

**WHEATLEY HOMES SOUTH LIMITED  
BOARD MEETING**

**Wednesday 21 August 2024 at 10:30am  
Brasswell Dumfries**

**AGENDA**

1. Apologies for absence
2. Declarations of interest
3. a) Minute of meeting held on 29 May 2024 and matters arising  
b) Action list
4. Chair and Managing Director update

**Main business and approvals**

5. 2023/24 Financial Statements
6. Annual Internal Audit Report and opinion
7. Tenant satisfaction (presentation)
8. Repairs update
9. Homelessness update
10. Performance report

**Other business**

11. Finance report
12. [redacted]
13. Governance update
14. AOCB

Date of next meeting – 18 September 2024

## Report

**To:** Wheatley Homes South Limited Board

**By:** Lyndsay Brown, Director of Financial Reporting

**Approved by:** Pauline Turnock, Group Director of Finance

**Subject:** 2023/24 Financial Statements

**Date of Meeting:** 21 August 2024

### 1. Purpose

1.1 The purpose of this report is to provide the Wheatley Homes South Board with an overview of the 2023/24 financial statements.

### 2. Authorising and strategic context

2.1 Under the terms of the Intra-Group Agreement between Wheatley Homes South and the Wheatley Group and this Board's Terms of Reference, the Board is responsible for the on-going monitoring of performance against agreed targets. This includes the on-going performance of its finances and the approval of the statutory financial statements.

### 3. Background

#### Financial performance to 31 March 2024

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

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Turnover	62,825	55,881
Operating Expenditure	(41,306)	(40,913)
Other losses	(600)	(795)
<b>Operating Surplus</b>	<b>20,919</b>	<b>14,173</b>
Gain on sale of fixed asset	359	-
Finance income	188	22
Finance costs	(6,473)	(5,307)
Office property – valuation	3	(44)
<b>Surplus for the year</b>	<b>14,996</b>	<b>8,844</b>
Property revaluation – social housing properties	12,637	(7,012)
<b>Total comprehensive surplus for the year</b>	<b>27,633</b>	<b>1,832</b>

3.2 The finance reports submitted to the Board during the year formed the basis of these financial statements and were updated to include year-end statutory accounting adjustments.

#### 4. Discussion

##### 4.1 Adjustments from 31 March management accounts

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

	<b>Income &amp; Expenditure</b>	<b>Net assets</b>
	<b>£m</b>	<b>£m</b>
<b>March Management accounts</b>	<b>16.1</b>	<b>275.8</b>
Revaluation of social housing properties	12.6	12.6
Revaluation of investment properties	(0.6)	(0.6)
Other	(0.5)	(0.5)
<b>Statutory accounts</b>	<b>27.6</b>	<b>287.3</b>

4.2 The statutory results are updated annually for the outcome of the housing stock valuation by JLL.

4.3 Revaluation of Properties: Social housing properties increased in value by £12.6m. Our social housing properties are valued using the Existing Use for Social Housing Valuation methodology (“EUV-SH”) which will not always reflect the scale of capital investment spend reported in the particular financial year. The increase in valuation at 31 March 2024 reflects the view of our independent valuation expert on the high quality and good condition of our properties.

The results of this year’s valuation have been influenced by two key drivers:

- The 7.5% rent increase applied at 1 April 2024 which was higher than the assumed percentage increase at the previous valuation. This increases the future cashflows from rental income on social housing properties which feeds into the EUV-SH model
- During 2023/24 our valuers (JLL) undertook a detailed review of our future lifecycle replacement data held in our asset management system. This exercise was carried out as part of our assurance around our data which formed the basis of our asset management strategy which was discussed at the May 2024 Board meeting. The JLL review of the asset data confirmed that a high level of reliance (99%) could be placed on our future investment data which increases the level of confidence in the expenditure profile used in the valuation and as a result they have refined their assumptions which results in an uplift in the EUV-SH valuation at 31 March 2024.

4.4 The investment properties are also re-valued by JLL on an annual basis using the market value subject to tenancy (MV-T) methodology and financial statements recognise a loss on valuation on investment properties of £0.6m for the year to 31 March 2024.

- 4.5 Other: adjustments are made for items following a post year-end review of accruals and a review of final depreciation charges.

#### Audit summary

- 4.6 The external auditors, KPMG, have completed their audit of the financial statements and have issued an unqualified audit opinion. Through their audit work no material adjustments were identified.
- 4.7 As a standard part of their audit process, and in line with previous years, KPMG require the Board of each organisation in the Wheatley Group to sign a “letter of representation” in which the Board confirms certain matters in terms of disclosure and record-keeping. As in previous years, a letter from the Chief Executive has been provided to each Board to provide comfort that the officers have complied with the matters stated in this letter. Both these documents are provided along with this paper (Appendix 2 and 3 respectively).
- 4.8 The Board are asked to confirm in the letter of representation that the financial statements are prepared on a going concern basis. The assessment that the Company continues in business is based on the preparation and approval of the Company’s 30-year business plan which includes cashflow forecasts, the certainty of revenue streams from rental income and the assessment of the availability of funding.
- 4.9 The accounts and letter of representation will be signed following the approval of the Wheatley Group accounts at the Group Board meeting on 28 August 2024 and the completion of KPMG’s compliance checks. A copy of KPMG’s audit highlights report will be uploaded to Admincontrol.

### **5. Customer Engagement**

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

### **6. Environmental and sustainability implications**

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

### **7. Digital transformation alignment**

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

### **8. Financial and value for money implications**

- 8.1 WH South’s balance sheet continues to strengthen, with net assets increasing by £27.6m to £287.3m.
- 8.2 The adjusted operating surplus from core social housing activities increased from £23.3m to £28.1m after the adjustments for accounting items as shown in the table below. Higher revenue grants (SHNZ) of £2.1m contributed to the increase along with the improved income position which provided capacity for increased repairs and maintenance costs. After including interest costs and capital expenditure on our existing properties, an underlying surplus of £4.6m is reported demonstrating that operating surplus remains sufficient to cover all day to day running costs, interest on borrowings and the investment in existing homes to keep them in good condition.

- 8.3 The underlying surplus includes higher interest costs than the prior year due to increased borrowing to fund the development of new build housing. Across the RSL Borrower Group an overall surplus was reported with all covenants met at 31 March 2024

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
<b>Operating surplus</b>	<b>20,919</b>	<b>14,173</b>
Adjusted for:		
Depreciation	13,285	12,420
Investment property valuation movements	600	795
Grant income for new build	(5,619)	(3,624)
Gift aid income	(1,057)	(462)
<b>Adjusted operating surplus</b>	<b>28,128</b>	<b>23,302</b>
Less:		
Interest costs	(6,285)	(5,285)
Investment in existing social homes	(17,207)	(19,202)
<b>Underlying surplus/ (deficit)</b>	<b>4,636</b>	<b>(1,185)</b>

## 9. Legal, regulatory and charitable implications

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

## 10. Risk appetite and assessment

- 10.1 Our agreed risk appetite for governance is “cautious”. This level of risk tolerance is defined as “preference for safe delivery options that have a low degree of inherent risk and have only limited potential for reward”.

## 11. Equalities impact

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

## 12. Key issues and conclusions

- 12.1 This paper presents the audited financial statements for 2023/24.

## 13. Recommendations

- 13.1 The Board is asked to:
- 1) Approve the 2023/24 financial statements;
  - 2) Confirm the preparation of the financial statements using the going concern basis;
  - 3) Delegate authority to the Chair and Group Director of Finance to approve any non-material changes to the accounts; and
  - 4) Approve the letter of representation from the auditors and note the related letter of comfort from the Chief Executive.

## LIST OF APPENDICES

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

Appendix 2: [redacted]

Appendix 3: [redacted]

## Report

**To:** Wheatley Homes South Board

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

**Subject:** Internal Audit Annual Report and Opinion 2023/24

**Date of Meeting:** 21 August 2024

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### 1. Purpose

1.1 This report provides the Wheatley Homes South Board (the Board) with the Internal Audit Annual Report and Opinion 2023/24, for noting. The report was presented to and approved by the Group Audit Committee on 15 May 2024.

### 2. Authorising and strategic context

2.1 Under its Terms of Reference, the Group Audit Committee is responsible for monitoring the Group's assurance activities, including results as presented in the internal audit annual report and opinion. The 2023/24 Internal Audit Annual Report and Opinion was approved by the Group Audit Committee on 15 May 2024.

2.2 Under its Terms of Reference, the Board is responsible for managing and monitoring its compliance arrangements and operational performance. The activities undertaken by the Assurance team provide the Board with independent assurance to support the Board in this role.

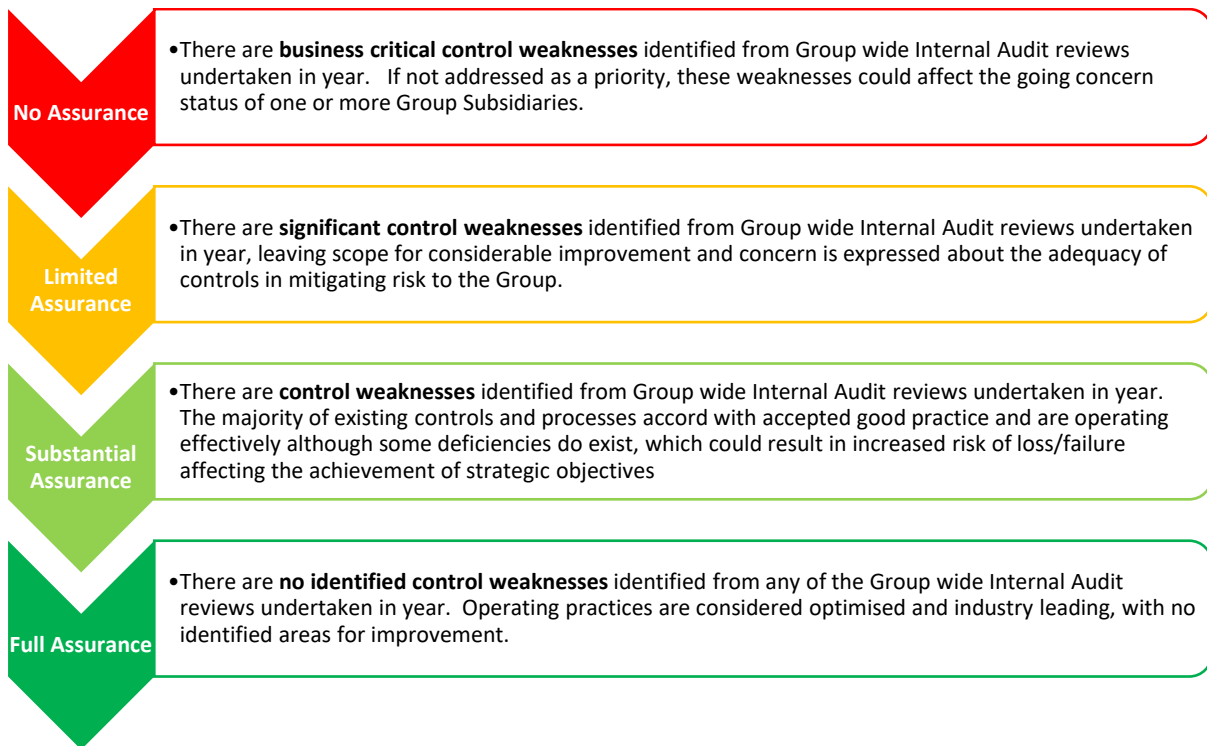
### 3. Background

3.1 The Group's Internal Audit team operates in accordance with the Chartered Institute of Internal Auditors' International Professional Practices Framework ("IPPF"), which includes the International Standards for the Professional Practice of Internal Auditing ("the Standards").

3.2 In line with the requirements of the Standards, Internal Audit provides the Board with an Annual Report and Opinion, which summarises the results of the Internal Audit team's work during the financial year and provides an opinion on the Group's governance, risk management and control processes.

### 4. Discussion

4.1 A copy of the Annual Report and Opinion has been included at **Appendix 1** for the Board's information. The table below shows the different types of Internal Audit Opinion which may be given:



- 4.2 Sufficient work has been undertaken to enable us to provide an opinion on the adequacy and effectiveness of the internal control environment in operation during 2023/24. In giving this opinion, it should be noted that assurance can never be absolute. Section 3 of the Annual Report at Appendix 1 outlines the Internal Audit work performed on a Group-wide basis, along with subsidiary-specific elements.
- 4.3 During the delivery of our Internal Audit plan, we identified no critical weaknesses in the governance, risk management, or control processes that would put the achievement of Group objectives at risk [redacted]
- 4.4 As reporting to the Group Audit Committee during 2023/24, Management has acted promptly to implement audit actions throughout the year, thereby reducing the risk associated with audit findings.

**Internal Audit Opinion 2023/24**

*Based on our Group-wide work undertaken in 2023/24 a **substantial level of assurance**\* can be given that there are sound governance, risk management and control processes in place, designed to support achievement of relevant organisational objectives [redacted]*

*Management has agreed to the improvements to the Group wide control environment arising from our annual work and the progress of implementing these additional controls will be reported to the Group Audit Committee.*

## 5. Customer Engagement

- 5.1 There are no customer engagement implications arising directly from this report although action owners may engage with customers to inform decision-making arising in the course of completing assigned actions.

## 6. Environmental and sustainability implications

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

## **7. Digital transformation alignment**

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

## **8. Financial and value for money implications**

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

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

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

## **10. Risk Appetite and assessment**

10.1 This report summarises the internal audit work performed during 2023/24. The nature of the risks arising from each piece of work varies depending on the review and the agreed management actions are designed to help management to mitigate the identified risks.

10.2 Where management considers the risks identified through an internal audit review are sufficiently material to be included in the Group's risk profile, the risk is aligned to a Strategic Outcome and a risk appetite category assigned. This allows management to confirm whether the risk is being managed within risk appetite or if further improvement action is required.

## **11. Equalities implications**

11.1 This report does not require an equalities impact assessment.

## **12. Key issues and conclusions**

12.1 The Internal Audit team has completed its planned work for 2023/24 and the Director of Assurance has issued his annual opinion, as outlined at paragraph 4.4.

## **13. Recommendations**

13.1 The Board is asked to note the contents of this report, including the Annual Internal Audit opinion detailed in Section 4.

### **LIST OF APPENDICES:**

Appendix 1 – Internal Audit Annual Report and Opinion 2023/24



**Internal Audit Annual Report and  
Opinion 2023/24**  
*Approved by Group Audit Committee*  
*15 May 2024*

# 1. Introduction

The purpose of this report is to provide our view on the adequacy and effectiveness of the Wheatley Group's ("the Group") system of governance, risk management and internal control, as assessed through delivery of our rolling Internal Audit Plan during 2023/24.

The Internal Audit Plan is reviewed and approved by the Group Audit Committee ("the Committee") each quarter and progress against this plan has been reported to the Committee throughout the financial year.

Our detailed findings from specific reviews have been reported to Management during the year, with a summary of these findings reported to the Committee at each of its 2023/24 meetings. Summary findings have also been reported to Subsidiary Boards and the Group Board where appropriate.

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

## Definition of Internal Auditing

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

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

## Internal Audit Mission Statement

*Internal Audit will enhance and protect the Wheatley Group by providing independent, objective and risk-based assurance and advice.*

## 2. Annual Internal Audit Opinion

### Scope

In line with the International Standards for the Professional Practice of Internal Auditing (“the Standards”), to which the Internal Audit function conforms, Internal Audit provides the Group Board, Audit Committee and Subsidiary Boards with an Internal Audit Annual Report, which includes an opinion on the Group’s governance, risk management and control processes, based on the work completed during 2023/24.

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

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

- § the results of all Internal Audit work undertaken (including any upheld instances of fraud or whistleblowing) during the year ended 31 March 2024;
- § in accordance with the Wheatley Group City Building Glasgow Assurance approach, we have placed reliance on the internal audit work completed by the Glasgow City Council’s Chief Internal Auditor in relation to City Building Glasgow;
- § the effects of any material changes in the Group’s objectives, activities or regulatory environment; and
- § whether there have been any resource constraints imposed upon us which may have impinged on our ability to meet the Group’s Internal Audit needs.

