

**WHEATLEY HOMES SOUTH LIMITED
BOARD MEETING**

**Wednesday 13 March 2024 at 10.30am
Dumfries and Galloway College, Stranraer Campus, Lewis Street, Stranraer**

AGENDA

1. Apologies for absence
2. Declarations of interest
3. a) Minute of meeting held on 7 February 2024 and matters arising
b) Action list
4. Chair and Managing Director updates

Main business and approvals

5. 2024/25 budget
6. Home Safe building compliance update
7. Neighbourhood management and Anti-social behaviour Policies
8. EDI action plan/EDI update
9. [redacted]
10. Group engagement framework
11. Strategy workshop: planned approach

Other business

12. Finance report
13. Group procurement – annual strategy and policy updates
14. AOCB

The stock tour will take place after the meeting

Date of next meeting – 29 May 2024

Report

To: Wheatley Homes South Board

By: Lyndsay Brown, Director of Financial Reporting

Approved by: Pauline Turnock, Group Director of Finance

Subject: 2024/25 Budget

Date of Meeting: 13 March 2024

1. Purpose

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

2. Authorising and strategic context

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

3. Background

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

4. Discussion

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

	Budget 2024/25		
	Budget £'000	Business Plan £'000	Variance £'000
Turnover	74,509	73,390	1,119
Operating expenditure	44,093	43,997	96
Operating surplus	30,416	29,393	1,023
<i>Operating margin</i>	<i>41%</i>	<i>40%</i>	
Net interest payable	(7,387)	(7,387)	0
Surplus	23,029	22,006	1,023
Net Capital Expenditure	25,472	24,443	1,029

- 4.2 The 2024/25 budget reports an operating surplus of £30,416k and a statutory surplus of £23,029k, both £1,023k higher than the financial projections approved in February 2024.

The movement is due to:

- The recognition of gift aid paid to us by Wheatley Developments Scotland (WDS) with corresponding higher costs in new build spend; and
 - Agreement on the cost of living uplift for staff, with the overall cost impact being managed within the parameters of the financial projections agreed in February.
- 4.3 Allocations for repairs and investment continue to be at the core of our financial projections. Over recent times our business has accommodated higher levels of inflation on our operations while keeping rent increases low to help tenants with the initial impact of the cost-of-living crisis, reducing our financial capacity for capital investment. The investment programme spend of £15.4m reflects rent and cost efficiency assumptions to allow us to build capacity back into the business for re-investment into capital and energy efficiency improvements in our existing properties. Our tenants have told us this is important to them through the 2024 rent consultation feedback.
- 4.4 The budget also recognises the higher demand and cost pressures on repairs experienced in 2023/24 with £13.1m provision for revenue repairs and maintenance included in the 2024/25 budget. Through our “in-house” services we remain focussed on improvements to the customer journey, utilising technology to align our services and modernise the delivery of the repairs service.
- 4.5 Our frontline housing, customer first centre and neighbourhood environmental teams and the Wheatley 360 wraparound service remain key elements of our service provision. Support for vulnerable customers is prioritised through our Wheatley Foundation and our Sheltered Housing offer for older customers. Our “Helping Hand Fund” will continue to offer support to customers particularly focused on help with paying rent.

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

9. Legal, regulatory and charitable implications

- 9.1 There are no direct legal, regulatory 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.

11. Equalities implications

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

12. Key issues and conclusions

- 12.1 This paper presents the proposed 2024/25 budget.

13. Recommendations

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

LIST OF APPENDICES:

Appendix 1: Budget 2024/25



2024/25 Budget



1a) Operating statement

Operating Statement	2024/25 Budget	2024/25 Business Plan	Variance
	£'000	£'000	£'000
INCOME			
Rental Income	51,163	51,163	0
Void Losses	(521)	(617)	96
Net Rental Income	50,642	50,546	96
Grant Income	16,418	16,418	0
Other Grant Income	5,297	5,297	0
Other Income	2,152	1,129	1,023
TOTAL INCOME	74,509	73,390	1,119
EXPENDITURE			
Employee Costs - Direct	5,277	5,225	52
Employee Costs - Group Services	3,508	3,491	17
ER/VR	210	210	0
Direct Running Costs	2,651	2,651	0
Running Costs - Group Services	2,305	2,305	0
Revenue Repairs and Maintenance	13,122	13,095	27
Bad debts	1,056	1,056	0
Depreciation	15,441	15,441	0
Demolition	523	523	0
TOTAL EXPENDITURE	44,093	43,997	96
NET OPERATING SURPLUS	30,416	29,393	1,023
Net interest payable	(7,387)	(7,387)	0
STATUTORY SURPLUS	23,029	22,006	1,023
CAPITAL INVESTMENT INCOME	16,304	16,304	0
Capital Investment spend	15,432	15,432	0
New Build Programme	24,207	23,178	1,029
Other Fixed Assets	2,137	2,137	0
TOTAL CAPITAL EXPENDITURE	41,776	40,747	1,029
NET CAPITAL EXPENDITURE	25,472	24,443	1,029

Comments:

The 2024/25 budget shows a net operating surplus of £30,416k and statutory surplus of £23,029k, both £1,023k higher than the financial projections. The movement is due to the recognition of gift aid paid to WH South from Wheatley Developments Scotland Ltd (WDS).

- **Net rental income** of £50,642k is in line with the financial projections. The budgeted void rate is prudently assumed at 1.0% for all properties, £96k favourable to financial projections.
- **Grant Income** recognised on completion of new build units is budgeted at £16,418k with completion of 101 units anticipated in 2024/25 at Curries Yard and Springholm.
- **Other Grant Income** includes Social Housing Net Zero (SHNZ), aids and adaptations and Care services related grant income.
- **Other Income** is £1,023k higher than the financial projections due to the recognition the gift aid payment from WDS, with corresponding higher costs in new build spend, partly offset by running costs recharged from WDS (£6k).
- **Direct and Group services employee** costs are £69k higher than the financial projections due to a higher annual cost of living uplift assumed in the budget (4.5% vs 4.0%). Group services of £3,508k includes the costs for support functions provided by Wheatley Solutions. ER/VR costs of £210k will help deliver the cost efficiency targets in the financial projections through staff savings.
- **Direct running costs** are budgeted at £2,651k in line with financial projections. **Group services running costs** are also in line with financial projections.
- **Repairs and maintenance** costs budgeted of £13,122k includes provision to recognise the inflationary pressures and increased demand experienced in 2023/24. The £27k variance is due to a higher annual cost of living uplift assumed in the budget (4.5% vs 4.0%).
- **Bad debt** costs are in line with financial projections and have been set prudently.
- **Depreciation** costs which reflect a non cash accounting adjustment are driven by the level of investment in our properties.
- **Investment programme** expenditure has been budgeted at £15,432k. This includes £3,364k of Social Housing Net Zero Funding ("SHNZ") which is fully funded with grant income recognised in Other Grant Income.
- **New build** expenditure of £24,207k has been included in the budget for 2024/25, £1,029k higher than the financial projections recognising a 5% management charge on the design and build services provided by WDS. The design and build costs are reimbursed to WH South through gift aid recognised in Other Income.
- **Capital Investment Income** of £16,304k includes £11,940k relating to new build grant income. The remainder relates to SHNZ and adaptation grant income.

