring that energy distribution installations are suitably located periodically checked and clearly signed in order to prevent unauthorised access giving rise to danger;
- Taking steps to prevent harm by drowning, fire or asphyxiation;
- Ensuring suitable and appropriate fire safety procedures and emergency procedures are in place.

Additional guidance on The Construction (Design and Management) Regulations can be found at the HSE website. <http://www.hse.gov.uk/index.htm>

5.5 Control of Contractors

- 5.5.1 Where contracts are to be awarded to third parties the Group Health and Safety Team in conjunction with procurement, responsible manager and technical specialist will be part of the process for reviewing whether contractors are competent to carry out the tasks required and can demonstrate safe systems of work.
- 5.5.2 For tendered contracts the contractors will be evaluated at prequalification or tender stage to ensure that the contractors are competent to carry out the task(s) required, and can demonstrate safe systems of work.

- 5.5.3 Where contracts are awarded under framework agreements the contractor's competence of the contractor(s) will be periodically reviewed based on risk assessment and review of their key performance indicators. Contractors who fail to meet the relevant health and safety performance requirements may be removed from frameworks.
- 5.5.4 Where contractors are directly awarded contracts their competence will be evaluated prior to contract award.
- 5.5.5 Contractors who fail to meet the relevant health and safety performance criteria will not be considered for future tenders and their contracts can be terminated. This will be a procurement process with the involvement of the Group Health and Safety team where appropriate.

5.6 Control of Substances Hazardous to Health (COSHH)

- 5.6.1 To fulfill duties imposed by the Control of Substances Hazardous to Health Regulations, the Group will ensure that as far as is reasonably practicable no work is carried out which is liable to expose any staff or others to a product, chemical or substance hazardous to health unless a suitable and sufficient risk assessment has been carried out.
- 5.6.2 Exposure to hazardous substances will either be eliminated, avoided or, where this is not reasonably practicable, adequately controlled. Measures introduced to control exposure will be maintained and tested to ensure their continued effectiveness. In the hierarchy of control measures, personal protective equipment will only be provided as a last resort in controlling exposure to substances. Information, instruction and training will be given to staff likely to be exposed to substances hazardous to health.
- 5.6.3 Any proposed purchase of a hazardous chemical or substance (that does not appear on the approved list of hazardous substances/chemicals) must be referred to the Group Health and Safety Team for assessment.
- 5.6.4 Information, instruction and training will be given to staff that may potentially be exposed to substances hazardous to health. Relevant procedures are contained in the Operational Safety Manual.
- 5.6.5 Staff who routinely work with hazardous substances may be required to undertake routine health surveillance to ensure their health is not being adversely affected.

5.7 Display Screen Equipment (DSE)

- 5.7.1 The Group will take all reasonable steps for the Health and Safety and welfare of staff designated as "users" i.e. those who work with display screen equipment, (DSE) for prolonged periods of time.
- 5.7.2 Initial assessments should be made at the commencement of employment and thereafter, will be reviewed if there is significant change to the individual user, the tasks they perform or the workstation.

- 5.7.3 Annual review of users will take place via self-assessment documentation or e-learning to identify potential issues and assistance will be provided by the Group Health and Safety team upon request by managers of member of staff.
- 5.7.4 The work routine of staff falling within the definition of "user" will be planned to ensure that there are no continuous periods of display screen work. Staff will be entitled to corrective glasses where these are identified via eye and eyesight test as required for DSE work.
- 5.7.5 Staff will be given appropriate training and information about Health and Safety at the workstation, to enable the safe use of DSE.
- 5.7.6 Home based Agile Workers shall require to implement the Group Homeworking Arrangements and ensure a Homeworking Assessment is completed that addresses the needs of working with DSE at home. Further information on arrangements to be completed for all Home Based Agile Workers can be found in the health and safety pages of WE Connect.

Relevant procedures are contained in the Operational Safety Manual.

5.8 Electricity at Work

- 5.8.1 Work on electrical equipment and systems can be hazardous and the Group will control any risks so far as is reasonably practicable.
- 5.8.2 Under The Electricity at Work Regulations, the employer must assess the work activities which utilise electricity, or which may be affected by it, and to define all foreseeable associated risks. The Group will ensure that electrical equipment and systems are properly constructed, installed and maintained and that installations are suitable for the environment in which they are used.
- 5.8.3 All persons carrying out electrical work will be competent for the tasks assigned to them.
- 5.8.4 Suitable protective equipment will be provided where necessary and maintained in good condition.
- 5.8.5 All staff have a responsibility to report obvious electrical hazards immediately to line management. This equipment must be withdrawn from service until repaired or replaced.
- 5.8.6 Portable Appliance Testing (PAT), Fixed Installation Testing (FIT) and Emergency Lighting testing will be undertaken by competent persons. Only a contractor appointed by the Group will carry out maintenance and testing work involving electrical equipment.
- PAT (Portable Appliance Testing) will be undertaken on a three (3) year rolling cycle or risk based frequency;
 - FIT (Fixed Installation Testing) will be undertaken every five (5) years for all relevant premises; and

- Emergency lighting shall be tested annually;
- Maintained in appropriate log books on site and where relevant on the Asset Management system

5.8.7 Records will be available on request.

Relevant procedures are contained in the Operational Safety Manual.

5.9 Fire Safety

5.9.1 The safety of life must supersede all other considerations.

5.9.2 The Group approach to fire safety is primarily one of fire prevention and life preservation. The Wheatley Group Fire Safety Management Policy arrangement will provide detailed systematic measures for fire safety management.

- Fire risk assessments will be carried out for all relevant premises and some domestic premises by the Group Health and Safety Team and Fire Safety Team.
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- Fire risk assessments shall be reviewed regularly, or when there is a significant change to the building or its use, in order that risks are controlled and fire safety arrangements are implemented;
- Measures will be put in place in order that fire can be detected within a reasonable time frame and occupants alerted;
- People who may be in the building can get out quickly and safely;
- Staff in the building know what to do if there is a fire and have suitable and sufficient emergency procedures;
- Staff and visitors with special needs will be offered a personal emergency evacuation plan (PEEP) which will be developed in consultation with the individual and team members;
- There is adequate provision of maintained firefighting equipment;
- It is a legal requirement that all staff receive suitable fire safety awareness training, they shall receive this upon commencement of employment and then three (3) yearly;
- Staff have a duty to report any concerns in relation to fire safety to their line Manager or the Group or subsidiary Health and Safety Team;

5.9.3 The Group's responsibilities to meet the provisions of the Fire (Scotland) Act 2005 and the Fire Safety (Scotland) Regulations are set out in The Wheatley Group Fire Safety Management Arrangement.

Relevant procedures are contained in the Operational Safety Manual and the Fire Safety Management Arrangement.

5.10 First Aid at Work

- 5.10.1 The Group will provide information and training on first aid to staff, based on risk assessment, to ensure that statutory requirements and the needs of the Group are met.
- 5.10.2 Via a process of risk assessment the Group will have sufficient provision of trained first aid persons and equipment where necessary.
- 5.10.3 All first aid treatment delivered will be recorded using the appropriate documentation contained within the Operational Safety Manual and on the Wheatley Group LMS (Learning management system).
- 5.10.4 Homeworkers shall ensure that they complete Introduction to First Aid Training on a regular basis as part of the Group Homeworking arrangements

Relevant procedures are contained in the Operational Safety Manual.

5.11 Gas Safety

- 5.11.1 There is a responsibility to ensure effective gas management is in place which ensures legal compliance. This system will include procurement, safe installation, inspection, maintenance and monitoring regimes with regards to gas systems within premises owned and managed by The Group.

Please refer to the Wheatley Group Health and Safety Management Arrangement: Gas Safety and procedural documentation for specific requirements and further information.

5.12 Health and Safety Induction, Instruction and Training

- 5.12.1 All staff will receive a formal induction to the Group as part of the commitment to the health and safety of staff. This induction covers Health and Safety information as undernoted:
- There is a Group Health and Safety Team for support, guidance and advice;
 - The Health and Safety management system in place comprises The Wheatley Group management arrangements and the specific procedures within the Operational Safety Manual. This is available in hard copy on each site and electronically on the Health and Safety page on WE Connect;
 - All staff must complete a site/task specific Health and Safety Induction document on starting work in a new location delivered by their manager;
 - Legally all accidents, incidents and near misses must be reported by staff; and
 - Staff must report any serious risk to Health and Safety to a manager as soon as possible.
- 5.12.2 Health and Safety, Fire Safety and subject specific training along with tool box talks will be provided by the Wheatley Group Health and Safety Team. Where necessary

specialist subject training will be provided by external, competent contractors. Training records will be retained within the Learning Management System which is managed by the Wheatley My Academy staff. Wheatley My Academy staff will also support any e-learning developments in conjunction with the Wheatley Group Health and Safety team.

- 5.12.3 Training helps to ensure the competency of management and key personnel. Where specialist training is required competent, accredited external providers will be appointed.

5.13 Homeworking

- 5.13.1 The Group recognise that most of the work that staff would undertake at home is based around work on a computer, tablet and telephone/mobile phone, and as such not considered high risk.
- 5.13.2 However, the Health and Safety at Work Act 1974 places a duty on employers, self-employed people and employees when acting in the course of their employment whether at home, in the office or in our communities.
- 5.13.3 The Group recognise that there is a duty to protect the health, safety and welfare of our employees, including Home Based Agile Workers.
- 5.13.4 In order to ensure this duty is fully met, all employees who are deemed Home Based Agile Workers must complete a home worker self-assessment and all associated mandatory training modules, as identified by the Group.
- 5.13.5 Line Managers shall therefore ensure that aforementioned Homeworking arrangements to include the provision of Occupational Health and Wellbeing support is maintained for all Home Based Agile Workers.

5.14 Infection Prevention & Control

- 5.14.1 The Group recognises the benefits of controlling possible rates of transmission of infections in the workplace to staff, customers and service users. This will be addressed through all staff adopting appropriate precautions, consistently and responsibly in their day-to-day practices and in line with current NHS and Public Health Scotland Guidelines.
- 5.14.2 The precautions should help reduce or prevent the spread of the majority of infections, particularly blood borne pathogens and viruses, such as Hepatitis B, Hepatitis C, Coronavirus and Human Immunodeficiency Virus (HIV) as well as bacterial infections such as MRSA.
- 5.14.3 The Group recognises that some staff will encounter sharps (needles) in the course of their normal work activities.
- 5.14.4 To minimise the risk of a sharps injury staff will be provided, based on job their role, with:
- Training on the avoidance of sharps, and;
 - Training on the safe collection and disposal of used sharps;
 - Relevant procedures are contained in the OSM;

5.15 Legionella

5.15.1 The Group recognises the risk of infection from Legionella bacteria and will take all reasonable steps to implement an appropriate health and safety management system for water systems within premises to ensure that the necessary measures to prevent, or adequately control, the risk from exposure to Legionella bacteria.

5.15.2 The management system for Legionella will:

- Identify hazards and assess sources of risk – this includes checking whether conditions are present which will encourage bacteria to multiply, if there is a means of creating and disseminating breathable droplets, and if there are susceptible people who may be exposed to the contaminated aerosols;
- Prepare a scheme for preventing or controlling the risk;
- Implement, manage and monitor precautions; and
- Keep records of the precautions on appropriate asset management register;

5.16 Lifting Operations and Lifting Equipment

5.16.1 The Group recognises that it has a duty to reduce the risks to staff and others from lifting operations. In order to assist Wheatley Group in discharging this duty, all managers must make sure that all lifting equipment provided for work use is appropriate:

- Suitable and sufficient for the tasks/operations
- Strong and stable enough for the particular use and marked to indicate safe working loads:
- Positioned and installed to minimise any risks;
- Used safely, i.e. the work is planned, organised and performed by competent people; and
- Subject to on-going thorough examination, and where appropriate, inspection by competent people;
- Staff receive all appropriate training required.

5.17 Lone Working

5.17.1 The Group recognises that lone workers can at times face particular difficulties and will as such not require staff to work alone where a risk assessment considers there is an unacceptable risk, and will make arrangements to ensure that all lone workers are appropriately trained:

5.17.2 In addition lone working procedures will be developed in accordance with risk assessments and managers must implement and monitor these procedures with their staff group as meets the needs of their activities.

5.17.3 All staff will be provided with information and instruction with regards to lone working procedures during induction and through Health and Safety Awareness Training.

Relevant procedure are contained in the Operational Safety Manual

5.18 Manual Handling

5.18.1 It is recognized that Manual Handling is one of the most common cause of injury and multiple absences and where possible must be avoided so far as reasonably practicable.

- Where it is not possible to eliminate hazardous manual handling, risk assessments will be undertaken to determine the level of risk;
- Suitable controls will be introduced to reduce the risk of injury, including training, mechanical aids, automation, redesigning the system of work or even the workplace itself;
- In some cases Manual Handling assessments will be included into other task/activities/job profile risk assessments;
- Where required specific manual handling assessments will be undertaken if not included as part of other risk assessments. These will be recorded and shared with appropriate managers and staff.

Relevant procedures are contained in the Operational Safety Manual.

5.19 Medication (Management and Administration)

5.19.1 The Group recognises that today's medicines are powerful compounds that control disease, ease discomfort and prolong life for millions of people and are generally beneficial.

5.19.2 Group subsidiaries that are responsible for management and administration of medicines to people, be they young or old, healthy or sick, will follow a set of general principles to make sure that this is done safely and will make a structured approach in order that Management and Staff can apply consistent and effective practices in respect of the management of medication.

5.19.3 Relevant Group subsidiaries shall have their own specific procedures relating to this matter that will ensure that the procedures are relevant to that particular Group subsidiary and meet regulatory standards and practices. These will be included in the OSM.

5.20 New and Expectant Mothers

5.20.1 The Group recognises risks associated with working operations that may pose risk to a new or expectant mother or to that of her baby, and will ensure sure that decisions

on how to manage those risks are made in an informed, rational and structured manner as determined by a specific Risk Assessment. This will ensure the workplace / activities are:

- Safe, i.e. the work is planned, organised and reviewed as a matter of course as pregnancy develops or new mother returns to work.

Relevant procedures are contained in the Operational Safety Manual.

5.21 Noise

- 5.21.1 The Group will take all reasonable steps to ensure that the risk of damage to hearing for staff who work with noisy equipment or in a noisy environment is reduced to a minimum.
- 5.21.2 Noise assessments will be carried out to determine the level of the problem and appropriate controls implemented.
- 5.21.3 Methods of reducing noise levels and/or exposure times will be implemented as alternatives to personal protective equipment. Ear defenders will be provided only as a last resort as means of controlling exposure to noise. Testing for Noise Induced Hearing Loss will be conducted for “at risk” groups by the Occupational Health Provider and be included in a health surveillance programme.

5.22 Occupational Health and Wellbeing

- 5.22.1 The Group recognises the importance of good staff health in relation to both work performance and a fulfilling active life outside of work.
- 5.22.2 Preventing or reducing work related ill health and stress ensures staff do not experience physical or mental injury or harm as a direct result of work activities and the Group will comply with legal requirements.
- 5.22.3 It is recognised that shift or irregular working patterns may have an impact on health. To mitigate this, industry good practice processes have been established. This is reflected in the safety management system and provided through occupational health surveillance.
- 5.22.4 The Group enhanced health benefits which are offered to staff includes a suite of health services and a generous cash-back scheme to help with the costs associated with treatments.
- 5.22.5 The Health and Wellbeing Plan contains information on eligibility criteria for The Group and its subsidiaries.
- 5.22.6 A comprehensive occupational health service and employee assistance programme is available to all Group staff, and includes:

- A 24 hour telephone advisory service, face-to-face counselling sessions and post incident de-briefing. This also includes support telephone services for staff, covering such areas as; Anxiety, Stress, Harassment, Work Related Issues/Stress, Bereavement, Debt Counselling / Management, Family Problems, Personal Problems, Marital Problems, Anger Issues, Violence, Illness, Personal Self Esteem/Confidence, Alcohol/Drug Misuse, Health, Depression and Mental Health.
- Pre-employment, night worker and driver questionnaires;
- Medical screening for staff exposed to specific occupational hazards such as noise or hand arm vibration;
- Relevant health surveillance for work activities including provisions under Employment Law;
- Provision of advice and counselling on problems of a medical nature;
- Occupational health service appointments on request for staff where appropriate;
- Advice on medical aspects of activities undertaken by the Wheatley Group and its subsidiaries,
- Physiotherapy service.

5.23 Personal Protective Equipment (PPE) and Respiratory Protective Equipment (RPE)

- 5.23.1 The Group will provide suitable and sufficient PPE where risks cannot be removed or adequately controlled by other means. It is introduced as a last resort; The Group is committed to reducing risk by alternative means so far as is reasonably practicable.
- 5.23.2 PPE/RPE purchased by The Group will comply with the appropriate British/European standards.
- 5.23.3 When PPE/RPE is to be provided as a control measure, The Group will, in consultation with staff and their representatives:
- Carry out an assessment to determine what risks exist and therefore what PPE & RPE is required;
- The Group will provide storage/training and maintenance of PPE & RPE; it will also replace PPE/RPE, which has been provided as a control measure, as necessary;
- PPE/RPE will be suitable for the activities and environments and will be compatible with other items of PPE or RPE not impairing the intended/inherent effectiveness of all PPE/RPE items;
- 5.23.4 Requirements for PPE/RPE are based on an evaluation of risk and on job role and in case of RPE the person, and these are contained within the Operational Safety Manual.

5.24 Risk Assessment

- 5.24.1 The Group has identified Health and Safety hazards relevant to the business, assessed the risk and recognise the importance and requirement for control measures to eliminate or reduce the risk of incident, injury or ill health occurring.
- 5.24.2 The information with regards to appropriate procedures and control measures are contained in relevant guidance documents and risk assessments
- 5.24.3 Risk assessments will be conducted for activities, for all job profiles and these will be reviewed on an ongoing process.
- 5.24.4 The Group risk assessments process will involve management, staff and health and safety representatives and is aimed at providing effective control measures for significant hazards.

5.25 Safety Signs and Signals

- 5.25.1 All safety signs and safety signals used within the Group will comply with The Health and Safety (Signs and Signals) Regulations.
- 5.25.2 Appropriate safety and/or warning signs must be provided and maintained especially where risks identified by risk assessment cannot be controlled by other means. Comprehensive and relevant information, together with instruction and training relating to safety signs will be provided to staff.

5.26 Security Threats

- 5.26.1 All Managers who are responsible for a premise will organise security and emergency evacuation strategies, taking security threats into account. Information and guidance on specific plans and arrangements can be found in the business continuity, emergency and contingency plans. These are tested and maintained on an annual basis.
- 5.26.2 All managers are responsible for the security of their building which should include arrangements for bomb threats, fires, intruders and other potential security issues.

5.27 Smoke Free Workplace

- 5.27.1 The Smoke Free Workplace seeks to guarantee staff the right to work in air free of tobacco smoke, The requirements of the Management of Health and Safety at Work Regulations and the Workplace (Health, Safety and Welfare) Regulation's also place stringent requirements on employers to assess risks and make sure that non-smokers are protected from the dangers of tobacco smoke whilst at work,
- 5.27.2 The Smoking, Health and Social Care (Scotland) Act and the Prohibition of Smoking in Certain Premises (Scotland) Regulation's prevent staff, customers and visitors from smoking in wholly or substantially enclosed premises.

5.27.3 Group Directors, Managing Directors, Directors, Senior Management, Managers and Team leaders will be responsible for enforcing the Smoke Free Workplace Policy within their respective areas. It is the responsibility of all staff to comply with the terms and conditions of this policy.

5.28 Stress

5.28.1 The Group recognises that, whilst a degree of pressure can be a positive and driving force at work, excessive and continuous pressure can have a negative effect on health and performance at work.

5.28.2 The Group is committed to promoting good health at work and to provide suitable support mechanisms for staff who may be suffering from the effects of stress.

5.28.3 Stress risk assessments can be arranged via Employee Relations with the objective of reducing harm from stress so far as is reasonably practicable.

5.28.4 The Group will so far as is reasonably practicable ensure that excessive pressures are identified and eliminated or controlled in the work environment and that the necessary risk assessments are completed and control measures progressed reducing workplace stressors.

5.28.5 To assist in this process The Group will:

- Provide suitable support mechanisms for staff suffering from the effects of stress;
- Encourage a working environment where staff who feel they are suffering from the effects of stress can approach their managers in confidence, in order that necessary support mechanisms can be put in place;
- Encourage a culture where stress is not seen as a sign of weakness or incompetence;
- Ensure adequate rehabilitation and support for staff returning to work after a period of absence due to stress;
- Offer suitable training to enable staff and managers to recognize symptoms of stress, the effects of stress at work, effective communication, handling difficult situations, time management and employee relations;
- Undertake general health promotion activities within the workplace; and
- Where staff are suffering from stress, the Group will provide the necessary mechanisms to promote a return to full health as quickly as possible. Staff are encouraged to seek assistance from their line manager, senior management and/or our Employee Assistance Programme (EAP).
- Any contact will be dealt with in complete confidence. Staff will be offered any relevant counseling, help with stress reduction techniques and a full appraisal of their work situation.

5.29 Transport Safety

- 5.29.1 The Group has a responsibility to manage the risks encountered by staff while driving as part of their duties. This applies to anyone who drives on behalf of The Group, whether they are employed directly or indirectly, including staff using their own private vehicle for business (grey fleet) to staff operating dedicated works vehicles.
- 5.29.2 Managing workplace transport safety usually involves controlling a wide range of linked areas including vehicle safety, driving, loading/unloading, a person's competence, towing, reversing, etc. The Group will provide and maintain information/insurance/instruction and training as required.

Refer to The Wheatley Group Safe Driving Policy for further information.

5.30 Vibration

- 5.30.1 The Group recognises that occupational exposure to vibration can cause discomfort and adverse health effects.
- 5.30.2 Hand-arm vibration syndrome (HAVS) is the term used to describe the injuries caused by the prolonged use of hand-held power tools and is recognised as a reportable disease within the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR).
- 5.30.3 The Group recognizes the requirements of the control of Vibration at Work regulations and will take all reasonable steps to ensure that the risk of injury to staff who work with vibrating machinery is appropriately controlled by elimination or risk reduction measures.
- 5.30.4 The Group has developed appropriate procedures and risk assessments in respect of tools and equipment used by staff in order to minimise the potential for any exposure to hand/arm vibration.
- 5.30.5 The Group will have a strict purchasing strategy in relation to tools and equipment which may expose staff to vibration. There will be competent persons designated to assess vibration levels of equipment (current and/or sample) to ensure levels are within safe limits.
- 5.30.6 All staff who are exposed to risk from vibrating equipment will undergo routine health surveillance. Testing for Vibration Induced Disorders will be conducted for "at risk" groups by the Occupational Health Provider. All data relating to Health Surveillance will be held by the Occupational Health Provider and Employee Relations.