### Basis of Opinion

Sufficient work has been undertaken to enable us to provide an opinion on the adequacy and effectiveness of the internal control environment in operation during 2023/24. In giving this opinion, it should be noted that assurance can never be absolute.

During the delivery of our Internal Audit plan, we identified no critical weaknesses in the governance, risk management, or control processes that would put the achievement of Group objectives at risk [redacted]

As reported to the Group Audit Committee, Management has acted promptly to implement agreed audit actions throughout the year, thereby reducing the risk associated with audit findings.

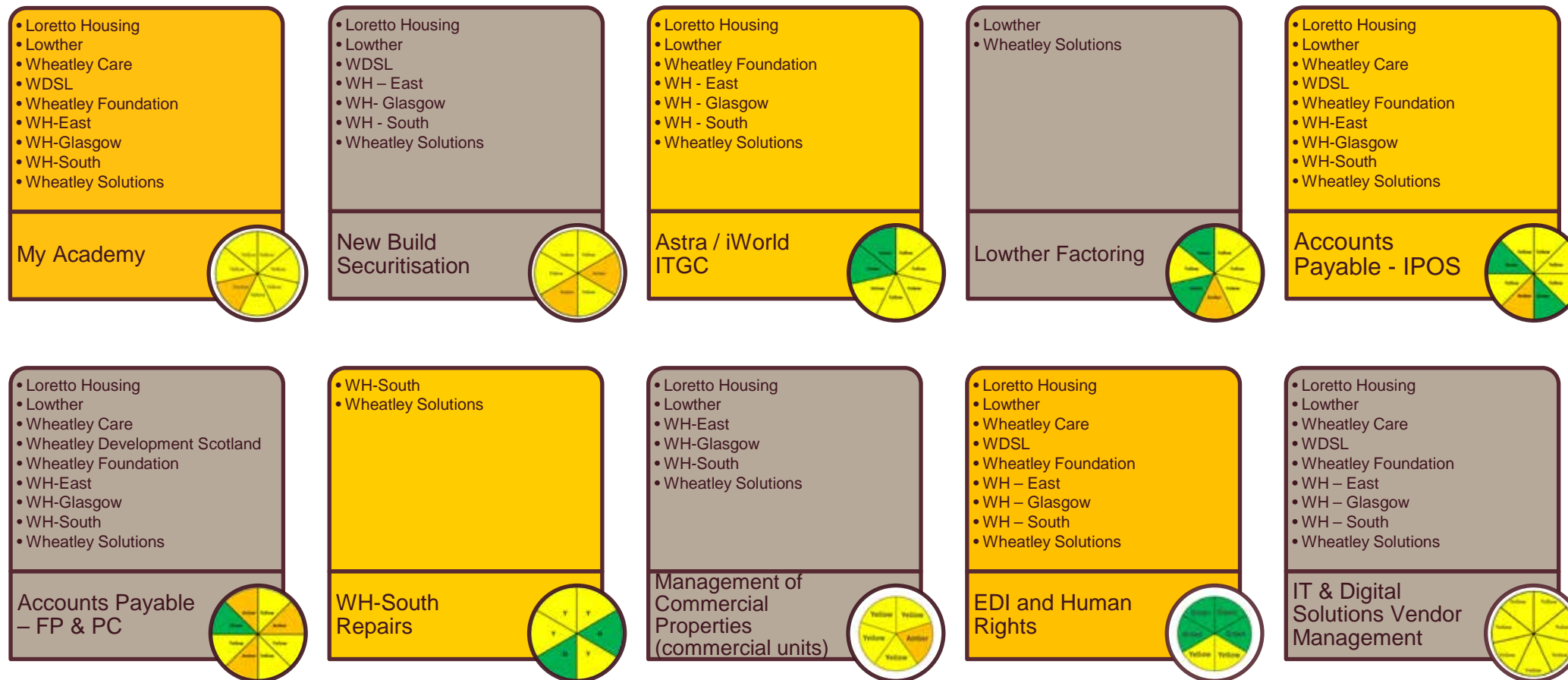
### Internal Audit Opinion 2023/24

*Based on our Group-wide work undertaken in 2023/24 a **substantial level of assurance**\* can be given that there are sound governance, risk management and control processes in place, designed to support achievement of relevant organisational objectives [redacted]*

*Management has agreed to the improvements to the Group wide control environment arising from our annual work and the progress of implementing these additional controls will be reported to the Group Audit Committee.*

# 3. Summary of Work Performed

This section summarises the results of Internal Audit advisory reviews completed during 2023/24. Each of these reviews included an assessment of the extent to which the control objectives set out in the Terms of Reference were achieved\*, as reflected in the charts below.



Note: IPOS is the Group's automated purchase to pay system. FP (Faster Payments) and PC (Purchase Cards) processes are more manual, and so separate control objective assessments have been provided for the two aspects of the Accounts Payable review.

# 3. Summary of Work Performed

The Internal Audit team has completed the following advisory, consultancy and analytics reviews, which did not include an assessment of the achievement of control objectives, due to the nature of the work performed.

<ul style="list-style-type: none"> <li>• Loretto Housing</li> <li>• Lowther</li> <li>• Wheatley Care</li> <li>• WDSL</li> <li>• Wheatley Foundation</li> <li>• WH-East</li> <li>• WH-Glasgow</li> <li>• WH-South</li> <li>• Wheatley Solutions</li> </ul> <p>Financial Efficiency Savings Plans</p>	<ul style="list-style-type: none"> <li>• Loretto Housing</li> <li>• Lowther</li> <li>• Wheatley Care</li> <li>• WDSL</li> <li>• Wheatley Foundation</li> <li>• WH – East</li> <li>• WH – Glasgow</li> <li>• WH – South</li> <li>• Wheatley Solutions</li> </ul> <p>Data Strategy</p>	<ul style="list-style-type: none"> <li>• Loretto Housing</li> <li>• Lowther</li> <li>• WH-East</li> <li>• WH-Glasgow</li> <li>• WH-South</li> <li>• Wheatley Solutions</li> </ul> <p>CBG Partnership Oversight Board</p>	<ul style="list-style-type: none"> <li>• Loretto Housing</li> <li>• Lowther</li> <li>• Wheatley Care</li> <li>• WH-East</li> <li>• WH-Glasgow</li> <li>• WH-South</li> <li>• Wheatley Solutions</li> </ul> <p>Electrical Testing Certification analytics</p>
<ul style="list-style-type: none"> <li>• Loretto Housing</li> <li>• Lowther</li> <li>• WH – East</li> <li>• WH – Glasgow</li> <li>• WH – South</li> <li>• Wheatley Solutions</li> </ul> <p>Rent Account Credit Balances analytics</p>	<ul style="list-style-type: none"> <li>• Loretto Housing</li> <li>• Lowther</li> <li>• Wheatley Care</li> <li>• WDSL</li> <li>• Wheatley Foundation</li> <li>• WH-East</li> <li>• WH-Glasgow</li> <li>• WH-South</li> <li>• Wheatley Solutions</li> </ul> <p>Repairs Analytics</p>	<ul style="list-style-type: none"> <li>• Loretto Housing</li> <li>• Lowther</li> <li>• Wheatley Care</li> <li>• WDSL</li> <li>• Wheatley Foundation</li> <li>• WH – East</li> <li>• WH – Glasgow</li> <li>• WH – South</li> <li>• Wheatley Solutions</li> </ul> <p>Payroll analytics</p>	<ul style="list-style-type: none"> <li>• Loretto Housing</li> <li>• Lowther</li> <li>• Wheatley Care</li> <li>• WDSL</li> <li>• Wheatley Foundation</li> <li>• WH – East</li> <li>• WH – Glasgow</li> <li>• WH – South</li> <li>• Wheatley Solutions</li> </ul> <p>Accounts Payable analytics</p>

Summaries of the findings of all reviews conducted during 2023/24 have previously been reported to the Group Audit Committee and to Subsidiary Boards.

# 3. Summary of Work Performed

The Internal Audit team has facilitated an exercise to map legislative compliance requirements in different business areas across the Group throughout 2023/24. Within each business area, the team has worked with management to identify legislative requirements and any detective controls in place that would confirm compliance with those requirements.

The Internal Audit team has used a "show me" approach to confirm control descriptions, for example completing one walkthrough / viewing one instance of a report to confirm understanding of control. This work did not assess i) whether the control is adequately designed to mitigate the identified risk or ii) operating effectively. The purpose of this mapping is to help management determine where additional detective controls may be needed or reflect on the purpose and value of control activity across lower risk areas. The output of each exercise is a "map", as shown below.

	Controls in place to detect a compliance breach	Controls to detect a compliance breach are planned but not yet operating	No controls in place to detect a compliance breach
High consequence from compliance failure	Maintain controls	Consider prioritising implementation of controls	Consider whether additional controls are required
Medium consequence from compliance failure	Maintain controls	Rollout controls as planned	Consider whether additional controls are required
Low consequence from compliance failure	Consider whether controls are required	Consider whether planned controls are required	Consider whether current position is acceptable

The business areas mapped during 2023/24 are:



A final review in 2024/25 of all areas to identify and map any gaps will conclude the legislative compliance mapping review.

# 3. Summary of work performed

## Follow up of management actions

Internal Audit completes follow up activity to verify that management have implemented actions as agreed in our internal audit reports. The follow up activity is undertaken quarterly, with the results reported to each meeting of the Group Audit Committee.

The information below is a summary of all actions followed up during the course of 2023/24.

Our assessment has included review of each action to determine whether:

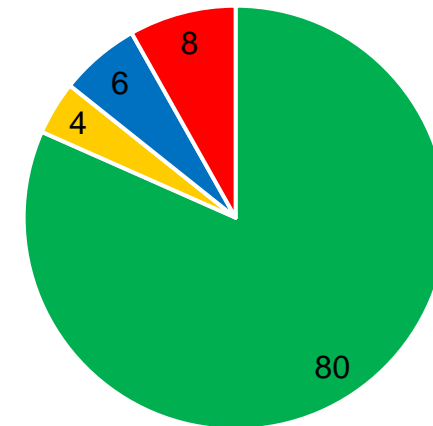
- a) The action has been completed during 2023/24;
- b) The action is no longer relevant or has been superseded;
- c) The action is not yet due for completion; or
- d) The action is overdue for completion.

For the 8 overdue actions, we have discussed the current status with management and identified revised timescales for completion of the original actions. In each case, we are satisfied that the action is in progress, and we will continue to monitor full implementation of these actions.

Status	Actions
Actions brought forward from 31 March 2023	16
New actions agreed during 2023/24	82
Total Actions followed up during 2023/24	98

The chart below summarises our assessment of the status of the 98 actions followed up during 2023/24.

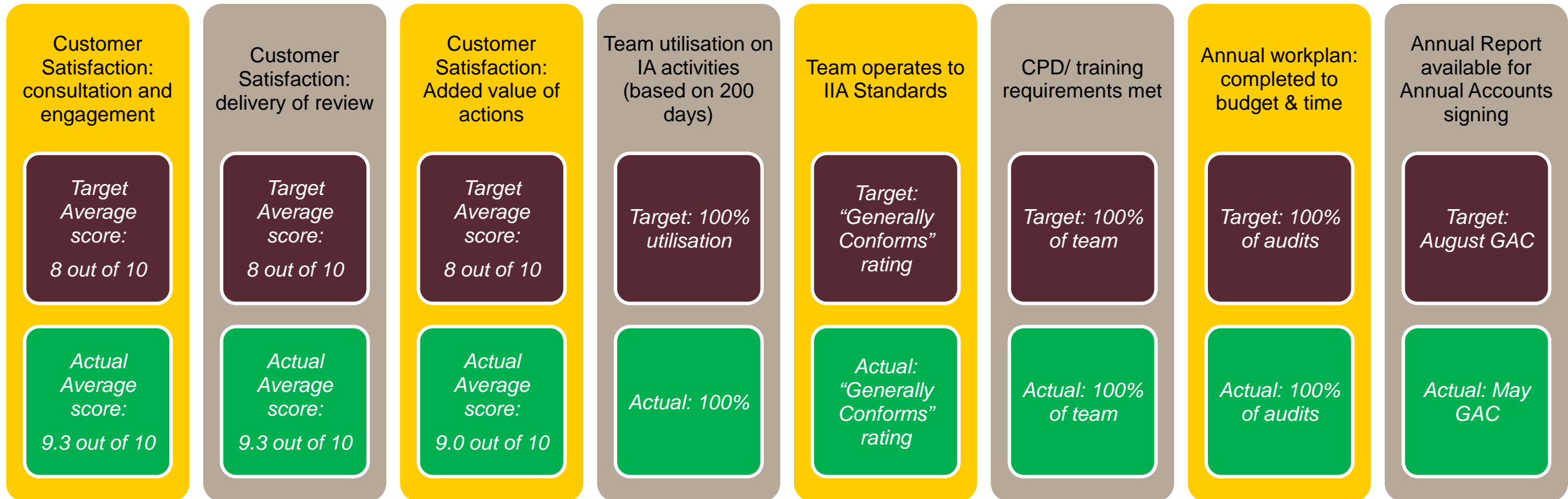
### Status of Actions at 31 March 2024



■ Complete ■ No Longer Relevant ■ Open not yet due ■ Overdue

# 4. Internal Audit Team Performance 2023/24

The Internal Audit team’s performance against its agreed KPIs for 2023/24 is set out below. The same KPIs are proposed for 2024/25.



The customer satisfaction measures are based on feedback forms completed by auditees following each review. Performance against target is allocated a Red, Amber or Green rating, as follows:

- More than 15% away from target
- Within 15% of target
- Target met / on track for year



# 4. Internal Audit Team Performance 2023/24

The customer satisfaction measures are based on feedback forms completed by auditees following each review. Positive comments received from our customers included the following:

“The audit felt collaborative and driven by an overall ambition to support how Wheatley approaches and continually improves its approach.”

“Friendly and professional staff. They guide and support through the process, so it is not intimidating but always thorough.”

“Outcomes were discussed with the audit team and plenty of opportunity and time to reflect and discuss with my own teams.”

“A very responsive and professional team who understand the business and can recognise areas for improvement and provide ideas for practical changes to be made to protect the objectives of the business.”

The responses also highlighted the following opportunities which have been added to our Internal Audit Improvement Plan.

***We will explore opportunities to work with management in order to reintroduce front line assurance checks.***

§ “Front-line assurance checks were additional security.”

***We will continue to work with management to develop the team’s business knowledge and to agree action plans that improve the efficiency and effectiveness of the delivery of organisational objectives.***

The two individual statements that respondents were asked to score with the lowest scores were:

- § Internal audit team members had sufficient business knowledge to help improve processes.
- § The internal audit recommendations raised during this engagement improved the efficiency and effectiveness of delivery of organisation objectives.

# 5. IA Compliance with Standards

## Internal Audit compliance with professional standards

The Internal Audit team employs a risk-based approach to determine the audit needs of the Group at the start of each year, which is reviewed on a rolling three-month basis throughout the year. The team uses a risk-based methodology to plan and conduct our work, and all Internal Audit activity is performed in line with the International Standards for the Professional Practice of Internal Auditing and the Code of Professional Conduct (including Code of Ethics) promoted by the Chartered Institute of Internal Auditors.

## Internal Audit independence

Each member of the Internal Audit team is required to confirm their independence annually. The Independence Statements were last collected in September 2023 and the exercise will be repeated in September 2024.

## Conflicts of Interest

The Internal Audit team is led by the Director of Assurance, who reports to the Group Director of Finance and meets regularly with the Chair of the Group Audit Committee.

The Director of Assurance has other operational responsibilities. Consequently, the Group Audit Committee assesses the controls in place to maintain the Director's independence on an annual basis.