1b) Underlying Surplus

Comments

- The Operating Statement (Income and Expenditure Account) on page 2 is prepared in accordance with the requirements of accounting standards (Financial Reporting Standard 102 and the social housing Statement of Recommended Practice 2014).
- However, the inclusion of grant income on new build developments creates volatility in the results and does not reflect the underlying cash surplus/deficit on our letting activity.
- The chart below therefore shows a measure of underlying surplus for the 2024/25 budget which adjusts our net operating surplus by excluding the accounting adjustments for the recognition of new build grant income, gift aid and depreciation, but including capital expenditure on our existing properties.
- An underlying surplus of £5,597k is budgeted which is £758k higher than the forecast underlying position for 2023/24. This is due to higher rental income and lower employee costs, partly offset by higher repairs and maintenance costs and interest payable.

WH South Underlying Surplus - 2024/25 Budget			
	FY Forecast £ks	FY Projection £ks	FY Budget £ks
Net Operating surplus	21,273	29,393	30,416
add back:			
Depreciation	14,581	15,441	15,441
less:			
Grant income	(5,619)	(16,418)	(16,418)
Gift aid	(1,129)	0	(1,023)
Net interest payable	(6,572)	(7,387)	(7,387)
Total expenditure on Core Programme	(17,695)	(15,432)	(15,432)
Underlying surplus	4,839	5,597	5,597

2) Other Income

Rental Income	2024/25 Budget
	£'000
INCOME	
Rental Income	51,163
Void losses	(521)
Net Rental Income	50,642
Average stock no's	10,210
Average rent per property (£)	4,960

Other Grant Income	2024/25 Budget
	£'000
Temporary Accommodation Grant	544
Young Person Project Grant	215
Sheltered Housing Grant	138
RHI Grants	36
Social Housing Net Zero	3,364
Adaptation grant	1,000
Total Other Grant Income	5,297

Other Income	2024/25 Budget
	£'000
MMR	447
Garage & Garage Sites	346
Leased Properties	154
Commercial Properties	65
Solutions lease income	117
WDS gift aid income	1,023
Total Other Income	2,152

Rental Income

- Budgeted figures include a rent increase of 7.5%
- Void losses are budgeted at 1.0% of rental income
- In 2024/25, assumed demolition of 158 units, while completing 101 units at Curries Yard and Springholm.

Other Grant Income

- The care services grant income increases in line with the individual Council contracts.
- Social Housing Net Zero grant income relates to the Net Zero homes project that started Q4 2022/23 and will complete in 2024/25.
- Adaptation grant income in 2024/25 aligns with budgeted spend.

Other Income

- Garage, garage sites, leased and commercial properties increases at 7.5% in line with the rent increase.
- Mid market rental income increased 2.0%.
- Gift aid income of £1,023k is payable by WDS.

3) Expenditure

Employee Costs	2024/25 Budget
	£'000
Employee costs - Direct	5,277
Employee costs - Group	3,508
Employee costs (net of capitalisation)	8,785
ER/VR costs	210
Total Employee Costs	8,995

Running Costs	2024/25 Budget
	£'000
Running costs - Direct	2,163
Running costs - Group	2,305
Demolition costs	523
Support activities - Care	488
Total running costs	5,479

Repairs	2024/25 Budget
	£'000
Response Repairs	9,469
Cyclical & Landscaping	1,174
Gas Servicing	900
Compliance Revenue	1,580
Total	13,123

Total overhead expenditure is budgeted to be £44,094k.

Employees Costs

- 2024/25 assumes a 4.5% cost of living uplift for both direct and group employee costs.

Running Costs

- Running costs in 2024/25 include a 4.0% inflation increase.
- Direct running costs include NETS and W360 recharges. Helping Hand support will continue through existing Wheatley Foundation resources in 2024/25.
- Group running costs reflect WH South's share of group costs.
- Demolition costs include property buy backs and demolition works not part of the development programme.

Repairs and Maintenance

- Repairs include a 5% increase to align with current inflation and reflect 2023/24 prices. Employee costs assume a 4.5% cost of living uplift.
- The responsive repairs budget reflects the increase in demand during 2023/24.
- Budgeted compliance work has increased in 2024/25 in order to meet regulatory deadlines.

4) Capital Investment

Capital Investment	2024/25 Budget £'000
Investment programme grant income	
Aids and Adaptations	1,000
Social Housing Net Zero	3,364
Total Grant Income	4,364
Investment programme spend	
Core Programme	5,414
Social Housing Net Zero	3,364
Capitalised repairs	921
Capitalised Voids	3,184
Adaptations	1,000
Capitalised Staff	1,549
Total spend on existing properties	15,432
NET SPEND ON EXISTING PROPERTIES	11,068
New Build Expenditure	
New Build development	24,207
Grant income	(11,940)
Net New Build cost	12,267
Other Fixed Assets	
IT spend	1,537
Office spend	600
Total Other Fixed Assets	2,137
TOTAL NET CAPITAL EXPENDITURE	25,472

Capital Investment

Existing Properties

- Grant income assumed in 2024/25 relates to adaptations and the Social Housing Net Zero (SHNZ) project.
- Core programme spend in 2024/25 reflects the increased capacity in the programme ensuring we have an appropriate level of funding available to maintain the quality of our homes and meet our legislative obligations.
- Capitalised voids are budgeted at £3,184k, reflecting a full year of the works being in house.
- The budget includes provision for Customer Voice and Think Yes spend in 2024/25 of £80k.

New build

- Net investment in new build properties has been budgeted at £12,273k. The programme is in line with the financial projections and the updated 5 year new build programme presented to the Board in February 2024.
- A total of 101 social housing units are budgeted to complete in the coming year.

Other Fixed Assets

- IT and office spend increased driven by the Group capital programme.



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: Home Safety Building Compliance Update

Date of Meeting: 13 March 2024

1. Purpose

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

2. Authorising and strategic context

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

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

3. Background

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

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

3.3 Landlords also have other obligations under legislation or approved codes of practice (ACOPs) for a variety of building maintenance and inspection activities related to firefighting equipment for example (dry risers/sprinklers), lifting equipment, alarm systems.