Relevant procedures are contained in the Operational Safety Manual.

5.31 Violence at Work (Challenging behaviour and Aggression)

- 5.31.1 The Group does not accept that it is part of any member of staffs' duty to be subjected to verbal abuse, threats, harassment on social media or physical assault.

- 5.31.2 When and if such abuse is experienced by staff, the relevant Subsidiary will provide personal support and guidance as is necessary to the staff to ensure that the effect of such abuse is minimised.
- 5.31.3 The Group provides a range of services to the community with the expectation that our staff will be treated with courtesy and respect.
- 5.31.4 Where a staff member is the victim of verbal abuse, harassment, threats or physical assault delivered by a member of the public or a fellow member of staff, appropriate action will be implemented against the offender(s) as outlined within the relevant Unacceptable Actions Policy. It should be made clear to all customers, service users and clients that violence and aggressive behavior is unacceptable and will not be tolerated.
- 5.31.5 Staff are required to report to their manager/supervisor incidents of violent, threatening or abusive behaviour to which they have been subjected. All incidents should be reported using the procedure highlighted in OSM section (A) Accident, Incident, Near Miss Reporting and Investigation.
- 5.31.6 It is recognized that within the care sector environment that challenging behaviours and violence exists. Appropriate training will be identified and provided to staff to allow them to develop confidence and competence to manage situations and circumstances where challenging behavior and violence may occur.
- 5.31.7 The Group has a duty to ensure that when an accident or incident falls within the RIDDOR criteria (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) this is reported in accordance with the regulations guidelines.

Relevant procedures are contained in the Operational Safety Manual.

5.32 Working at Height

- 5.32.1 The Group recognises the significant risks to Health and Safety presented by all work at height.
- 5.32.2 In line with the hierarchy of controls any working at height will be avoided where possible work equipment or other measures to prevent falls designed to minimize assistance and consequences will be in place following risk assessment.
- 5.32.3 Group managers must ensure a risk assessment for working at height is carried out, that any work at height is properly planned, appropriately supervised and carried out in as safe a way as is reasonably practicable. Advice is available from the Group Health and Safety Team. All parts of the risk assessment/control measures must be communicated to staff with all appropriate training and instruction provided.
- 5.32.4 All equipment/machinery and PPE provided for working at height purposes / activities will be subject to relevant maintenance and servicing in accordance with regulatory guidance.

5.33 Work Equipment

- 5.33.1 The purchase, use and maintenance of work equipment by the Group and its subsidiaries shall at all times be in line with the requirements of The Provision and Use of Work Equipment Regulations (PUWER).
- 5.33.2 As directed, managers/supervisors will be required to provide the necessary information, instruction and training to staff under their supervision, in order that work equipment is suitable for the purpose of use and information on how it should be safely used provided.
- 5.33.3 Examinations, regular maintenance, inspections and tests should be carried out by competent, accredited maintenance contractors to ensure work equipment is maintained in an efficient state, in efficient working order, and in good repair, with records maintained and monitored to ensure compliance.
- 5.33.4 If necessary, managers must seek advice from the Group Health and Safety team to ensure their responsibilities are met.

5.34 Workplace Welfare

- 5.34.1 The Group recognises that a safe working environment is a requirement and will ensure:
- A safe working environment is maintained in all areas/subsidiary through effective monitoring, which will include Health and Safety inspections and audits;
 - It will ensure maintenance of workplace, work environment such as heating, lighting and ventilation; devices and systems, floor conditions, traffic management and noise by providing information, instruction and monitoring.

5.35 Operational Safety Manual

- 5.35.1 The Group Operational Safety Manual forms the basis for the ongoing management and control of health and safety. The details within the Operational Safety Manual describe the requirements under law to which the Group will comply. These responsibilities are shared amongst Directors and Managers across the Group.
- 5.35.2 The OSM will be made available to all Group subsidiaries and is tailored to the risks and activities undertaken by each subsidiary within the specific workplaces they occupy.
- 5.35.3 The OSM comprises the following sections, tailored to the subsidiary and function within each workplace, for example:
- Accidents, Incidents and First Aid
 - Fire and Emergency Procedures
 - Procedures and Risk Assessments
- 5.35.4 The Group and its subsidiaries have developed a number of safe working procedures/guidance documents and associated risk assessments covering specific work activities.
- 5.35.4 Group Operational Safety Manuals (OSM's) will be updated as required and at periods of not more than 3 years to ensure legal compliance and changes in work practices. These documents shall be made available in the Operational Safety Manuals and electronically to all persons employed by Group subsidiaries

Section 6 Health and Safety Monitoring

6.1 Health and Safety Operations Meeting

- 6.1.1 The Group's Health and Safety Operations Meeting relating to key functions (e.g. housing, care, NETS and in-house trades teams) will meet on a quarterly basis to monitor health and safety.
- 6.1.2 The meetings will consist of a cross section of staff from across the organisation including union representatives and will be chaired by the Group Health and Safety Lead. The purpose of these Groups is to facilitate joint participation in Health and Safety matters to enable management and staff to exchange views and to reach a better understanding on all matters and procedures related to Health and Safety Management System.
- 6.1.3 The remit of the Group is:
- To consider all Health and Safety matters on an operational, day-to-day basis;
 - To study statistics and trends of incidents so that reports can be made to management on unsafe and unhealthy conditions and practices, together with recommendations for corrective action;
 - To consider reports which management representatives or safety representatives may wish to submit; and
 - To recommend visits/inspections of Group premises.

6.2 Health and Safety Strategy Meeting

- 6.2.1 The Group Health and Safety Strategy Meeting will meet on a quarterly basis following the Group Health and Safety Operations Meeting.
- 6.2.2 The Group's Health and Safety Strategy Meeting will consist of Directors / senior managers supported by technical personnel and will be chaired by the Director of Assets and Sustainability with the following remit:
- To consider the Wheatley Group Health and Safety Policy and associated management arrangements and procedures;
 - To monitor the implementation of The Wheatley Group Health and Safety Policy and associated management arrangements and procedures;
 - To review The Wheatley Group Health and Safety Policy to comply with new legislation and changes to the Group, and otherwise annually;
 - To develop, manage and review the strategic health and safety risks experienced by the Group;
 - To develop and implement the Group's Health and Safety Strategy;

- To review the management information in relation to accident and incident statistics including near misses to identify trends and establish action plans to address them;
- To review the outcomes of Health & Safety audit reports and monitor completion of audit actions. This will be on a quarterly basis and as and when required; and
- To review Health and Safety performance across the Group and report performance to Executive Team, Group and subsidiary boards. This will be on an annual basis or as and when required.

6.3 Assurance

- 6.3.1 A continuing process in the effective monitoring of the Group's Health and Safety management system ethos is the requirement that the performance of the Health and Safety Management System operated by the Group confirms effective statutory compliance and the continuing Health, Safety and Wellbeing of our staff.
- 6.3.2 Health and Safety Audits will be conducted by the Assurance Team and supplemented by external competent personnel as required. Outcomes of audits will be sent to the Chief Executive and detailed recommendations made. Once senior management has accepted the audit recommendations, an action plan with realistic targets will be developed in line with the Delivery Plan. The Group Health and Safety Strategy Group will monitor completion of audit actions. These actions will be followed up by the Group Assurance Team in conjunction with the Director of Group Assets and Sustainability and the Group Health and Safety Lead where required.
- 6.3.3 Trade Union safety management will be consulted as part of the audit. On completion of the action plan a copy of the Health and Safety Audit will be made available to the appropriate Trade Union safety representatives.

Section 7 Policy Review

- 7.1 This policy shall be reviewed every 2 years however regular reviews will be considered where, for example, there is a need to respond to new legislation/policy guidance. Reviews will consider legislative, performance standard, good practice and organisational changes.
- 7.1.1 The Group will publish this policy on our staff [intranet](#) site W.E. Connect and on our website. A hard copy is also available on request. Customers may also request a copy of the policy in other formats and community languages.

Section 8 Relationship to other policies

8.1 This policy should be read in conjunction with the following documents which can be found on the staff intranet W.E. Connect:

HR: Code of Conduct
Social Media Policy
Alcohol, Drugs and Gambling Addiction Policy
Unacceptable Actions Policy
Dignity at Work Policy
Harassment and Bullying at Work Policy

HS: All Group Health and Safety Policies

All Group Health and Safety Management Arrangements

Section 9 Document Control policies

Version	Date of Issue	Issued By	Authoriser	Comments
1.0	30 th September 2018	Group Health and Safety Manager	Director of Group Assets	1 st issue revised structure
1.1	01 st December 2021	Group Health and Safety Lead	Director of Assets and Sustainability	Review Consideration of Group Restructure, operating model and update regarding Homeworking and Lone Working

Report

To: West Lothian Housing Partnership Board

By: Stephen Devine, Director of Assets and Sustainability

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

Subject: Group dampness, mould and condensation policy

Date of Meeting: 9 February 2022

1. Purpose

- 1.1 To provide the West Lothian Housing Partnership (WLHP) Board with details of the group-wide dampness, mould and condensation policy and procedure that were approved by the Wheatley Board at its December 2021 meeting.

2. Authorising and strategic context

- 2.1 Under the Group Authorising Framework (GAF) and Intra-Group Agreement (IGA) the Wheatley Housing Group Board is responsible for approving Group Policies.

3. Risk Appetite and assessment

- 3.1 WLHP's risk appetite relating to its Operating Model (Modernising services) is "Open" i.e. 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.).

4. Background

- 4.1 Dealing with dampness, mould and condensation has always been, and will continue to be, a high priority for WLHP and our customers. Typically, the number of properties where dampness or mould is reported by customers is between 2% and 4% each year.
- 4.2 Penetrating dampness caused by deteriorating fabric in our homes is the exception with most of the reported 'dampness' being condensation. However, we know that for customers, the cause is not material. As such, we are keen to continue developing our approach to dampness, mould and condensation including through learning from our current practice and from others.

5. Customer engagement

- 5.1 A range of mechanisms including information leaflets, discussions with staff and 'how to' videos are used currently to provide information and guidance on avoiding and addressing dampness, mould and condensation. The approach discussed in this paper would build on this through proactive engagement targeted at properties that are assessed as being at higher risk of dampness, mould and condensation.

6. Discussion

- 6.1 Our approach to addressing dampness, mould and condensation is predominantly reactive and, depending on the actual issue, includes applying anti-fungicidal 'washes', decoration, carrying out any necessary repairs and providing advice to the customer on heating and ventilation. While inadequate heating and ventilation is recognised as a significant issue, addressing it through information and advice leaflets alone is unlikely to have necessary impact because lifestyle factors and fuel poverty are often core to the issue.
- 6.2 The English Ombudsman recently published a report on the approach to dampness following an investigation involving 142 landlords across England with more than 500 responses to their call for evidence including discussions with residents and landlords. Recommendations from this report are grouped under 4 themes:
- From Reactive to Pro-active
 - From inferring blame to taking responsibility
 - From disrepair to claims resolution
 - From complaints to a learning culture
- 6.3 Details on the various recommendations within each theme are provided at Appendix 1, along with our assessment based on testing our approach and practice across the group against each of the recommendations in a 'report card' format.
- 6.4 While not all recommendations are directly applicable to WLHP given its operating context and approach, they do provide valuable learning and useful input in developing our approach. From examining the recommendations and our current practice, two overarching areas are identified:
- Having a dampness, mould and condensation policy and procedures that move from a reactive to more proactive approach; and
 - Using data, including insight from actual customer demand, and technology to better understand what is happening in our homes and to inform our approaches

Dampness, mould and condensation policy and procedures

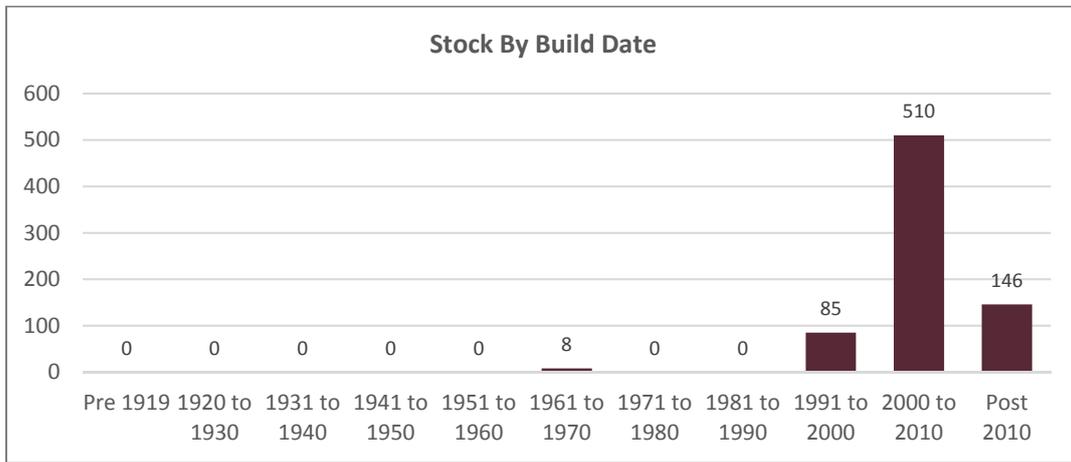
- 6.5 At present WLHP does not have a documented policy or procedures specific to dampness, mould and condensation. Instead, these are included in our repairs policies and procedures and are embedded through our repairs and housing management delivery system. Having a specific Group policy and procedure that relates to WLHP and other group RSLs would ensure a consistent approach; built around a shared view of best practice that can be refined and

updated as required. To address this the policy at Appendix 2 and procedure at Appendix 3 have been developed and agreed by Wheatley Group Board.

- 6.6 The policy and procedures build on our current approach including through seeing condensation as a possible sign of wider issues especially fuel poverty, rather than something that simply needs repaired. In doing this, the policy majors on working with the customer to solve the problem rather than, as illustrated by the English Ombudsman findings, seeing this as something the customer is 'doing wrong'. Our fuel advisors are well placed to support customers in this area given the link to fuel poverty and the importance of heating and ventilating the home.
- 6.7 Our investment in the customer first centre including through the specialist housing team provide a means to assess the needs of customer for specific support to address condensation and dampness problems, and to tailor our approach. Examples of this, depending on customer need and circumstance could include:
- Providing information and advice using leaflets and video
 - Raising a repair to address the cause where necessary
 - Assigning to a fuel advisor who would engage with the customer more generally including on how to address the condensation problem
 - Involving the housing officer where there are concerns and potential vulnerabilities
- 6.8 Such an approach fits well with the enhanced capability in the customer first centre including the importance we are placing on rectification at point of contact. With this, the customer first centre would 'own the condensation journey' including:
- deciding to deploy fuel advisors where the impact is likely to be greatest,
 - raising necessary repairs,
 - ensuring the issue is resolved to the customers satisfaction,
 - maintaining dialogue with the customer on how to minimise the chance of recurrence and
 - making sure that our approach to asset related investment is informed by customer demand relating to dampness, mould and condensation.
- 6.9 Further details are in the policy at Appendix 2 and procedure at Appendix 3.

Better use of data and technology

- 6.10 Details of our properties by year of construction are set out below.



6.11 We want to begin understanding what data tells us about what could be driving dampness, condensation and mould. To do this a review of reported dampness/mould repair requests has been carried out to identify any potential trends or patterns.

6.12 Key findings from the analysis includes that there is higher frequency:

- in houses
- in larger homes
- when the tenant is under 45 years old
- among tenants who have been with WLHP from more than 10 years

6.13 The diagram below provides a breakdown of information in key areas relating to the risk of dampness, mould and condensation, that supports the key findings above.



6.14 To provide a basis for prioritising proactive action, and as a start, as recommended in the English Ombudsman's report, to being more data led, a risk analysis has been performed for our stock. This assigns a risk category using the factors above. The diagram below sets this out for WLHP's stock. By way of illustration, each of the factors above are given a risk category and score depending on findings from the analysis above. For example, customers under 45 are assigned high probability (because we know from the analysis there is a higher propensity of repairs with customers in this age range), whereas ones over 65 are given a lower risk category. The various risk categories and scores are then aggregated to allow our properties/customers to be broken down based on highest to lowest likelihood of dampness, mould and condensation. This shows that approximately 5% of stock/customers are in a high/medium

category when the various variables (customer age, length of tenancy, age of property and house size) are factored in.

Risk Score	4		5		6		7		8		9		10		Total	
Risk Group (groups)	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
2. High/Medium													35	5%	35	5%
3. Medium									221	30%	161	21%			382	51%
4. Medium/Low					91	12%	205	27%							296	40%
5. Low	8	1%	28	4%											36	5%

6.15 Using this analysis, it is proposed that an experiment is undertaken to test the effectiveness of proactively targeting properties/customers with high risk of condensation. Around 5 properties in the high/medium risk category would be selected and humidity sensor and air quality technology would be installed. This would be used to collect results for 3 months and provide a baseline. After 3 months upgrading would be carried out to mechanical ventilation, and comprehensive support would be given to customers on best use of heating and ventilation. After a further 3 months, finding would be compared to the baseline to understand the impact of our approach. Depending on the results, an agreed deployment strategy including investment priorities linked to risk would be developed.

7. Digital transformation alignment

7.1 Your Home, Your Community, Your Future includes a commitment to having a tailored repairs experience built around customer needs. The proposed dampness policy and the use of data and technology are part of how the repairs service will become more proactive and built around particular customer needs

8. Financial and value for money implications

8.1 Findings from the experiment above will be used to assess the impact of the proactive approach discussed and to inform future investment planning.

9. Legal, regulatory and charitable implications

9.1 There are no specific legal, regulatory or charitable implications associated with this report

10. Equalities implications

10.1 There are no equalities implications arising from this report.

11. Environmental and sustainability implications

11.1 Supporting our customer to heat their homes more effectively and the use of sensor technology is likely to help improve energy efficiency and reduce carbon emissions, although the impact from what is proposed in this paper has yet to be quantified. It is also likely that air quality measures in homes are likely to feature in revisions to EESSH2. Having a dampness policy in place, and monitoring air quality in homes should help position us for these future requirements.

12. Recommendations

- 12.1 The WLHP Board is asked to note the content of this report including the group dampness policy and procedures at Appendix 2 and 3 respectively.

LIST OF APPENDICES:

- Appendix 1 – Review of recommendations from English Ombudsman’s report
Appendix 2 – Draft dampness, mould and condensation policy
Appendix 3 – Draft dampness, mould and condensation procedure

Housing Ombudsman (England) Recommendations Review

The report is sub categorised into 4 sections;

1. From Reactive to Pro-active (10 recommendations),
2. From inferring blame to taking responsibility (9 recommendations)
3. From disrepair to claims resolution (5 recommendations)
4. From complaints to a learning culture (2 recommendations)

Recomm.	Section	Response – group wide considerations
From Reactive to Pro-active		
1 & 2	<p><i>Landlords should adopt a zero-tolerance approach to damp and mould interventions. Landlords should review their current strategy and consider whether their approach will achieve this.</i></p> <p><i>Landlords should consider whether they require an overall framework to address damp and mould which would cover each area where the landlord may be required to act. This would include any proactive interventions, its approach to diagnosis, actions it considers appropriate in different circumstances, effective communication and aftercare.</i></p>	<p>Our approach to investment is driven by ‘warm, dry homes’, a fabric first approach. Our focus has been to optimise wind and watertight external fabric principally through external wall insulation, replacement of roof coverings and renewal of rainwater goods. All homes have double glazing and whole house heating as standard, with innovative solutions designed to make storage heating more affordable. Where internal improvements are carried out, e.g., kitchens, bathrooms, mechanical extraction fans are included. Our new build homes incorporate the latest technologies and building standards to ensure that they are both energy efficient and affordable.</p> <p>Skilled and dedicated inspection and operational teams assess and determine solutions where repairs are reported. Comprehensive guidance and training has been delivered for our frontline housing teams. We have also developed systems of information and support for customers via RSL websites.</p>
3, 4 & 5	<p><i>Landlords should review the accessibility and use of their systems for reporting repairs and making complaints to ‘find their silence’.</i></p> <p><i>Landlords should identify opportunities for extending the scope of their diagnosis within buildings, for example by examining neighbouring properties, to ensure the response early on is as effective as possible.</i></p> <p><i>Landlords should implement a data driven, risk-based approach with respect to damp and mould. This will reduce over reliance on residents to report issues, help landlords identify hidden issues and support landlords to anticipate and prioritise interventions before a complaint or disrepair claim is made.</i></p>	<p>Customers can report repairs or lodge complaints via our Customer First Centre, 24hours a day, 365 days a year. We have a dedicated Customer Complaints Team who are the single point of contact for customers through a ‘complaint journey’.</p> <p>We have comprehensive data in relation to repairs activity including the description of work reported and completed. We do not however proactively utilise this data to conduct targeted interventions or inspections. On average, year on year, 4% (circa 1,800 homes) of customers across all house types e.g., tenement, multi storey, 4-in-a-block, etc, report a repair for ‘dampness or mould’. This proportion is fairly uniform across all house types.</p> <p>Targeted intervention is however being deployed in multi storey flats via the Connected Response system for electric storage heating. Whilst this is principally a measure to make this heating type more affordable, the consequential benefit of increased heating in homes will contribute to reducing the incidence of dampness and mould caused by condensation. Our standard specification for internal improvement works includes installation of mechanical extraction in both kitchens and bathrooms. Consideration should be given to further analysis of properties where repairs have been reported to establish if patterns exist, i.e., risk profiling;</p> <ul style="list-style-type: none"> • Property type, Property age, Heating type, Investment status e.g. External Wall Insulation completed Y/N, Customer profile, Length of tenancy <p>In terms of the Good Practice example from the Housing Ombudsman, the majority of our homes would be in the Low Risk classification, as is our current approach when a customer reports a repair of this type. Further analysis may offer</p>