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

# 6. IA Quality Assurance and Improvement Programme

As part of the IA Team's Quality Assurance and Improvement Programme, we completed our internal quality assurance during 2023/24, comprising:

## Ongoing monitoring

- Day-to-day supervision and review of IA team's work
- Key Performance Indicators (KPIs) monitoring and reporting

## Annual CPE Completion

- Each IA team member completes training to meet the annual CPE requirement of their professional institute.

## Annual self-assessment

- Completed using guidance issued by the CIIA
- Results reported within the Annual Report and Opinion

## Annual Self-Assessment

The Internal Audit team completed the quality assessment template produced by the Chartered Institute of Internal Auditors (CIIA) in December 2023. The internal self-assessment rated performance as:

### Generally Conforms

- The evaluator has concluded that the relevant structures, policies, and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the individual Standard or element of the Code of Ethics in all material respects.

"Generally conforms" is the highest rating available.

## Limitations Inherent to the Internal Auditor's Work

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

### Opinion

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

There might be weaknesses in the system of internal control that we are not aware of because they did not form part of our programme of work, were excluded from the scope of the individual review, or were not brought to our attention. Our audit plan is based on risk to capture the higher risk areas within the Group.

As a consequence, Management and the Group Audit Committee should be aware that our opinion may have differed if our programme of work or scope for individual reviews was extended or other relevant matters were brought to our attention.

## Internal Control

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

## Responsibilities of Management and Internal Audit

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

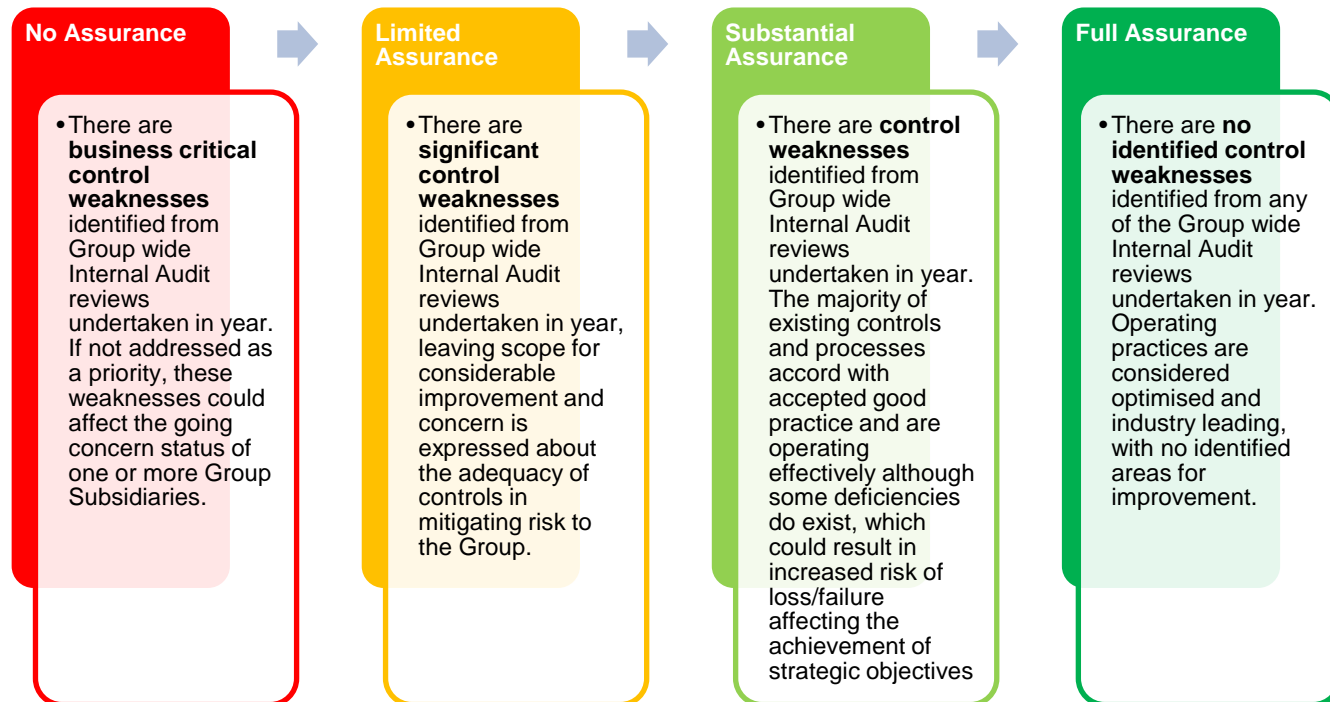
Internal Audit endeavour to plan work so that we have a reasonable expectation of detecting significant control weaknesses and if detected, we shall carry out additional work directed towards the identification of consequent fraud or other irregularities.

Internal Audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected, and our examinations as Internal Auditors should not be relied upon to disclose all fraud, defalcations or other irregularities which may exist.

# Appendix 2: Assurance Opinion definitions

## Annual Assurance Opinion Definitions

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



## Control Objective Classification

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



## Report

**To:** Wheatley Homes South Board

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

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

**Subject:** Repairs update

**Date of Meeting:** 21 August 2024

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### 1. Purpose

- 1.1 To provide the Board with an update on the following:
- progress with repairs service enhancements;
  - ongoing customer engagement to inform future service enhancements; and
  - The repairs budget update for 2024/25.

### 2. Authorising and strategic context

- 2.1 Under its Terms of Reference the Board is responsible for the oversight and scrutiny of service delivery and monitoring of performance. Repairs are a key driver for our overall tenant satisfaction and a key priority for our tenants.

### 3. Background

- 3.1 As part of the strategy workshop in May, Board discussed the work underway to evolve our repairs service, based on a wide range of customer insight. This was set within the wider context of Board discussions on how we use customer insight to inform the Board and make service changes based on what our customers tell us.

### 4. Discussion

#### Service enhancements

- 4.1 Tenant feedback continues to indicate that communication and improving the management of complex repair works (reducing the number of visits to complete a repair are their key priorities that impact how satisfied they are with the service.

4.2 To date, our response to this has focussed on:

- The introduction of 'Book It, Track It, Rate It' to improve communication with; and
- Ongoing monitoring of the customer experience, to identify areas for improvement.

*Customer communication and satisfaction*

4.3 As noted in earlier updates, Book It, Track It, Rate It was introduced to our appointed repairs on 6 November 2023. Since then, the feedback to date on the 'Track It' functionality has been positive, with customers indicating that the text message reminders and updates have improved communication.

4.4 'Rate it' seeks customer feedback on a scale of 1-5 and includes the option for customers to receive a call back. Up until the end of June 2024 we have received 1,124 customer ratings with an average score of 4.7/5, the equivalent of 94%. The response rate has also risen to 16.05% overall year to date.

4.5 This continues to represent strong satisfaction levels since the introduction of Book It, Track It, Rate It.

4.6 Our Annual Return on the Charter repairs satisfaction levels also remain high and have increased from 88.3% to 90.3% for the rolling 12-month period.

*Service Enhancements*

4.7 The service improvement activity which commenced in previous years to strengthen the delivery of the repairs service including:

- New Repairs, Investment and Compliance service delivery model to improve the management of the void workstream (works are undertaken by the in-house service);
- Renewed focus on overdue repairs including improvements in the management arrangements around sub-contracted work;
- Working in partnership with our material supplier, Stark, to improve van stocks and to achieve faster delivery times for parts when needed; and
- Monitoring the categorisation of works to ensure that capital works are given the correct categorisation.

4.8 As at the end of June our timescale to complete emergency repairs was 2.84 hours year to date which is below the 3-hr target set.

4.9 Over time this should also lead to a reduction in the average timescale to complete non-emergency repair works. So far, although the year-to-date average timescale for non-emergency repairs is over the 7.5 day target at 8.28 days the timescales have been reducing each month and in June the average completion timescale was 7.55 days.

4.10 Improving communications around complex repairs has also been identified as a priority improvement area. Trade Team Leaders (TTL's) and Planners now have daily meetings to discuss ongoing job management and complex repairs. A key part of this daily engagement is to agree an approach to communication with the customer.

## Customer engagement and insight

- 4.11 The Group Scrutiny Panel had selected repairs as the subject for its first thematic review which concluded in November 2023 and reported to Boards thereafter on their findings. The Panel had selected communications to be the focus of this review and as part of their work they scrutinised the end-to-end customer repairs journey, from the initial report through to completion.
- 4.12 In undertaking their fieldwork the Panel visited the Customer First Centre and took the opportunity to meet with call handlers and managers, as well as meeting with the MyRepairs team to be updated on improvements that were being made.
- 4.13 The Panel then developed a final report which made recommendations on how we could improve the service and we undertook to continue to work with them over first half of 2024 to deliver these.
- 4.14 At an update meeting with the panel in June 2024 they expressed their support for the work that had been carried out on the agreed actions and looked forward to continuing to work jointly with us to continue to improve the service.

## Damp, Mould and Condensation

- 4.15 Performance in relation to numbers of current cases and their status is included in the separate Performance report to Board.
- 4.16 At this time of year, given the improved weather conditions generally experienced and the changes that this brings to customer behaviours in respect of heating and ventilating their homes, case numbers generally reduce.
- 4.17 Conversely, we would expect the case numbers to rise again in October/November as these factors are reversed.
- 4.18 In preparation for this we are currently giving consideration to proactive actions that we will look to take to help reduce the build-up of mould/condensation in our customers' homes over the winter period and which will include:
- identifying customers who have reported issues with damp and mould on 2 or more occasions this year. These customers will then be contacted to identify and put in place any supports that are needed;
  - a reminder of our 'See it, Report It' campaign will be issued to the frontline delivery teams to reiterate our messaging around the seriousness of damp and mould in tenants' homes and staff responsibility when in tenants' homes to identify and report immediately any issues relating to damp or mould to ensure we respond timeously.
- 4.19 Damp and mould cases will be monitored daily throughout the winter and resources adjusted accordingly to ensure we continue to meet our response timescales.

## Demand and budget position

- 4.20 Levels of customer demand for repairs is consistent with 2023/24 levels, but due to the number of less complex jobs, the actual costs to June 2024 were slightly below budget.



- 4.21 The repair/renewal principle implemented in 2023/24 has continued to help control costs in capitalised repairs spend with capitalised repairs costs being slightly below budget to June 2024. The implemented controls for monitoring the capitalised void spend also resulted in costs being below budget for the period to June 2024. As a result of this, the overall spend for the financial year is expected to be in line with budget.
- 4.22 The Business Planning process had taken into account the run rates in responsive repairs, stock movement, inflation increases and also the control measures implemented during 2023/24. With the responsive repairs results for Q1 being within budget the forecast financial outturn for responsive repairs for 2024/25 has been kept in line with the budget.

## **5. Customer Engagement**

- 5.1 We have carried out focus groups with customers to understand what kind of communication they would like to see from us in terms of repairs. Their feedback helped to shape the development of the Book It, Track It, Rate It app.
- 5.2 Following the rollout of this app to customers we have been able to develop our customer insight through direct feedback from customers in rating their experience.
- 5.3 As noted earlier The Group Scrutiny Panel has been re-established and has recently concluded the first thematic review.
- 5.4 As noted earlier the Group Scrutiny Panel identified the repairs service as one of its key priorities and have recently concluded a thematic exploration of our repairs communication. The Group also reviewed the updated Group Repairs and Maintenance Policy Framework. The thematic group have welcomed the service improvements that have recently been completed or are underway and noted that the points of clarification they had made for the Policy Framework have been addressed.

## **6. Environmental and sustainability implications**

- 6.1 Using the Dynamic Route Scheduler (DRS) ensures trade operatives are not travelling unnecessarily thereby reducing and limiting Co2 emissions.

## **7. Digital transformation alignment**

- 7.1 Repairs are a key element of our digital transformation programme, ranging from “Book It, Track It, Rate It”, to our online services and the wider platforms we use to manage and deliver the service.
- 7.2 Our digital transformation programme is fully aligned and prioritised towards supporting the evolution and improvement of our repairs service.

## **8. Financial and value for money implications**

- 8.1 The repairs improvement plan implemented will ensure there is an embedded process to deliver value for money to customers and prevent further deferment of investment spend in future years.

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

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

## **10. Risk Appetite and assessment**

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

## **11. Equalities implications**

- 11.1 Equalities impact assessments have been completed for the Repairs and Maintenance Policy Framework and the Managing Damp, Mould and Condensation Policy. These have identified a number of actions that are currently underway and being monitored

## **12. Key issues and conclusions**

- 12.1 The repairs service is a key priority for our customers and a key driver of satisfaction. As noted previously, good progress has been made in improving our repairs service in the focus areas identified in the March 2023 report to the Board. Book it, Track it, Rate it has now been implemented improving communication and providing excellent information and feedback. This has had a positive impact on the level of customer service and has increased customer satisfaction.
- 12.3 We will continue to focus on continually evolving and improving our repairs service, taking into account customer feedback, insight and direct engagement with our Group Scrutiny Panel.
- 12.4 The demand for repairs, consistent with the wider sector across the UK, remains higher post-pandemic.

## **13. Recommendations**

- 13.1 The Board is asked to:
- 1) Note the progress with repairs service enhancements;
  - 2) Note ongoing customer engagement to inform future service enhancements; and
  - 3) Note the update on the repairs budget position for 2024/25.

LIST OF APPENDICES:  
None

## Report

**To:** Wheatley Homes South Board

**By:** Alex Lamb, Managing Director

**Approved by:** Alan Glasgow, Group Managing Director of RSLs

**Subject:** Homelessness update

**Date of Meeting:** 21 August 2024

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### 1. Purpose

- 1.1 This report provides an update on our progress towards the key commitments within our Homelessness Policy and highlights our contribution to preventing and alleviating homelessness, including our response following the declaration of a housing emergency by the Scottish Government on 15 May 2024.

### 2. Authorising and strategic context

- 2.1 Our approach to homelessness, and the contribution we make in terms of social housing provision, are key strategic aims within our Strategy. The Homelessness Policy and the commitments within supports our strategic theme of 'Changing Lives and Communities'.

### 3. Background

- 3.1 Our first Homelessness Policy was developed in 2020 setting out our commitment to tackling and alleviating homelessness. It is a key contributor to the strategic aims within our Strategy and sets out how we will work with our customers and our key partners to reduce homelessness while creating balanced and peaceful neighbourhoods. The policy was developed and aligned with the Scottish Government's long-term strategy for tackling homelessness which is set out in the Ending Homelessness Together action plan. The action plan sets out how national and local government and third-sector partners will work together to end homelessness.
- 3.2 Since our last update to Board in August 2023 we have seen a worsening national situation in relation to homelessness, culminating in eight local authorities declaring a housing emergency, including Dumfries and Galloway Council. The Scottish Government also announced a national housing emergency on the 15th of May this year.
- 3.3 The Scottish Government cited unprecedented pressures including a sharp rise in the number of people presenting as homeless, a rise in the use of temporary accommodation and an increase in the number of households living in temporary accommodation that breaches the unsuitable accommodation order.

- 3.4 More than 20,000 homeless applications were received across Scotland in the period April – September 2023. This represents a 3% increase compared to the same period in 2022. This varied greatly across local authorities.
- 3.5 Homelessness figures in Dumfries and Galloway and nationally are published six months retrospectively but from our discussions with Dumfries and Galloway Council, we know that homelessness figures continue to increase. In June 2024 the local authority reported a 27% increase since pre-pandemic with 1,157 homeless applications received in 2023/24.
- 3.6 In July 2024 there were approximately 243 households in temporary accommodation. Despite a fairly static number of households in temporary accommodation, the council reported 318 breaches of the unsuitable accommodation order, this is a significant increase when comparing 2022/23 when less than 50 breaches were reported.
- 3.7 Prevention of homelessness, supporting the alleviation of homelessness and working with partners to respond to the housing emergency are key strategic objectives for us. As the largest RSL in the region and lead partner in Homes4D&G Common Housing Register we provide a significant contribution in responding to the challenges faced in Dumfries and Galloway. The Homelessness Policy already reflects most of the actions being identified in draft emergency action plans.