3.4 Landlords also have a mandatory responsibility for electrical safety including carrying out Electrical Inspections, commonly referred to as EICR or FIT testing.

3.5 The arrangements for examples of some of our compliance work programmes are illustrated in the table below.

Work Stream	Cycle	Status
TMV maintenance and Installation	Annual	Rolling programme ongoing
Smoke and Heat Detector re-life programme	Every 10 years but is dictated <i>annually</i> by build date / LD2 install date	Rolling annual programme ongoing
Electrical (EICR)	Maximum Every 5 years	Rolling annual programme ongoing
Gas Servicing	Annual (10-month cycle)	Rolling programme ongoing
Electrical Heating Servicing	Annual	Rolling programme ongoing
Lift Insurance Inspections	Six monthly	Rolling programme ongoing
Asbestos Re-inspections	Annual	Rolling programme ongoing

3.6 *Key Objectives for our Home Safety compliance work:*

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

One and done approach

3.7 Our approach to delivering compliance activities is to offer a one-stop shop service through compliance trades teams for compliance events required within a customer's home. The aim of this is to minimise disruption to the customer and to provide assurance of the safety of our homes.

- 3.8 Wherever practical for similar related compliance activities within our stock we will endeavour to package works together taking cognisance of asset compliance cycles, property attributes, and individual customer requirements.

	Stock Targeted	Type of works
Home Safety Bundle 1: Gas	Gas properties	<ul style="list-style-type: none"> ▪ annual gas servicing ▪ test/servicing of smoke/heat/carbon monoxide detectors ▪ complete all certification
Home Safety Bundle 2: Electrical installs and servicing	All properties	<ul style="list-style-type: none"> ▪ installation of smoke and heat detectors ▪ test/servicing of smoke/heat/carbon monoxide detectors ▪ carry out EICR inspections

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

4. Discussion

Gas Safety

- 4.1 With the exception of the impact of the early phases of the pandemic lockdown, we have always had 100% gas safety compliance (i.e. no outstanding CP12s (CORGI Proforma 12)). Achieving this compliance requires an annual inspection of every property with gas. We have 8,362 homes on the gas servicing contract.
- 4.2 This year again we have maintained our 100% performance position and have zero failed CP12s.
- 4.3 In addition to the formal appointment letters that are posted we also carry out pro-active outbound calling through our customer first centre (CFC), to maximise access into our tenant's homes and allow them the flexibility to change appointments to suit them by speaking directly with CFC our call handlers.
- 4.4 Only as a last resort after we have exhausted all reasonable efforts to obtain access through communication and liaison do we move to a forced appointment, to guarantee we maintain 100% compliance and ensure the safety of our tenants and protection of our assets.

Total Gas Services Required	Total Complete	% Complete to Date
8281	8281	100%

Water Management

- 4.5 Legionella testing is part of our overall water management strategy and is a year-round rolling programme.
- 4.6 Our regime varies on a site-by-site basis taking into consideration the water system installed and the type of property. Works can include individual tasks such as visual inspections of the tanks, risk assessments, temperature checks of both the water inlet and of resting water within the tank, bacterial testing which checks the water supply for various bacteria including e-coli and legionella and chemical testing for metal and mineral contents to ensure that water meets the relevant water quality standards as set by the Water Supply (Water Quality) (Scotland) Regulations 2001.
- 4.7 We have completed 100% of inspections (9 out of 9) against the rolling annual programme.

TMV Servicing

- 4.8 We have completed 69% of inspections to date. There are 1979 qualifying households within this programme and 1358 inspections have been completed.
- 4.9 We have made attempts to access all 1979 properties which has been a significant challenge. From the initial no access, two further letters are issued and this is followed up with a Housing Officer visit. We continue to work with housing colleagues to gain access.
- 4.10 To reduce the number of visits to customers' homes and to aid access we are now considering carrying out the TMV servicing at the same time as the gas service.
- 4.11 Our TMV programme is not mandatory: it is a best practice approach, which involves a rolling annual programme, and includes potentially vulnerable customer groups within qualifying households (i.e. those containing under 5s or over 75s and also some Care sites). As this programme is predominately based on age demographics the qualifying household list is reviewed and updated annually.

Smoke and Heat Detectors

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

Subsidiary	Stock	Total Installations	Percentage Complete to Date
Wheatley Homes South	10320	10320	100%

Periodic Electrical Testing (EICR)

- 4.13 Periodic electrical inspections are required to be undertaken in all properties on a cycle of no more than 5 years. Landlords must make “reasonable efforts” to ensure that homes are accessed to carry out the inspection.
- 4.14 We undertook periodic electrical inspections in customers’ homes (as required) when we were installing the new LD2 smoke and heat detector systems, to minimise disruption to customers. Periodic inspections will continue to be undertaken at this appointment as part of a compliance “one and done” approach wherever it is practically possible.

Subsidiary	Stock	EICR's Carried Out	Percentage Complete to Date
Wheatley Homes South	10320	10320	100%

Lift Inspections and Maintenance

- 4.15 Lift inspections by our insurance engineers are completed on a rolling programme. Proactive servicing of our lifts is carried out monthly via our approved insurance company.
- 4.16 Lift performance such as time to complete any minor defects or major repairs is routinely monitored and managed by our Compliance Team.
- 4.17 All emergency callouts are being dealt with within set SLA timescales for example 1 hour for trapped passenger(s) and all other emergencies within 4 hours.

Subsidiary	No. of Passenger Lifts	Total inspections complete	Percentage Complete to Date
Wheatley Homes South	2	2	100%

Subsidiary	No. of Stair Lifts	Total inspections complete	Percentage Complete to Date
Wheatley Homes South	218	218	100%

Asbestos Reinspection

- 4.18 Asbestos inspections of communal areas in an annual programme carried out to all our communal areas to ensure no risk/damage to existing asbestos is identified.
- 4.19 Annual inspections are carried out by an external contractor. Following inspections, the contractor submits the asbestos survey report for each block and they are uploaded to our asset management system PIMSS.

Subsidiary	No. of Communal	Total inspections complete	Percentage Complete to Date
Wheatley Homes South	358	358	100%

- 4.20 All asbestos information relating to our properties is located in our asset management system to which all relevant staff have access. Asbestos information is passed to contractors by relevant staff when they are required to work in our properties and this is monitored by the Compliance Team. If asbestos is present in a property a permit-to-work process is followed which ensures asbestos removals are signed off by a senior member of staff and the correct safe working procedures are followed.

Management and Delivery

- 4.21 Our Compliance Team will continue to provide day-to-day management of our Home Safety compliance work programmes including all project management functions, supporting our CFC model with customer communication, and providing all performance, financial monitoring, and reporting. The team's approach will ensure we continue to provide a robust landlord assurance function to maintain compliance across the various workstreams.