Recomm.	Section	Response – group wide considerations
		<p>the opportunity to undertake targeted ‘campaigns’ to provide customers with additional support and advice including Fuel and Money Advice.</p> <p>We are currently reviewing and developing our approach which will incorporate initial visits from our team of Fuel Advisors to support customers who may be experiencing fuel poverty and also to provide advice to reduce the likelihood of condensation prior to any ‘technical’ solution being deployed.</p>
6	<p><i>Where properties are identified for future disposal or are within an area marked for regeneration, landlords should proactively satisfy themselves that residents do not receive a poorer standard of service or lower living conditions, that steps are taken to avoid homes degrading to an unacceptable condition and that they regularly engage and communicate with these residents.</i></p>	<p>Where applicable and properties have been identified for demolition we continue to offer a full repairs service.</p>
7	<p><i>Landlords should avoid taking actions that solely place the onus on the resident. They should evaluate what mitigations they can put in place to support residents in cases where structural interventions are not appropriate and satisfy themselves they are taking all reasonable steps. Where the cause of damp and mould is non-structural it can be too simplistic to blame residents for drying their laundry on radiators if there is no space in their home for a tumble dryer or the weather is poor, other than those residents fortunate enough to have outdoor space. Occupancy factors do not mean that the landlord has no responsibility, and landlords should recognise that some homes were not designed with modern living in mind. Landlords should take reasonable steps in partnership with residents in these circumstances including considering improving ventilation or other appropriate measures.</i></p>	<p>Following a customer report of mould or dampness our contractors technical staff will visit the property to diagnose the problem. Where structural/fabric works are identified i.e. missing roof tiles, leaking gutters etc which are causing penetrating dampness appropriate remedial work will be undertaken to resolve the issue. Where there are no structural issues and condensation is identified as the cause, the member staff will explain in summary what is required to combat the issue, e.g., ventilation, heating etc, and issue our condensation guidance leaflet to the customer. In addition to this where no mechanical ventilation (extractor fans) is fitted, this will be completed in the bathroom & kitchen, anti-fungicidal treatments will also be considered for any affected areas.</p>
8	<p><i>Together with residents, landlords should review the information, materials and support provided to residents to ensure that these strike the right tone and are effective in helping residents to avoid damp and mould in their properties.</i></p>	<p>We provide a range of advice via RSL websites, leaflets and self-help instructional videos. This has been developed in conjunction with customers through tenant panels.</p>
9	<p><i>Landlords should be more transparent with residents involved in mutual exchanges and make the most of every opportunity to identify and address damp and mould, including visits and void periods.</i></p>	<p>Detailed inspections are conducted at void stage and where dampness or mould issues are identified these are resolved during void works. Other elements will include installation or upgrading of mechanical ventilation.</p>
10	<p><i>Landlords should ensure their strategy for delivering net zero carbon homes considers and plans for how they can identify</i></p>	<p>The extensive fabric improvement programme, particularly in the West of Scotland has been hugely successful in provide warm dry homes. A key component of the investment strategy was to ensure that mechanical ventilation was</p>

Recomm.	Section	Response – group wide considerations
	<i>and respond to potential unintended consequences around damp and mould.</i>	<p>installed as standard, all windows have appropriate levels of trickle ventilation and that all properties have whole house heating systems. We are installing around 10,000 Connected Response heating improvement controls for electrically heated homes over the next 4 years. These homes often suffer from condensation and damp due to underheating as a result of 'self-disconnection' and cost. Firstly, by improving control and cost outcomes we expect improved heating and satisfaction, however as an important part of the physical installation we are including temperature and humidity sensors which will be providing data every 15 minutes on the internal environment.</p> <p>We're building an 'exception alert report' whereby if humidity is above maximum parameters for an extended period of time it will send an alert to there is a condensation risk. This is a new pro-active approach to identifying where dampness is present. We can then provide wrap-around services to help the customer afford to heat adequately as well as address excessive humidity issues at source.</p>
From inferring blame to taking responsibility		
11	<i>Landlords should review, alongside residents, their initial response to reports of damp and mould to ensure they avoid automatically apportioning blame or using language that leaves residents feeling blamed</i>	Our current approach is in line with the best practice example highlighted by the Ombudsman. Our ongoing review of associated wrap around services including technical inspections and remediation, housing officer follow up and review and Fuels Advisor support will further enhance our approach.
12	<i>Landlords should consider their current approach to record keeping and satisfy themselves it is sufficiently accurate and robust. We would encourage landlords to go further and consider whether their record keeping systems and processes support a risk-based approach to damp and mould</i>	We have extensive sources of data and record keeping and utilise this data to inform investment decisions. Despite the relatively low levels of reported repairs for Dampness & Mould, it would be worthwhile to undertake a 'risk profile' of all stock to establish if patterns or prevalence exists either on a built form, geographic or customer profile basis.
13	<i>Landlords should ensure that their responses to reports of damp and mould are timely and reflect the urgency of the issue. Landlords should recognise that issues can have an ongoing detrimental impact on the health and well-being of the resident and should therefore be responded to in a timely manner. Landlords should consider appropriate timescales for their responses to reflect the urgency of the case and set these out clearly for residents so their expectations can be managed. In addition, landlords should ensure that any follow up appointments are booked for as soon as possible.</i>	From date of repair reported to completion of remedial works typically takes on average 13 working days. This includes initial inspection to determine extent and scope of any works through to completion by an appropriately qualified tradesperson. Our ongoing process review will further enhance this approach by formalising follow up visits/contacts with customers post completion to support customers with other contributory factors such as fuel poverty, improving ventilation etc.
14	<i>Landlords should review the number of missed appointments in relation to damp and mould cases and, depending on the outcome of any review, consider what steps may be required to reduce them</i>	We have a robust approach to managing no access with immediate follow up by how officers via 'Repairs Action required' daily reports.
15	<i>Landlords should ensure that their staff, whether in-house or contractors, have the ability to identify and report early signs of damp and mould.</i>	In terms of housing management staff this would previously formed part of the annual customer conversation, however due to current Covid regulations/restrictions physical visits in customers home are limited.

Recomm.	Section	Response – group wide considerations
		Trades visiting properties to undertake repair work of any kind should be identifying and reporting any potential incidences of dampness or mould, however this would require to be tested.
16	<p><i>Landlords should take steps to identify and resolve any skills gaps they may have, ensuring their staff and contractors have appropriate expertise to properly diagnose and respond to reports of damp and mould. Having well-qualified, experienced, customer-focused surveyors, technical staff and repairs managers willing and able to properly inspect and remedy issues was crucial to being able to identify root causes. We are aware some landlords have developed specialist teams for the diagnosis of, and remedial work to, damp and mould and others have directly employed surveyors to ensure they can swiftly respond to reports. Others have set up networks to share best practice, procedures, technical expertise and staff between organisations to overcome this problem. Whilst accessing the right skills can be challenging, landlords should have appropriate plans in place to address any skills gaps.</i></p>	A comprehensive suite of training and guidance material has been deployed across the Housing Officer network. Our contractors are fully qualified to diagnose and assess appropriate remedial action.
17	<p><i>Landlords should ensure that they clearly and regularly communicate with their residents regarding actions taken or otherwise to resolve reports of damp and mould. Landlords should review and update any associated processes and policies accordingly.</i></p>	The detailed end to end process is fully outlined in our Staff Guidance in post completion visits and review.
18	<p><i>Landlords must ensure there is effective internal communication between their teams and departments, and ensure that one individual or team has overall responsibility for ensuring complaints or reports are resolved, including follow up or aftercare.</i></p>	The detailed end to end process is fully outlined in our Staff Guidance in post completion visits and review. This process should however be tested.
19	<p><i>Landlords should ensure that their complaints policy is effective and in line with the Complaint Handling Code, with clear compensation and redress guidance. Remedies should be commensurate to the distress and inconvenience caused to the resident, whilst recognising that each case is individual and should be considered on its own merits.</i></p>	We have a robust Group Wide Complaints policy managed by a dedicated Complaints Team, thus ensuring customers are kept up to date and complaints are resolved/escalated in line with our Group policy.
From disrepair claims to resolution		
20	<p><i>Landlords need to ensure they can identify complex cases at an early stage and have a strategy for keeping residents informed and effective resolution.</i></p>	Where complex cases are identified we have a dedicated and appropriately qualified Repairs, Investment & Compliance Officer who will undertake detailed surveys and management any identified remedial works. Working in conjunction with the Housing Officer, customers will be kept up to date on progress on timescales for resolution.

Recomm.	Section	Response – group wide considerations
21	<i>Landlords should identify where an independent, mutually agreed and suitably qualified surveyor should be used, share the outcomes of all surveys and inspections with residents to help them understand the findings and be clear on next steps. Landlords should then act on accepted survey recommendations in a timely manner.</i>	Typically, the required skillset exists within our existing RIC Team and repairs contractors. Where however more complex issues with associated solutions are identified specialists (both surveyors and contractors) will be employed to reach a resolution.
22	<i>Where extensive works may be required, landlords should consider the individual circumstances of the household, including any vulnerabilities, and whether or not it is appropriate to move resident(s) out of their home at an early stage.</i>	<p>We always endeavour to limit the need for decants and in most cases customers are reluctant to leave their own home, even for a short period. Decant would only be considered where we were unable to undertake work in a safe way ensuring that the home remains safe for occupancy when trades were not present.</p> <p>Where decant is required, Housing Officer will discuss all options with the affected customer, coordinating and arranging a move, ensuring that the impact is both minimised and is also for as short a period as possible.</p>
23 & 24	<p><i>Landlords should promote the benefits of their complaints process and the Ombudsman to their residents as an appropriate and effective route to resolving disputes.</i></p> <p><i>Landlords should continue to use the complaints procedure when the pre-action protocol has commenced and until legal proceedings have been issued to maximise the opportunities to resolve disputes outside of court. Landlords should ensure their approach is consistent with our jurisdiction guidance and their legal and complaint teams work together effectively where an issue is being pursued through the complaints process and protocol.</i></p>	We have a robust Group Wide Complaints policy managed by a dedicated Complaints Team, thus ensuring customers are kept up to date and complaints are resolved/escalated in line with our Group policy. We have dedicated areas on each RSL website explaining how the process works in practice. Performance of handling complaints is also published on RSL websites
From complaints to a learning culture		
25 & 26	<p><i>Landlords should consider how best to share learning from complaints and the positive impact of changes made as a result within the organisation and externally. Systems should allow the landlord to analyse their complaints data effectively and identify themes, trends and learning opportunities.</i></p> <p><i>Landlords should ensure they treat residents reporting damp and mould with respect and empathy. The distress and inconvenience experienced by residents in this area is some of the most profound we have seen, and this needs to be reflected in the tone and approach of the complaint handling.</i></p>	<p>Whilst we have very robust processes to manage the dampness issue, including skilled staff, regular training, wrap around support, etc, consideration could also be given to;</p> <ul style="list-style-type: none"> • developing and reinforcing learning in relation to empathy and customer advocacy. • Develop lessons learned/case reviews for dampness related issues

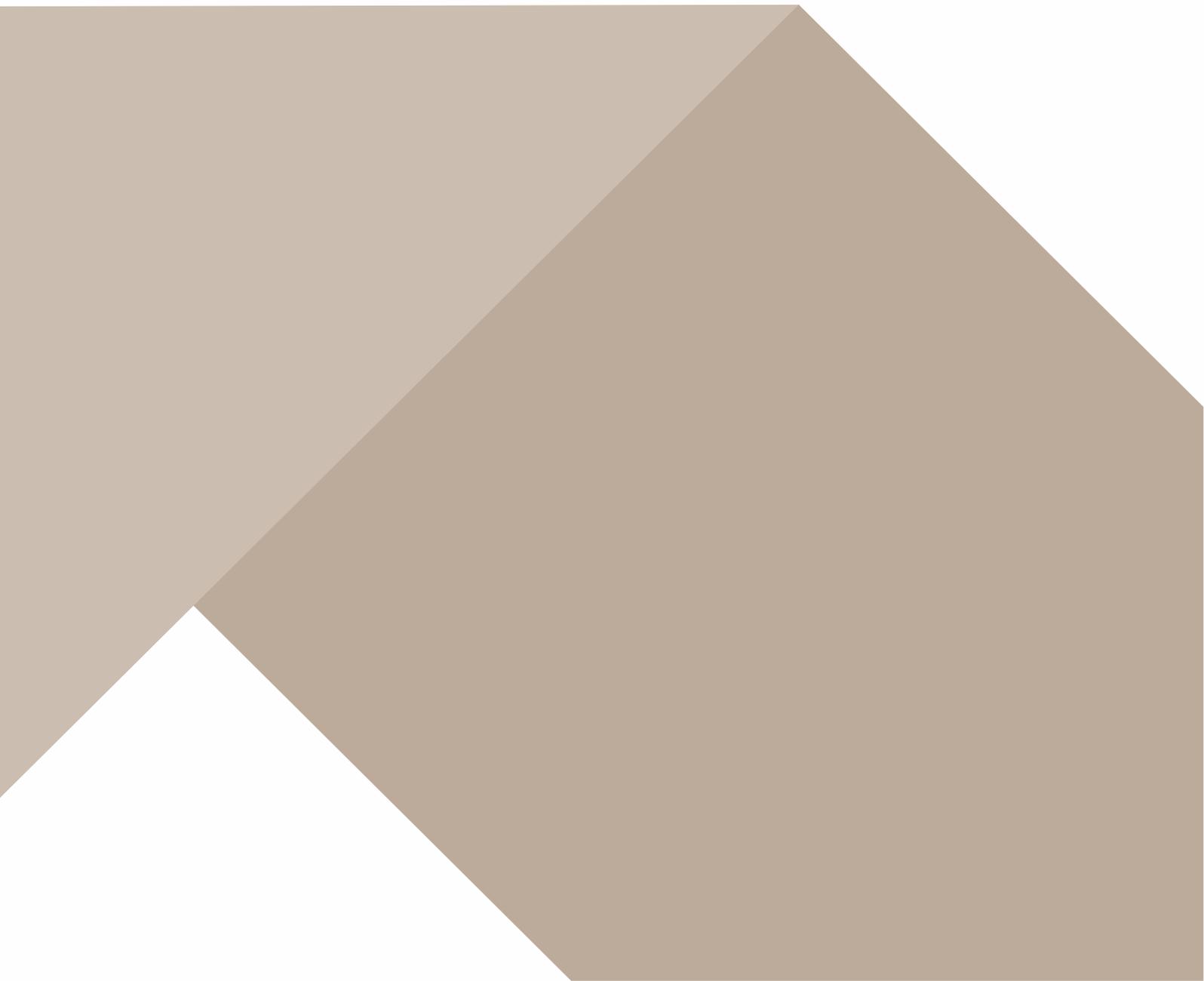
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Managing Dampness, Mould & Condensation

Policy



Contents

1. Purpose
2. Scope
3. Our Approach to Managing Dampness, Mould & Condensation
4. Policy Background – Legislation and Statutory/Regulatory Requirements
5. Procedure / Process
6. Monitoring & Compliance

1. Purpose

- 1.1. Estimates in the UK are that between 10-50% of homes are affected by damp. Social Housing and low-income communities where there is often overcrowding, a lack of appropriate heating, ventilation and insulation, can experience a substantially higher proportion of damp and mould than the national average.
- 1.2. We want to ensure that our customers have warm, safe and healthy homes to live in. We have identified that some customers and parts of our stock portfolio can be more susceptible to condensation and possible damp related issues.
- 1.3. A more purposeful approach to the prevention, treatment and remediation of these issues will benefit our customers. Going forward our tools will include better data, improved reporting and identification of mould, condensation and dampness, end-to-end customer service with better joined up advice, guidance and support, and preventative technology systems.

2. Scope

- 2.1. The policy applies to Wheatley Group employees, contractors and stakeholders

3. Our Approach to Managing Dampness, Mould and Condensation

We commit to:

- 3.1. Provide and maintain a comfortable, warm and healthy home, free from damp, mould or disrepair for our customers.
- 3.2. Recognise that having mould issues in a home can be distressing for our customers and ensure we are supportive in our approach.
- 3.3. Work in partnership with residents to resolve and understand how to reduce condensation, damp and mould issues.
- 3.4. Make sure the fabric of our homes is protected from deterioration and damage resulting from, or contributing to, damp and mould.
- 3.5. Undertake responsive repairs to alleviate damp are carried out as quickly and efficiently as possible to minimise damage to the fabric, fixtures and fittings of the property.
- 3.6. Know our stock and the archetype of properties and components that have a higher likelihood to suffer from damp and mould.
- 3.7. Minimise the number and impact of complaints
- 3.8. Plan resources to respond to higher demand. For example, during the winter months.

- 3.9. Provide staff with the skills to identify and differentiate between signs of damp and condensation and understand the causes and remedies.
- 3.10. To support our customers in ways to reduce damp and condensation in their home and how to make positive changes.
- 3.11. To make best use of technology to help customers to best manage their homes and use technological insight to better understand cause and solutions.
- 3.12. To take account of the issues of damp and condensation when designing investment programmes, for example heating and ventilation.
- 3.13. To comply with all statutory and regulatory requirements and sector best practice.

4. Policy Background – Legislation and Statutory/Regulatory Requirements

- Housing (Scotland) Act 2014
- Scottish Housing Quality Standard (SHQS)
Requirement on social landlords to ensure their tenants' homes:
 - are energy efficient, safe and secure
 - are not seriously damaged
 - have kitchens and bathrooms that are in good condition

- Energy Efficiency Standards in Social Housing (ESSH)

The Energy Efficiency Standard for Social Housing (ESSH) aims to encourage landlords to improve the energy efficiency of social housing in Scotland. This supports the Scottish Government's vision of warm, high quality, affordable, low carbon homes and a housing sector that helps to establish a successful low carbon economy across Scotland.

The ESSH will contribute to the requirements of the Climate Change (Scotland) Act 2019, which sets targets to reduce Scotland's emissions of all greenhouse gases to net-zero by 2045 at the latest, with interim targets for reductions of at least 56% by 2020, 75% by 2030, and 90% by 2040.

5. Procedure

- 5.1 Our process is set out within the accompanying procedure '**Managing Dampness, Mould & Condensation Procedure**'

6. Monitoring & Compliance

- 6.1 This Policy will be reviewed every two years and, as required by legislation, regulation or internal organisational change

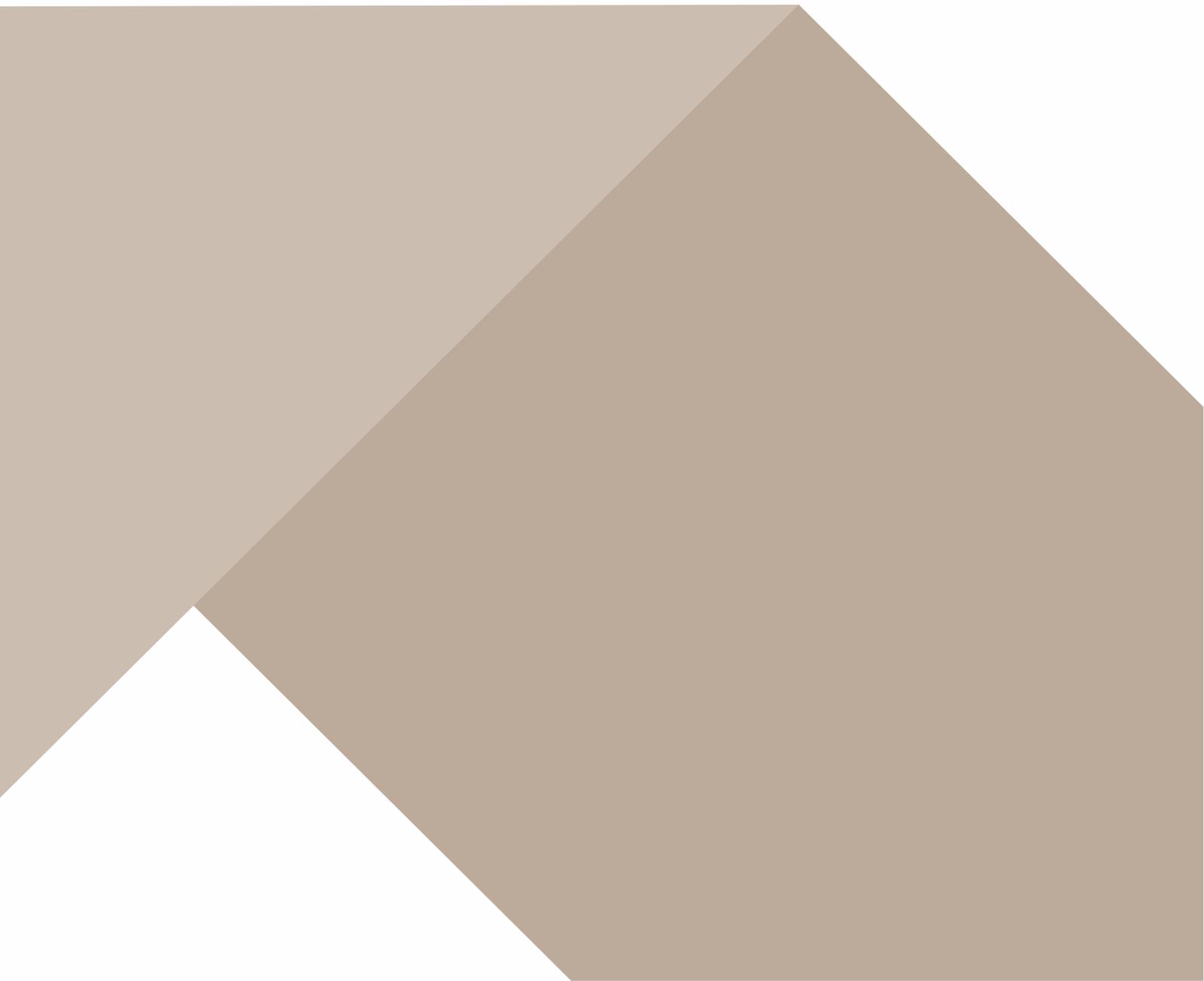
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Managing Dampness, Mould & Condensation

Procedure



Contents

1. Purpose
2. Scope
3. Contributory Factors of Dampness, Mould & Condensation
4. Four Main Categories of Dampness
5. Procedure / Process
6. Turning insight into action
7. Monitoring and Compliance

1. Purpose

- 1.1. To provide a Group wide procedure that will create a consistent approach to addressing cases of mould and condensation or dampness through to resolution and rectification of cause.

2. Scope

- 2.1. The procedure applies to Wheatley Group employees, contractors and stakeholders

3. Contributory Factors of Dampness, Mould & Condensation

3.1. Fuel poverty

It is recognised that fuel poverty is a major factor in cases of condensation which can lead to mould problems when customers are unable to afford to heat their home effectively.

3.2. Cold Bridging

Cold Bridging can be found in many areas including poorly installed cavity wall insulation for example. Where a gap occurs in the insulation this can cause areas to become colder, which would then be at risk of increased condensation.