## **4. Discussion**

### Homelessness and our policy commitments

- 4.1 The Homelessness Policy sets out our key commitments including that we will provide 60% of our available homes to homeless households and contribute to the overall Group aim over five years to:
  - Let 10,000 homes to homeless households;
  - Create 500 Housing First tenancies; and
  - Flip 500 homes from temporary to permanent accommodation.
- 4.2 Significant progress has been made in the first three years of implementing the policy and we are well on track to achieving the 5-year targets. At the end of July 2024, we have provided over 1,430 homes for homeless households.
- 4.3 Housing First is aimed at those who have multiple and complex needs. The Housing First approach ensures those with high support needs are allocated settled accommodation with intensive support. We are the sole provider of homes for Housing First customers in the region. We have met our initial commitment of providing 20 homes to Housing First. We are continuing to work with partners to identify additional homes where there is a need.

- 4.4 Flipping of tenancies refers to the opportunity to convert or 'flip' temporary accommodation, which we have provided to the local authority, to a permanent home to reduce transitions for homeless households where the property is of the right size and in the right location. This is especially successful when families and individuals have been living in suitable temporary accommodation for a longer period, have settled in the community and feel happy in their home. We are on track to meet this target with our contribution being 46 properties flipped up to the end of July.
- 4.5 Our Homelessness Policy is more important than ever with the increasing demand and pressures on homelessness services. Local authorities are requesting a greater share of allocations of social rented homes to homeless households to reduce the pressure on temporary accommodation and demand on their homelessness services. There is a disconnect between the areas in high demand from homeless customers (our main settlements in the region) and our turnover which includes more rural areas. We have been working with Dumfries and Galloway Council on ways to improve this.
- 4.6 We previously reviewed our contribution taking into consideration and striking a balance between the growing need for more settled accommodation for homeless households and the demand on our waiting list when developing our joint strategic agreement with Dumfries and Galloway Council. We have committed to providing 400 homes this year. At the end of July, we are on track to meet this with 197 homes let.
- 4.7 During 2025 we will review our policy in preparation for launching a new Homelessness Policy to sit alongside our new strategy taking us beyond 2026. An interim review will ensure the policy reflects the current national pressures and the revised ask from our local authority partner.

#### Housing emergency response

- 4.8 Following Dumfries and Galloway Council declaring a housing emergency we have engaged with them and key stakeholders to ensure we are building on our strong relationship. Our response includes reviewing innovative approaches to free up larger family homes, actively flipping temporary accommodation to permanent homes, developing our housing first approach further, and ensuring key components that can impact our response such as void management are managed robustly.
- 4.9 In April 2023 we launched our new online letting platform alongside Homes4D&G partners and moved to a choice based letting system advertising our available homes. This has greatly improved access to housing in the region, putting customers in control of their housing options.
- 4.10 We are currently the only housing provider for Housing First in the region and have housed twenty customers to date. In the last year, we have worked closely with partners to develop the Housing First approach further in the region.

- 4.11 Effective void management has always been a priority for us and our performance on void turnaround is considerably better than the Scottish average. Last year, we achieved an average of just over 11 days to relet a property. We are currently awaiting publication of the 2023-24 ARC return. However, in 2022-23 landlords across Scotland reported an average of 56 days to relet a property. Strong void performance supports a rapid rehousing approach.
- 4.12 We know that a number of our tenants are living in homes that are larger than they require (for example an elderly tenant whose family have left home, and they are now residing alone in a three-bedroom property). In our strategic agreement with Dumfries and Galloway we committed to exploring a downsizing incentive scheme to free up larger family homes. We are identifying tenants who have applied for rehousing and are under occupying their homes. Once we have established the potential numbers, we will engage with the Local Authority on how we can work together to facilitate the moves.
- 4.13 Our mid-market rent homes can be an important option for households who become homeless or are threatened with homelessness. This is particularly important given the acute shortage of social rented homes. We will raise awareness of and promote MMR as an option. This will enable rapid access to a rented home for those where mid-market rent is suitable.

#### Housing Bill and prevention of homelessness

- 4.14 While there are significant pressures on homelessness services, the Scottish Government is still committed to progressing the new Housing Bill which was published on 27<sup>th</sup> March 2024. One element of the new bill has a direct impact on homelessness and will introduce an 'ask and act' duty on social landlords and bodies such as the health board and police to ask about a person's housing situation to avoid them becoming homeless wherever possible.
- 4.15 We already undertake significant prevention of homelessness activity and build this into our business-as-usual activities such as rent arrears management and response to antisocial behaviour. We utilise a range of wraparound support services from our Welfare Benefit Advisors to Home Comforts service to support our customers to remain in their homes.
- 4.16 We do not foresee any significant impact in relation to our current practice with the implementation of 'ask and act'. The Housing Bill is currently at stage 1 in the Scottish Parliament. It is expected stage 1 will conclude by the end of November 2024 before progressing through parliament.

- 4.17 In the last year we have launched our furnished lets service. Our new service offers flexible furniture packages to customers in need and includes carpets for every room, white goods, and furniture. It can be for new customers looking for help to furnish their home or existing customers who are in crisis. Costs are recovered via service charge added to customers rent account. Our launch of the service has come at a time when Scottish Welfare Fund budgets are particularly stretched. We will be reviewing customer feedback on the new service offering later this year to look at ways we can continue to develop and improve the service. Having a flexible, substantial furnished lets service supports more rapid rehousing of individuals who may not have the financial resource to set up a home.
- 4.18 We adopt a holistic approach to the prevention of homelessness and actively work with our customers and partners to prevent homelessness where possible. We are fortunate that we can draw down on a range of wraparound supports including utilising our allocation policy; maximising customer income and offering job and training opportunities through the Foundation.

## **5. Customer Engagement**

- 5.1 Over the last year we launched our digital feedback tool MyVoice for allocations. This provides real time feedback from customers on their satisfaction with the allocations process. We are pleased to note that our customer satisfaction score has remained consistently high throughout the year. The current average score is 4.5, with 80% of customers scoring 5 out of 5. Over the next year we will work to segment this data further into different applicant profiles and determine any improvements we can make broadly and specifically in supporting customers who have previously been homeless.
- 5.2 Our Letting & Homeless team have supported face-to-face customer engagement events. These have included working with the Scottish Government and wider stakeholders to attend sessions at Ukrainian Welcome Hub accommodation to raise awareness of housing options.
- 5.3 We are currently undertaking a joint research project with the Scottish Federation of Housing Associations (SHFA) on experience of applicants and staff working in allocations across Scotland. We have engaged with customers and promoted the opportunity to participate in the research across our social media channels. Following individual interviews, we are scheduled to launch the staff experience survey around September and will publish the findings later this year.

## **6. Environmental and sustainability implications**

- 6.1 There are no direct environmental and sustainability implications from this update.

## **7. Digital transformation alignment**

- 7.1 Our allocations service Homes4D&G is a fully digital customer service. However, support is available face-to-face for prospective tenants who may need assistance to complete a housing application.

## **8. Financial and value for money implications**

- 8.1 We will continue to explore all available funding opportunities to maximise our contribution to homes for homelessness.

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

- 9.1 Registered Social Landlords have a legal duty to assist local authorities in their homelessness duties. We are also required to report on a range of related indicators in the Annual Return on the Charter.

## **10. Risk Appetite and assessment**

- 10.1 Our agreed risk appetite in relation to making the most of our homes and assets and increasing the supply of new homes is Open. This level of risk tolerance is defined as willing to choose options that are most likely to result in successful delivery while also providing an acceptable level of risk / reward.
- 10.2 The approach set out in the paper has considered the wider impact that providing increased housing for homeless households will have on our other waiting and transfer list customers. Our letting forecast is reviewed annually to take account of this.

## **11. Equalities implications**

- 11.1 An Equalities Impact Assessment has been carried out for the Homelessness Policy. This assessment reviewed the impact of actions against the protected characteristics identified in equalities legislation. It showed that the Policy will have a positive or neutral impact on all characteristics.
- 11.2 We now report on equalities information anonymously from our Homes4D&G housing lists which includes homeless customers.

## **12. Key issues and conclusions**

- 12.1 We are a strong contributor to the national objective of alleviating homelessness.
- 12.2 We are on track to support the delivery of the key Homelessness Policy commitments, at the end of July we have let over 1,430 for homeless households, flipped 46 properties from temporary to permanent accommodation and provided 20 Housing First homes.
- 12.3 Following the recent Scottish Government declaration of a national housing emergency we are working closely with key stakeholders and local authority to respond to this. Part of our response includes our contribution to homeless allocations with a commitment to provide 400 homes this year.
- 12.4 As the new Housing Bill progresses through parliament, we will closely monitor this to ensure we are fully compliant when it finally comes into force.



12.5 The Homelessness Policy will be updated to reflect the revised ask and commitment to homeless lets this year and preparation will begin for the new Homelessness Policy that sits alongside the new Strategy and will take us beyond 2026.

**13. Recommendations**

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

LIST OF APPENDICES:

None

## Report

**To:** Wheatley Homes South Board

**By:** Alex Lamb, Managing Director

**Approved by:** Alan Glasgow, Group Managing Director of RSLs

**Subject:** Performance Report

**Date of Meeting:** 21 August 2024

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### 1. Purpose

1.1 This report presents an update on performance delivery against targets and strategic projects for 2024/25 to the end of Quarter 1.

### 2. Authorising and strategic context

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

2.2 We measure progress with the implementation of our five-year strategy via the Group Performance Management Framework (“PMF”).

2.3 The Group Board agreed an updated programme of strategic projects and performance measures and targets at its meeting in April 2024. Our Board subsequently agreed its specific performance measures and targets at its meeting on 29 May 2024.

### 3. Background

3.1 This report outlines our performance against targets and strategic projects for 2024/25. Unless specified otherwise, results for all measures are based on year-to-date figures.

3.2 This includes progress with those measures that will be reportable to the Scottish Housing Regulator (“SHR”) as part of the Annual Return on the Charter 2024/25.

3.3 We refer to available benchmarks, taken from Scotland’s Housing Network (“SHN”) member averages 2023/24. These averages are based on 119 RSL and LA SHN member responses, shared voluntarily. The SHR will publish Scottish averages for 2023/24 in late August 2024.

## 4. Discussion

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



### Delivering Exceptional Customer Experience

#### Customer First Centre

- 4.2 Year-to-date results as of the end of quarter 1 for our core CFC measures are presented in Table 1:

**Table 1**

Measure	2024/25		
	Value YTD	Target	Status
WHS - CSAT score (customer satisfaction)	4.5	4.5	■
WHS - Call abandonment rate	3.9%	5%	■
WHS - Call abandonment rate - those waited over 30secs and abandoned	2.51%	4%	■
Group - % of contacts to CFC resolved within CFC	87.68%	93%	■

- 4.3 Customer satisfaction with the CFC (known as CFC CSAT) remains the key measure, ensuring we place our customers' voices at the heart of performance management. Our overall CFC CSAT score was 4.5 at the end of quarter 1, on target and the same as at the end of quarter 4.
- 4.4 The call abandonment rate for our customers has improved during quarter 1 to 3.9%, from 5.89% in quarter 4, and is now better than the 5% target. The call abandonment rate after 30 seconds, whereby our customers waited over 30 seconds and then abandoned their call, better represents the aspect of the service that may be in the CFC's control. This improves to 2.51%, against a 4% target.
- 4.5 The percentage of contacts to the CFC resolved within the CFC, without the need to be passed to either Housing Teams or MyRepairs, was 87.68% at the end of quarter 1. This includes resolution on the phone, with specialist teams and via digital contact.

#### Tenancy Sustainment

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

- 4.7 We continue to support our new customers to sustain their tenancies to improve performance in both the Charter measure and our revised indicator (which excludes deaths and transfers to other homes in the Group). We work closely with Dumfries and Galloway Council (DGC) to support new customers referred by them.
- 4.8 Our targets have increased this year to align with the rest of the RSLs in our Group – now 90% for the Charter measure and 91% for the revised measure. We are meeting the target for the revised measure and only 11 of 733 new lets short of the Charter target.
- 4.9 The improvement in our performance can be attributed to the renewed focus from housing officers, modified conversations around holistic housing options, and the additional support available including the My Great Start project that WHS have been benefiting from since the start of the calendar year.
- 4.10 The SHN member average for 2023/24 is 91.11%. Although not meeting this benchmark, our performance has improved for all three indicators shown below since year end, with a notable improvement in homeless tenancy sustainment from 84.35% to 87.50%.

**Table 2**

Tenancy Sustainment	Charter – All lets	2024/25 Target – Charter	Charter – Homeless Lets	Revised	2024/25 Target - Revised
WHS	88.54%	90%	87.50%	91.21%	91%

Allocations CSAT

- 4.11 Our Allocations MyVoice survey commenced on 1 August 2023 to measure our customers’ satisfaction with the process of getting their new home. From this date to 30 June 2024 we are achieving the target of 4.5.

**Table 3**

Allocations CSAT	2024/25 – Rolling year	2024/25 Target
WHS	4.5	4.5



**Making the Most of Our Homes and Assets**

New Build Programme

- 4.12 Our target is to deliver a total of 101 new Social Homes in 2024/25. We have 14 handovers at Curries Yard year to date to the end of quarter 1.
- 4.13 Planning approval was granted for two developments for WHS on 26 June. The projects were the 70-unit development at Corsbie Road in Newton Stewart and the 44-unit development at College Mains in Dumfries. We are now liaising with DGC to identify whether there is scope to include these projects in the funding programme for tender approval in 2024/25.

## Volume of Emergency Repairs

- 4.14 The table below shows our position against the strategic result to reduce the volume of emergency repairs by 10% by 2026 compared to the updated baseline year of 2022/23. The target for 2024/25 is a reduction of 3.5%.
- 4.15 Emergency repair numbers are 256 less than the same point in 2023/24, a variance of -7.17%, on target.


**Table 4**

Completed emergency repairs	YTD 23/24	YTD 24/25	Variance
WHS	3,570	3,314	-7.17%

## Repairs Timescales and Right First Time

- 4.16 Our average time taken for emergency repairs is 2.6 hours at the end of quarter 1, well within the 3-hour target. This compares favourably to our average of 2.91 hours in 2023/24 and is better than the SHN member average of 3.74 hours in 2023/24.
- 4.17 The table below shows our average time taken for non-emergency repairs is 8.28 days, above this year's target of 7.5 days. Encouragingly, this is an improvement compared to 8.58 days last year and better than SHN member average of 8.71 days.

**Table 5**

Repairs completion timescales (Charter)	Emergency (hours)		Non-emergency (days)	
	Target	YTD Value	Target	YTD Value
WHS	3.00	2.60 	7.5	8.28 

- 4.18 Right first-time performance to the end of quarter 1 is under the 90% target at 88.96%, albeit an improvement on the position reported last year (87.71%).

**Table 6**

Percentage of repairs right first time (Charter)	2023/24	2024/25Y TD	Target
WHS	87.71%	88.96%	90% 

## Rate It

- 4.19 Book It, Track It, Rate It' aims to improve visibility and communication during the repair journey. The Rate It element was launched in November last year providing an opportunity for customer feedback on repair appointments.
- 4.20 For quarter 1, our Rate It score is 4.7/5 (from 1,748 responses, representing 16.9% of the feedback links generated to all customers with contact information).

## Responsive repairs: Damp and mould

- 4.21 We continue to monitor repairs related to mould, with updates provided to help facilitate greater scrutiny over these types of repairs. The CFC is now raising every job related to damp, mould, condensation or rot as a mould line.
- 4.22 We have attended 83.1% of mould inspections within 2 working days in quarter 1. The table below details the inspections with category of severity. We have had no severe cases.

**Table 7**


Inspections Completed	Category			
	No Mould Found	3 (Mild)	2 (Moderate)	1 (severe)
528	44	435	49	0

- 4.23 In this quarter, 78.7% of remedial mould repairs were completed within 15 working days. In June, in month performance improved to 80%.
- 4.24 At 1 August 2024 we had 13 live inspections, with 3 overdue the target timescale. At the same date, we had 7 live remedial repairs of which 1 was overdue against the 15 day target.