5. Customer Engagement

- 5.1 Experience tells us the value of proactively engaging our customers, and emphasising the importance of our compliance work programmes through our annual "Stay Safe" Messaging and use of social media and our website.
(See Appendix 1)
- 5.2 We will continue to strengthen communications with customers at each communication stage to explain:
- what we are doing and why it's important;
 - how we will ensure the work can be carried out safely;
 - what we need them to do; and
 - how they can get in touch to talk to us.
- 5.3 Key messages in all our communications to customers on compliance will be:
- the safety of our customers and staff is our top priority and as a result, we will continue to follow all recommended best practices on PPE;
 - compliance activities are essential work aimed at keeping you and your home safe;
 - promote positive messaging to improve the profile of compliance activities so that our customers see them as "value works"; and
- 5.4 These key messages, supplemented where appropriate with details of the individual project or work being carried out, will be communicated to customers using a range of channels including telephone calls, online, web, and social media.

6. Environmental and sustainability implications

- 6.1 There are no direct environmental and sustainability implications associated with this report.
- 6.2 However our approach to carrying out associated compliance works in one visit wherever practical will as a result lead to fewer travel visits by engineers and trade staff across our assets.

7. Digital transformation alignment

- 7.1 We will look to align our compliance activities work programmes with our overall group digital transformation strategy. Giving customers more choices over appointment timeframes and offering a digital self-serve method for the customer to arrange compliance works in their homes once that channel shift is available for home safety compliance activities.

8. Financial and value for money implications

- 8.1 There are no direct value for money implications arising from this report.
- 8.2 Budgets for these work streams have already been agreed and approved as part of the 5-year Capital Investment plan previously presented to the Board.

9. Legal, regulatory, and charitable implications

- 9.1 In considering the current legal implications, the organisation will respond to any changes to regulations from the Scottish Government and SHR as and when they may arise.

10. Risk Appetite and assessment

- 10.1 Our risk appetite relating to building compliance work streams is minimal i.e. preference for ultra-safe business delivery options that have a low degree of inherent risk and only have a potential for limited reward.
- 10.2 Risks relating to repairs and maintenance are set out in our risk register. In addition, some compliance activities, for example, gas servicing, and electrical safety are embedded in the Scottish Housing Regulator's reporting return requirements.

11. Equalities implications

- 11.1 Specific work programmes have been developed and put in place to address potential vulnerabilities due to age i.e. the TMV Servicing programme.
- 11.2 When undertaking works we will carry these out in ways that minimise inconvenience to all of our customers i.e. by offering a range of appointments for works that suit their needs and offering a one-stop shop service through compliance trades teams for compliance events required within a customer's home.

12. Key issues and conclusions

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

- 12.2 Our “one and done” approach will continue to be offered where possible for similar related compliance activities subject to asset cycles, property attributes, and customer requirements. Ensuring we remain agile and alert to any changing legislation or best practices is key to maintaining our commitment to provide a robust level of landlord assurance across the various compliance activities.
- 12.3 We will continue to robustly monitor and manage our performance to ensure tasks are delivered on time and to the required standards.

13. Recommendations

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

LIST OF APPENDICES:

NONE

Report

To: Wheatley Homes South Board

By: Jennifer Anderson, Wheatley 360 Lead

Approved by: Laura Pluck, Group Director of Communities

Subject: Antisocial Behaviour Policy and Neighbourhood Management Policy

Date of Meeting: 13 March 2024

1. Purpose

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

2. Authorising and strategic context

2.1 Under the Group Standing Orders and our Terms of Reference, approval of the ASB Policy and Neighbourhood Management Policy are reserved to the Board.

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

3. Background

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

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

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

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

4. Discussion

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

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

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

Antisocial Behaviour Policy

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

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

4.8 The updated categories are as follows:

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

4.9 The timescales for investigating and resolving complaints of ASB have remained the same, however as per the request of customers and staff, have clearly been outlined within the policy for clarity. Our commitment is to resolve all complaints across both categories, within 10 days of the report being received.

4.10 Details of the support available for those impacted by ASB have an area of focus within the policy, as requested by our customers. Alongside this we have covered how to report ASB and details of our five-stage investigation process to ensure detail is provided transparently.

Neighbourhood Management Policy

4.11 This is our first dedicated policy for supporting with identification of issues or concerns that impact good neighbourhood management. We routinely deal with these issues at present and support customers who are affected, however, the development of the Neighbourhood Management Policy will allow us to provide clarity around the management of our neighbourhoods and support our ambition for our neighbourhoods to be thriving spaces for all.

4.12 The Policy clearly outlines what we define to be issues or concerns that compromise good neighbourhood management and communicates this clearly with our customers and staff. We can ensure that concerns are processed under the correct process, thereby having a positive impact on potential outcomes for customers and satisfaction levels. Examples of neighbourhood management concerns are outlined in the policy and are as follows:

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

Environmental	<ul style="list-style-type: none"> ▪ Fly Tipping (e.g., rubbish or bulk in a public area); ▪ Garden Maintenance (e.g., overgrown trees/hedges, rubbish not being put in bins, cutting of grass); ▪ Litter/Rubbish (e.g., being thrown from property or left in common close/stairwell area, in gardens, being dropped by people (including children), feeding the birds/keeping in veranda, use of other's bins; ▪ Dog fouling (private place) – (e.g., where this takes place within an individual's garden that isn't a shared space); ▪ Street Parking (e.g., parking on the street, parking in disabled bays); and ▪ Smells – (e.g., cooking).
----------------------	--

- 4.13 We have outlined our customer commitments within the Neighbourhood Management Policy, which ensures our customers are clear about what level of service they should expect from us when they raise any issues. We will respond to all neighbourhood management concerns within 3 days of the report being made and have committed to communicating any action within 10 days.
- 4.14 Through our safer communities recording platform, we will be able to raise cases involving concerns with the management of our neighbourhoods in one place. This includes ASB cases and those issues of neighbourhood management concern. The platform will provide us with oversight of our neighbourhoods and the types of issues impacting them. At present, we capture activity taken to resolve neighbourhood management concerns on individual customer records, which doesn't allow the benefit of capturing and monitoring trends.
- 4.15 We will report on wider neighbourhood management as part of our performance reporting within the Community Improvement Partnership, which will allow staff within Wheatley Homes South to have full oversight of their neighbourhoods. The reporting will help identify any trends or thematic issues arising and support service design and delivery, as well as the allocation of resources. This information will be considered and considered when we engage customers in Neighbourhood Planning.
- 4.16 Extensive work is ongoing across the housing sector to develop improved policies and processes in relation to the management of neighbourhood issues and concerns that do not constitute ASB. We will continue to monitor this and emerging best practices and revise our approach accordingly.
- 4.17 Following approval of the policies by this Board, we intend to hold dedicated sessions with all relevant staff to launch the revised policies.