3.3. Blocked or broken ventilation

This would include blocked soot or air bricks and broken window trickle vents

3.4. Broken or no extractor fans

Where possible, all kitchens, bathrooms and utility rooms should have a functioning extractor fan.

3.5. Radiators

Heating systems performance is not always at the standard required to prevent condensation. Radiators may be undersized for the room volume and can be located on internal walls creating colder external walls.

3.6. Missing/damaged render or pointing on brickwork

There could be various reasons for poor or broken pointing (i.e. the finish between bricks) on parts of a brick wall which may have created cold spots for condensation and penetrating damp. The same can also be true with damaged render systems

3.7. Leaking guttering

Guttering can, over time, corrode, warp or sag causing leaking joints. Lack of effective maintenance can result in blocked or choked gutters and downpipes that can, through time, cause damage to the fabric of the building.

3.8. **Leaking roofs**

This could be caused by many things i.e. damaged or missing tiles, damaged flashing, roof vents or chimneys, blocked gutters or simply that the roof has approached the end of its serviceable life.

3.9. **Unvented and condensing tumble dryers**

These can produce excessive amounts of water vapour in the property, encouraging condensation.

3.10. **Customer management of the home**

Excessive humidity within the home and the lack of adequate ventilation is the primary cause of condensation. Drying clothes on space heaters, cooking with lids off pans, and over-crowding all add to the moisture levels within a property.

3.11. **Rising damp**

Rising damp can occur where there is missing or ineffective damp proof course or where a high ground level breaches the damp proof course.

4. **Four Main Categories of Dampness**

4.1. **Penetrating dampness**

This type of dampness will only be found on external walls or, in the case of roof leaks, on ceilings. It only appears because of a defect in the structure of the home, such as missing pointing to the brickwork, missing roof tiles, loose flashing or leaking gutters. These defects then allow water to pass from the outside to the inner surfaces. Penetrating dampness is far more noticeable following a period of rainfall and will normally appear as a well-defined 'damp-patch' which looks and feels damp to the touch. "Tide marks" will be left, even in periods of dry weather.

4.2. **Defective plumbing**

Leaks from water and waste pipes, especially in bathrooms and kitchens, are relatively common. They can affect both external and internal walls and ceilings. The affected area looks and feels damp to the touch and stays damp whatever the weather conditions outside. An examination of the water and waste pipes in the kitchen and bathroom and the seals around the bath, shower and sinks will usually find the problem. In cases when leaks are not attended to, rot may become established in wooden joists and floor boards leading to a risk of collapse in severe cases.

Mould may be seen with this type of dampness and even fungi are not uncommon if the defects are not addressed.

4.3. **Rising dampness**

This is caused by water rising from the ground into the home. The water gets through or around a defective damp proof course (DPC) or passes through the natural brickwork if the property was built without a DPC. Rising damp will only affect basements and ground floor rooms. It will normally rise no more

than 36 inches above ground level (900mm) and usually leaves a 'tide mark' low down on the wall. You may also notice white salts on the affected areas.

Rising damp will be present all year round but is more noticeable in winter. If left untreated it may cause wall plaster to crumble and paper to lift in the affected area. Mould will rarely be seen where there is rising damp (and then only in the early stages). This is because rising dampness carries with it salts that prevent the growth of mould.

4.4. **Condensation and mould growth**

This is by far the most common enquiry we receive from customers which often leads to a repair request.

Condensation is caused by water vapour or moisture in the air, inside the dwelling, coming into contact with a colder surface, such as a window or wall. The drop in temperature causes water to form on the surface. This water may then soak into the wallpaper, paintwork or plasterwork. Mould spores are invisible to the naked eye but are in the air all around us all of the time and will quickly grow on surfaces where condensation has formed into a visible covering.

Condensation can be more prevalent during the colder months and we often experience a spike in customer demand during Autumn and Winter. A symptom of condensation is mould growth which is usually found in the corners of rooms, north facing walls and on or near windows. It is also found in areas of little air circulation such as behind wardrobes and beds, especially when they are pushed up against external walls. It also forms in bathrooms and kitchens as they are high moisture areas or in properties which are overcrowded.

All homes are affected by condensation at some point. Condensation and mould growth can happen because of cooking, washing and drying clothes indoors etc. These all produce water vapour that can only be seen when tiny drops of water (condensation) appear on colder surfaces such as walls, windows, ceilings or mirrors and often unseen on clothing, shoes and furniture.

The amount of condensation in a home depends upon a number of things, most importantly-

- How much water vapour is produced in the course of living in a home
- How cold or warm the property is
- How much air circulation (ventilation)
- How well the property has been insulated.

Simply turning up the heating will not sort out the problem, this may only temporarily reduce condensation. All factors may need to be looked at to

reduce the problem. The first sign of a problem is often water vapour condensing on windows and other cold surfaces, which then takes a long time to disappear. This allows the surfaces to become damp resulting in mould growing on these damp areas.

5. Procedure / Process

How to Manage a Report of Damp or Mould and Condensation

5.1. First contact

- Call received by Customer First Centre
- A service request will be sent to Fuel advisor team for condensation
- Fuel advisor to give tailored advice to alleviate condensation and provide energy savings
- Where lifestyle factors are not considered to be the only driver of condensation, the Fuel Advisor should request the assistance of a Repairs, Investment & Compliance Officer (RICO) to help conduct a full survey of the property.
- Fuel advisor to leave monitoring/remedial products with the customer, hydrometers, mini dehumidifiers and mould wash down sprays to be left with every customer, consideration also for top up voucher for customers struggling to heat homes
- Where required raise a line for antifungal wash down via Go Mobile
- Fuel advisor to update Astra and feedback to Housing Specialist Team leads
- Housing specialist team to contact customer after 28 day period to assess effectiveness, where issue remains unresolved escalate to Repairs Investment & Compliance Team (bullet 3 below)

5.2. Repeat contact

- Customer calls with follow up or repeat contact. Customer Service Advisor probes if this is a follow up to an ongoing open case or if the case had been closed. Open cases will be referred to the Fuel Advisor with all qualifying information.
- In event the customer wishes to escalate their case or identify that their case was closed in the last 6/12 months, and this has reoccurred or identify that new condensation/mould/dampness issues exist. The case will be qualified by Customer Service Advisor and passed to Housing Specialist Team

- Housing Specialist Team will triage call and collaborate with FA to identify if a follow up visit or a joint visit with a RICO would be more appropriate. Identifying if issues have worsened or if new areas affected and if technical inspection may be required. At this point of escalation a report should be created jointly with RICO and Fuel Advisor to record the assessment and identify actions to resolve.
- The HST will look to resolve any repeat or recurring contacts. The objective to minimize any dissatisfaction, should the customer identify that they are still dissatisfied and look to pursue a complaint this will be recorded and progressed in line with complaints policy.

Fuel advisor to leave monitoring/remedial products with the customer, hydrometers, mini dehumidifiers and mould wash down sprays to be left with every customer, consideration.

5.3. How to Manage a Report of Defective plumbing

- Call received by Customer First Centre
- Customer Service Adviser will assess the repair type following discussion with the customer
- Repair will be categorised as either Emergency (response within 24 hours but typically within 4 hours) where the leak cannot be contained and will likely cause significant damage or as an Appointment (up to 15 days based on customer requirements but typically within 3 days) where the customer confirms for example that there is a minor drip which can be contained
- Most repairs of this type are first time fix, however where a trades operative identifies additional works for example water staining on ceilings below a bathroom, water damage to kitchen fitments, a follow on technical inspection will be arranged to establish any further remedial works.

5.4. How to Manage a Report of Penetrating dampness & Rising dampness

- Call received by Customer First Centre
- Customer Service Adviser will assess the repair type following discussion with the customer
- Repair will be generally be categorised as Programmed and an appointment will be arranged for a technical inspector to visit the property to fully diagnose the issue
- Most repairs of this type are associated with either defective guttering/downpipes and/or missing or dislodged roof tiles

Following the technical inspection remedial works will be completed within 30 days where possible (typically within 14 days). In some instances where the work is more complex or specialist in nature, repair works cannot always be carried out as part of the responsive repairs service as they generally require more planning, resources and non-standard materials. For reasons of efficiency, major repairs and specialist works may be grouped together in a programme of works

6. Turning insight into action

As well as addressing reports of dampness, mould and condensation effectively, taking a proactive approach will also be key to success. Such an approach is made increasingly possible through the insight that can be gained from the extensive repairs and investment history we have for our properties and from the data that can be collected on the environment in homes using sensor technology. Where applicable we will deploy analysis and sensor technology to build understanding and to inform action including campaigns, staff resource deployment and property investment.

7. Monitoring and Review

This Procedure will be reviewed every two years as Standard
This procedure will be reviewed should legislation, Regulations or internal organisational change and amendments are required

Report

To: West Lothian Housing Partnership Board

By: Natalya Macholla, Managing Director of Customer Service

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

Subject: Customer First Centre update

Date of Meeting: 9 February 2022

1. Purpose

1.1 To provide an update on the establishment of our Customer First Centre (“CFC”) since its internal launch on 1 December 2021.

2. Authorising and strategic context

2.1 Under the Group Authorising Framework and Group Authorise/Manage/Monitor Matrix, the Board is responsible for monitoring operational performance and implementing the Board’s strategy. Delivering exceptional customer experience and progressing from excellent to outstanding service are stated themes and objectives, and the CFC is a key part of our vision for realising this.

3. Risk appetite and assessment

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

3.2 We mitigated the risk of introducing a new CFC model by consulting all tenants on our plans, receiving very strong support from tenants.

4. Background

4.1 Our commitment to exceptional customer experience is a key theme in our strategy. Our strategy is very clear that *“Providing exceptional customer experience is, and always will be, at the heart of everything we do. Our customers deserve the very best and through the life of this strategy, that is what we will deliver.”*

4.2 Discussions with Boards across the Group as part of the development of our strategy highlighted that:

“Digital service delivery will be the norm, but we will ensure that no-one is left behind. We will prioritise the introduction of new service models in the first year of the strategy based on our experience of working during the pandemic, blending digital and face-to-face service whilst maintaining a strongly personalised approach.”

- 4.3 The pandemic changed how we delivered services in a way that no-one could have predicted. Now, through listening to what our tenants have told us, our new proposals will bring many key improvements to our services. At the forefront of this is the creation of our new CFC which will mark one of the single biggest changes to our service model in the 10-year life of Wheatley.
- 4.4 Our new CFC model will also provide a solid foundation for us to build the great repairs service we have outlined in our strategy. We are clear that we want a service that delivers on customer priorities and demonstrates value for money. We want the service to be increasingly tailored to meet the needs and expectations of different customer groups and we want it to be built on the principle that we will honour our commitments and fix things quickly when they do not go to plan. All of these are principles by which our CFC and our new way of working is built.

5. Customer engagement

- 5.1 Our strategy has a very clear focus on enhancing our customer engagement and a significant element of co-development and co-design with our customers. Our recent consultation with customers – ‘*Our new future – bringing it home to you*’, set out proposals for the CFC to be a key part of our new operating model. Over 5,000 tenants provided their views, with overwhelming support for the proposals.
- 5.2 The continual evolution and development of our CFC model is dependent on the feedback from our customers and staff on usability and customer experience. Already our CFC staff have been partnering with our Digital Innovation team and our Stronger Voices team to carry out customer usability testing to improve the customer experience across our online processes and transactions.
- 5.3 We are also working to develop a real-time customer feedback tool which will enable us to obtain instant feedback from customers across core customer journeys, including their experience of using the CFC. This will provide us with feedback that allows us to continually develop and enhance our CFC offering to continue to meet the needs of our customers.
- 5.4 In order to deliver our customer feedback approach we have contracted with Upland Software (‘Upland’) who specialise in real-time customer feedback technology. In December, we signed a three-year contract with Upland to deliver both a customer and employee voice solution. This will see us obtain real-time customer feedback across our core business areas and customer touchpoints. In addition to the customer voice, we will also use the technology to obtain employee feedback ensuring that we can undertake regular temperature checks on how our staff are feeling in our new way of working.

6. Discussion

Launching our Customer First Centre

- 6.1 The CFC launched its new service on Wednesday 1 December. This was a ‘soft’ launch internally within the Group. The CFC delivers a 24-hours a day, seven days a week model which will deal quickly and efficiently with customer enquiries at the first time of asking.

- 6.2 The new CFC will offer a personalised service and is where our customers will find all of the advice and support they need and in the one place. It will:
- be open 365 days a year, 24/7;
 - have highly trained and experienced housing professionals on hand to deal with routine enquiries such as registering for MyHousing, booking repairs and making appointments for wraparound services;
 - use technology to allow customers to be in touch by whatever means they prefer, at a time that suits them – by phone, social media, text or web-chat;
 - be the most efficient way for customers to get day-to-day problems solved and questions answered quickly; and
 - and free up community-based Housing Officers to spend more time in our communities, including supporting the most vulnerable face-to-face.
- 6.3 We want our customers to have an excellent experience when they draw down services, transact, receive information or engage with us on any level, on any matter, at any time. To embed this in our culture we have been running a series of workshops and briefing sessions with staff to talk to them about our new CFC model and how it will support our business and customer values. These sessions are something that will continue on a regular basis to ensure that we are continually obtaining staff feedback and importantly providing continual feedback and support to staff as we develop our new model and way of working.
- 6.4 The soft launch on 1 December has given us the opportunity to test the robustness and effectiveness of our new systems and practices before the more formal customer launch of the service.

Measures of Success

- 6.5 We have developed a suite of draft performance measures to assess the effectiveness of the new CFC model. These are listed at Table 1. These measures will continue to be developed through this month, and will be continually reviewed and monitored as the CFC model develops to ensure that these remain current and comparable with other sectors.
- 6.6 It is recognised that the CFC marks one of the single, biggest changes to our service model in the 10-year history of Wheatley. Our new measures are ambitious and reflect our want to deliver outstanding services to our customers and, importantly, a service that provides choice and which is underpinned by some key important principles; personalisation, ownership, commitment, customer-centric behaviour and digitalisation. It is these principles that we have aimed to build into and evidence in our performance framework.
- 6.7 As part of our development of our new measures, we have taken time to review how these are calculated and monitored. This has seen the introduction of more intricate day-to-day, real-time reporting and a move away from average calculations to measures based on daily actuals across a number of time intervals. This will make comparison with previous reporting challenging but provide us with a solid foundation to build from as we continue to develop our CFC model.

6.8 As we continue to develop our new performance management framework, it is recognised that some of these measures will take time, over the early months of the CFC operating, to reach the optimum level due to the high level of change we are managing. At the time of writing this report, some examples of the measures being considered are noted below:

Table 1

Area	Measure	Target
Phone System and Service (CISCO)	Percentage of calls answered within 30 seconds (core hours and out of hours)	80%
	Percentage and number of calls abandoned	<7%
	Percentage of CFC calls from staff	<2%
CFC Core Measures	Percentage first contact resolution by Customer Service Advisor	>65%
	Percentage of calls passed to Housing/Commercial Specialist Teams	<25%
	Percentage of repairs calls diagnosed as: <ul style="list-style-type: none"> i. emergency ii. next day appointments 	Baseline to be established
Email and Cases	Percentage of responses to email within customer commitment	2 days
	Average calendar days to resolve a case from the point of the customer's call	2 days
	Keeping our promises – on emails and cases: <ul style="list-style-type: none"> i. number of cases breaching timescales ii. median days late 	Value
Supporting Housing and Lowther staff	Percentage of repairs raised by Housing and Lowther staff	10%
	Percentage of CFC cases raised that are passed to Housing and Lowther staff for resolution	<10%
	ASTRA job queue – number and weekly trend (+/-)	Trend
Core Demand Measures	Total weekly calls from Lowther customers	<1,000
	RSL percentage calls raised for: <ul style="list-style-type: none"> i. Repairs ii. Allocations iii. Payments 	Baseline to be established

6.9 The CFC has currently been operational for nine weeks, but already there are positive signs of its impact. In this time, the CFC has handled over 115k calls and through the combined efforts of the Customer Service Advisors and Specialist Teams achieved a first contact resolution level of 94%. Call abandonment levels have reduced from almost 13% in November to approximately 8% in our first nine weeks of operating and are showing encouraging signs as we align resources with our new way of working.

6.10 Given our focus on first contact resolution, we are seeing noticeably higher handle times when compared to our previous model. However, we are trialling different approaches with our Specialist Teams to ensure that we are optimising ready time to ensure that we continue to answer calls quicker than ever before. We are also reviewing a number of areas where higher handle times are evident to ensure that we are providing solutions for staff which lead to a quicker route to a resolution.

Investing in our Staff

- 6.11 As part of the creation of the CFC, we have been delivering a suite of training to our CFC staff. The training has consisted of a full set of refresher training on our core business pillars (repairs, allocations, payments, etc.) as well as a programme of Customer Service Excellence training that focusses on the guiding principles that underpin our new model:
- **Personalisation:** delivering high quality outcomes for our customers and colleagues, reflecting customer's particular circumstances, across a range of channels and at times which suit our customers. Focus on bringing us closer to our customers than ever before.
 - **Ownership:** focus on staff feeling empowered to make decisions in order to support our ambitious plans of achieving a 90% resolution by the CFC, with the remaining 10% being resolved in our communities and face-to-face with our customers.
 - **Commitment:** focus on honouring the promises we make to our customers and taking responsibility for resolving issues raised by customers.
 - **Behaviours:** reinforcing to staff that the delivery of outstanding customer-centre behaviours is key. A focus on making interactions with customers seamless, reacting quickly when things do not go to plan and working hard to ensure that all customers have a positive experience when engaging with Wheatley.
 - **Digitalisation:** providing staff with an introduction to our digital ambitions. Reinforcing the message that we will focus on developing online services and implementing new technologies that add value to the customer and empower them to self-serve, whilst continuing to provide a personal, easy-to-use and trusted service that sustains positive relationships with our customers.
- 6.12 Given the extent of change in our model we will continue to review our training for CFC staff to ensure that they are well-equipped to continue to deliver outstanding services as our strategy and business continues to evolve.

7. Digital transformation alignment

- 7.1 Our Group strategy sets a clear direction and is underpinned by digital transformation. The CFC is incorporated across more than one of the seven core work streams outlined in our digital strategy. We are already reviewing our programme assumptions for the remainder of this year and into 2022/23 to take account of the new CFC. It will be critical to align IT work with the aims and ambitions of the new CFC model, and we are considering bringing the housing services and repairs work streams together under this theme for next year.

8. Financial and value for money implications

- 8.1 The changes to the Customer First Centre are incorporated in the current financial projections envelope and future costs will be reflected to updated business plans across the Group and as presented at this meeting.

9. Legal, regulatory and charitable implications

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

10. Equalities implications

10.1 There are no equalities implications associated directly with this report.

11. Environmental and sustainability implications

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

12. Recommendation

12.1 The Board is asked to note the progress to date in establishing our Customer First Centre.

Report

To: West Lothian Housing Partnership Board

Report by: Lynsey Fotheringham, Head of Housing

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

Subject: Performance report

Date of Meeting: 9 February 2022

1. Purpose

- 1.1 This report presents an update on performance delivering the targets in the performance framework and strategic projects for 2021/22 as of the end of quarter 3.
- 1.2 Dashboards with the measures for the five themes are attached as Appendix 1. A summary of progress delivering the strategic projects is presented in Appendix 2.

2. Authorising and strategic context

- 2.1 Under the terms of the Authorising Framework, the Board is responsible for setting the overall performance framework and approving the delivery plan for each year. Under the Authorise/Manage/Monitor Matrix, the Board has an ongoing role monitoring performance against the key indicators agreed under the performance framework.
- 2.2 Under the terms of the Intra-Group Agreement with Wheatley Group, as well as the Group Authorise, Manage, Monitor Matrix, our Board is responsible for approving regulatory returns including the Charter. It is also responsible for monitoring performance against agreed targets.

3. Risk appetite and assessment

- 3.1 Our agreed risk appetite in relation to board governance is “cautious”. This level of risk tolerance is defined as “preference for safe delivery options that have a low degree of inherent risk”. We mitigate this risk by reserving the agreement of individual performance targets and strategic projects to Boards and providing the Board with regular updates in relation to progress against these targets and projects.

4. Background

- 4.1 The Board agreed the Strategy for 2021 to 2026, ***Your Home, Your Community, Your Future***, in February 2021. At the same time, the Board also agreed the supporting Performance Framework, setting out the measures, targets and reporting arrangements that provide performance management and oversight of delivery for Boards and management.

4.2 This report outlines our performance against our Delivery Plan 2021/22, as at the end of quarter 3, with actions and updates where appropriate. Our key indicators that will be reported to the Scottish Housing Regulator as part of the Annual Return on the Charter are included within this report.

5. Customer Engagement

5.1 We presented a summary of the validated 2020/21 performance against our key Charter measures to the Tenant Scrutiny Panel in October, along with a comparison with the national average and an update on performance in the first part of 2021/22.

5.2 We also consulted the Tenant Scrutiny Panel on the new customer value approach that underpins the current Performance Framework. As noted previously to the Board, we are working with a provider to implement a suitable platform to gather more frequent customer feedback on the five customer service areas identified as part of the customer value approach: repairs, anti-social behaviour, environmental services, complaints handling and housing allocations. The first phase will allow us to capture feedback about repairs services.

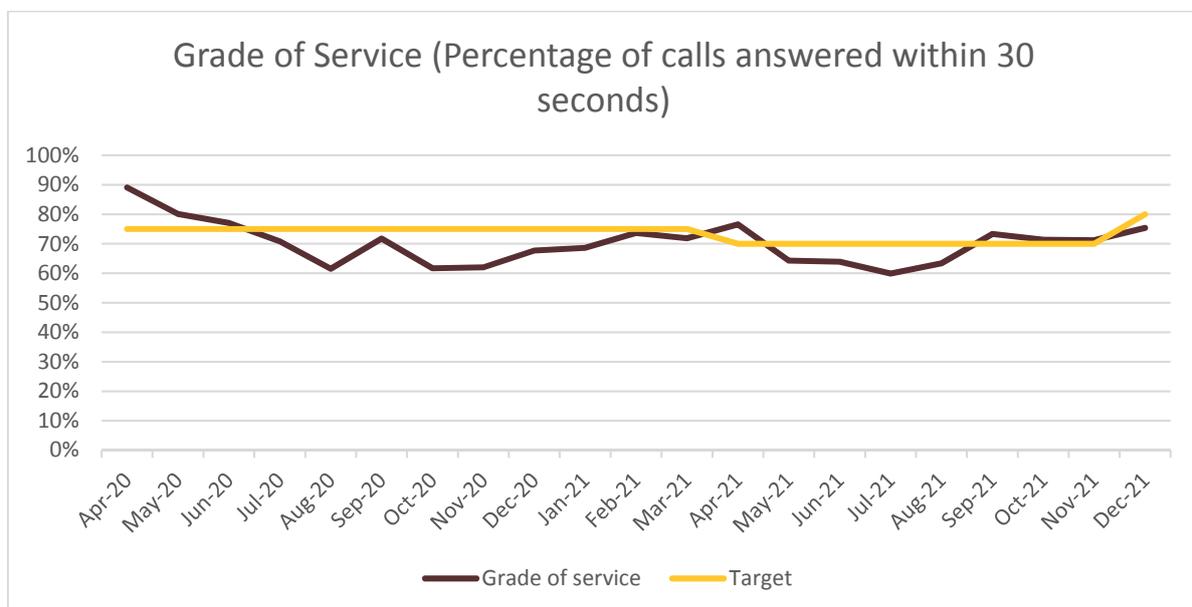
6. Discussion



Delivering Exceptional Customer Experience

Customer First Centre - Grade of Service

6.1 In the year to the end of December, the CFC answered 69.2% of calls within target. To the end of November, the target was 70% of calls within 60 seconds and from the 1st of December, 80% of calls within 30 seconds.