## Medical Adaptations

- 4.25 Time to complete medical adaptations has further improved and within the 25 day target year to date, with the average days to complete at 22.15 compared to 24.57 last year. We have completed 130 adaptations and currently have 19 household waiting.

**Table 8**

Medical Adaptations (Charter)	Current Households Waiting	Number Completed YTD	Average Days to Complete YTD	Target
WHS	19	130	22.15	25 

## Gas Safety

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

## Compliance

- 4.27 We have made good progress this quarter with all of our 200 relevant properties are compliant with Legionella assessment requirements. At the end of quarter 1 we had also carried out safety inspections on all our passenger and domestic lifts.
- 4.28 At the end of quarter 1, we continue to have had no newly expired electrical certificates and we are making progress with the inspection of the EICRs due to expire before 31<sup>st</sup> March 2025. At this point, 15.38% of certificates due to expire this year have been renewed and we are on course to complete the remainder by year end.

## Health and Safety

- 4.29 In 2023/24, we did not have any RIDDORs reported and this year we continue with that positive position of no reportable incidents. This year, to the end of quarter 1, the Group has lost 117 days due to work-related accidents.
- 4.30 We also have no Health and Safety Executive or local authority environmental team interventions this year, the same position that we have maintained since October 2022.
- 4.31 We have received no new employee liability claims during quarter 1, with none received in 2023/24. Across the Group there are currently nine open employee liability claims.

## Workplace Fires

- 4.32 We have not had any workplace fires in quarter 1 and have not recorded any since the measure started in 2021.



## **Changing Lives and Communities**

### Peaceful Neighbourhoods

- 4.33 The number of tenancies categorised as Peaceful across the Group increased slightly from 76.16% at the end of 2023/24 to 76.35% this quarter. We also continue to perform better than the target of 75%.

### Anti-Social Behaviour (ASB) Resolved

- 4.34 By the end of quarter one, the resolution rate for WHS ASB cases was 95.91%, within 10% of the target of 100%.

**Table 9**

ASB Resolution Rate	YTD	2024/25 Target
WHS	95.91%	100%

- 4.35 ASB resolution and timescales remain a strong performance focus over the coming periods. Heads of Housing have reached back out to Police Scotland in Dumfries and Galloway with a view to establishing tasking meetings. This will contribute to supporting Housing Officers further build confidence in actioning ASB reports.

### Repeat Anti-Social Behaviour cases – number of repeat addresses

- 4.36 Year-to-date for June, ASB was recorded at 25 repeat addresses within WHS, a 13.79% decrease compared to the baseline performance of June 2022 (29 repeat addresses). Our new prevention and solutions operating model within the Community Improvement Partnership (CIP) is supporting this trend, where a collaborative approach between WHS and Police Scotland is being taken to identify individuals involved in repeat ASB to address the root cause of this and deal with the behaviour appropriately.

## Accidental Dwelling Fires

- 4.37 Year to date to June, we have had five accidental dwelling fires (ADFs). This compares to one in the same quarter last year. Of the five ADFs year to date, 4 were categorised as minor and 1 significant and all human accident as the causal factor.
- 4.38 Person Centred Risk Assessment (PCRA) visits have been scheduled with all customers who experienced the minor incidents recorded and we have been able to support the customer who experienced the significant incident with multi-agency collaboration resulting in resettlement in line with our Allocations Policy.
- 4.39 WHS have also initiated a meeting with the watch commander at Dumfries SFRS to discuss further collaborative working to enhance our response to ADFs.

**Table 10**

Number of recorded accidental dwelling fires	2024/25 YTD	2023/24
WHS	5	12

- 4.40 Our Group Strategic result is to reduce RSL accidental dwelling fires (ADFs) by 10% by 2025/26, against the baseline of 210 ADFs in 2020/21. We achieved this target in each year of the strategy to 2023/24. Across Group RSLs, there have been 18 ADFs recorded in quarter 1. This provides an encouraging start to 2024/25.
- 4.41 Our additional strategy measure aims to ensure 100% of applicable properties have a current fire risk assessment in place. This continues to be achieved.

**Table 11**

Fire Risk Assessments	2024/25 YTD	Target
The percentage of relevant premises - with a current fire risk assessment in place	100%	100%

## Reducing Homelessness

- 4.42 We have provided 153 homes to homeless households this year to date to June. Our % of relevant lets made to homeless applicants in the first quarter is 53.31% (relevant lets exclude mutual exchange and transfers).

**Table 12**

Reducing Homelessness	2024/25 Number of lets to homeless applicants (ARC) - YTD	2023/24 Number of lets to homeless applicants (ARC) – full year
WHS	153	393

## NETS CSAT (Ad-hoc)

- 4.43 Our NETs MyVoice survey commenced in October 2023 to measure our customers' satisfaction with an ad-hoc service they requested, such as bulk uplift, tree work or weeding. Satisfaction from this date to 30 June 2024 is ahead of the 4.3 target at 4.5.



**Table 13**

NETs CSAT (Ad-hoc)	2024/25 – Rolling year	2024/25 Target
WHS	4.5	4.3

- 4.44 Feedback from the surveys is regularly reviewed to identify service improvements. During quarter 1, this identified that for some customers the point at which an ad-hoc request had successfully been completed was not always clear. In turn, our NETs have developed a calling card, now left with the customer at the time the ad-hoc request has been completed. We expect that this will help improve visibility.

#### Jobs and Opportunities

- 4.45 Over 200 children from WHS homes and communities have registered with the Imagination Library programme – receiving free, monthly reading books. The significantly exceeds the target of 17 for this quarter.
- 4.46 Year to date, the Wheatley Works staff have supported 13 training and employment opportunities for people in WHS homes and communities including environmental roots, changing lives and an environmental apprenticeship with WHS.
- 4.47 Over 400 people have been supported to alleviate the impacts of poverty. This has included over 130 customers receiving a Starter Pack or furniture package from Home Comforts to help them settle into their homes and make a positive start to their tenancy.

**Table 14**

Indicator	Target (YTD)	Current Performance YTD	2023/24
WHS - Number of children and young people benefiting from targeted Foundation programmes in Wheatley Communities	17	218	270
WHS - Total number of jobs, training places or apprenticeships created for customers and communities	13	13	117
WHS - Number of people accessing services which help alleviate poverty in Wheatley Communities	274	401	1,514

- 4.48 Just over 50% of planned jobs, training places or apprenticeships have been secured by customers across the Group this quarter. Due to the nature of funding secured to deliver Wheatley Works, the support provided during quarter 1 has included a larger proportion of non-customers, although delivery and support for Wheatley customers remains on track against the full-year forecast.
- 4.49 The number of Community Benefit jobs and training opportunities arising through the spend associated with new home construction and our investment programme that have been secured by Wheatley customers is currently 0.

- 4.50 Newbuild contractors will provide a full Group update on jobs and opportunities at the end of Q2, ensuring summer work experience placements and apprenticeship data can be collated. As a result, an improvement in performance for this measure is expected by the end of Q2.



## Developing our Shared Capability

### Sickness Absence

- 4.51 For 2024/25, the sickness rates for housing and repairs staff have been broken down to allow greater visibility and a more bespoke understanding and approach to absence management.
- 4.52 As the table below shows, we are currently outperforming the 5% sickness target for repairs staff at 2.63% year to date. For housing staff, sickness rates are currently above the 3% target at 3.39% year-to-date.
- 4.53 The combined rate for WHS is currently 2.84% which is slightly higher than the result at the end of 2023/24.

**Table 15**

Sickness Rate	Target	2024/25 YTD	2023/24
WHS – Housing staff	3%	3.39%	-
WHS – Repairs staff	5%	2.63%	-
WHS – Total	N/A	2.84%	2.52%

- 4.54 Minor Illness was the main reason for absence in Q1 accounting for 38% of total absence. One member of housing staff on Long Term Sick is due to return to work on a phased basis mid-August.
- 4.55 Employee Relations are continuing to audit short-term sickness to check that all available support is being offered and that, where appropriate, formal sickness absence management processes are being applied. This will be supported by refresher training for managers. The ER team has also been realigned and a dedicated team focusing on absence has been created.
- 4.56 Further assistance for staff members experiencing issues and managers supporting staff members was provided in Q1 via a variety of workshops including Supporting Staff Through Bereavement, Financial Wellbeing and Stress & Anxiety workshops.
- 4.57 These workshops will run throughout 2024 and will complement existing support services for stress and anxiety offered through our Employee Assistance Provider, our bespoke counselling services and through e-learning modules.
- 4.58 Wellbeing workshops focusing on health and wellbeing from a preventative approach / early awareness also took place in Q1 with our spring health checks attended by 28 housing colleagues across the Group.

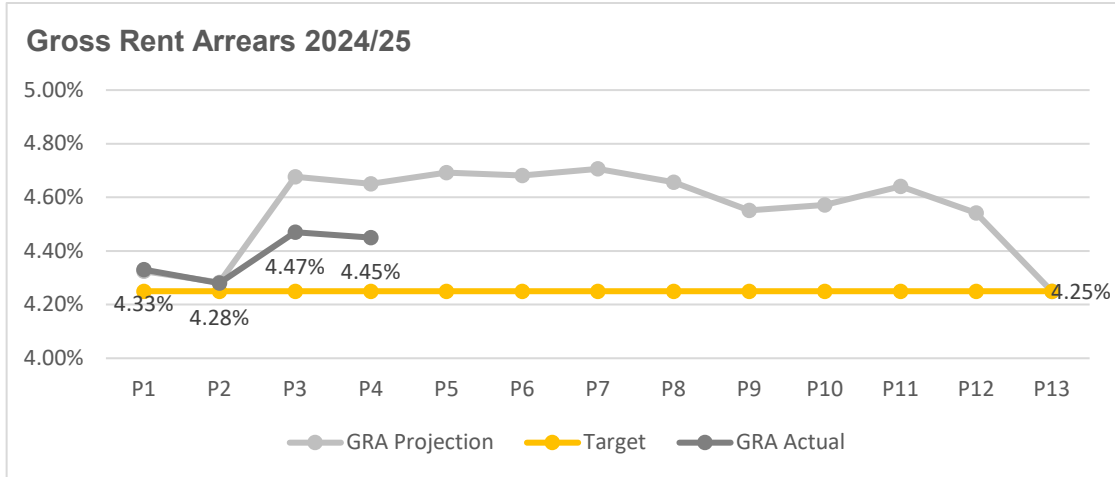


## Enabling our Ambitions

### Gross Rent Arrears (GRA)

- 4.59 Our current GRA of 4.45% is better than the 4.65% projected for the end of Q1. A much-improved position in this indicator for the same quarter last year, which was 5.15%. The SHN member average for 2023/24 has shown an increase to 7.17% compared to the SHR average of 6.9% in 2022/23. We continue to outperform these benchmarks.

**Chart 1**



- 4.60 As projected, we have experienced an increase in rent arrears with customers who have newly migrated onto Universal Credit due to the DWP managed migration rollout. Additional housing management activities in this area include, housing officers identifying this population of customers and offering assistance of our wrap around services as well as exploring potential managed payments to landlord (MPTL) in line with the DWP Alternative Payments guidance.

### Average Days to Re-Let (Charter)

- 4.61 Our average days to re-let at 7.89 days for the year-to-date is significantly better than our 16-day target. We are the best performing RSL in the Group. The SHN member average of 58.4 days for 2023/24 has shown an increase from the SHR average of 55.6 days in 2022/23. We continue to surpass these comparators.

**Table 16**

Average days to re-let (Charter)	2023/24 YTD	2023/24 Target	2022/23 Results	Charter revised (no meter amendments)	YTD meter
WHS	7.89	16	11.01	9.28	

- 4.62 The table above now also includes re-letting times with no meter amendments, shown as Charter revised. Our revised result shows the impact that meter issues are having on letting times. Meter issues and their impact on the sector, which became significant from the point of lockdown and continues to escalate, are currently under consideration by the Regulator.

## Invoice Payments

- 4.63 Year-to-date to June, 94.84% of invoices were paid in 30 days or fewer, significantly higher than the result at the end of 2023/24 (82.83%).

## Procurement

- 4.64 By the end of quarter one, 95.47% of contracted expenditure was compliant with procurement rules, slightly lower than the result at the end of 2023/24 (97.31%).



## Summary of Strategic Project Delivery

- 4.65 A full update on progress with strategic projects is attached at Appendix 2. The following table summarises the current status of projects.

**Table 17**

Complete	On track	Slippage	Overdue
0	5	1	0

- 4.66 No projects completed during quarter one and no projects are currently overdue.
- 4.67 The following project is currently slipping. Further details of this project can be found in Appendix 2:
- Lochside regeneration.

## **5. Customer engagement**

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

## **6. Environmental and sustainability implications**

- 6.1 Our Group sustainability framework includes a refined sustainability performance framework overseen by the Wheatley Solutions Board.

## **7. Digital transformation alignment**

- 7.1 Our strategy is underpinned by digital transformation. The strategic projects for 2024/25 have been developed and prioritised with IT, digital and data interdependencies a key factor.

## **8. Financial and value for money implications**

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

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

- 9.1 The Scottish Housing Regulator requires an Annual Return on the Charter from each RSL. Key indicators within this return are also included in quarterly performance reporting.
- 9.2 We are also required to involve tenants in the scrutiny of performance, which we do through the Group Scrutiny Panel, and to report to tenants on performance by the end of October each year.
- 9.3 The Group Scrutiny Panel consider performance quarterly and will contribute to our report to tenants during quarter 2.

## **10. Risk appetite and assessment**

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

## **11. Equalities implications**

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

## **12. Key issues and conclusions**

- 12.1 We have strong performance against our targets for 2024/25 in several key areas including Allocations and NETs CSAT, emergency repair timescales, average time to complete medical adaptations, new build completions, the number of children and young people benefiting from targeted Foundation programmes, the number of people accessing services which help alleviate poverty and average time to re-let properties. Continued areas of focus include Charter tenancy sustainment, non-emergency repair timescales and arrears.