5. Customer Engagement

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

5.2 Feedback focused on;

- Simplification of the documents, less information, ensure information is what customers need to know;
- Clear categorisation of what types of incidents belong in ASB and Neighbourhood Management; and
- Outline action that will be taken when concerns are raised, and time commitments detailed where possible.

5.3 Our Protecting People and Communities 'Community of Excellence', where staff across all service areas come together to share and implement best practices and innovate, have had extensive involvement in developing the content for both policies.

6. Environmental and sustainability implications

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

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

7. Digital transformation alignment

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

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

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

8. Financial and value-for-money implications

8.1 There are no financial implications arising from this report.

9. Legal, regulatory, and charitable implications

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

10. Risk Appetite and assessment

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

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

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

11. Equalities implications

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

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

11.3 An Equality Impact Assessment has been completed for both the ASB Policy and Neighbourhood Management Policy.

12. Key issues and conclusions

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

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

13. Recommendations

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

LIST OF APPENDICES:

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

Report

To: Wheatley Homes South Board

By: Stephen Wright, Director of Governance

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

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

Date of Meeting: 13 March 2024

1. Purpose

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

2. Authorising and strategic context

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

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

3. Background

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

4. Discussion

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

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

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

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

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

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

Updating 'EDI' definitions

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

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

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

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

Outcome 1: Different Together with you

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

Outcome 2 - Different Together in our Group

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

Outcome 3 - Evolving our data

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

Next steps

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

5. Customer Engagement

- 5.1 'Enhancing our Stronger Voices approach through Different Together' is a section within the revised action plan, under Outcome 1. Customer engagement is a key part of embedding our EDI approach, for example, engaging with groups of people who have different characteristics to inform policy development and Equality Impact Assessments. Recently this has included the development of our Group Hate Crime Policy, our Group Engagement Framework review, and our Group Anti-social behaviour framework review.
- 5.2 The collection of equality data required extensive customer engagement as we were required to ask all waiting list applicants, new tenants, and existing tenants for protected characteristic data. Our next customer EDI survey is scheduled for 2025 and, as detailed in the updated Action Plan, we will co-create our approach towards this with customers taking into consideration vulnerabilities and additional support needs.

6. Environmental and sustainability implications

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

7. Digital transformation alignment

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

8. Financial and value-for-money implications

- 8.1 There are no financial implications associated with this report.

9. Legal, regulatory, and charitable implications

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

10. Risk Appetite and assessment

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

11. Equalities implications

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

12. Key issues and conclusions

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

13. Recommendations

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

LIST OF APPENDICES:

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

Report

To: Wheatley Homes South Board

By: Alan Glasgow, Managing Director

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

Subject: Customer Engagement Framework

Date of meeting: 13 March 2024

1. Purpose

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

2. Authorising and strategic context

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

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

2.3 Our Customer Engagement Framework focuses on the strategic themes of *delivering exceptional customer experience; making the most of our homes and assets; and changing lives and communities*.

3. Background

3.1 Our *Stronger Voices, Stronger Communities* Customer Engagement Framework ("the Framework") was initially implemented across the Group in 2021. Our new approach to engagement was endorsed by 89% of our customers as part of our consultation on the new operating model at that time.

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

- 3.3 Our approach to customer engagement is supported by four key pillars:
- **We listen, You are heard** – customers can give their views through focus groups, panel meetings, surveys, and complaints, and we will respond and take action;
 - **We consult and co-create, You influence and design with us** – customers can influence service delivery and strategic direction through focus groups, surveys, panels, and conferences;
 - **We give power to, You decide** – customers are empowered to make decisions about their environment. For example, through the You Choose Challenge in communities; and
 - **We support, Your voice is stronger, and people listen** – we support individuals to develop their potential and widen the opportunities available to them.
- 3.4 Our Framework has been reviewed in accordance with our 3-year policy review cycle and the key findings of the review are discussed below.

4. Discussion

- 4.1 Our customers were at the heart of our extensive review. We recruited over 300 customers to our Customer Voice programme against a target of 250. This was a key achievement of the Framework implementation. We asked our Customer Voices for their feedback on the Customer Voice programme, and the engagement activities that they have experienced. We facilitated four focus groups, three in-person and one online with 31 participants. An online survey was also undertaken, with responses from 28% of our Customer Voices. These were used to gather views on our refreshed approach to customer engagement. We then carried out subsequent engagement with Customer Voices which focused on the barriers faced by customers with protected characteristics to inform our Equalities Impact Assessment (EIA).
- 4.2 Our review included input from staff members from a wide cross-section of the business. The review was driven by our *Stronger Voices* Community of Excellence, and informed by our staff including from Wheatley Care, Wheatley Foundation, our Customer First Centre, Governance and Development.
- 4.3 Our review found that the Framework has been, and continues to be, successful at delivering a flexible and diverse engagement model that is more accessible to our customers. It highlighted that our customers strongly value our approach to engagement. Since the approval of the Framework in 2020, we have achieved the following:
- Our 2023 tenant satisfaction survey showed that 97% of our customers were satisfied with the opportunities given to participate in decision-making processes. This is a significant improvement from the results prior to the Framework introduction of 86%;
 - The high satisfaction with engagement has contributed to an overall satisfaction level of 88% in the same survey;
 - Our approach to engagement received a CIH award for 'Excellence in Customer Service' in 2023;
 - 70% of Customer Voices would recommend the programme to others;