6.2 As part of the creation of the Customer First Centre, work has been underway to deliver a first contact resolution and outstanding customer experience across all our customer interactions. A centralised resource for customer contact will reduce resource pressure in other areas of the business, while providing a personalised service to our customers and one which is centred on honouring our commitments and taking ownership for our customer interactions.

Repairs Satisfaction

- 6.3 This rolling twelve-month Charter satisfaction measure continues to be based on a very small census size. This measure covers a rolling twelve-month period, and the current volume of surveys reflects the restricted service delivered during the pandemic. We have received 14 completed surveys in the last 12 months, with 79% of customers satisfied.

WLHP Charter Repairs Satisfaction	2021/22 Target	Current Value
	87%	78.6%

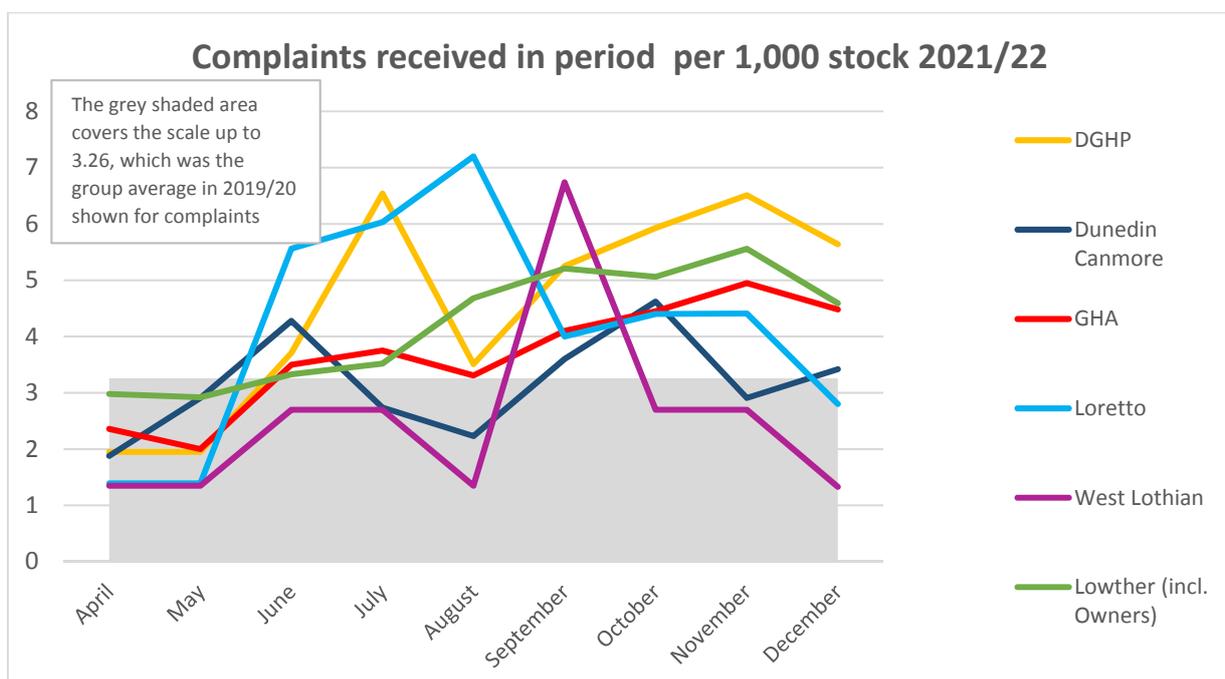
Tenancy Sustainment

- 6.4 The percentage of new tenancies sustained for more than a year, a Charter measure, is currently 95.38% and above the 90% target. We also measure sustainment excluding deaths and transfers. Since the last quarter our tenancy sustainment has shown improvement in the charter measure (from 93.48% to 95.38%).

RSL Tenancy Sustainment	Charter measure	Excluding deceased and transferred within Group
WLHP	95.38%	96.88%
Group	90.59%	92.38%

Complaints Handling

- 6.5 The number of complaints we have received reduced slightly in Q3 following the increase in Q2 as was expected when services remobilised. We received 17 complaints in the year to date. The number of complaints received in-month per 1,000 stock is favourable when compared to other Group RSLs.
- 6.6 The single largest category (47%) of complaints continues to be repairs. We expect call volumes and complaints to mirror the increased demand for repairs.



- 6.7 We have committed to meeting the Scottish Public Service Ombudsman (“SPSO”) guidance on handling complaints efficiently, responding within 5 working days for stage 1 complaints and within 20 working days for those complaints that are stage 2. We present the year to the end of December results in the following table.

Percentage of complaints Responded to in SPSO timescales	Stage 1		Stage 2	
	Complaints received	Percentage responded to within 5 working days	Complaints received	Percentage responded to within 20 working days
	17	100.0%	0	N/A



Making the Most of Our Homes and Assets

New Build Programme

- 6.8 The Group aim is to deliver 5,500 new homes over the course of the strategy. We have a target of delivering 72 units to Q3. We currently have four projects on-site with 12 handovers completed to the end of Q3. The following table shows the variance against targeted progress.

	Handovers	Target	Variance	Comment
WLHP	12	72	-60	
Jarvey Street	12	42	-30	12 units handed over in December 2021 with final units expected in Q4.
Almondvale	0	30	-30	First handovers are expected early March 2022.

Planned to Reactive Repairs Spending

- 6.9 We set a Strategic Result to achieve a ratio of planned to reactive repairs spend of 60% to 40%. Spend figures are subject to investment programme profiling throughout the year. Our ratio at the end of December, shown in the table below, shows that planned spend for is slightly lower than target, and the Group average (with reactive spend subsequently higher than target and the Group average).

Percentage Spend 2021/22	Planned	Reactive
WLHP	58%	42%
Group	62%	38%

Volume of Emergency Repairs

- 6.10 The table below shows our position against the Strategic Result to reduce the volume of emergency repairs by 10% by 2026 compared to the baseline year of 2019/20.
- 6.11 All emergency repairs volumes for Group RSLs are above the 2019/20 levels due to the Scottish Government restrictions that were in place, and our focus on delivering emergency repairs in the early part of 2021/22.

Emergency			
	YTD 2019/20	YTD 2021/22	Variance
WLHP	385	759	97%
Group	64,763	70,925	9.51%

- 6.12 The main reason for the increase in emergency repair within WLHP is the due to the increased in stock. Some postponed repairs also changed priority to become emergencies as the repair deteriorated.

Repairs Timescales and Right First Time

- 6.13 The average time taken to complete emergency and non-emergency repairs is detailed in the table below. The impact of increasing demand is shown on the average times to complete non-emergency repairs.

Time to deliver repairs (Charter)	Emergency (hours)		Non-emergency (days)	
	Target	Current Value	Target	Current Value
	3.00	3.07 	5.50	6.34 

- 6.14 All regions are maximising resource capacity and continuing to monitor performance frequently to deal with emerging issues or blockages to ensure end-to-end time is improved.

Percentage of repairs right first time (Charter)	2019/20	2021/22 YTD	Target
	96.4%	94.3%	95.0% 

Medical Adaptations

- 6.15 Since April, we have completed 21 adaptations in total with two households waiting. We continue to receive higher numbers of referrals than usual as occupational therapy services have resumed.
- 6.16 The average time to complete adaptations has decreased slightly from 26.18 days in Q2 to 23.7 days in quarter 3, continuing below targeted time. The table below shows the number of households waiting, completions and the average time to complete adaptations compared to the Group average.

Medical Adaptations	Current Households Waiting	Number Completed YTD	Average Days to Complete	Target
WLHP	2	21	23.7 days	35 
Group	147	1,1831	47.94 days	35 

Gas Safety

- 6.17 We continue to be in a 100% compliant position for gas safety. Current figures against the rolling 12-month Charter indicator have now returned to zero following reported expiries during last year due to the pandemic and restrictions.

Gas safety certificate expiries	2020/21	YTD 2021/22
WLHP	8	0
Group	2,078	0



Changing Lives and Communities

Peaceful Neighbourhoods

- 6.18 The Group five-year strategic target is 70% of our tenancies to be classed as “peaceful”. The percentage of tenancies throughout the Group categorised as peaceful has reduced slightly since September moving from 69.5% (62,334) to 69.4% (61,314) in December. Our CIP Police Information and Intelligence Team has identified the top repeat locations for all types of anti-social behaviour across the Group.

Percentage of Group tenancies classified as (year to date average):	2020/21		YTD 2021/22	
	Number	Percentage	Number	Percentage
Safe	6,529	7.3%	7,153	8.0%
Calm	20,931	23.3%	21,272	23.7%
Peaceful	62,279	69.4%	61,314	68.3%

- 6.19 Improvement to this measure requires a reduction in Police-recorded ASB in the safe and calm data zones. Across Group there are 25 Problem Location Packages currently allocated to CIP officers for action, down from 27 reported last month. Out of the 25 packages, 16 are currently being investigated and 9 are being monitored for any new incidents. None of these locations are within WLHP stock.

Accidental Dwelling Fires

- 6.20 We have collectively set a strategic result to reduce Group RSL accidental dwelling fires by 10% against the baseline of a total of 215 fires in 2020/21 (see the following table). WLHP reported 0 accidental dwelling fires in quarter 3.

Number of recorded accidental dwelling fires	2020/21				2021/22		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
WLHP	1	0	0	0	0	0	0
Group Strategic Result Total and Target	215				133 Annual Target = 210		

- 6.21 To achieve this Strategic Result, we will ensure that 100% of relevant properties have a current fire risk assessment in place. We have also implemented a programme to assess non-relevant properties (this will include future LivingWell properties) that are not currently mandated by legislation. WLHP are fully compliant in the completion of fire risk assessments.

Group Measure	YTD Position	2021/22 Year End Target
The percentage of non-relevant premises that have a current fire risk assessment in place according to risk profile (three-year programme to implement began in October 2020)	66.3% (118)	100%*

Reducing Homelessness

- 6.22 In the year to date, we made 37.80% relevant lets to homeless applicants, which is below the 50% target. “Relevant lets” excludes mutual exchange, tenancy changes and LivingWell lets for which our influence over the let is limited. The Charter measure includes these types of lets.
- 6.23 We have let 18 homes to homeless applicants to contribute to the Group’s Strategic Result of 10,000 households over the next five years. We rely on nominations from West Lothian Council for this. All re-lets are being offered to the council to maximise our opportunity to meet target following the suspension of nominations by the council in the early part of the year.

Percentage of Lets to Homeless Applicants	Relevant lets only				Charter measure	
	2020/21	In-month December	Year to Date	Target	2020/21	Year to date
	69.70%	33.30%	37.80%	50% ■	65.00%	34.60%



Developing our Shared Capability

Sickness Absence

- 6.24 WLHP lost 0.68% of working time due to staff sickness absence in the year to end of December, compared to last quarter’s figure of 0.94% and the target of 3%.



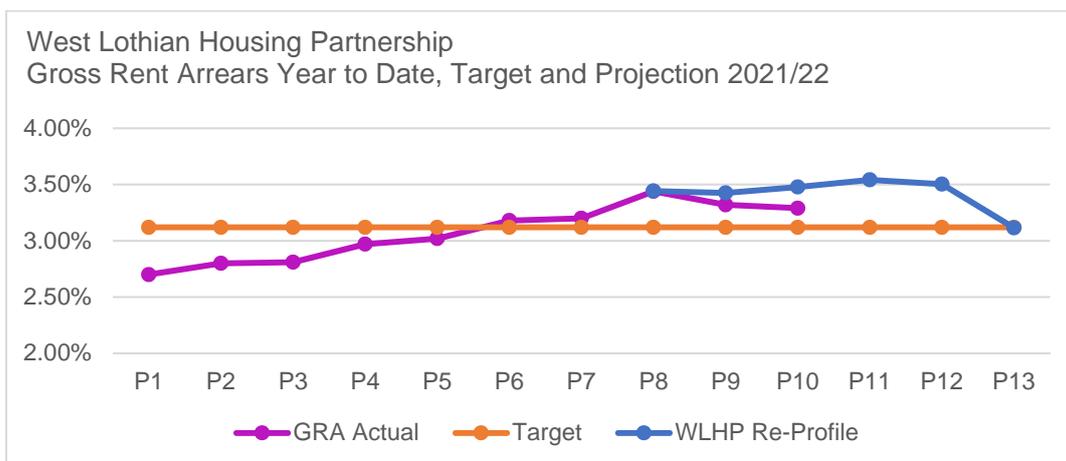
Enabling our Ambitions

Gross Rent Arrears

- 6.25 Our strategic aim is to reduce arrears across Group down to 4% by 2026.
- 6.26 Our Gross Rent Arrears (GRA) reduced in December by 0.03% (£895) to 3.29%. This time last year, arrears decreased by 0.06% (£1k) so there has been an increase by 0.04% since this time last year, a monetary increase of £4,271.
- 6.27 We are currently 0.17% above the 3.12% target. We are 0.2% above the 3.09% original projected performance for the period.
- 6.28 The Rental Income team is reprofiling WLHP’s arrears projections for this year based on upcoming estimated changes to ST, FT and FTWO figures.

Gross Rent Arrears	2020/21 Result	Current performance	Annual Target	Previous Period
WLHP	2.62%	3.29% ■	3.12%	3.32%
Group RSL average	4.48%	4.92% ■	5.03%	4.89%

6.29 Our projections estimated WLHP would end the year at 3.12%. Based on current performance, we expect arrears to increase over winter followed by a reduction to target by March. The chart below shows actual gross rent arrears, the target and the projections.



6.30 At the end of December, there has been a cumulative Group total of 19,612 customers who have been on Universal Credit (UC). The Group previously expected a total of 24,327 customers cumulatively on UC by the end of 2021/22. However, based on trends experienced in this current year to date we expect this to be approximately 23,000 by year-end. This is due to the number of customers who have come off UC not increasing at the same rate as it did last year. This year, the figure has reduced from 1,675 no longer on UC at year end 2020/21 to 1,659 no longer on UC in December 2021. As such these figures are likely to continue to fluctuate as customers move on and off UC. We currently have 224 customers claiming UC.

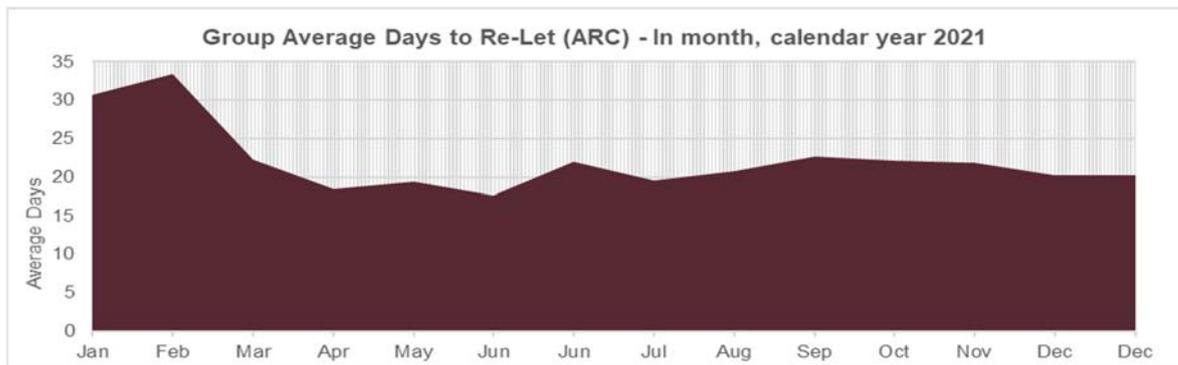
Average Days to Re-Let

6.31 Our target is to achieve average days to re-let a home of 15 days, so that we are in a recovered position post-pandemic to achieve the strategic target of less than 14.0 days in year two of the Strategy.

6.32 Our year-to-date average position is 5.95 days and is a slight increase from 5.53 days reported last quarter. This remains within our current quarter's target of 15 days. Despite our expectation of increased time to turnaround and re-let homes at this point in the year due to the impact of material shortages, we are performing well against the current target.

Average Days to Re-Let	In month - December	Current Year to Date		Cumulative Target – Q3	2020/21 Results
WLHP	N/A	5.95	■	15	19.78
Group	20.24	20.62	■	22.0	40.87

6.33 The following chart shows the in-month Group average days to let this year to date and last year for context.



Summary of Strategic Project Delivery

6.34 The full list of our strategic projects is attached to this report as Appendix 2. Out of the 13 strategic projects we are delivering during 2021/22, the following two projects have been completed since our last report.

- Strategic governance review
- Wheatley Green Investment Plan

6.35 There are 13 projects complete or on track, five projects are slipping against the milestones.

Theme	Complete	On-Track	Slipping	Overdue
Customer Experience	0	3	2	0
Homes and Assets	1	1	0	0
Changing lives and Communities	1	0	1	0
Developing our Shared Capability	2	0	0	0
Enabling our Ambitions	0	0	2	0
Total by Status	4	4	5	0

6.36 A separate agenda item provides an update on the

- Restructure funding syndicate –due to have completed by 31 December 2021.

6.37 Projects that are slipping against current milestones are:

- Develop a Wheatley Whole Family approach – project was due to complete by 31 March 2022. This project is now expected to complete in April 2022. It is proposed that the milestones are changed to reflect this new completion date.
- Develop new RSL online services model – originally due to complete by 31 March 2022 it is now anticipated that the project will be moved to 2022/23. This project is being reviewed by our Assurance Team as part of the internal review currently underway. Project being reviewed for timing and relevance given the introduction of the Customer First Centre and the work of the New Business Model Steering Group.

- Review Group Fire Prevention & Mitigation Framework including digital solutions – project is due by 31 March with 2 milestones currently overdue. The Fire Prevention and Mitigation Framework has been reviewed and approved in May 2021 to take account of Group Fire Safety approach during the next 5 years in line with the Group Strategy. Group Fire Safety Team have developed our own Home Fire Safety Visit process (Intervention Resource Request) that is currently being implemented. SFRS Safe and Well remains a concept and will be reviewed by Group Fire Safety Team when launched by SFRS. Note: SFRS is unlikely to launch its safe and well model in near future. Milestone 5 - Recommendations raised from FRA recorded electronically and tracked in PIMSS – FRA documents uploaded and recorded in PIMSS against Asset no.
- Establish digital maturity approach and assessments – project is due by 28 February 2022. One milestone is overdue and feedback planned for early Feb 2022

Conclusion

- 6.38 Quarter 3 has seen a continuation of the effects of the pandemic on our operational delivery and, in some instances, the expected impact has been greater than we anticipated. For example, we are seeing average days to let increasing slightly, however this still remains well within target.
- 6.39 Despite the continuing challenges posed for areas of our business, there are areas of emerging stronger performance across WLHP and some areas of recovery since our last report. Whilst rent arrears have increased, they did less than projected.
- 6.40 Our project delivery aims to introduce many of the new ways of working that our strategy is built on. We are building a more digital, more customer-focused and more efficient business, that will be prepared to deliver both our strategy and improved performance results in 2022/23.

7. Digital Transformation Alignment

- 7.1 There are no digital transformation themes aligned to the content of this report.

8. Financial and Value for Money Implications

- 8.1 The measures and projects included in this report were agreed as the Performance Framework and Delivery Plan for 2021/22. Both documents focus service delivery and improvement on the key priorities within the Group Strategy to make sure that financial and other resources are aligned with these priorities.
- 8.2 There are no direct financial implications arising from this report. Any financial requirements related to actions and projects within the report are subject to separate reporting and agreement.

9. Legal, Regulatory and Charitable Implications

- 9.1 The Scottish Housing Regulator requires an Annual Return on the Charter from us. Key indicators within this return are also included in monthly performance reporting. We approve our own returns annually with the figures being included in the year-end performance report to the Board. We are also required to involve tenants in the scrutiny of performance, which we do through the Tenant Scrutiny

Panel. Our performance is reported to tenants by October each year. Equality Implications

10. Equality implications

10.1 There are no proposals in this report relating to our duties under equality legislation or that have an adverse impact on equality.

11. Environmental and Sustainability Implications

11.1 We are developing further measures for environmental and carbon performance which will be brought back to the Board at a future meeting.