## **13. Recommendations**








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

### **LIST OF APPENDICES:**















Appendix 1: Strategic Results Dashboard  
Appendix 2: Strategic Projects Dashboard

**Appendix 1 - WHS Board - Delivery Plan 24/25 - Strategic Measures**

1. Delivering Exceptional Customer Experience







Measure	2023/24	YTD 2024/25		
	2023	2024		Status
	Value	Value	Target	
% new tenancies sustained for more than a year - overall	86.1%	88.54%	90%	
% new tenancies sustained for more than a year - homeless	84.35%	87.5%	Contextual	
% new tenancies sustained for more than a year - revised	89.45%	91.21%	89%	
Group - % of contacts to CFC resolved within CFC	NEW	87.68%	93%	
CFC CSAT	4.5	4.5	4.5	
Abandonment Rate	5.89%	3.9%	5%	
Call abandonment rate after 30 secs	NEW	2.51%	4%	
Allocations CSAT	4.5	4.5	4.5	

## 2. Making the Most of Our Homes and Assets





Measure	2023/24	YTD 2024/25		
	2023	2024		Status
	Value	Value	Target	
Reduce the volume of emergency repairs by 10% by 2025/26 (target -3.5% for 2024/25)	Apr to Jun 23/24 – 3,570	3,314	-7.17%	
Average time taken to complete emergency repairs (hours) – make safe	2.7	2.6	3	
Average time taken to complete non-emergency repairs (working days)	8.58	8.28	7.5	
% reactive repairs completed right first time	87.71%	88.96%	90%	
Number of gas safety checks not met	0	0	0	
Average time to complete approved applications for medical adaptations (calendar days)	24.57	22.15	25	
Legionella - percentage of applicable properties with a valid risk assessment in place	100%	100%	100%	
Percentage of EICR certificates due to expire by end of financial year now renewed	100%	15.38%	100%	
Percentage of properties with an EICR certificate up to 5 years old	100%	100%	100%	
Percentage of domestic stair and through floor lifts with valid safety inspection	100%	100%	100%	
Percentage of passenger lifts with a valid safety inspection	100%	100%	100%	
New build completions - Social Housing	35	14	0	
Number of RIDDOR	2	0	Contextual	
Number of HSE or LA environmental team interventions	0	0	0	
Number of FRA - Actions - Overdue		0	0	
Number of accidental dwelling fires recorded by Scottish Fire and Rescue	12	5	Contextual	
Group - Number of open employee liability claims	13	9	Contextual	

Measure	2023/24	YTD 2024/25		
	2023	2024		
	Value	Value	Target	Status
Group - Number of days lost due to work related accidents	649	117	Contextual	
Number of new employee liability claims received	0	0	Contextual	



### 3. Changing Lives and Communities

Measure	2023/24	YTD 2024/25		
	2023	2024		
	Value	Value	Target	Status
% ASB resolved	100%	95.91%	100%	
Number of lets to homeless applicants	393	153	Contextual	
% Lets Homeless Applicants - overall	47.52%	53.31%	Contextual	
% Relevant lets to Homeless Applicants	47.57%	53.31%	Contextual	
Group - Percentage of Community Benefit job and training opportunities arising through the spend associated with new home construction and our investment programme that have been secured by Wheatley customers	45.58%	-	30%	
Group - % planned jobs, training places or apprenticeships created which are secured by our customers	72.57%	50.65%	50%	
Total number of jobs, training places or apprenticeships created for customers and communities	117	13	13	
Number of children and young people benefiting from targeted Foundation programmes in Wheatley Communities	270	218	17	
Number of people accessing services which help alleviate poverty in Wheatley Communities	1,514	401	274	
NETS CSAT (ad-hoc)	4.6	4.5	4.3	








Measure	2023/24	YTD 2024/25		
	2023	2024		
	Value	Value	Target	Status
Group - % of our customers live in neighbourhoods categorised as peaceful	76.16%	76.35%	75%	
Group - The percentage of HMOs that have a current fire risk assessment in place	100%	100%	100%	
Number of accidental fires in workplace	0	0	0	
Group RSLs - Number of accidental dwelling fires (reduce by 10% by 2025/26) (Upper limit 195 for 2024/25)	121	18	195	


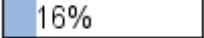

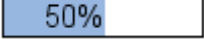
4. Developing Our Shared Capacity




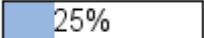
Measure	2023/24	YTD 2024/25		
	2023	2024		
	Value	Value	Target	Status
% Sickness rate - Total	2.52%	2.84%	Contextual	
% Sickness rate - Housing Staff	NEW	3.39%	3%	
% Sickness rate - Repairs Staff	NEW	2.63%	5%	


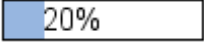
5. Enabling Our Ambitions

Measure	2023/24	YTD 2024/25		
	2023	2024		
	Value	Value	Target	Status
% lettable houses that became vacant	7.92%	7.85%	8%	
Average time to re-let properties	11.01	7.89	16	
Gross rent arrears (all tenants) as a % of rent due	4.33%	4.45%	4.25%	
% of payments made within the reporting period which were paid in 30 days or fewer (from the date the business receives a valid invoice)	82.83%	94.84%	96%	
% of contracted expenditure compliant with procurement rules	97.31%	95.47%	99%	

## Appendix 2 - WHS Board - Delivery Plan 24/25 - Strategic Projects

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
Defining and agreeing our approach to vulnerability and personalised services	31-Mar-2025			01. Vulnerability strategy and plan developed	30-Jun-2024	Yes	Project is on track with a strategy in draft.  Customer engagement sessions are being planned to take place during August 2024
				02. Customer engagement concluded	31-Aug-2024	No	
				03. Board approval of strategy and implementation plan	30-Sep-2024	No	
				04. Implementation plan commenced	31-Oct-2024	No	
				05. Update to Board on implementation	31-Mar-2025	No	
				06. Review and refine plan phase 2	31-Mar-2025	No	
Customer insight driven services	30-Sep-2024			01. Agree the top 3 priority areas for customer journey mapping based on analysis of customer insight on key satisfaction drivers	31-May-2024	Yes	Project is on track.  The pulse survey programme commenced in June.  Work also commenced in July with Vanguard and the relevant project teams on two CJMs and complaints analysis, following an introductory session on systems thinking held on the 5th of July
				02. Agree our pulse and thematic survey programme	31-May-2024	Yes	
				03. Undertake customer journey mapping, including through direct engagement with customers	31-Aug-2024	No	
				04. Group Executive team agree service, process and technology changes required to improve the customer	30-Sep-2024	No	

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				journey and respond to the pulse survey findings			
Asset strategy	28-Feb-2025			01. Asset strategy featured as a key theme in Group partner Board strategy workshops	31-May-2024	Yes	The Group Board approved the Asset Strategy at its June meeting. Approval followed engagement with partner Boards and customers on investment drivers and priorities. Work is ongoing to realise the direction set in the Asset Strategy through Asset Management Plans for each applicable Group partner.
				02. Customer and staff engagement session	31-May-2024	Yes	
				03. Internal review and sign-off	31-May-2024	Yes	
				04. Group Board approval of Group Asset Management strategy	30-Jun-2024	Yes	
				05. Group partner asset management plans approved	30-Sep-2024	No	
				06. Staff launch of group asset management strategy and group partner asset management plans	31-Oct-2024	No	
				07. Agreed approach through strategy informs 2025 investment plans	28-Feb-2025	No	
[redacted]							
Develop a data and technology enabled approach to managing and monitoring building compliance	31-Dec-2024			01. Review our existing compliance cycles, data management, integration and management information arrangements	31-Jul-2024	Yes	Work is progressing to plan. Existing cycles, integration and MI has been reviewed across key compliances areas for each group partner. Work will now continue to summarise and present findings, which will support development of our
				02. Build our future building compliance model including desired compliance cycles, key data, data flows, degree of integration, required	31-Oct-2024	No	

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				management information and desired customer touchpoints and functionality			desired future compliance model.
				03. Undertake a gap analysis and options appraisal including costs and benefits of the change between current arrangement and desired future model	30-Nov-2024	No	
				04. Develop detailed implementation proposal and plan and update Executive Team including on timescales and anticipated benefits	31-Dec-2024	No	
Improving and evolving our multi-channel customer first centre	28-Feb-2025			01. Customer Engagement on service improvement opportunities via Stronger Voices team	30-Jun-2024	Yes	Customer engagement sessions went ahead on 4th July, 1 face to face and 1 via Teams. Positive feedback received from all who attended and wish to engage with us going forward. Significant progress has been made with the implementation of geographical teams. Both Lowther and WHE are now operational. We are currently conducting a thorough analysis of WHG to determine the most effective strategy for managing the subsidiary's size and scale.
				02. Agree approach and workplan for geographical subsidiary service delivery	31-Jul-2024	No	
				03. Pilot customer call transcription and automated quality assurance	31-Oct-2024	No	
				04. Scope and develop an approach for automation of identification and verification (IDV)	31-Dec-2024	No	
				05. Year 1 update of the Executive Team including customer feedback and Year 2 enhancement plan	28-Feb-2025	No	

## Report

**To:** Wheatley Homes South Board

**By:** Lyndsay Brown, Director of Financial Reporting

**Approved by:** Pauline Turnock, Group Director of Finance

**Subject:** Finance Report to 30 June 2024

**Date of Meeting:** 21 August 2024

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### 1. Purpose

The purpose of this paper is to:

- Provide an overview of the management accounts for the period to 30 June 2024 and the Q1 forecast.

### 2. Authorising and strategic context

- 2.1 Under the terms of the Intra-Group Agreement between Wheatley Homes South and the Wheatley Group and this Board's Terms of Reference, the Wheatley Homes South Board is responsible for the on-going monitoring of performance against agreed targets. This includes the on-going performance of its finances.
- 2.2 Under the Group Standing Orders and the Terms of Reference contained therein, the Board is required to approve loan agreements, covenant returns and granting of security. Raising additional funding and ensuring our existing financing arrangements are fit for purpose ensure we have the financial resources to enable our ambitions to deliver new energy-efficient affordable homes.

### 3. Background - Financial performance

- 3.1 The results for the period to 30 June are summarised below:

	Year to Date (Period 3)		
	Actual £'000	Budget £'000	Variance £'000
Turnover	15,436	13,092	2,344
Operating expenditure	(10,351)	(11,051)	700
<b>Operating surplus</b>	<b>5,085</b>	<b>2,041</b>	<b>3,044</b>
<i>Operating margin</i>	33%	16%	
Net interest payable	(1,821)	(1,859)	(38)
<b>Surplus</b>	<b>3,264</b>	<b>182</b>	<b>3,082</b>
<b>Net Capital Expenditure</b>	<b>6,457</b>	<b>8,232</b>	<b>1,775</b>

## 4. Discussion

### 4.1 Year to date – Period 3

Statutory surplus to 30 June is £3,264k, is £3,082k favourable to budget with the key drivers being earlier handover of Curries Yard units and lower spend across various expenditure lines.

Key points to note:

- Within income, net rental income is £78k higher than budget, with letting remaining strong into this financial year and a void loss rate of 0.6% vs 1.0% in budget. Grant income is £2,248k favourable to budget due to the earlier handover of 14 units at Curries Yard;
- Other grant income is £25k favourable to budget due to higher than budgeted renewable heat incentive (RHI) grant income and higher Supporting People grant income from DGC;
- Operating expenditure is £700k favourable to budget driven by lower spend across the majority of expenditure lines:
  - Total employee costs (direct and group services) are £39k favourable to budget. The savings include vacant positions and lower than budgeted overtime.
  - Total running costs (direct and group services) are £46k favourable to budget due to savings across various expenditure lines from Wheatley Solutions.
  - Repair costs are £375k favourable to budget. Within this, responsive repairs are £156k favourable to budget due to the continuation of the repairs improvement plan which is helping to manage costs. Cyclical and compliance spend is £219k favourable to budget due to timing of spend against budget.
- Investment income is £365k lower than budget mainly due to the delay in the site start for Ashwood Drive which has yet to be approved;
- Total core investment spend of £2,134k is £114k lower than budget due to timing of spend on the core programme and lower capitalised voids; and
- New Build expenditure is £1,879k under budget due to the later timing of start dates at Ashwood Drive and Newington both of which are yet to be approved. Curries Yard and Springholm are favourable to budget due to timing of spend but completions are still on track for September 2024.

## 4.2 Q1 2024/25 Full Year Forecast

	Full year 2024/25		
	Forecast £k	Budget £k	Variance £k
Turnover	74,037	74,508	(471)
Operating expenditure	44,111	(44,093)	(18)
<b>Operating surplus</b>	<b>29,926</b>	<b>30,415</b>	<b>(489)</b>
<i>Operating margin</i>	<i>40%</i>	<i>41%</i>	
Net interest payable	(7,356)	(7,387)	31
<b>Surplus</b>	<b>22,570</b>	<b>23,028</b>	<b>(458)</b>
<b>Net Capital Expenditure</b>	<b>24,970</b>	<b>25,472</b>	502

- Statutory surplus of £22,570k is £458k unfavourable to budget due to lower intra group Wheatley Development Scotland (WDS) gift aid income and the finalisation of the grant claim for 2024/25 Scottish Housing Net Zero funded projects; and
- Within net capital expenditure, investment works are forecast to be £1,092k higher than budget with the RSL borrower group interest cover covenant change creating additional capacity for works to be delivered in WH South. This is partly offset by lower spend in the SHNZ funded project following the scoping of project works and the grant award.

## 5. Customer Engagement

- 5.1 This report relates to our financial reporting and therefore there are no direct customer implications arising from the Finance Report.

## 6. Environmental and sustainability implications

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

## 7. Digital transformation alignment

- 7.1 There are no digital transformation alignment implications arising from the Finance Report.

## 8. Financial and value for money implications

- 8.1 The statutory surplus for the year to 30 June 2024 is £3,264k, £3,082k favourable to budget. An underlying surplus after excluding accounting adjustments for new build grant income of £2,742k has been generated which is £948k favourable to budget. Within net operating surplus an improved operating performance position is contributing to the favourable variance. Delivery of our cost efficiency targets is a key element of continuing to demonstrate value for money.



8.2 The Q1 forecast shows a statutory surplus of £22,570k, £458k adverse to budget due to lower intra group Wheatley Development Scotland (WDS) gift aid income ( an intra Group item) and the finalisation of the grant claim for Scottish Housing Net Zero funded project. The Q1 forecast reports an underlying surplus of £4,364k, £1,232k unfavourable to budget with the variance due to the release of additional financial provision for investment in existing homes in recognition of our objective to maintain the quality of our housing and to invest to improve the energy efficiency of our homes.

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

9.1 There are no direct legal, regulatory and charitable implications arising from the Finance Report.

## **10. Risk Appetite and assessment**

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

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

10.3 The Group's risk appetite in respect of development is "open", which is defined as willing to choose the option "*most likely to result in successful delivery while also providing an acceptable level of reward*". The Group's risk appetite in respect of governance is "cautious" which is defined as "*preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward*".

## **11. Equalities implications**

11.1 There are no equalities implications arising from the Finance Report.

## **12. Key issues and conclusions**

12.1 This paper presents the financial performance for the period to 30 June 2024.

## **13. Recommendations**

13.1 The Board is requested to note the Finance Report for the period to 30 June 2024 and Q1 forecast at Appendix 1.

## **LIST OF APPENDICES:**

Appendix 1: Period 3 – 30 June 2024 Finance Report



# Period to 30 June 2024 Finance Report



# 1) Operating statement – Period to June 2024

OPERATING STATEMENT	Period to June 2024			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
<b>INCOME</b>				
Rental Income	12,691	12,670	21	51,163
Void Losses	(73)	(130)	57	(521)
<b>Net Rental Income</b>	<b>12,617</b>	<b>12,540</b>	<b>78</b>	<b>50,642</b>
Grant Income	2,248	0	2,248	16,418
Other Grant Income	259	234	25	5,297
Other Income	311	318	(7)	2,152
<b>TOTAL INCOME</b>	<b>15,436</b>	<b>13,092</b>	<b>2,344</b>	<b>74,508</b>
<b>EXPENDITURE</b>				
Employee Costs - Direct	1,270	1,317	46	5,277
Employee Costs - Group Services	899	892	(7)	3,508
ER/VR	0	0	0	210
Direct Running Costs	644	648	4	2,651
Running Costs - Group Services	516	558	42	2,305
Revenue Repairs and Maintenance	3,006	3,381	375	13,122
Bad debts	64	264	200	1,056
Depreciation	3,860	3,860	0	15,441
Demolition and compensation	92	131	39	523
<b>TOTAL EXPENDITURE</b>	<b>10,351</b>	<b>11,051</b>	<b>700</b>	<b>44,093</b>
<b>NET OPERATING SURPLUS</b>	<b>5,085</b>	<b>2,041</b>	<b>3,044</b>	<b>30,415</b>
<i>Net operating margin</i>	33%	16%	17%	41%
Interest receivable	34	8	26	30
Interest payable & similar charges	(1,855)	(1,867)	12	(7,417)
<b>STATUTORY SURPLUS</b>	<b>3,264</b>	<b>182</b>	<b>3,082</b>	<b>23,028</b>
<b>INVESTMENT</b>				
<b>TOTAL CAPITAL INVESTMENT INCOME</b>	<b>0</b>	<b>365</b>	<b>(365)</b>	<b>16,304</b>
Capital Investment spend	2,134	2,248	114	15,432
New Build Programme	4,085	5,964	1,879	24,207
Other Fixed Assets	239	384	145	2,137
<b>TOTAL INVESTMENT EXPENDITURE</b>	<b>6,457</b>	<b>8,597</b>	<b>2,140</b>	<b>41,776</b>
<b>NET CAPITAL EXPENDITURE</b>	<b>6,457</b>	<b>8,232</b>	<b>1,775</b>	<b>25,472</b>

## Key highlights:

Net operating surplus of £5,085k is £3,044k favourable to budget. Statutory surplus to 30 June is £3,264k, is £3,082k favourable to budget with the key drivers being earlier handover of Curries Yard units and lower spend across expenditure.