- We held over 200 engagement events over the course of 2022/23;
 - Over 300 of our customers have been engaged in research, testing and co-design;
 - We developed the 'My Academy' learning platform which was tested with Customer Voices;
 - We introduced *My Voice*, an instant feedback tool, across a variety of service areas;
 - We collected Equality, Diversity and Inclusion data for Customer Voices, to ensure diversity of engagement. The analysis of this showed the diversity of Customer Voices was broadly comparable with our tenant base; and
 - We continue to learn from customer feedback and complaints resulting in changes in service delivery. For example, the introduction of *Book it, Track it, Rate it* in our repairs service.
- 4.4 The Framework has provided the basis for several new developments where customers have been at the heart of shaping outcomes. As lead providers for Homes4D&G Common Housing Register, we carried out a comprehensive review of our Housing Information, Advice and Letting Policy. This involved extensive engagement with customers on our housing list and with partner agencies across Dumfries and Galloway regarding how we could improve how we allocate our homes. It has led to a shift in the balance of power and control towards our customers.
- 4.5 We have empowered customers and applicants to make their own choices through the application and allocation process which has contributed to providing exceptional customer experiences. Following extensive engagement with customers, we carried out a major change to our allocation system by moving to Choice Based Lettings giving customers greater ownership of how and when they interact with Homes4D&G. This includes a specific band for Sheltered and Retirement Housing and further strengthening our bespoke matching service for applicants experiencing homelessness through Band B.
- 4.6 We have also carried out significant customer engagement across the Group with our customers who have families. We worked with an independent consultant, Neil Morland & Co, to understand the satisfaction of families with our services. We gathered feedback from approximately 1,800 customers who responded to our survey, and a further 44 customers who participated in a focus group, or individual interview.
- 4.7 Customer feedback shaped the recommendations from the families' research, which included improving repairs and communication around repair work and improving satisfaction with anti-social behaviour processes. We have already addressed many of these recommendations. For example, we have introduced Book It, Track It, Rate It, which is an app that will enable customers to track their repairs and give feedback on the work. The 'Track it' functionality has resulted in an improvement in communication, with customers receiving text message reminders and updates about repairs. In feedback through the 'Rate it' functionality, customers have rated our repair service highly at 4.6/5.
- 4.8 Our ongoing Customer Engagement continues to influence our direction, including the change to our development programme to develop a higher percentage of larger homes, identified as a key priority for our customers in the research. Our first large-scale development of larger family homes is already

being delivered, while the customer input continues to shape how we design our kitchens and bathrooms in new build homes.

- 4.9 We continue to develop and refine our approach to antisocial behaviour (ASB). We have a 'preventions and solutions' approach to ASB, which is focused on achieving prompt and sustainable solutions for customers. We also continue to deploy our Community Improvement Partnership (CIP) in communities where there are significant levels of ASB.
- 4.10 We also carried out customer engagement to develop our Hate Crime Policy, in which we used our Equality, Diversity and Inclusion (EDI) data to host a female-only ethnic minority focus group. The outcome of these groups has helped us to simplify our Anti-Social Behaviour Framework and improve our communications approach.
- 4.11 The Framework has been the basis of engagement carried out with our customers and the wider community of Lochside during the Regeneration Masterplan consultation. To date, we have engaged with over 1,500 customers, residents, business owners and key stakeholders to help shape and design the master plan. The engagement has been extensive and has been carried out using different methods including online surveys and meetings, face-to-face door knocking, drop-in public events and community walkabouts. Gathering the opinions of the younger community has been important and therefore we adapted our engagement approach through various school events. The feedback identified the key priority areas for the future of Lochside and became the basis of the thematic focus groups delivered on the types of housing, connectivity, transport links and Glentool Field. A community-led Local Delivery Group meets monthly to bring together the community views, discuss key priority areas and help shape the future of Lochside.
- 4.12 Our approach to engaging customers on the rent setting consultation has been refined during the implementation of the Framework. We have developed a co-creation approach with our customers, with our Customer Voices working with us as part of focus groups to develop our messaging to all customers around rent setting, options for wider consultation, clear tenant priorities and explanation of how the rent pound is spent. The final part of the consultation is the invitation to all customers to express their views by making a choice on the rent level option and providing qualitative feedback if desired.
- 4.13 The outcome of the consultation has already been reported to the Group Board – and has reaffirmed tenant views (already expressed in the Customer Voice focus groups) that investment, repairs and NETs are critical service priorities, with an understanding that in the current economic climate, a higher level of rent is required to maintain service levels and carry out desired levels of investment in homes.
- 4.14 Our approach to scrutiny has been enhanced and expanded over 2023. There are over 30 members of the Group Scrutiny Panel who attend quarterly performance meetings and spotlight meetings on key service areas, 6 of those are our customers. As the Board are aware, members of our Group Scrutiny Panel chose to carry out a thematic review of repairs communication to identify areas for improvement; the review was carried out from July to November 2023. As part of their review, members of the thematic group met with key staff members and had a tour of the Customer First Centre. They assessed key

documents such as customer journey maps, complaint case studies, national performance, and CFC call transcripts.

- 4.15 Members of the thematic group developed a report on their review. This had 18 recommendations and customers have met with key staff to discuss this and to proactively co-create solutions. Members of the group attended the February Board meeting to discuss their experience of the review. The review will be promoted with customers and progress with the recommendations will be monitored by the group at their meeting in June 2024. The next thematic review by the Panel will be on the environment, as chosen by Panel members, and work has already started on this.
- 4.16 Our review has concluded that our approach to engagement, and the key pillars to customer engagement referenced above, have, and continue to be, extremely successful in driving up customer satisfaction and creating positive changes both within the organisation and in our communities. It is therefore proposed that we retain our approach to customer engagement, and our Customer Voice programme, which continues to flourish.
- 4.17 Our customers strongly value our approach to engagement, and feedback indicates that we should continue with our approach. They welcomed the accessibility of our approach which provides a range of methods, times, and locations for participation. Customer Voices suggested some operational improvements could be made to further enhance our already-high levels of satisfaction with the programme. These include:
- Ensuring feedback is consistently provided on the outcome of engagement events – this was already in development at the time of the review and a consistent framework for feedback has now been rolled out;
 - Providing customers with an agenda, or discussion points, in advance of a Customer Voice Panel or Focus Group – this has now been rolled out across our engagement events;
 - Providing customers with a regular newsletter or magazine, detailing information on services and engagement opportunities. Community newsletters were distributed in most areas towards the end of last year, with a specific newsletter for Customer Voice participants issued in November/December 2023. Further newsletters will be issued throughout 2024; and
 - Ensure people are aware of events in our smaller, harder-to-reach areas, bringing engagement opportunities to these communities and other options to participate in larger events. We have held events in a range of communities throughout the year and ensure that transport and digital options are available for those who wish to attend larger events in major towns.
- 4.18 We carried out additional engagement which explored the impact of our engagement on protected characteristics. These Customer Voices were again supportive of our approach to customer engagement and recognised the actions we already take to remove barriers for customers taking part in engagement. For example, we provide customers with a range of options to engage, including a mixture of online and in-person opportunities at various times and dates to accommodate different circumstances.

- 4.19 Our customers involved in the focus groups made the following suggestions to improve the experiences of those with protected characteristics:
- Improve acoustics for in-person meetings for customers who are hard of hearing or are affected by deafness;
 - Include the options of one-to-one calls or visits for customers who want to engage with us, but who are prevented from doing so in a group setting;
 - Ensuring that we are mindful of the space or room we choose for engagement events (for example, we should be mindful that accessible toilets are nearby); and
 - As above, continue to provide a range of times and dates for customers to engage with us.
- 4.20 Based on the feedback and the success of the Framework to date, the review does not propose any substantive changes. However, some minor items have been updated to reflect the current context, particularly in relation to digital services. For example, we have included reference to our new real-time feedback options such as *MyVoice* and *Book it, Track it, Rate it* which did not exist when the Framework was first established.