12. Recommendations

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

LIST OF APPENDICES

- 1) Strategic Results and Other KPIs Dashboard
- 2) Strategic Projects Dashboard

Appendix 1 - WLHP Board - Delivery Plan 21/22 - Strategic Measures

1. Delivering Exceptional Customer Experience

Measure	2020/21	YTD 2021/22		
	2020	2021		
	Value	Value	Target	Status
Average time for full response to all complaints (working days) - Stage 1	2.94	4.18	5	
Average time for full response to all complaints (working days) - Stage 2	N/A (none)	N/A (none)	20	
% new tenancies sustained for more than a year - overall	92.65%	95.38%	90%	
Group - Average waiting time (seconds)	64.38	119.97	60	
Group - % of first contact resolution at Hub	91.79%	90.46%	80%	

2. Making the Most of Our Homes and Assets

Measure	2020/21	YTD 2021/22		
	2020	2021		
	Value	Value	Target	Status
Reduce the volume of emergency repairs by 10% by 2025/26	April to December 19/20 – 385	+97% (increase due to doubling in stock numbers)	-10%	
Average time taken to complete emergency repairs (hours) – make safe	2.52	3.07	3	
Average time taken to complete non-emergency repairs (working days)	3.93	6.34	5.5	

Measure	2020/21	YTD 2021/22		
	2020	2021		
	Value	Value	Target	Status
% reactive repairs completed right first time	96.3%	94.25%	95%	
Number of gas safety checks not met	8	0	0	
Average time to complete approved applications for medical adaptations (calendar days)	40.25	23.71	35	
New build completions - Social Housing	8	12	72	
New build completions - Mid-market	0	0	0	

3. Changing Lives and Communities

Measure	2020/21	YTD 2021/22		
	2020	2021		
	Value	Value	Target	Status
% lets to homeless applicants	69.7%	37.80%	50%	
% lets to homeless applicants (ARC)	65.0%	34.60%	N/A	N/A
Number of lets to homeless applicants (contributes to 10,000 for Group by 2025/26)	26	18	N/A	N/A
Group - Over 70% of customers live in neighbourhoods categorised as peaceful by 2025/26	69.4%	69.5%	68%	
% ASB resolved	100%	100%	98%	
WLHP - Total number of jobs, training places or apprenticeships created including Wheatley Pledge	1	3	3	
Group - 100% of relevant properties have a current fire risk assessment in place	100%	100%	100%	

Measure	2020/21	YTD 2021/22		
	2020	2021		
	Value	Value	Target	Status
Group - The percentage of non-relevant (high rise) properties that have a current fire risk assessment in place	Programme started October 2020	66.29%	100%	
Number of accidental dwelling fires recorded by Scottish Fire and Rescue	0	0	N/A	

4. Developing Our Shared Capacity

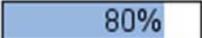
Measure	2020/21	YTD 2021/22		
	2020	2021		
	Value	Value	Target	Status
% Sickness rate	3.61%	0.68%	3%	

5. Enabling Our Ambitions

Measure	2020/21	YTD 2021/22		
	2020	2021		
	Value	Value	Target	Status
% lettable houses that became vacant	5.1%	7.03%	5.6%	
% court actions initiated which resulted in eviction - overall	No evictions	No evictions	33%	
Average time to re-let properties	19.78	5.95	15	
Gross rent arrears (all tenants) as a % of rent due	2.62%	3.29%	3.12%	

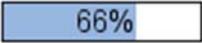
Appendix 2: WLHP Board - Delivery Plan 21/22- Strategic Projects

01. Delivering Exceptional Customer Experience

Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update Provided by Lead
Implement new engagement framework - Phase 1	31-Mar-2022			01. Stronger Voices Team structure agreed via workforce planning and recruited	31-Jul-2021	Yes	To date Customer Voices have been involved in neighbourhood assessments/customer journey mapping/focus groups on services, involving a variety of business leads. This has included the 43 rent focus groups carried out as part of the first phase of rent consultation. A launch of the Customer Voice programme is underway along with the launch of the new Customer First Centre and feedback to customers regarding the consultation on the new way of working/new way of engaging. The Rant & Rave contract for customer feedback has been signed and implementation is underway. The first priorities will be feedback on the Customer First Centre and the Voice of the Employee. ET considered the evaluation of the pilot and customer research into the community app on 21 December and agreed it was appropriate to pause work on this project to enable further
				02. Engagement plan for Customer and Community Voices developed	31-Aug-2021	Yes	
				03. Customer and Community Voices recruited - 50	30-Sep-2021	Yes	
				04. My Community App piloted, evaluated and preferred solution identified and agreed by ET	31-Jan-2022	Yes	
				05. Customer and Community Voices recruited - total 100	31-Mar-2022	No	

Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update Provided by Lead
							customer research into digital engagement and to reassess the scope within the changed operating model.
Develop a Wheatley Whole Family approach	31-Mar-2022			01. Scoping stage completed	31-Aug-2021	Yes	Consultant appointed in January and steering group established. Work is now due to complete by the end of April 2022
				02. Consultant appointed and Group project team identified	31-Oct-2021	Yes	
				03. Review of all primary insight and report on initial findings	31-Dec-2021	No	
				04. Customer and staff engagement undertaken	28-Feb-2022	No	
				05. Final report and action plan produced and approved by ET	28-Feb-2022	No	
Introduce new cloud based telephony system	31-Mar-2022			01. Carry out a review of telephony vendors and system capability	31-Jan-2022	No	We are continuing to engage with vendors to test the market and functionality available to us. This work will be complete by the timescale identified. Wider consideration is being given to the timing of implementing the new system given the significant change in the role of the CFC subsequent to this project and
				02. Review WFM platforms in line with telephony system	31-Jan-2022	No	

Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update Provided by Lead
				03. Business case for new cloud based telephony and WFM system approved by ET	31-Mar-2022	No	associated milestones being agreed at the start of the reporting year.
				04. Go-live approved by ET	31-Mar-2022	No	
Develop new RSL online services model	31-Mar-2022		<input type="text" value="0%"/>	01. Identify a leader plus small team of 2-3 in the business to focus on this work	31-Oct-2021	No	This project will be carried forward into 2022/23. The Customer First Centre (CFC) has been introduced since the project was initially conceived, and a new post to lead on our digital service model within this is being created. The focus in the CFC in its early stages is on phone, email and webchat. Some new RSL digital services are already being introduced, such as the environmental service app presented to the Board, but a comprehensive review and future plan will be developed in the new financial year.
				02. Review current online service offerings (baseline)	30-Nov-2021	No	
				03. Identify and engage with relevant service leads for 'baseline' services	31-Dec-2021	No	
				04. Use this to define our digital customer offering, approach and roadmap	31-Mar-2022	No	
				05. Develop customer digital engagement approach/strategy	31-Mar-2022	No	
				06. Co-ordinate our activity to	31-Mar-2022	No	

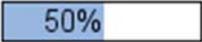
Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update Provided by Lead
				promote this to customers			
Refine Repairs Delivery Model	28-Feb-2022			01 Final 5 year review received from Campbell Tickell	31-May-2021	Yes	A wider repairs transformation programme is under development and will be reported to the Wheatley Group Board in February and partner Boards thereafter.
				02 Develop common approach for repairs service across West, East and South	31-Dec-2021	Yes	
				03 ET and Board approval of proposals	28-Feb-2022	No	

02. Making the most of our Homes & Assets

Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update Provided by Lead
Implement Group corporate estate model - phase 1	31-Mar-2022			01. DGHP Dumfries Hub developed and approved by ET	31-May-2021	Yes	The projects relate to other Group offices; there is no impact on WLHP's Bathgate office.
				02. Wheatley House prototype complete-	31-Jul-2021	Yes	
				03. New Mart Road Hub developed and approved by ET	31-Aug-2021	Yes	

Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update Provided by Lead
				04. Deliver Touchdown Points	30-Sep-2021	Yes	
				05. DGHP Dumfries Hub complete	28-Feb-2022	No	
				06. New Mart Road Hub complete	31-Mar-2022	No	
				07. Review Depots with outcome of review and proposals agreed by ET	31-Mar-2022	No	
Wheatley Green Investment Plan	31-Dec-2021			01. Develop Wheatley Green Campaign to align with COP26	30-Apr-2021	Yes	The COP 26 campaign was concluded and positive press coverage was achieved for various aspects Dialogue now established with SG officials on 'net-zero' bid with the aim of submitting this financial year
				02. ET agreement of COP 26 Green Campaign	31-May-2021	Yes	
				03. Green Investment Plan engagement with Scottish Government	31-Aug-2021	Yes	
				04. COP26 related campaign activities ends	31-Dec-2021	Yes	

03. Changing Lives & Communities

Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update Provided by Lead
Deliver a group wide Antisocial Behaviour Prevention & Mitigation Framework (ASBPMF) that maps out our approach to preventing, managing and mitigating ASB	30-Jun-2021			01. Draft ASB Prevention & Mitigation Framework prepared for Executive Team consideration	31-May-2021	Yes	The ASB Prevention & Mitigation Framework was approved by the WG Board on Monday 21st June 2021.
				02. Group Board approval of Framework	30-Jun-2021	Yes	
Review Group Fire Prevention & Mitigation Framework including digital solutions	31-Mar-2022			01. Undertake a review and update the Fire Prevention & Mitigation Framework	31-May-2021	Yes	Fire Prevention Mitigation Framework has been reviewed and approved in May 2021 to take account of Group Fire Safety approach during the next 5 years 2021 – 2026 Group Strategy Milestone 3 - Partially complete - Group Fire Safety Team have developed our own Home Fire Safety Visit process (Intervention Resource Request) that is currently being implemented. SFRS Safe and Well remains a concept and will be reviewed by Group Fire Safety Team when launched by SFRS. Note: SFRS is unlikely to launch its safe and well model in near future Milestone 5 - Recommendations raised from FRA recorded electronically and tracked in PIMSS – FRA documents
				02. Updated Framework approved by Group Board	31-May-2021	Yes	
				03. Explore & develop a Group response to the new Scottish Fire & Rescue Service 'Safe & Well' model	31-Dec-2021	No	
				04. Group response agreed by ET	31-Dec-2021	No	

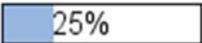
Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update Provided by Lead
				05. Explore digital solutions for capturing, recording, managing & reporting on Group Fire Risk Assessments, Fire Intervention Reports and vulnerable person visits	31-Mar-2022	Yes	uploaded and recorded in PIMSS against Asset no.
				06. Digital solutions proposals agreed by ET -	31-Mar-2022	No	

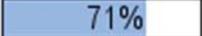
04. Developing our Shared Capability

Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update Provided by Lead
Develop new leadership development programme	31-Jul-2021			01. Expand existing Leading in a Digital Era programme	31-May-2021	Yes	Scope and content of the senior leadership programme has now been agreed.
				02. New Leadership Development programme developed for all people leaders,	31-May-2021	Yes	

Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update Provided by Lead
				reflecting the new operating model			
				03. ET approval of new Leadership Development Programme	31-Jul-2021	Yes	
Strategic governance review	31-Oct-2021			01. Scope agreed by Group Board	30-Apr-2021	Yes	The Group Board agreed an implementation plan and this is now being considered by each partner Board
				02. External review undertaken	31-Jul-2021	Yes	
				03. Group Board agree recommendation	31-Oct-2021	Yes	
				04. Group Board agree implementation plan	31-Oct-2021	Yes	

05. Enabling our Ambitions

Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update Provided by Lead
Restructure funding syndicate	31-Dec-2021			01. Board agree strategy for restructure	31-Oct-2021	Yes	Update paper on agenda for each Board at their February meeting
				02. Implementation of restructure	31-Dec-2021	No	

Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update Provided by Lead
Establish digital maturity approach and assessments	28-Feb-2022			01. Revise baseline of current metrics (revisit Azets review)	31-May-2021	Yes	All milestones complete to date and final milestone expected to be completed on time.
				02. Define and establish core maturity metrics across 21/22	30-Jun-2021	Yes	
				03. Define projects and activities/outcomes linked to maturity goals across roadmaps	30-Jun-2021	Yes	
				04. Communicate targets for progression	31-Jul-2021	Yes	
				05. Perform mid-year review	31-Oct-2021	Yes	
				06. Update on progress to WS Board	30-Nov-2021	No	
				07. Produce end of year report and plan for 2022 for ET approval	28-Feb-2022	No	

Report

To: West Lothian Housing Partnership Board

By: Lyndsay Brown, Financial Controller

Approved by: Pauline Turnock, Director of Financial and Legal Services

Subject: Finance Report

Date of Meeting: 9 February 2022

1. Purpose

- 1.1 The purpose of this report is to provide the West Lothian Housing Partnership (“WLHP”) Board with:
- An overview of the management accounts for the period to 31 December 2021 and the Q3 forecast out-turn for 2021/22

2. Authorising and strategic context

- 2.1 Under the terms of the Intra-Group Agreement between The West Lothian Housing Partnership 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.

3. Risk appetite and assessment

- 3.1 Our agreed risk appetite in WLHP’s Performance against Group is “Open”. This level of risk tolerance is defined as “Prepared to invest for reward and minimise the possibility of financial loss by managing the risks to a tolerable level”.
- 3.2 Delivery of financial results within approved budgetary limits is a key element in delivering our strategy and maintaining the confidence of investors. This report provides the Board with an update of performance to date to allow it to discharge its role in monitoring performance and agreeing any actions required.

4. Background

- 4.1 This report outlines performance against budget for the period to 31 December 2021.

5. Customer Engagement

5.1 No direct implications.

6. Discussion

6.1 This report outlines performance against budget with the appendix providing more detail on the financial results.

6.2 Period to 31 December 2021

- We have reported a statutory surplus of £197k in the period to 31 December 2021, £1,772k adverse to budget.
- Total income is £2,116k adverse to budget driven by lower grant income recognised on the completion of new build properties due to the delay at Jarvey Street and Almondvale. The delay is also reducing rental income which is £56k adverse to budget. Void losses are running at 0.3% and are £29k favourable to budget.
- Total expenditure of £2,626k is £180k favourable to budget with favourable variances across all areas of expenditure. Staff costs savings have resulted from a vacancy and the secondment of a Housing Officer to another subsidiary. Running costs reflect the continued savings generated to date from the ongoing impact of the working from home model.
- Repairs and maintenance costs are £35k favourable to budget, however this is forecast to be in line with budget by year end.
- Core investment expenditure of £600k is £101k favourable to budget, it is expected spend will be in line with budget by year end as works fully resume.
- New Build expenditure of £7,065k is £4,644k lower than budget due to lower than expected spend at several sites including Winchburgh BB, Sibbalds Brae and Blackness Road. At Sibbalds Brae planning approval has been delayed and the site will now progress as a golden brick development with minimal spend now expected this year.

6.3 Q3 2021/22 full year forecast

- The full year forecast net operating surplus is expected to be £512k favourable to budget, mainly due to higher levels of grant income recognised in the year with Winchburgh O which is completing earlier before the year end. After taking account of financing costs, the statutory surplus of £12,354k is £735k favourable to budget. Interest costs are lower for the full year reflecting the benefit of the loan restructuring in March 2021.
- Capital expenditure forecasts have been prepared on a conservative basis and are subject to continued ability to source materials and components to deliver planned works.
- Core programme and other capital expenditure are forecast to be in line with budget.

- The new build programme is £5,648k lower than budget for the year and has been reprofiled to take account of the changes to the approval and scheduling of projects at Sibbalds Brae which is now likely to progress as a golden brick site, at Preston Crescent with a site start now expected in early 2022/23 and works at Winchburgh BB and Blackness Road continuing to report spend running later than programmed in the budget. Grant income claimed is expected to be £4,423k below the original budget reflecting the lower than expected spend detailed above.

7. Digital transformation alignment

7.1 No direct implications

8. Financial and value for money implications

8.1 Underlying surplus after deducting major repairs and interest costs from EBITDA was £310k YTD for period 9 compared to budgeted underlying deficit of £111k, with the variance driven by lower levels of expenditure and lower interest costs.

9. Legal, regulatory and charitable implications

9.1 No direct implications.

10. Equalities implications

10.1 No direct implications.

11. Environmental and sustainability implications

11.1 No direct implications

12. Recommendations

12.1 The Board is requested to note the management accounts for the year period to 31 December 2021 at Appendix 1

LIST OF APPENDICES

Appendix 1: Finance report - period to 31 December 2021



Period to 31 December 2021 Finance Report

1) Period 9 YTD - Operating Statement

	Year to 31 December 2021			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
INCOME				
Rental Income	2,811	2,867	(56)	3,920
Void Losses	(9)	(38)	29	(51)
Net Rental Income	2,802	2,829	(27)	3,869
Other Income	2	0	2	32
Grant Income Recognised in the Year	836	2,927	(2,091)	12,467
TOTAL INCOME	3,640	5,756	(2,116)	16,368
EXPENDITURE				
Employee Costs - Direct	376	421	45	581
Employee Costs - Group Services	54	54	(0)	69
Direct Running Costs	156	225	69	296
Running Costs - Group Services	39	39	(0)	49
Revenue Repairs and Maintenance	445	480	35	647
Bad Debts	7	38	31	51
Depreciation	1,549	1,549	0	2,065
TOTAL EXPENDITURE	2,626	2,806	180	3,758
NET OPERATING SURPLUS / (DEFICIT)	1,014	2,950	(1,937)	12,610
<i>Net Operating Margin</i>	28%	51%	-23%	77%
Interest receivable	0	0	(0)	1
Interest payable	(817)	(982)	165	(991)
STATUTORY SURPLUS / (DEFICIT)	197	1,968	(1,772)	11,619

	Year to 31 December 2021			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
INVESTMENT				
Total Capital Investment Income	2,100	5,748	(3,648)	7,274
Total Expenditure on Core Programme	600	701	101	828
New Build & Other Investment	7,065	11,709	4,644	15,975
Other Capital Expenditure	54	50	(5)	67
TOTAL CAPITAL EXPENDITURE	7,719	12,459	4,740	16,869
NET CAPITAL EXPENDITURE	5,619	6,711	1,092	9,595

Key highlights year to date:

Net operating surplus of £1,014k is £1,937k adverse to budget. Statutory surplus for the period to 31 December is £197k, £1,772k adverse to budget. The main driver of the variance is a lower level of grant income recognised, offset in part by expenditure savings.

- Total income is £2,116k adverse to budget. Grant income recognised to date relates to 12 units completed at Jarvey Street. The budget assumed the completion of 42 properties at Jarvey Street and 30 properties at Almondvale by the end of December which are delayed until later in the year. Net rental income is £27k adverse to budget, also due to delayed handovers at Jarvey St and Almondvale resulting in lower than budgeted rental income.
- Total expenditure of £2,626k is £180k favourable to budget. Employee costs of £376k are £45k favourable to budget, due to a Housing Officer vacancy and staff recharges for one FTE to a different group subsidiary which were not budgeted.
- Running costs are £69k favourable to budget resulting from savings in office running costs generated while staff continue to work from home.
- Gross interest payable of £817k is £165k favourable to budget following the restructuring of WFL 1 fixed rate loans in March.
- Core investment expenditure of £600k is £101k lower budget, it is expected that spend will be in line with budget by year end as works fully resume.
- New Build expenditure of £7,065k is reported at the end of period 9 with the variance of £4,644k driven by delayed spend at several sites including Blackness Road (£0.7m), Winchburgh BB (£0.7m) and Sibbalds Brae (£2.8m) where planning approval has been delayed. This site is now likely to progress as a golden brick development with minimal spend now expected this year. The overall underspend is offset by Winchburgh O where progress has been quicker.
- Grant income of £2.1m has been received in the year to date for Winchburgh O (£1.6m) and Blackness Rd (£0.5m). The budget of £5,748k included expected grant receipts for Winchburgh O, Sibbalds Brae and Blackness Road.

2) Period 9 only - Operating Statement

	Period 9 - December 2021			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
INCOME				
Rental Income	320	336	(16)	3,920
Void Losses	(2)	(4)	2	(51)
Net Rental Income	318	332	(14)	3,869
Other Income	0	0	0	32
Grant Income Recognised in the Year	836	2,927	(2,091)	12,467
TOTAL INCOME	1,154	3,259	(2,106)	16,368
EXPENDITURE				
Employee Costs - Direct	50	47	(3)	581
Employee Costs - Group Services	6	6	(0)	69
Direct Running Costs	16	22	6	296
Running Costs - Group Services	4	4	(0)	49
Revenue Repairs and Maintenance	51	63	12	647
Bad Debts	4	4	(0)	51
Depreciation	172	172	0	2,065
TOTAL EXPENDITURE	303	318	15	3,758
NET OPERATING SURPLUS / (DEFICIT)	851	2,941	(2,090)	12,610
<i>Net Operating Margin</i>	<i>74%</i>	<i>90%</i>	<i>-17%</i>	<i>77%</i>
Interest receivable	0	0	(0)	1
Interest payable	(91)	(119)	28	(991)
STATUTORY SURPLUS / (DEFICIT)	760	2,822	(2,062)	11,619

Key highlights year to date:

- The table shows the operating statement for period 9 only. Net operating surplus of £851k is £2,090k adverse to budget. Statutory surplus for the month is £760k, £2,062k adverse to budget.
- Total income of £1,154k is £2,106k adverse to budget driven by lower grant income recognised than budgeted due to delays to completions at Jarvey St and Almondvale. This has also had an effect on rental income, which is £16k adverse to budget for the period as the properties have not be available to let.
- Total expenditure of £303k is £15k favourable to budget, with the largest variance in repairs and maintenance costs
- Interest expenditure is £28k favourable to budget due to restructuring of WFL1 loans in March 2021.
- Core programme expenditure is £45k over budget due to catch up work brought on by delays to works earlier in the year. New build expenditure is £563k below budget. Grant income is also £229k less than budget.

	Period 9 - December 2021			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
INVESTMENT				
Total Capital Investment Income	243	472	(229)	7,274
Total Expenditure on Core Programme	96	51	(45)	828
New Build & Other Investment	776	1,339	563	15,975
Other Capital Expenditure	2	6	4	67
TOTAL CAPITAL EXPENDITURE	874	1,396	522	16,869
NET CAPITAL EXPENDITURE	631	924	293	9,595

3) Underlying surplus – P9 December 2021

Key comments:

- The Operating Statement (Income and Expenditure Account) on page 2 is prepared in accordance with the requirements of accounting standards (Financial Reporting Standard 102 and the social housing Statement of Recommended Practice 2014).
- However, the inclusion of grant income on new build developments creates volatility in the results and does not reflect the underlying cash surplus/deficit on our letting activity.
- The table below therefore shows a measure of underlying surplus which adjusts our net operating surplus by excluding the accounting adjustments for the recognition of grant income and depreciation, including capital expenditure on our existing properties.
- In the period to December 2021, an underlying surplus of £310k has been generated using this measure which is £421k favourable to budget. The variance is driven by the lower levels of staff, running and bad debt costs, core programme investment and interest expenditure. The full year budget reflects an underlying surplus of £390k.

WLHP Underlying Surplus - December 2021				
	YTD Actual £ks	YTD Budget £ks	YTD Variance £ks	FY Budget £ks
Net operating surplus	1,014	2,950	(1,936)	12,610
add back:				
Depreciation	1,549	1,549	0	2,065
less:				
Grant income	(836)	(2,927)	2,091	(12,467)
Net interest payable	(817)	(982)	165	(990)
Total expenditure on Core Programme	(600)	(701)	101	(828)
Underlying surplus	310	(111)	421	390

4) Management Information - Employee & Running Costs

Employee Costs	Year to 31 December 2021			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
Salary/NIC/Pension	417	449	32	620
Staff Costs Capitalised	(42)	(30)	12	(39)
Overtime	1	-	-	-
TOTAL	376	419	43	581

Comments

Employee Costs

- Employee costs of £376k are £43k favourable to budget. Salary and on-costs are £32k lower than budget linked to a housing officer vacancy and an adjustment relating to a member of staff whose costs are now being recharged to another subsidiary.