- Net rental income is £78k higher than budget. Void losses are £57k favourable to budget, with a void loss rate of 0.6% vs 1.0% in budget. Rental income is £21k higher due to unbudgeted rental income from earlier handover of Curries Yard.
- Grant income is £2,248k favourable to budget due to the handover of 14 units at Curries Yard in May 2024 that were budgeted to handover in September 2024.
- Other grant income is £25k favourable to budget due to higher than budgeted renewable heat incentive (RHI) grant income and higher Supporting People grant income from DGC.
- Other income is £7k adverse to budget with lower garage income and two void commercial properties.
- Total employee costs (direct and group services) are £39k favourable to budget, with vacant positions in Care and Housing and lower overtime. Total running costs (direct and group services) are £46k favourable to budget primarily due to the timing of spend on group costs in Wheatley Solutions at this point in the year.
- Repairs costs are £375k favourable to budget. Responsive repairs are £156k favourable to budget with a lower overall cost per job compared to the same period in the prior year. Cyclical, gas maintenance and compliance are also all favourable to budget due to timing of spend compared to budget.
- Bad debts are £200k favourable to budget. A prudent approach was taken when setting the budget.
- Demolition costs include a buy back at Armour Drive (Summerhill).

Interest payable of £1,855k represents interest due on the loans due to Wheatley Funding No.1 Ltd and external funders.

Net capital expenditure of £6,457k is £1,775k lower than budget.

- Capital investment income is £365k lower than budget. New build grant income is unfavourable to budget due to the later than budgeted start date at Ashwood Drive.
- Total core investment spend of £2,134k is £114k lower than budget due to the timing of spend on core programme and lower capitalised voids.
- New Build expenditure is £1,879k due to later timescales at Ashwood Drive and Newington both of which are yet to be approved. Curries Yard and Springholm are under budget due to timing of spend but completions are still on track for September 2024.
- Other capital expenditure of £239k is £145k lower than budget, driven by lower IT costs.

# 1b) Underlying surplus – Period to June 2024

## Key highlights :

- The Operating Statement (Income and Expenditure Account) on page 2 is prepared in accordance with the requirements of accounting standards (Financial Reporting Standard 102 and the social housing Statement of Recommended Practice 2014).
- However, the inclusion of grant income on new build developments creates volatility in the results and does not reflect the underlying cash surplus/deficit on our letting activity.
- The chart below therefore shows a measure of underlying surplus which adjusts our net operating surplus by excluding the accounting adjustments for the recognition of grant income and depreciation but including capital expenditure on our existing properties.
- For the period to June 2024, an underlying surplus of £2,742k has been generated which is £948k favourable to budget. Within net operating surplus an improved income and reduced expenditure position is contributing to the favourable position.

Underlying Surplus - Period to 30 June 2024				
	YTD Actual £ks	YTD Budget £ks	YTD Variance £ks	FY Budget £ks
Net Operating surplus	5,085	2,041	3,044	30,415
add back:				
Depreciation	3,860	3,860	0	15,441
less:				
Grant income	(2,248)	0	(2,248)	(16,418)
Net interest payable	(1,821)	(1,859)	38	(7,417)
Total expenditure on Core Programme	(2,134)	(2,248)	114	(15,432)
<b>Underlying Surplus</b>	<b>2,742</b>	<b>1,794</b>	<b>948</b>	<b>6,589</b>

## 2) In House Repairs Service – Period to June 2024

In House Repairs	YTD			Full Year Budget
	Actual £ks	Budget £ks	Variance £ks	
<b>INCOME</b>				
Internal	2,837	3,269	(432)	12,675
External Customers	106	112	(6)	447
<b>TOTAL INCOME</b>	<b>2,943</b>	<b>3,381</b>	<b>(438)</b>	<b>13,122</b>
<b>COST OF SALES</b>				
Staff Costs	1,338	1,362	23	5,465
Materials	631	770	138	3,080
Subcontractor & Other Costs	560	644	84	2,577
<b>TOTAL COST OF SALES</b>	<b>2,530</b>	<b>2,777</b>	<b>245</b>	<b>11,122</b>
<b>GROSS PROFIT</b>	<b>413</b>	<b>604</b>	<b>(191)</b>	<b>2,000</b>
Margin %	14%	18%	-4%	15%
Overheads	482	500	18	2,000
<b>NET (LOSS) / PROFIT</b>	<b>(69)</b>	<b>105</b>	<b>(175)</b>	

### Key Comments:

- Income for the in house repairs service is £438k lower than budget. External customers income represents Home Group income generated in the period to 30 June 2024.
- Employee costs are £23k favourable to budget driven by an increase in the labour capitalised to accommodate the demand for capitalised voids.
- The favourable variance in materials and subcontractors is driven by lower cost per job vs budget.
- Overheads are £18k favourable to budget driven by timing of spend, including lower training and consultancy fees.

### 3) Repairs and Investment – Period to June 2024

Revenue Repairs and Maintenance	YTD			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
Reactive	2,361	2,517	156	9,468
Gas planned maintenance	242	285	43	1,174
Landscaping and cyclical maintenance	155	245	90	900
Compliance	249	334	85	1,580
<b>TOTAL</b>	<b>3,006</b>	<b>3,381</b>	<b>375</b>	<b>13,122</b>

Core Investment Programme	To 30 June 2024			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
<b>Investment programme grant income</b>				
Aids and Adaptations	0	0	0	1,000
Social Housing Net Zero	0	0	0	3,364
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,364</b>
<b>Investment programme spend</b>				
Core Programme	655	720	65	5,414
Capitalised repairs	221	226	5	921
Social Housing Net Zero	0	0	0	3,364
Capitalised Voids	843	874	31	3,459
Adaptations	110	110	0	1,000
Capitalised Staff	305	318	13	1,274
<b>Total</b>	<b>2,134</b>	<b>2,248</b>	<b>114</b>	<b>15,432</b>

<b>Net Investment Spend</b>	<b>2,134</b>	<b>2,248</b>	<b>114</b>	<b>11,068</b>
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#### Repairs

Repairs and maintenance costs are £375k favourable to budget.

- Reactive repairs are £156k favourable to budget driven by an overall lower cost per job.
- Gas planned maintenance, landscaping and cyclical maintenance and compliance expenditure were all favourable to budget due to the timing of spend against budget. All compliance work is still within the required legislative timeframe.

#### Investment

Net investment in our existing homes after taking account of fully funded adaptations work was £2,134k, which is £114k lower than budget.

- Core programme is £65k under budget due to lower spend on windows & doors and lowrise, offset partly by higher spend on kitchens and ASHP.
- Capitalised voids are £31k below budget with the average cost per job of £4,100.
- Aids & Adaptations and capitalised repairs are in line with budget.

# 4) New Build – Period to June 2024

Development Name	Status	Contractor	YTD P3			Full Year
			Actual	Budget	Variance	FY Budget
Curries Yard	On Site	CCG	1,498	1,748	250	2,700
Springholm	On Site	Ashleigh	1,763	2,187	424	2,673
Glenluce	Feasibility	Ashleigh	7	-	(7)	2
Johnstonebridge	Approved/Due on S	Ashleigh	4	50	46	2,603
Corsbie Road	Feasibility	McTaggart	3	-	(3)	3,320
Ashwood Drive	Feasibility	Ogilvie	27	448	422	1,482
Thornhill	Feasibility	CCG	126	12	(114)	232

[redacted]

Development spend at the end of June 2024 was £4,085k, against a budget of £5,964k, a variance of £1,879k under budget.

### On Site/Due on Site:

- **Currie's Yard (SR/89):** 14 homes handed over in May 202 with the final 40 units to be handed over by September 2024.
- **Springholm/ Ewart Place (SR/47):** Construction started in May 2023. Grant is fully drawn down, with full site completion expected in September 2024.
- **Johnstonebridge/ MacLean Drive (SR/33):** Tender approved in March 2024; SG funding granted in July 2024. Site start September 2024.

[redacted]:

### Regeneration:

- **Summerhill:** Demolition works anticipated to commence Summer 2024. New build design is progressing with planning to be submitted in Q3 24/25.
- **Newington:** Demolition works expected to start late Summer/early Autumn. Planning to be submitted for new builds in August 2024.
- **Troqueer:** Demolition completed; new build design being progressed with planning to be submitted in Q3.
- **Lochside** – Identified as a Transformational Regeneration Area and regeneration of the area will be delivered in partnership with DGC with the Heads of Terms agreed. Maxwelltown High is progressing as first new build site with design team now appointed.

Total Social Rent			3,770	3,871	1,001	22,350
Capitalised Staff			295	293	(2)	1,173
Capitalised Interest			-	-	-	484
<b>Total New Build Investment</b>			<b>4,085</b>	<b>5,964</b>	<b>1,879</b>	<b>24,207</b>

Grant Income			-	365	(365)	11,940
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<b>Net New Build Cost</b>			<b>4,085</b>	<b>5,599</b>	<b>1,514</b>	<b>12,267</b>
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Grant Income Completions (recognised in OPS)			2,248	-	2,248	16,418
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# 5) Balance Sheet – Period to June 2024

	30 June 24	31 March 24
<b>Fixed Assets</b>		
Social Housing Properties	467,826	465,426
Other Fixed Assets	2,118	1,878
Investment Properties	11,554	11,582
	<u>481,499</u>	<u>478,886</u>
<b>Current Assets</b>		
Stock	896	897
Rent and service charge arrears	2,777	3,116
less: provision for rent arrears	(1,285)	(1,285)
Prepayments and accrued income	465	2,138
Other debtors	3,677	3,849
Total Debtors	5,634	7,817
Due from other group companies	555	252
Cash & Cash Equivalents	2,572	5,150
	<u>9,658</u>	<u>14,116</u>
<b>Creditors: within 1 year</b>		
Trade Creditors	(998)	(2,354)
Accruals	(4,031)	(2,173)
Deferred income (Grant)	(14,169)	(16,417)
Prepayments of Rent and Service Charge	(1,217)	(990)
Other Creditors	(631)	(707)
Total Creditors	(21,046)	(22,641)
Amounts due to Group Undertakings	(4,705)	(6,501)
	<u>(25,751)</u>	<u>(29,141)</u>
<b>Net Current Liability</b>	<b>(16,093)</b>	<b>(15,026)</b>
<b>Long Term Creditors</b>		
Long term loans	(165,214)	(167,214)
Loan interest	(5,454)	(5,171)
Deferred Income	(3,967)	(3,967)
Other provisions	(171)	(171)
Pension		
<b>Net Assets</b>	<b>290,601</b>	<b>287,337</b>
<b>Capital and Reserves</b>		
Share Capital		
Revenue Reserve	133,653	130,389
Revaluation Reserve	156,948	156,948
<b>Shareholders' funds</b>	<b>290,601</b>	<b>287,337</b>

## Key Comments:

The balance sheet reported reflects the draft 31 March 2024 year end statutory adjustments, including the revaluation of both housing and investment properties.

**Fixed assets** of £481.5m – representing new build works less depreciation of existing assets.

- **Stock** relates to stock for the in-house repairs team and materials on site relating to the investment program.
- **Debtors** – net rent and service charge arrears are lower with two Housing Benefit payments received in May due to timing of the 4 weekly receipts.
- **Accrued income** – This includes new build grant income and aids & adaptations.
- **Other debtors** includes capital asset recharge £3.5m.
- **Creditors: within 1 year** Includes
  - Trade creditors are lower than 31 March 2024 driven by timing of supplier payments.
  - Accruals includes £1.8m Design and Build costs due to WDSL, £0.5m of investment works (CBG), £0.3m materials, £0.5m THFC interest and £0.2m insurance. The increase in accruals is due to timing.
  - Grant income received is deferred until the completion of new build properties. The £14.2m relates to Springholm and the Curries Yard completions expected in 2024/25.
- **Long-Term Creditors** relate to
  - Capital loans of £165m, include WFL1, Allia and THFC loans.
  - The roll up of accrued interest on Allia loans is not payable until the end repayment date of the loan. £5.5m has been accrued since the drawdown of the loans.
  - Grant income received is deferred until the completion of new build properties. The balance relates to Catherinefield and Thornhill which are all expected to complete in 2025/26 onwards.
  - Provision of £171k relates to the remaining balance made for dilapidation liabilities for offices and hubs.



## 6) Q1 Forecast 2024/25

Operating statement	Full Year 2024/25		
	Q1 Forecast £k	Budget £k	Variance £k
<b>INCOME</b>			
Rental Income	51,163	51,163	0
Void Losses	(521)	(521)	0
<b>Net Rental Income</b>	<b>50,642</b>	<b>50,642</b>	<b>0</b>
Grant Income	16,418	16,418	0
Other Grant Income	5,143	5,297	(154)
Other Income	1,834	2,152	(318)
<b>Total Income</b>	<b>74,037</b>	<b>74,508</b>	<b>(471)</b>
<b>EXPENDITURE</b>			
Employee Costs - Direct	5,277	5,277	0
Employee Costs - Group Services	3,508	3,508	0
ER / VR	210	210	0
Direct Running Costs	2,705	2,651	(54)
Running Costs - Group Services	2,269	2,305	36
Revenue Repairs and Maintenance	13,122	13,122	0
Bad debts	1,056	1,056	0
Depreciation	15,441	15,441	0
Demolition	523	523	0
<b>TOTAL EXPENDITURE</b>	<b>44,111</b>	<b>44,093</b>	<b>(18)</b>
<b>OPERATING SURPLUS</b>	<b>29,926</b>	<b>30,415</b>	<b>(489)</b>
Interest Payable	(7,356)	(7,387)	31
<b>STATUTORY SURPLUS</b>	<b>22,570</b>	<b>23,028</b>	<b>(458)</b>
Investment	Full Year 2024/25		
	Q1 Forecast £k	Budget £k	Variance £k
<b>Total Capital Investment Income</b>	<b>11,858</b>	<b>16,304</b>	<b>(4,446)</b>
Investment Works	16,524	15,432	(1,092)
New Build	18,166	24,207	6,041
Other Capital Expenditure	2,137	2,137	0
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>36,828</b>	<b>41,776</b>	<b>4,948</b>
<b>NET CAPITAL EXPENDITURE</b>	<b>24,970</b>	<b>25,472</b>	<b>503</b>

### Key highlights :

Statutory surplus of £22,570k is £458k unfavourable to budget due to lower intra group Wheatley Development Scotland (WDS) gift aid income and the finalisation of the grant claim for Scottish Housing Net Zero funded project.

- Other grant income is £154k lower than budget following the finalisation of the scope of works and associated grant claim for the Social Housing Net Zero (SHNZ) project, partly offset by £54k additional Care grant for Temporary Accommodation.
- Other income is £318k lower than budget due to lower WDS gift income in line with reduced spend.
- Direct running costs are £54k unfavourable to budget driven by increase in security costs for the Care units. This has been fully offset by the increased grant income above. Group services running costs are forecast to be £36k lower than budget due to value for money savings realised in IT contracts in Wheatley Solutions.
- Revenue repairs and maintenance are in line with budget. The repairs team are closely monitoring spend to ensure it stays within budget.
- Interest is forecast to be £31k lower than budget with the earlier than budgeted receipt of the fixed rate £125m private placement at a lower interest rate than budgeted driving the favourable forecast position.
- Investment income is £4,446k lower than budget due to the reprofiling of the new build development programme, including College Mains and Corsbie Road.
- Investment works are £1,092k higher than budget with the RSL borrower group interest cover covenant change creating additional financial capacity for works to be delivered in WH South, partly offset by lower spend in the SHNZ funded project.
- The new build programme has reduced by £6,041k due to reprofiling of various developments. College Mains and Corsbie Road have reduced by £2.9m and £1.6m respectively.