5. Customer Engagement

- 5.1 This report outlines our review of our Group Customer Engagement Framework. We carried out extensive customer engagement to inform the review of the Framework. Our customer engagement consisted of:
- **Online survey to all Customer Voices** in which 28% of our Customer Voices responded;
 - **Four Focus Groups** with 31 participants involving our customers. These took place both in person and online; and
 - Wider customer engagement through our **2023 tenant satisfaction survey** in each RSL.
- 5.2 We subsequently carried out customer engagement to inform our Equalities Impact Assessment for the Framework. This focused on identifying any barriers for our customers with protected characteristics that could prevent them from participating in in-person, or online, engagement events. This assessment involved a sample of customer voices across Group. The figures haven't been broken down for each RSL due to the smaller numbers and sensitivity of discussion topics. This consisted of:
- **Online survey to sample of Customer Voices** with an 11% return rate;
 - **Two customer focus groups** with 9 participants, which took place in person and online; and
 - **Individual phone calls** with a small number of customers who requested a conversation about the EIA with members of staff in a private setting.

6. Environmental and sustainability implications

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

7. Digital transformation alignment

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

8. Financial and value-for-money implications

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

9. Legal, regulatory, and charitable implications

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

10. Risk Appetite and assessment

- 10.1 Our risk appetite level for operational delivery in the strategic outcome Delivering Exceptional Customer Service is open. This means we are keen to pursue opportunities to use digital services and platforms to improve the customer experience.
- 10.2 Customer engagement and control is at the heart of our strategic approach. This is likely to result in new and innovative approaches to service delivery which will fit with our open risk appetite level.

11. Equalities implications

- 11.1 We continue to obtain equalities information during the process of registering, and re-registering, Customer Voices, where they are willing to share this. This will be used to try to ensure appropriate representation, particularly at a project and RSL level. Where specific gaps are identified we will work with customers and appropriate organisations to seek to address these.
- 11.2 An Equalities Impact Assessment (EIA) has been carried out on our Customer Engagement Framework. The actions arising have been captured and will be monitored. In relation to engagement events, it is particularly important that we fully consider EDI issues when arranging meetings, for example by providing a range of date options, accessible venues, online and in-person meetings, and translations where required.

12. Key issues and conclusions

- 12.1 This paper sets out the findings from our review of the ‘Stronger Voices, Stronger Communities’ Customer Engagement Framework. It demonstrates that the Framework has considerably improved the organisation’s approach to customer engagement and that this has positively impacted our customer satisfaction. We have shifted the balance of power and control towards the customer through co-creating services and products with them and adapting our strategies in response to their feedback and involvement.
- 12.2 The review suggests that minor changes are required to modernise the Framework, and some practical changes could improve the already high customer satisfaction levels with the Customer Voice programme.

13. Recommendations

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

LIST OF APPENDICES:

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

Stronger Voices, Stronger Communities

Customer Engagement Framework

February 2024

Stronger Voices, Stronger Communities

Vision

Our vision is to support our customers to reach their potential. Our strategy for making this real will deliver an unprecedented shift in the balance of power and control towards our customers, empowering them to make their own choices about the services they want.

The development of our approach has been informed by feedback from our customers and by the research project carried out for us by The Democratic Society “Democracy Starts at Home”.

We want to challenge ourselves in our approach to engagement – to create that unprecedented shift in power to the customer. Our 2021-26 strategy **Your Home, Your Future, Your Community** emphasises co-creation with our customers and promoting their ability to be in control and self-direct their services. By 2026 our customers will be empowered to make their own choices about the services they want, be properly equipped to do things for themselves and be involved in the design of products and services from start to finish.

This shows how a Wheatley Customer will personally experience our engagement with them in 2026 – how it looks and feels to them.

I feel in control and have choices

- I take charge of my life, I self-direct my services.
- I have access to training, life skills, employability, support.
- I see a brighter future for myself and my family.

I shape the services I receive

- I influence the things that matter to me.
- I can give instant feedback.
- I understand performance from both a customer and business perspective.
- I can get involved through crowdsourcing ideas, designing, voting, on/offline discussions.

I have access to the information I need

- Online access provides me with all info about my home and community at my fingertips – account, costs, maintenance history, investment plans etc.

Each customer is an individual who will want and/or need different levels of engagement to feel this experience. Our engagement approach is designed to support customers' choices for the experience they want. The emphasis will not be on expecting customers to form constituted groups, meeting in specified locations at set times. Instead, the approach will be to encourage **accessibility** – anyone can volunteer for an activity without further commitment – and **flexibility** – people can express views at a time and in a way that suits - online, 24/7, from home, or in person.

By making our engagement options more flexible for customers we seek to improve the opportunities for engagement which are available to our customers and widen the diversity of customers who are actively involved in shaping services. We will support our customers and communities to feel more in control of their personal and collective well-being, inspired to raise their aspirations and able to realise their potential.

The Framework

The engagement framework consists of 4 pillars which support our engagement with customers, as illustrated in Figure 1 below.

Figure 1 – The Stronger Voices framework



1. We Listen **You are heard**

Processes

This is a very open form of engagement which we would expect all customers can and will access at some point in their relationship with us. It enables customers to put forward ideas which are not driven by our agenda. Currently, we engage with customers under this pillar in a variety of ways. Our **Think Yes culture** means that any staff member engaging with a customer listens and responds to what the customer is saying to find a positive solution. **Customer conversations** carried out by Housing Officers are an example of this – where the customer can bring up anything which is important to them, and the Housing Officer listens to understand what our role might be and how we can help. Often this is about opening service options for customers, but it might also be about supplying information or developing insight which will help for example to create a community project or influence a service change. **Social media** can also be used by customers to express what is on their minds rather than responding to any focused question we have asked.

Voice of the Customer is the process we use to identify online feedback on various service areas or topics. This type of process will become increasingly important to customers as online self-service increases.

Community groups/meetings are another way in which customers can raise issues which matter to them, for example, a staff member might attend a community meeting where the main topic of conversation is the lack of public transport. While we do not have a direct role in this it helps us to build community insight and we may be able to help influence other community partners or support grant funding applications.

Learning from complaints analysis is also an important way in which we listen to what our customers are saying and change the way we deliver our services as a result of their feedback.

Key Roles

Our main job roles who engage with customers in this way are our front-line staff

- Housing Officers
- Stronger Voices Officers
- Foundation Team
- Care Workers and Managers
- Customer Service Centre staff
- Lettings Advisors
- Repairs and Investment staff
- NETs staff
- Locality Directors/Heads of Housing

Outcomes

The main purpose of this pillar of engagement is to provide solutions to our customers for the issues they raise. This is a cornerstone of our Think Yes culture.