Direct Running Costs	Year to 31 December 2021			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
Consultancy/Legal/Insurance	26	24	(2)	32
Environmental Recharges	22	23	1	30
Initiatives	30	34	4	41
Office & Property	75	138	63	185
Staff Related Costs	3	6	3	8
TOTAL	156	225	69	296

Running Costs

- Direct running costs of £156k are £69k 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	Year to 31 December 2021			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
Helping Hand	1	2	1	2
Tenancy Support Service	6	7	1	9
Think Yes	3	4	1	5
Wheatley Foundation	20	21	1	18
Wider Action	-	-	0	6
TOTAL	30	34	4	41

Initiatives

- The annual donation to the Wheatley Foundation was paid in period 1.

5) Management Information - Repairs and Investment

Repairs & Maintenance	Year to 31 December 2021		
	Actual £ks	Budget £ks	Variance £ks
Responsive Repairs	353	365	12
Cyclical Maintenance	79	111	32
Communal Heating	13	4	(9)
TOTAL	445	480	35

Key Comments:

Repairs

- Repairs and maintenance expenditure of £445k is £35k favourable to budget.
- Responsive repairs costs are £12k favourable to budget. Cyclical maintenance costs are £32k favourable to budget, while communal heating is £9k adverse to budget.

Investment	Year to 31 December 2021		
	Actual £ks	Budget £ks	Variance £ks
Void	44	29	(15)
Core Investment	499	618	119
Capitalised Staff	57	54	(3)
TOTAL	600	701	101

Investment

- Core investment spend of £499k is £119k lower than budget due to works at Buttries View and some customer voice projects not progressing as planned. Window replacements at Pyothall Court have been brought forward from 22/23 to ensure this shortfall is spent by year end and the works at Buttries View will progress next year. Void costs of £44k are £15k adverse to budget largely due to works now being completed following the remobilisation of services.

6) Investment Expenditure – Regeneration

	Year to 31 December 2021			Full Year Budget £'000
	Actual £'000	Budget £'000	Variance £'000	
Almondvale	2,923	3,264	341	3,994
Blackness Road	448	1,138	690	1,420
Deans South	5	-	(5)	-
Dixon Terrace	1	150	149	150
Jarvey Street	1,059	1,515	456	1,815
Kirk Lane	1	23	23	23
Raw Holdings	15	-	(15)	-
Linkston Road	-	-	0	112
Preston Crescent	-	530	530	1,097
Sibbalds Brae	2	2,837	2,835	3,718
Winchburgh Ph1	36	-	(36)	-
Winchburgh O	2,449	1,423	(1,026)	1,873
Winchburgh BB	41	743	703	1,659
Capitalised Employee Costs	86	85	(1)	113
TOTAL INVESTMENT	7,065	11,709	4,644	15,975
GRANT INCOME	2,100	5,748	3,648	7,274
NET CAPITAL EXPENDITURE	4,965	5,961	996	8,701

WLHP new build spend by end of December totalled £7.1m, which was £4.6m under budget.

- Almondvale (MMR/26 and SR/120): following a review of handover dates, completion of 94 social rent units now expected in 2021/22 with the remaining 52 units completing by May 2022.
- Blackness Road (MMR/6 and SR/8): Monthly certificates now being received.
- Jarvey Street (SR/42): 12 units completed in December. Handover dates for remaining 30 units now February 2022.
- Sibbalds Brae (SR/29): Planning approval has been delayed, and also site will likely now progress as a golden brick development. The combination of these factors results in the likely of no spend this financial year.
- Winchburgh O (Barratt Homes) (SR/20): First handovers expected in January 2022 with remaining units to complete in February/March 2022.
- Winchburgh BB (MMR/34 and SR/47): Original proposal was for 85 units, now reduced to 81 units follow changes made during the planning process. Approved by Board in November 2020 on the basis of a build contract with Allan Water Homes but developer has not held tender price. Alternative delivery options being reviewed to deliver site via McTaggart Construction. Site acquisition / site start still targeted for 2021/22.
- Raw Holdings (MMR/25 and SR/38) Approved by Group Development Committee in November 2021. MMR units to progress via Lowther direct. Acquisition/site start anticipated this financial year.

7) Balance Sheet

	31 December 2021 £'000	31 March 2021 £'000
Fixed Assets		
Social Housing Properties	60,838	54,808
Other Fixed Assets	252	198
	<u>61,090</u>	<u>55,006</u>
Current Assets		
Trade & Other Debtors	305	263
Cash & Cash Equivalents	744	603
	<u>1,049</u>	<u>866</u>
Creditors: within 1 year		
Trade Creditors	(2)	(1)
Accruals & Deferred Income	(14,172)	(13,876)
Prepayments of Rent and Service Charge	(126)	(99)
Other Creditors	(81)	(91)
Amounts due to Group Undertakings	(2,266)	(1,010)
	<u>(16,647)</u>	<u>(15,077)</u>
Net Current Liability	<u>(15,598)</u>	<u>(14,343)</u>
Long Term Creditors		
Amounts due to Group Undertakings	(26,977)	(22,476)
Pension liability	(70)	(70)
Net Assets	<u>18,445</u>	<u>18,249</u>
Capital and Reserves		
Share Capital	-	-
Revenue Reserve	18,446	18,249
Partnership's funds	<u>18,446</u>	<u>18,249</u>
	(0)	0

Key Comments:

- The balance sheet reported reflects the audited 31 March 2021 year end statutory accounts position after completion of the audit. Year end adjustments applied include the revaluation of housing properties and actuarial valuation of the defined benefit pension scheme.
- The value of our fixed assets reflects additions in the year less depreciation.
- **Trade & other debtors** of £305k include rent arrears of £132k after bad debt provision. This compares to arrears of £90k at 31 March 2021.
- **Cash at Bank** – At 31 December WLHP had £744k 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 £16,647k include £2,266k due to other Wheatley entities and £14,172k in accruals and deferred income, primarily grant 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 £25m of loans due to WFL1 less fees paid. This borrowing has primarily been used to fund the new build investment programme.

8) Quarter 3 Forecast to 31 March 2022

	2021/22 Budget £ks	Q3 Forecast £ks	Variance £ks
INCOME			
Rental Income	3,920	3,859	(61)
Void Losses	(51)	(22)	29
Net Rental Income	3,869	3,837	(32)
Other Income	32	41	9
Grant Income Recognised in the Year	12,467	12,893	426
TOTAL INCOME	16,368	16,771	403
EXPENDITURE			
Employee Costs - Direct	581	536	45
Employee Costs - Group Services	69	72	(3)
Direct Running Costs	296	227	69
Running Costs - Group Services	49	51	(2)
Revenue Repairs and Maintenance	647	647	-
Bad Debts	51	51	-
Depreciation	2,065	2,065	-
TOTAL EXPENDITURE	3,759	3,650	109
NET OPERATING SURPLUS / (DEFICIT)	12,609	13,121	512
<i>Net Operating Margin</i>	<i>77%</i>	<i>78%</i>	<i>-1%</i>
Interest receivable	1	1	-
Interest payable	(991)	(768)	223
STATUTORY SURPLUS / (DEFICIT)	11,619	12,354	735
INVESTMENT			
Total Capital Investment Income	7,274	2,851	(4,423)
Total Expenditure on Core Programme	828	828	-
New Build & Other Investment	15,975	10,327	5,648
Other Capital Expenditure	67	67	-
TOTAL CAPITAL EXPENDITURE	16,869	11,221	5,648
NET CAPITAL EXPENDITURE	9,595	8,370	1,225

Comments

- This table shows the 2021/22 budget presented to the Board compared to the Q3 forecast for 2021/22. The forecast reflects the results in the year to date as well as the expenditure for the remaining 3 months of 2021/22
- The forecast operating surplus of £13,121k is £512k favourable to budget. Statutory surplus forecast of £12,354k is £735k favourable to budget, due mainly to a favourable variances in grant income recognised and expenditure savings.
- Grant income recognised is £426k favourable to budget mainly attributable to Winchburgh site O being forecast to complete this financial year, brought forward from 22/23 (£1,625k), partially offset by the delay of Almondvale MMR being delayed to 22/23 (£1,200k).
- Rental income is £61k adverse to budget due to delays in Jarvey St and Almondvale completions. These are forecast to be partially offset by Winchburgh site O completions being ahead of schedule. Other income is £9k favourable to budget, due to an increase in forecast medical adaptations grant being claimed, offset partially by a delay in Almondvale MMR handovers.
- Staff costs reductions reflect the current year variance and assume staff costs will be in line with budget for Q4. Group services employee costs are forecast to be £3k higher than budget and include a share of the additional resource in the new Customer First centre
- Running costs reflect the continued savings anticipated from ongoing impact of the working from home model.
- Interest payable reflects savings as a result of the conversion of fixed rate loans to variable rates in March 2021.
- New build expenditure and grant income as well as core investment programme expenditure have been updated to reflect the revised spend profile.
- New build expenditure is forecast to be £5.6m under budget. Key sites where there is expected to be lower than budgeted spend are Sibbalds Brae (£3.7m below budget) which is now likely to progress as a golden brick site, Preston Crescent (£1.1m below budget) which is likely to be delayed with a site start expected in early 22/23, Winchburgh BB (£1.5m) and Blackness Road (£0.2m) which is now on site. Underspend is partially offset by Winchburgh O which is forecast to be £1.1m overspent to budget due to faster progress on site.
- Grant income is expected to be £4.4m below the original budget reflecting the lower than expected spend detailed above with the main variances also at Sibbalds Brae, Preston Crescent and Winchburgh BB which again is expected to be partially offset by higher than budgeted grant for the quarter for Winchburgh O (£0.3m).

Report

To: West Lothian Housing Partnership Board

By: Lynsey Fotheringham, Head of Housing

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

Subject: Corporate risk register

Date of Meeting: 9 February 2022

1. Purpose

- 1.1. To provide a revised Corporate Risk Register at Appendix 1 for agreement and approval by the Board.

2. Authorising and strategic context

- 2.1. In accordance with the Group Authorise/Monitor/Manage Matrix, the Group Board is responsible for managing and monitoring the Wheatley Group Risk Management Framework. The Board is responsible for managing and monitoring its Corporate Risk Register and Risk Appetite in accordance with the Group Risk Management Framework.
- 2.2. Risk registers are in place across the Group and are reported to each subsidiary board on a quarterly basis. These capture risks that may impact on the delivery of the Board's strategic aims.

3. Risk appetite and assessment

- 3.1. Each identified risk has been scored in line with the Group's risk management policy and considered using the Group's risk appetite matrix.

4. Background

- 4.1. During 2021/22, the Internal Audit team has continued work to implement the findings arising from a 2019/20 review of the Group's risk management practices, which has been delayed by Covid-19. Four of the six agreed actions have been completed, with completion of the remaining two following on from the planned risk appetite workshops with subsidiary Boards in Spring 2022. Given the current partnership discussion, it is not intended that we hold such a workshop until the outcome of those discussions has been determined.

- 4.2. In addition, the Group received a report in October 2021, that summarised the results of Campbell Tickell’s independent review of the Group’s governance arrangements. The report identified 11 recommended actions for further development of the Group’s risk management arrangements. Proposals for implementation of these actions will be reported to the Group Audit Committee in February and be presented for approval by the Wheatley Group Board. Once implemented, risk reporting to this Board will be refreshed.
- 4.3. One of the Campbell Tickell actions related to the frequency of risk reporting at subsidiary Boards and consequently the Group has agreed to move to quarterly reporting of risk to Subsidiary Boards.

5. Customer engagement

- 5.1 There are no customer engagement implications arising directly from this report.

6. Discussion

- 6.1. Key strategic risk areas have been identified through a high-level review of our evolving strategies, operational risks and the current operating environment. A full copy of the proposed Corporate Risk Register is included at Appendix 1.
- 6.2. All of the risks within the risk register have been reviewed and updated where required. The following table summarises the proposed changes to the Corporate Risk Register arising from that review.

Risk Reference	Risk Title	Proposed change
WCRR12	Securing new funding and adverse market changes	Minor amendment to description of controls.

- 6.3. The Board is asked to consider and approve the proposed changes.

7. Digital transformation alignment

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

8. Financial and value for money implications

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

9. Legal, regulatory and charitable implications

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

10. Equalities implications

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

11. Environmental and sustainability implications

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

12. Recommendation

12.1. The Board is asked to review and approve the revised Corporate Risk Register.

List of Appendices

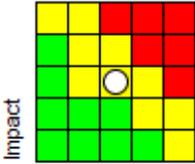
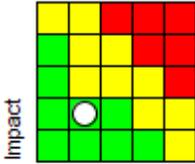
Appendix 1 WLHP Corporate Risk Register - Draft for Approval

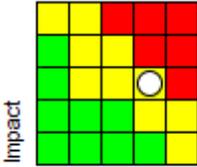
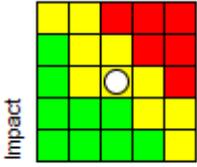
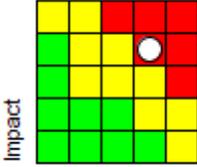
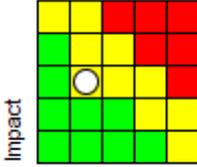
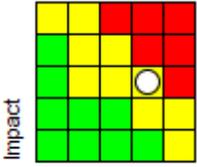
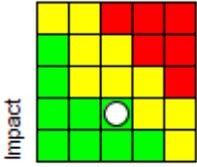
Appendix 2 Risk Scoring Definitions

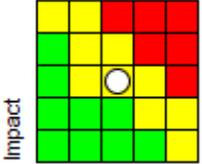
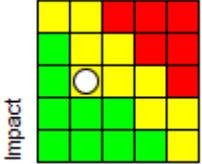
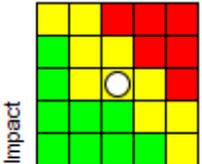
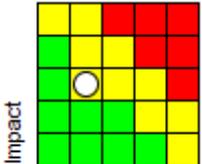
Appendix 3 Risk Appetite Definitions

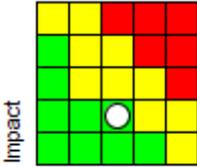
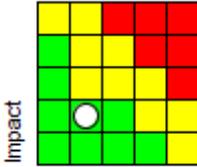
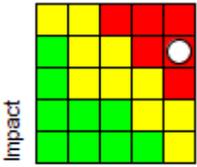
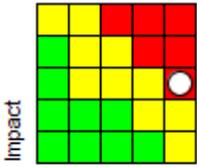
Appendix 1 – Draft WLHP Corporate Risk Register February 2022

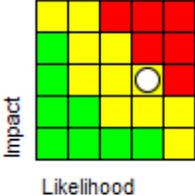
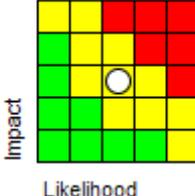
Code & Title	Description	Inherent risk score	Existing Controls / Monitoring & Check	Residual Risk score	Risk Appetite
WCRR01 Business Continuity / Disaster Recovery	The Wheatley Housing Group does not have adequate or tested Business Continuity / Disaster Recovery plans in place for key business activities (for example: repairs service, care provision/staff cover, customer payment systems/technology) including those with significant contractors, resulting in significant disruption to service and avoidable reputational damage.		<p>Business Continuity Plans are in place across all business areas.</p> <p>A business continuity implementation group is responsible for collating, reviewing and designing the Group's Disaster Recovery and Business Continuity Plans.</p> <p>The business continuity framework is being further developed in line with the Group's new business operating model and in light of experience through the COVID-19 pandemic.</p>		Cautious
WCRR02 Governance Structure	The governance structure is not clearly defined, is overly complex and lacks appropriate skills at Board and Committee levels to govern the Group effectively. Failure of corporate governance arrangements could lead to serious service and financial failures.		<p>The Group's authorising environment has been agreed and the Corporate Strategy highlights the importance of the need for continual Board development enabling the Board and Committee members to remain strategically focused, and governance training is provided as appropriate. Formal succession planning for Board members is in place. Governance arrangements are regularly reviewed by the Scottish Housing Regulator, external consultants, internal and external audit functions.</p> <p>Subsidiary Board structures may be rationalised from time to time to reduce complexity, e.g. as has been done with Wheatley Care and Lowther/YourPlace.</p>		Cautious
WCRR03 Rent arrears including Universal Credit	The impact of Covid-19, including legislation to prevent evictions, increased lead-in times and uncertainty around Sherriff eviction decisions, as well as the closure of the Furlough scheme and the continued expansion of Universal Credit,		<p>Staff across the Group – including frontline housing teams, the customer service centre and communications – run ongoing campaigns and programmes of contact with customers affected by financial hardship and with problems in paying their rent, whether caused as a result of Covid-19, the</p>		Cautious

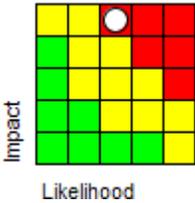
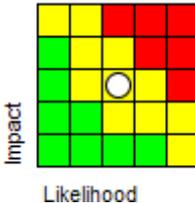
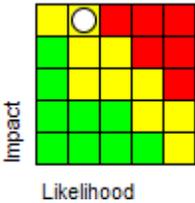
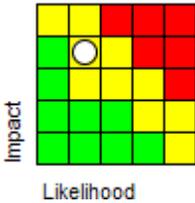
Code & Title	Description	Inherent risk score	Existing Controls / Monitoring & Check	Residual Risk score	Risk Appetite
	<p>continue to impact on our rental income stream and increase our arrears.</p> <p>This also has negative impacts for customers, with increasing financial hardship.</p>		<p>wider issues with Universal Credit or for other reasons.</p> <p>This includes a dedicated Universal Credit team, use of GoMobile for staff to assist customers with online transactions and working with partners to influence the UK and Scottish policy and funding environment.</p> <p>Online service portals are more accessible and housing officers are becoming more available. Our small housing patch sizes provide a key mitigation, allowing staff to work proactively with customers before their debts become unmanageable, drawing in Wheatley 360 support services such as welfare benefits advice, as required.</p> <p>The Group business plan also contains a significant buffer within its assumptions for risk in relation to bad debts and rent arrears. In addition, arrears performance is reviewed by boards at every meeting.</p>		
<p>WCRR04 New builds</p>	<p>The failure to meet RSLs planned new build programmes could result in failure of Business Plan growth targets, impacting on;</p> <p>(i) effective utilisation of borrowed money;</p> <p>(ii) RSL's reputation with its customers and other RSLs,</p> <p>(iii) RSL's growth and market share and</p> <p>(iv) RSL's financial position and</p> <p>(v) compliance with the Group's golden rules for borrowing money.</p>	 <p>Impact</p> <p>Likelihood</p>	<p>Building strong relationships with council and other external partners.</p> <p>Regular monitoring and management of delivery in conjunction with the Group investment team.</p> <p>Group Specialists support for managing difficult contract situations.</p> <p>Monitoring compliance with the Group's golden rules.</p> <p>Escalations – regarding Jarvey Street Development.</p> <p>Group Development Committee oversight.</p>	 <p>Impact</p> <p>Likelihood</p>	<p>Open</p>

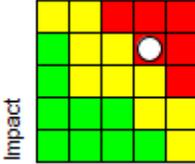
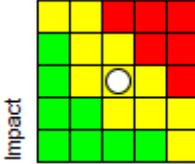
Code & Title	Description	Inherent risk score	Existing Controls / Monitoring & Check	Residual Risk score	Risk Appetite
WCRR05 Political and Policy Changes	The risk that political and policy changes (both Scottish and UK) affect the ability of Wheatley Housing Group to deliver strategic objectives resulting in significant adverse reputational impact.	 <p>Impact</p> <p>Likelihood</p>	<p>The current policy and national political environment brings a degree of uncertainty. The Group has an established stakeholder management framework in place and relevant Managers will be focussed on responding to changes in policy and administration as they arise.</p> <p>The Group's policy of not building homes for sale also mitigates potential property market risk.</p>	 <p>Impact</p> <p>Likelihood</p>	Cautious
WCRR06 Failure to recruit, develop, retain, and succession plan	Failure to recruit, develop, retain and succession plan for high quality / qualified staff, resulting in reduced levels of service provision, staff not competent to perform their job to expected standard and achieve strategic objectives.	 <p>Impact</p> <p>Likelihood</p>	<p>My Contribution process for all staff and integrated with MyAcademy.</p> <p>Training Logs for all staff with training courses at the Academy and online Leadership Development programme, succession planning and talent management programme.</p> <p>HR policies on recruitment and selection.</p> <p>IGNITE Graduate Programme to bring in new talent across Group RSLs and Wheatley Solutions.</p> <p>Employee satisfaction surveys.</p>	 <p>Impact</p> <p>Likelihood</p>	Open
WCRR07 Laws and Regulations	Non-compliance with statutory law and regulations, including but not limited to: (i) Scottish Housing Regulator and Care Inspectorate regulations (ii) Financial Conduct Authority (FCA) regulations, (iii) compliance with Health and Safety Building Regulations (iv) Freedom of Information (Scotland) Act, (v) General Data Protection Regulations, and (vi) OSCR, the Scottish Charities Regulator	 <p>Impact</p> <p>Likelihood</p>	<p>A Group-wide Scottish Housing Charter Assurance process is supported by the Tenant Scrutiny Panel reviewing outcomes.</p> <p>FCA regulations are considered when new products and services are developed.</p> <p>Qualified personnel undertaking capital improvement works as well as suitable sign off and compliance checks of new installations (e.g. external wall coverings), to ensure these meet relevant building standards.</p> <p>New product offerings follow a clear route to governance, with approval required from the Executive Team before formal approval is requested from the Group Board.</p>	 <p>Impact</p> <p>Likelihood</p>	Averse