## 7) Underlying surplus – Q1 forecast 2024/25

### Key highlights :

- The forecast Operating Statement (Income and Expenditure Account) is prepared in accordance with the requirements of accounting standards (Financial Reporting Standard 102 and the social housing Statement of Recommended Practice 2014).
- However, the inclusion of grant income on new build developments creates volatility in the results and does not reflect the underlying cash surplus/deficit on our letting activity.
- The chart below therefore shows a measure of underlying surplus which adjusts our net operating surplus by excluding the accounting adjustments for the recognition of grant income and depreciation but including capital expenditure on our existing properties.
- The Q1 forecast show an underlying surplus of £4,364k which is £1,232k unfavourable to budget. The variance is due to the additional investment spend recognised in line with our objective to provide high quality housing and invest to improve the energy efficiency of our homes. The movement in underlying surplus in WHSouth can be comfortably accommodated within the context of the RSL Borrower Group where an overall underlying surplus is reported for the financial year to date. Financial performance continues to be managed within the overall budget parameters and covenants for the RSL Borrowers.

WH South Underlying Surplus - Q1 Forecast 24/25			
	Forecast £ks	Budget £ks	YTD Variance £ks
Net Operating surplus	29,926	30,415	(489)
add back:			
Depreciation	15,441	15,441	0
less:			
Grant income	(16,418)	(16,418)	0
Gift aid	(705)	(1,023)	318
Net interest payable	(7,356)	(7,387)	31
Total expenditure on Core Programme	(16,524)	(15,432)	(1,092)
Underlying surplus / (deficit)	4,364	5,596	(1,232)



## Report

**To:** Wheatley Homes South Board

**By:** Stephen Wright, Director of Governance

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

**Subject:** Governance update

**Date of Meeting:** 21 August 2024

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### 1. Purpose

- 1.1 To update the Board and, where applicable, seek Board approval for the following governance related matters:
- Final schedule of meetings for the remainder of the 2024 calendar year, including the Annual General Meeting (“AGM”);
  - Membership update;
  - Board appointments;
  - Annual Assurance statement; and
  - Policy framework and proposed policy updates.

### 2. Authorising and strategic context

- 2.1 The Group Standing Orders, Articles of Association, Terms of Reference, intra-group agreement with Wheatley Group and the group-wide governance policies direct the authorising context for the above governance related matters.
- 2.2 The Board is responsible for calling meetings, including General Meetings and ordinary Board meetings throughout the course of the year including reporting on governance matters which precede the Annual General meeting. The Board is also responsible for approving the appointment of our tenant Board members.
- 2.3 Approval of new membership applications and management of our register of members is a matter for the Board in accordance with our Articles.
- 2.4 Under the Group Standing Orders and our Intra-group Agreement, we have a role in adopting Group-wide policies as well as approving our own service policies.

### 3. Background

- 3.1 The matters in this report form part of our annual governance reporting, which precedes the AGM each year. It also provides an update on the progress of recruitment for vacancies.

- 3.2 In relation to membership, under Article 9 of our Articles of Association, application for membership will be considered by the Board. Article 15(5) states that membership will end if the Board reasonably believes a member has failed to tell the Association of a change of address; or for five general meetings you have not attended, submitted apologies, exercised a postal vote or appointed a representative to attend and vote on your behalf by proxy. Tenant members who are no longer a tenant (having moved address to a non-WHS property) are no longer entitled to remain a member. Members who are deceased will no longer be a member.
- 3.3 The requirement to submit an Annual Assurance Statement (“AAS”) was introduced by the SHR in 2019. The AAS is a way for us to assure ourselves, tenants, those who are homeless/threatened with homelessness, other service users and the SHR that we comply with our regulatory obligations.
- 3.4 The SHR considers our AAS as part of its annual risk assessment and then uses this to help inform how it will engage with us throughout the year. This is then included within the SHR’s engagement plan for us. For group structures such as ours, the SHR requires one AAS covering all RSLs.

#### **4. Discussion**

##### Remaining 2024 meetings and AGM

- 4.1 It is proposed that we call our AGM for 18 September 2024 at 10am. The meeting and business thereof will be called in line with the requirements of our Articles. This will be followed by the Board meeting at approximately 10.30am. Given the reduced attendance at recent general meetings in recent years and the relatively short nature of the meeting, we propose to hold the AGM online. The Board meeting will remain an in-person meeting. In common with other RSLs in our Group, as we have enhanced the many ways in which our customers can engage with us then this has diminished the role of the AGM as a means for customers to find out about our work.
- 4.2 In addition to our AGM we have two further Board meetings scheduled for this calendar year which would take us to the minimum requirement of 6 scheduled meetings for the calendar year:
- Post AGM on Wednesday 18 September 2024; and
  - Wednesday 20 November 2024 at 10.30am.
- 4.3 We also have two Group events planned. We are hosting a Governing our Group event in New Mart Road, Edinburgh at 5 pm on Wednesday 25 September 2024. This event will be for all Board members and will be attended by the Minister for Housing, Paul McLennan. We will hold our annual Group Christmas lunch at 1 pm on Wednesday 18 December 2024.

## Board appointments

- 4.4 The AGM is the time at which Board appointments are typically made or reviewed and the time when Board members would stand down following the completion of their tenure. Under our Articles, Board members are appointed for three-year terms and can serve up to three terms. One Board member, John Henderson joined the Board in 2018 and at the time of the 2024 AGM will have served two three-year terms. John has expressed a willingness to continue on the Board and therefore it is proposed that he be awarded a further three-year term to expire from the conclusion of our AGM in September 2027.
- 4.5 Previously, it was indicated that we had identified a candidate with general business experience who would be able to take up an appointment from September 2024. Unfortunately, that candidate is no longer able to take up the role. We will now commence recruitment for another candidate.

## Annual Assurance Statement

- 4.6 We have now carried out the annual assurance exercise that we require to complete each year, between April and October, for submission to the SHR. As part of the completion of our self-assessment, we identified and recorded the sources of assurance.
- 4.7 In line with previous years, in assessing materiality we have based this on the SHR's guidance which states that we should consider whether the issue could:
- Seriously affect the interests and safety of tenants, people who are homeless or other service users;
  - Threaten the stability, efficient running, or viability of service delivery arrangements;
  - Bring the landlord into disrepute, or raise public or stakeholder concern about your organisation or the social housing sector; and
  - In the case of RSLs, put at risk the good governance and financial health of the organisation.
- 4.8 Our self-assessment is externally reviewed every three years. Last year it was reviewed externally by Campbell Tickell. This year it has been carried out by our Assurance Team. The Assurance Team has now completed their review and confirmed our assessment that we are materially compliant with the regulatory standards.
- 4.9 Tenant and resident safety has always been and will continue to be a key focus of our work. We have robust processes in place to support our approach to tenant and resident safety. This includes teams dedicated to building compliance, supported by a Health and Safety Team which provides support and guidance when required.
- 4.10 During the year, the Board received a report on building safety compliance at its meeting in March 2024 and reports on health and safety and fire prevention and mitigation at its meeting in May 2024.

- 4.11 Of particular note during 2023/24, there has been significant public scrutiny on the use of reinforced autoclaved aerated concrete (RAAC) in public buildings and social housing. We carried out a review of our properties and found that no RAAC is present. We have therefore included a statement confirming this in our AAS.

#### Social Housing Charter

- 4.12 The Charter, distinct from the Framework, contains a total of 16 outcomes and standards that social landlords should aim to achieve. As two of the standards only apply to Local Authorities, 14 apply to us. The Statutory Guidance in relation to the AAS requires us to also include a statement of compliance with the Charter.
- 4.13 The SHR sets a wide range of specific performance measures RSLs must collect as part of compliance with the standards in the charter. The measures form what we report to the SHR each year as part of the Annual Return on the Charter.
- 4.14 The Charter measures are augmented by the SHR prescribing a wide range of specific questions that RSLs must ask as part of their tenant satisfaction surveys relating to the Charter standards. We ask these as part of our satisfaction surveys.
- 4.15 We have in place a very robust approach to assurance and evidence of how we are performing relative to the charter through our core performance reporting framework.
- 4.16 There is a requirement to evidence renewal of Electrical Installation Condition Reports (“EICRs”) every 5 years. Reasonable efforts including making at least two appointments have been made to complete this work for all customers. Where, despite these efforts, access was not achieved the properties are reported as in abeyance in our Annual Return on the Charter.
- 4.17 In relation to the AAS, the SHR has advised that given the importance of tenant and resident safety, if all due EICRs have not been carried out at the point of submitting the AAS then this should be identified in the AAS, including the timeframe for completing all due EICRs. We have included a note to confirm that as a Group approximately 0.1% of properties are recorded as not having an up to date EICR. Specific to us, we are 100% compliant with the requirement. In all cases, reasonable attempts to obtain access had been unsuccessful and enforcement action is being pursued.

#### All relevant legislative duties

- 4.18 This requirement of the AAS is, by its nature, very wide-ranging. Our approach to compliance in this area is a combination of the legal framework for our activities and our internal policies, which give substance to the respective laws and regulations. Policies are reviewed by our specialist teams and, where appropriate, by external advisors. The legislative compliance mapping work being completed by the Assurance team has also provided us with additional assurance that we are clear on what our duties are.

- 4.19 We operate a 3 Lines of Defence Model that provides assurance to senior management and Board members about the operation of internal controls in place to confirm we are meeting our legal obligations.
- 4.20 Beyond our core 3 Lines of Defence Model, we are subject to external scrutiny for example through the annual external audit process in specific areas of legislation and spot inspections, such as HMRC. We have not had any instances where a judgement has gone against the Group that we are materially not meeting legislative duties.
- 4.21 Based on the above and our assessment of the evidence, we have prepared the following statement for approval by the Group Board. This is because the SHR requires a single statement covering all RSLs that are part of a Group structure.



## **Wheatley Housing Group Limited: Annual Assurance Statement 2023/24**

As the parent in a Group structure, the Board confirms that we have appropriate assurance that all Registered Social Landlords (“RSL”) which are part of Wheatley Housing Group Limited (being Wheatley Housing Group Limited, Wheatley Homes Glasgow, Wheatley Homes East Limited, Wheatley Homes South Limited and Loretto Housing) materially comply with:

- All relevant regulatory requirements as set out in Section Three of the Regulatory Framework
- The Regulatory Standards of Governance and Financial Management
- The relevant standards and outcomes of the Scottish Social Housing Charter
- Our statutory obligations in respect of tenant and resident safety, housing and homelessness and equalities and human rights

We have gained this assurance following a review and assessment of the evidence provided at our Board meeting on [28 August 2024] and from our ongoing oversight and scrutiny of the Group’s affairs throughout the year 2023/24.

The Board has overseen the assurance exercise that supports this Statement and is satisfied that it is comprehensive in its scope to include each of the group members. The Boards of each of the subsidiaries are involved in the Group assurance exercise in so far as it relates to their RSL and have also, through their representation on the parent Board, contributed to the Group assurance review.

The Group Board confirms that we have made strong progress in relation to the collection of equalities information and human rights, as required by the Regulatory Framework. We are assured we have established appropriate systems for the collection of equalities data. We are assured that we have begun using this data to help us take account of equality and human rights issues in our decision, policy-making and day-to-day service delivery.

The Group Board also confirms compliance in relation to our tenant and safety obligations. In particular, we have gained the necessary evidence-based assurance of our compliance in respect of duties relating to gas, electrical, fire, water and lift safety and obligations relating to asbestos, and damp and mould. We have completed our assessment of the potential presence of Reinforced Autoclaved Aerated Concrete (RAAC) in our stock and confirm that none has been identified.

We recognise that we are required to notify the Scottish Housing Regulator of any changes in our compliance during the course of the year and are assured that we have effective arrangements in place to enable us to do so.

We are required to carry out Electrical Installation Condition Reports on our properties every 5 years. Approximately 0.1% of properties were recorded as not having an up-to-date EICR. In all cases reasonable attempts to obtain access have been unsuccessful and enforcement action is being pursued to ensure that all properties have a valid EICR for the year end 31 March 2025.

## Membership update

- 4.22 In advance of our Annual General Meeting, we have reviewed our Register of Members. As stated at paragraph 3.2, our Articles state that members will be considered by the Board for removal from the register if they do not inform us of a change of address or fail to attend, submit apologies or submit a proxy for five consecutive AGMs. Tenant members who are no longer a tenant (having moved address to a non-WHS property) are no longer entitled to remain a member. Members who are deceased will no longer be a member.
- 4.23 We have reviewed the membership list and identified 135 members who are no longer our tenants and 2 members who are now deceased. Those 137 members are no longer entitled to be members of the Company. The full details of those 137 members can be obtained from the Governance Business Partner upon request.

## Review of our Group policies and frameworks

- 4.24 During the last year we have carried out a comprehensive review of all our corporate and services policies and frameworks (excluding Human Resource policies which had already been reviewed separately). As part of this, we formally documented where we have made specific commitments and tested whether the commitments were still appropriate and how we could evidence we were delivering them.
- 4.25 We consolidated this into a central repository of each of the commitments made through our policies and the evidence/ assurance that we have arrangements to meet those commitments. In the vast majority of cases, we are meeting our commitments and have evidence to demonstrate how we are doing this.
- 4.26 In some instances, the commitments do not specify a timescale for being achieved and for those where we are not meeting such commitments as yet, we have documented the plans for how they will be achieved in future. Examples of this are where we indicate we will train staff and this takes some time to develop as part of the policy implementation.
- 4.27 For a number of policies it is proposed we adjust or clarify the wording as part of the next review stage. This is primarily where the wording is unnecessarily prescriptive e.g. 'all staff' when in practice it means appropriate staff or where our practice has evolved e.g. damp, mould and condensation. Updates to specific policies will be brought back to relevant Boards as appropriate over the next 12 months.
- 4.28 One change we have effected immediately however is to the Group Complaints Policy. The current policy states that we will acknowledge complaints within 48 hours and provide a written response within 5 working days. However, the majority of complaints are received via our Customer First Centre. Complaints are acknowledged by the call handler and wherever possible resolved for the customer during the call. As such, the policy requirement to respond to all stage 1 complaints in writing is not fully compatible with our service approach. As such, we recommend formally removing the requirement for all stage 1 complaints to be responded to in writing. All stage 1 responses will continue to be recorded on our system.

4.29 Where a customer is not satisfied with our response at stage 1 then they may escalate their complaint to stage 2 of our process. We will maintain our commitment to respond to stage 2 complaints in writing within 20 working days.

## **5. Customer engagement**

5.1 The content of the report is reserved to the Board and is of an internal focus and as such no customer engagement has been appropriate.

## **6. Environmental and sustainability implications**

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

## **7. Digital transformation alignment**

7.1 There are no digital transformation implications related to the matters in this report.

## **8. Financial and value for money implications**

8.1 There are no direct financial and value for money implications arising within this report.

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

9.1 The SHR Regulatory Standards of Governance that all RSLs:  
*formally and actively plans to ensure orderly succession to governing body places to maintain an appropriate and effective composition of governing body members and to ensure sustainability of the governing body.*

9.2 The proposals within this report are consistent with us complying with this requirement.

9.3 The requirement to hold an AGM is in accordance with our Articles of Association.

## **10. Risk appetite and assessment**

10.1 Our governance arrangements support delivery across each of our strategic themes. Across each of our strategic themes we have a cautious or minimal approach to our legal and regulatory compliance. The matters and recommendations in this report are consistent with this approach.

10.2 We regularly report to the Board on governance-related matters and routinely review our records to ensure that our governance records remain up-to-date and accurate.

## **11. Equalities implications**

11.1 There are no direct equalities implications in regard to this report.

## **12. Key issues and conclusions**

- 12.1 The report covers key standing processes within our governance arrangements, including arrangements for our Annual General Meeting.
- 12.2 This report covers updates to our Board membership, including the recruitment of current vacancies.

## **13. Recommendations**

- 13.1 The Board is asked to:
  - 1) Instruct the Secretary to call the Annual General Meeting for Wednesday 18 September 2024 at 10am to be held online;
  - 2) Approve the re-appointment of John Henderson as a Board member for a further 3-year term; and
  - 3) Note the outcome of our annual self-assessment against the SHRs Regulatory Framework and proposed Annual Assurance Statement for agreement by the Group Board;
  - 4) Approve the 137 members who are no longer tenants or deceased to be removed as members;
  - 5) Note the update on our review of policies, including the amendment to our Group Complaints Policy.

### LIST OF APPENDICES:

None