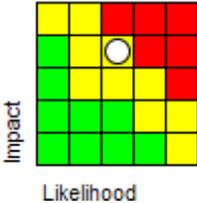
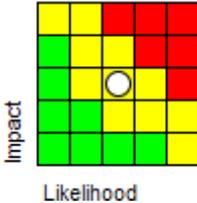
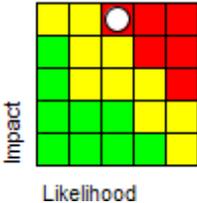
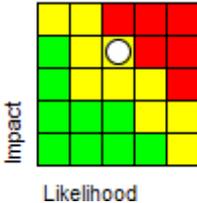
Code & Title	Description	Inherent risk score	Existing Controls / Monitoring & Check	Residual Risk score	Risk Appetite
	resulting in adverse feedback, loss in confidence from regulators, funders, customers and potential partners, as well as potential fines and penalties.		<p>Legal and financial advice is obtained for all financial offerings to customers.</p> <p>Compliance Plan monitored on an ongoing basis and any issues raised to Executive Team and Audit Committee on an exceptions basis. The Group has ongoing relationship management with Regulator.</p> <p>Group wide approach to how the Group manages information.</p> <p>Privacy Impact Statements to be implemented across the Group.</p> <p>Changes to existing legislation are identified and implemented by identified responsible officers across the Group.</p>		
WCRR08 Pension contributions	Increases in the required pension contributions for all Group pension funds may lead to potential cost pressures for the Group.	 <p>Impact</p> <p>Likelihood</p>	<p>The Group's Pensions Policy sets out a range of measures to manage pension costs. We have established a Wheatley Group defined contribution scheme which will be the default arrangement for new joiners and auto-enrolment in future for most subsidiaries</p> <p>We are also consolidating SHAPS and LGPS schemes where possible to reduce the risk of cessation liabilities being triggered.</p>	 <p>Impact</p> <p>Likelihood</p>	Averse
WCRR09 Repairs	Interdependencies and capacity issues in using WLHPs principal repairs contractor (Dunedin Canmore) impacts on customer service and tenant satisfaction with repairs.	 <p>Impact</p> <p>Likelihood</p>	<p>Monitoring of tenant satisfaction with repairs.</p> <p>Monitoring by WLHP management of operational delivery.</p> <p>Scheduled meetings between WLHP Management and Dunedin Canmore repairs personnel to discuss service delivery.</p> <p>Monitoring by repairs contractor (Dunedin Canmore) of staff utilisation and quality of workmanship.</p> <p>Understanding of stock profile.</p>	 <p>Impact</p> <p>Likelihood</p>	Open

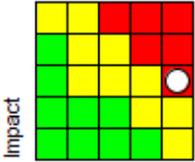
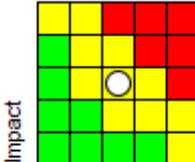
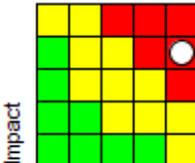
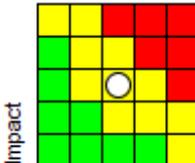
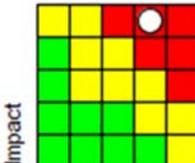
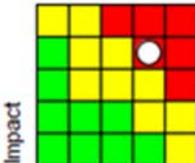
Code & Title	Description	Inherent risk score	Existing Controls / Monitoring & Check	Residual Risk score	Risk Appetite
WCRR10 Mid-Market Rent developments	Existing tenants may be unclear on their eligibility in applying for new build Mid-Market Rent properties leading to increased potential for customer dissatisfaction. <i>It is acknowledged this is low risk, in an area with open risk appetite. However, management currently wish to monitor this risk and have retained the risk on the WLHP Corporate Risks Register.</i>	 <p>Likelihood</p>	Clear communications to tenants in relation to MMR new build programme, including pricing structure Standard approach developed for dealing with customer enquiries in relation to MMR.	 <p>Likelihood</p>	Open
WCRR11 Supply chain disruption	There is a risk of delays in the sourcing of goods and materials, or of Wheatley Care workforce challenges arising from the impact of macroeconomic events such as the post-Brexit trade deal, Covid manufacturing productivity challenges and global purchasing behaviours such as US/Asia mega-purchasing; resulting in increased costs and / or delays for new build and property investment and repairs works, or negative impacts on the wellbeing and satisfaction of People We Work For.	 <p>Likelihood</p>	<p>General Procurement procedures include assessment of suppliers' financial health. Proactive monitoring of supply chains by Operational leads with regular contract management meetings. Regular engagement with Scottish Government on cost or delay impact as potential issues emerge. In the event of supplier insolvency, procurement frameworks / approved supplier listings would be used to identify alternative suppliers.</p> <p>Repairs Service Manage stock levels including, where possible, advance purchase of components and materials. Engagement with key suppliers. Specific contingency plans for key services e.g. lifts. Local staff directly employed by DCPS.</p> <p>Investment Programme Manage stock levels of components and materials. Engagement with key suppliers.</p> <p>New Build Regular engagement with new build contractors where the Group's financial exposure is greatest to test financial standing.</p>	 <p>Likelihood</p>	Cautious

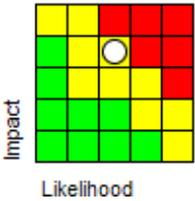
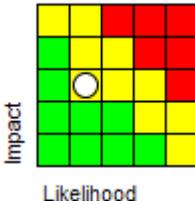
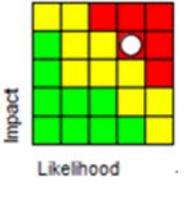
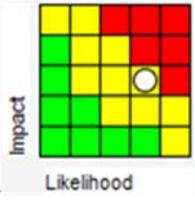
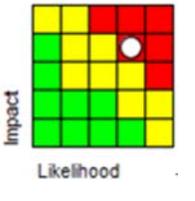
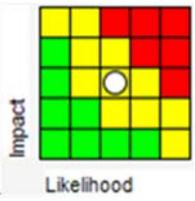
Code & Title	Description	Inherent risk score	Existing Controls / Monitoring & Check	Residual Risk score	Risk Appetite
			<p>Monitor on a site basis the availability and adequacy of contractor's resource on site – consider increased clerk of works monitoring to ensure quality of workmanship.</p> <p>Operational Supplies Utilisation of Group and 3rd party frameworks to minimise price increase risk. Engagement with key suppliers on stock levels.</p> <p>Wheatley Care Working with SG via membership organisations to understand potential level of risk. Contingency plans to mitigate locally and maintaining a 16-week stock of PPE.</p>		
<p>WCRR12 Securing new funding and adverse market changes</p>	<p>There is a risk that the Group's ability to raise borrowing at cost-effective rates or raise the funds required to meet our liquidity Golden Rules is limited by wider economic or political conditions such as another banking crisis, rising interest rates, default in the sector, increasing focus on ESG credentials or constitutional changes; resulting in an inability to hold enough cash to meet our commitments or achieve our business objectives.</p>		<p>Our strategy is to diversify funding sources and relationships, providing a range of options for future funding in the event of adverse funding market changes.</p> <p>Our liquidity Golden Rules are designed to ensure that we have sufficient cash available for two years + 25% contingency, and this rule is re-assessed annually by the Group Board. Compliance with these is reported to the Group and WFL Boards quarterly. We also review our approach to hedging in respect of interest rate risk on a quarterly basis.</p> <p>We do not borrow in currencies other than sterling to reduce exchange rate risks, including in the event of a potential future change in currency, nor do we borrow from non-UK domiciled investors (with the exception of the EIB).</p> <p>The Group's Internal Rate of Return (for appraising and approving projects) will be revised when finance costs increase to ensure new build projects do not become loss-making.</p>		<p>Averse</p>

Code & Title	Description	Inherent risk score	Existing Controls / Monitoring & Check	Residual Risk score	Risk Appetite
			Annual ESG reporting in place with reports issued alongside the statutory accounts. A Sustainability Financing Framework will be issued was published in Q3 2021/22, which will be accredited following accreditation by S&P.		
WCRR13 Compliance with funders' requirements	There is a risk of defaulting on loan agreements as a result of failing to meet or maintain compliance with loan agreements. This would result in withdrawal of the funding, potential for cross-default on other facilities, difficulty in obtaining future funding from other funders, and would likely result in higher cost of funding.	 <p>Impact</p> <p>Likelihood</p>	<p>Regular meetings with funders and investor representatives to update on financial status of the Group.</p> <p>Financial performance monitored monthly and covenant compliance reviewed quarterly by the Group Board, before being submitted externally to funders.</p> <p>Covenant compliance monitoring tool introduced by Finance. Funder requirements document identifies key dates and requirements.</p> <p>Financial performance is monitored on an ongoing basis through monthly reporting cycle and Group/subsidiary Board review of management accounts.</p> <p>Subsidiary and Group Business Plans are subject to annual updates and review by respective Boards. In addition, ongoing dialogue is maintained with relevant credit rating agencies in order to mitigate the risks of unexpected rating changes.</p>	 <p>Impact</p> <p>Likelihood</p>	Averse
WCRR14 Group Credit Rating	There is a risk that external factors such as a downgrade of the UK's credit rating or a default by another organisation within the social housing sector results in a downgrading of the Group's credit rating to BBB+ or below, resulting in a potential requirement to repay our European Investment Bank loans, a reduction in the availability of future borrowing, and/ or an increase in the cost of current debt.	 <p>Impact</p> <p>Likelihood</p>	<p>The Group's business plan is designed to maintain a strong stand alone credit rating, for example excluding build for sale. Our financial Golden Rules include maintaining strong levels of liquidity to mitigate refinance risks.</p> <p>Ongoing dialogue is maintained with relevant credit rating agencies in order to mitigate the risk of unexpected rating changes which are controllable.</p> <p><i>Mitigation drafting used in legal clauses</i> - in the event the rating fell to BBB+, the legal clauses are</p>	 <p>Impact</p> <p>Likelihood</p>	Averse

Code & Title	Description	Inherent risk score	Existing Controls / Monitoring & Check	Residual Risk score	Risk Appetite
			<p>specific that this is not an event of default (thereby avoiding cross-default).</p> <p><i>Negotiation period</i> – the legal clauses provide for a period to negotiate with EIB on mitigating measures, such as revisions to covenants or posting of increased security/collateral.</p> <p><i>Standby funders to replace EIB if necessary</i> – A strong relationship is maintained with EIB to mitigate future risk from external factors causing a credit rating downgrade. Strong investor/lender relationships are maintained with a number of other organisations at all times in case of unanticipated funding need.</p>		
<p>WCRR15 Cyber Security</p>	<p>There is a risk that the Group is subject to a cyber-attack due to a failure of the Group's cyber security arrangements such as:</p> <ul style="list-style-type: none"> - staff not aware of policies and procedures - technology is out of date - inadequate management of end of life services <p>resulting in an inability to deliver services, and potential financial loss.</p>	 <p>Impact</p> <p>Likelihood</p>	<p>IT cyber security live tests undertaken and results reported to ET and Group Board.</p> <p>Group IT has an information and cyber security approach that covers</p> <ul style="list-style-type: none"> i) overall Information Security Policy for Group, and ii) staff engagement and training across 5 key learning themes. <p>Established processes across key risk areas: Information Security Response / Access Controls / Secure Disposal / Group Data Protection Policy /IT Cloud Services Policy / Vendor Security Assessments.</p> <p>Group IT is externally assessed annually on information security and IT general controls via 3rd party auditors.</p> <p>A Bi-Annual cyber security assessment is conducted by NCC across 20 key control areas.</p> <p>An internal Information Security Working Group has been established within technical teams across Group IT.</p>	 <p>Impact</p> <p>Likelihood</p>	<p>Averse</p>

Code & Title	Description	Inherent risk score	Existing Controls / Monitoring & Check	Residual Risk score	Risk Appetite
			Bi-annual cyber security update reported to the Group Audit Committee.		
WCRR16 Customer satisfaction	Customers do not feel our homes and services meet their needs and/or the standards they expect, leading to declining customer satisfaction.	 <p>Impact</p> <p>Likelihood</p>	<p>Customer service excellence is a key element of 2021-2026 strategy. We use a variety of methods to collect customer feedback, both during the year and annually. This information helps us understand customer views and informs our delivery and investment plans every year. This will be augmented by a range of new approaches to improve satisfaction among particular target groups such as young families. The new performance management framework will also include a stronger focus on measuring drivers of customer value in our key services.</p> <p>Small housing officer patch sizes of 1:200 allow housing staff to deliver personalised services under the ThinkYes approach.</p>	 <p>Impact</p> <p>Likelihood</p>	Hungry
WCRR17 Fire Safety	There is a risk that a failure to comply with relevant fire safety standards for our buildings results in harm to the health or safety of our customers and/or staff, leading to injuries or fatalities, enforcement action and reputational damage.	 <p>Impact</p> <p>Likelihood</p>	<p>Group Fire Safety Team focuses on identification of fire preventions actions for implementation by MDs. Quarterly reporting of implementation of actions to Group Audit Committee.</p> <p>Out with relevant premises, Fire Prevention and Mitigation Framework including our approach to high rise block inspections and Livingwell, and Fire Risk Assessments.</p> <p>Extensive compliance and investment regime to achieve compliance with building safety regulations (as required) and best practice guidance.</p>	 <p>Impact</p> <p>Likelihood</p>	Averse

Code & Title	Description	Inherent risk score	Existing Controls / Monitoring & Check	Residual Risk score	Risk Appetite
WCR19 Ongoing threat of future waves of Covid-19 and/ or another pandemic	The risk of future waves of Covid-19 and/or another pandemic along with the risk of further periods of lockdown (either Scotland wide or by geographical area) may result in previously remobilised services being paused.	 <p>Impact</p> <p>Likelihood</p>	<p>Through lessons learnt from previous lockdown and remobilisation, services now have contingency plans (both Group wide and at a local level in place) for future waves and/or another pandemic. Housing officers can now deliver services from home.</p> <p>These include protocols for different grades of service model depending on the level of government restrictions (according with the levels system), Operational Safety Manual amendments which can be reinstated at short notice depending on the situation and 16-week PPE forward supply stocks being maintained at all times.</p> <p>We have a clear set of links with Scottish Government and other stakeholders through our standing place on the sector resilience group which allows us to quickly input to and understand Scottish Government responses and guidance.</p>	 <p>Impact</p> <p>Likelihood</p>	Cautious
WCR20 New operating model implementation	The implementation of a new operating model as we emerge from the Covid-19 crisis, including changing staff patterns/places of work, reducing the number of offices and placing greater reliance on technology could be poorly implemented and communicated, leading to staff disengagement and lack of support from our trade union partners.	 <p>Impact</p> <p>Likelihood</p>	<p>The Customer Consultation on the new operating model continues, and results of the completed consultation were reported to Boards for consideration.</p> <p>Operational planning for implementation is in progress, including the delivery of the Customer First Centre. A New Business Model Steering Group meets fortnightly to facilitate this planning.</p> <p>Executive team receives regular reporting of plans and has oversight of plans, including for the Customer First Centre.</p>	 <p>Impact</p> <p>Likelihood</p>	Open
WCR21 Post-2021 Housing Policy and Grant availability	There is a risk that without sufficient Scottish Government financial support we may be unable to deliver some of the Scottish Government and EEESH2 targets in relation to energy efficiency.	 <p>Impact</p> <p>Likelihood</p>	<p>Wheatley Group staff are meeting with Scottish Government representatives regularly to proactively present the case for housing investment to Ministers and senior officials directly and through our representative bodies SFHA and CIH. This includes participating in the Scottish Government review of grant availability.</p>	 <p>Impact</p> <p>Likelihood</p>	Cautious

Code & Title	Description	Inherent risk score	Existing Controls / Monitoring & Check	Residual Risk score	Risk Appetite
			A Green Investment Plan proposal has been developed and will form the basis of direct discussions with the Scottish Government. Financial scenario planning in place to understand potential impact on the new build programme and other investment requirements of a variety of reduced grant allocation scenarios.		
WCRR22 Covid-19 vaccination roll-out	There is a risk that a lack of clarity over employers' responsibilities in relation to the Covid-19 vaccine, including employment law and data protection implications of requiring staff to notify their employer and / or the vaccine being made mandatory for certain roles, results in reputational damage and / or potential breach of employment law or data protection regulations.		The Employee Relations team continues to consult with employment law advisers to obtain ongoing legal advice. The Group continues to liaise closely with trades unions and staff to develop its approach. Data privacy notices for Care staff have been updated to allow the Group to keep a record of which staff have received the vaccine, and work to updated privacy notices for all Group staff continues. Care management is monitoring uptake levels as part of a local risk assessment approach.		Averse
WCRR23 Climate Change impact on Group assets and services	There is a risk that the Group's inability to adapt to results of climate change results in damage to the value of our assets and our ability to deliver services.		Business continuity plans (both at Group and local level) provide for operational responses to extreme weather events such as flooding and severe winter snow (e.g. "Beast from the East" type events). Climate Impact Assessment report commissioned from external consultants (Foresight report). Performance Reporting team has commissioned report to overlay climate change impacts on Group's geographic locations.		Cautious
WCRR24 Meeting stakeholder expectations on climate change	The Group is not able to deliver climate-change mitigation activities that meet the expectations of key stakeholder requirements and regulatory requirements.		Our strategy includes an objective to reduce emissions from our corporate activities to be carbon neutral by 2026. We have detailed asset information and baseline data, an ESSH 2 plan is under development and we are in discussions with the Scottish Government about funding to accelerate investment in our		Cautious

Code & Title	Description	Inherent risk score	Existing Controls / Monitoring & Check	Residual Risk score	Risk Appetite
			<p>properties through a Wheatley Green Investment Plan.</p> <p>We produce an annual ESG report for investors setting out our progress on the environmental agenda and will produce a sustainability framework for investors to support the raising of sustainability-linked finance in future.</p> <p>In addition to ESG reporting, increased public messaging around our work in relation to climate change.</p>		

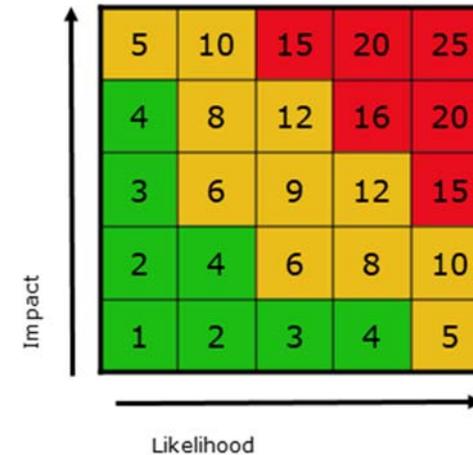
Appendix 2 - Risk Scoring Definitions

Impact scoring for strategic risks

Risk Rating Score	Impact Classification	Reputation	Health, Safety and Welfare	Finance
1	Insignificant	Managed/reported to Business Unit Local media (short term duration)	Minor injury cleared with first aid treatment	Up to £100,000
2	Minor	Managed/reported to Departmental Management Team Local media (short/medium term duration)	Reportable dangerous occurrence (near misses)	£100,001 to £500,000
3	Moderate	Managed/reported to Team and Board Members Regional media (short/medium term duration)	Reportable over three day injuries or reportable diseases	£100,001 to £500,000
4	Significant	Regional/National media coverage (medium/long term duration)	Major reportable injury or injuries	£500,001 to £1M
5	Catastrophic	Third Party intervention Public Interest Group National/international media (long term duration)	Fatality or permanent disability	Over £1M

Likelihood scoring

Risk Rating Score	Likelihood Classification	Risk Description
1	Remote	Likely to occur greater than 10 years
2	Unlikely	Likely to occur within 5 to 10 years
3	Possible	Likely to occur within 3 to 5 years
4	Likely	Likely to occur within 1 to 3 years
5	Very Likely	Likely to occur within 1 year



Appendix 3 - Risk Appetite Definitions

	1 Averse	2 Minimal	3 Cautious	4 Open	5 Hungry
	Avoidance of risk and uncertainty is a key Organisational objective.	Preference for ultra-safe business delivery options that have a low degree of inherent risk and only have a potential for limited reward.	Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward.	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.).	Eager to be innovative and to choose options offering potentially higher business rewards (despite greater inherent risk).
Risk Category	Example behaviours when taking key decisions....				
Reputation and credibility	<ul style="list-style-type: none"> Minimal tolerance for any decisions that could lead to external scrutiny. 	<ul style="list-style-type: none"> Tolerance for risk taking limited to those events where there is no chance of significant repercussion. 	<ul style="list-style-type: none"> Tolerance for risk taking limited those events where there is little chance of any significant repercussion should there be a failure. 	<ul style="list-style-type: none"> Appetite to take decisions with potential to expose us to additional scrutiny but only when appropriate steps have been taken to minimise any exposure. 	<ul style="list-style-type: none"> Appetite to take decisions that are likely to bring external scrutiny but where potential benefits outweigh the risks.
Operational and Policy delivery	<ul style="list-style-type: none"> Defensive approach to objectives – aim to maintain or protect, rather than to create or innovate. Priority for tight management controls and oversight with limited devolved decision making authority. General avoidance of systems / technology developments. 	<ul style="list-style-type: none"> Innovations always avoided unless essential. Decision making authority held by senior management. Only essential systems /technology developments to protect current operations. 	<ul style="list-style-type: none"> Tendency to stick to the status quo, innovations generally avoided unless necessary. Decision making authority generally held by senior management. Systems / technology developments limited to improvements to protection of current operations. 	<ul style="list-style-type: none"> Innovation supported, with demonstration of commensurate improvements in management control. Systems / technology developments considered to enable operational delivery. Responsibility for non-critical decisions may be devolved. 	<ul style="list-style-type: none"> Innovation pursued – desire to ‘break the mould’ and challenge current working practices. New technologies viewed as a key enabler of operational activity.
Financial / VFM	<ul style="list-style-type: none"> Avoidance of financial loss is a key objective. Only willing to accept the low cost option. Resources withdrawn from non-essential activities. 	<ul style="list-style-type: none"> Only prepared to accept the possibility of very limited financial loss if essential. VFM is primary concern. 	<ul style="list-style-type: none"> Prepared to accept the possibility of some limited financial loss. VFM still the primary concern but willing to also consider the benefits. Resources generally restricted to core operational targets. 	<ul style="list-style-type: none"> Prepared to invest for reward and minimise the possibility of financial loss by managing the risks to a tolerable level. Value and benefits considered (not just cheapest price). Resources allocated in order to capitalise on potential opportunities. 	<ul style="list-style-type: none"> Prepared to invest for the best possible reward and accept the possibility of financial loss (although controls may be in place). Resources allocated without firm guarantee of return – ‘investment capital’ type approach.
Compliance – legal / Regulatory	<ul style="list-style-type: none"> Avoid anything which could be challenged, even unsuccessfully. Play safe. 	<ul style="list-style-type: none"> Want to be very sure we would win any challenge. 	<ul style="list-style-type: none"> Limited tolerance for “sticking our neck out”. Want to be reasonably sure we would win any challenge. 	<ul style="list-style-type: none"> Challenge will be problematic but we are likely to win it and the gain will outweigh the adverse consequences. 	<ul style="list-style-type: none"> Chances of losing are high and consequences serious. But a win would be seen as a great coup.