The outcomes are increased customer satisfaction; faster complaints resolution; lower levels of waste demand, better customer relationships.

Another outcome is the ideas and innovation that customers can bring to our business. Insight gathered through this form of engagement is collected and structured through the locality planning process, complaints analysis and survey feedback.

2. We consult and co-create You influence and design with us

Processes

As part of this pillar we currently use a number of consultative processes. These include **rent consultation** or other **policy proposals**, **project proposals**, **surveys** ranging from small/local, service-specific e.g. repairs, to wide-ranging such as our annual customer satisfaction surveys. **Focus groups** are a method we also use to seek more qualitative responses which can still be used to provide structured and representative views.

We work alongside any **Registered Tenants Organisations (RTOs)** to improve local communities. Our Stronger Voices Officers and Housing Officers can also support the establishment of RTOs.

Our **Group Scrutiny Panel** is another way customers can get involved. ‘Scrutiny’ is all about reviewing performance, through a partnership approach, and working with officers to identify improvements for services.

These are important processes, but our ambition is to support more opportunities for customers to become proactively involved in working with us to design services. We believe some customers will find this very rewarding although we recognise it will not appeal to all customers as it requires a greater degree of time and effort. So, the key processes focus on design – service design; estate design; system design; and home design.

We have introduced the concept of **Customer Voices**. These are customers who will work alongside officers to inspect, advise on and design how we deliver services and projects. We have designed an annual programme for our Customer Voices which will be informed by our Group strategic delivery plan so the customer voice is at the heart of our strategic projects. The programme is designed to continually strengthen the voice of the customer.

One of the activities our Customer Voices are involved in is **customer journey mapping**. When we explored this as a concept with our customers during our International Conference on Engagement it was one of the most popular activities with our customers and brings huge insight as to how our processes and systems can be improved to deliver a better customer experience.

We have introduced **My Voice**, a digital tool that enables us to gain instant feedback on a particular service. We have also introduced **Book it, Track it, Rate it**, as a direct result of customer feedback on repairs. It enables our customers to book a repair, track a repairs operative and give feedback on the repair.

On a more individual basis, our Health & Wellbeing Assistants work with individual care customers using an **Outcome Star method** which supports the people we work for to identify the aspects of their life they want to improve and how to go about it.

Key roles

Our main job roles who engage with customers in this way are those with a responsibility for service and strategy development

- Community of Excellence Leads
- Business Leads
- Investment Managers
- Development Managers
- Project Officers
- Service Improvement staff
- Stronger Voices Officers

Outcomes

The main purpose of this pillar of engagement is to test and consult on proposals; identify what doesn't work in current processes or policies; co-design new services or products; and challenge our collective thinking to improve. The outcomes are increased customer satisfaction; fewer complaints; lower levels of waste demand; and better value for money as resources are deployed in accordance with customer priorities.

Ensuring that the customer's voice is heard and enabling co-design as an early milestone in our strategic projects will deliver innovation and fresh thinking in our delivery. Customer-focused design has always been important to us, but the process of co-creating with customers in the design process is a new part of our approach.

3. **We give power to... You decide**

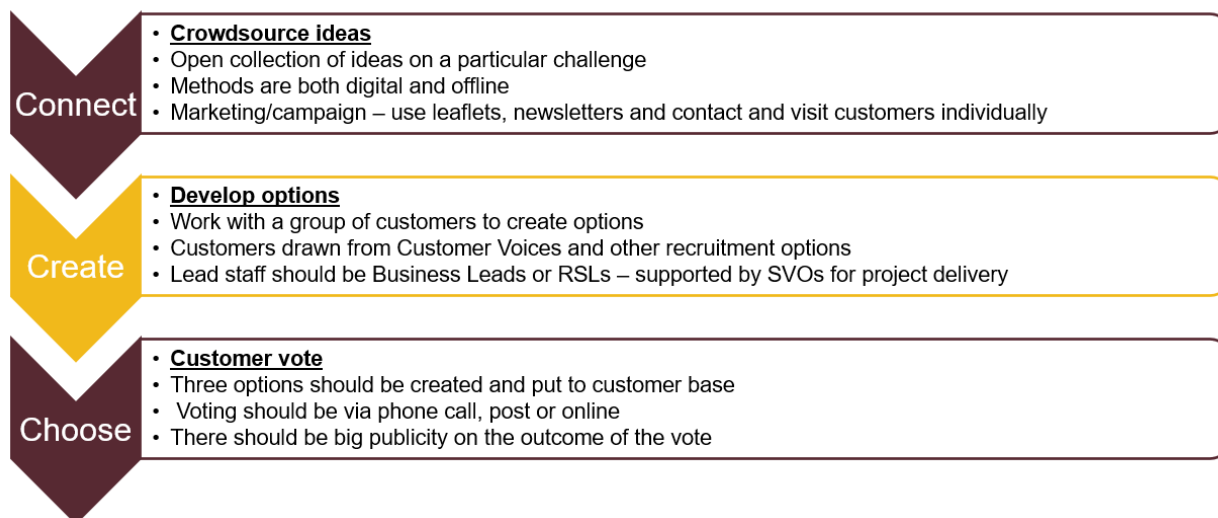
Processes

The processes for this pillar focus on ways in which we can safely empower our customers to make decisions on their own homes and environments and to make decisions on priorities and resources. Our development of online, self-service tools helps to promote this for the individual customer - for example, they can decide and track when and where they want a repair carried out; and use a budget calculator to decide whether they can afford their own tenancy. The LivingWell model for older people uses supportive technology to give people more control and independence in their homes and communities.

You Choose Challenge will be one of the key methods we use to engage customers to make collective decisions about priorities and resources. You Choose Challenge should be deployed in new-build communities. This method is illustrated in Figure 2.

You Choose Challenge is linked to our *Greener Homes, Greener Lives* Sustainability Framework, and projects should be focused on making communities greener and more sustainable. However, You Choose Challenges should be driven by local need and choice.

Figure 2 – You Choose Challenge



Key roles

The key staff roles involved in this pillar will mainly be those which carry budget responsibility and decision-making power as this power will need to be appropriately devolved. However, frontline staff will assist in delivering projects.

- Executive Team
- Director of Finance
- MDs
- All Directors
- Housing Officers
- Stronger Voices Officers
- Foundation Team
- Development Team

Outcomes

The main purpose of this pillar of engagement is to empower customers to make decisions and choices about what matters to them. Our customers and communities will feel more in control of their personal and collective well-being, inspired to raise their aspirations and able to realise their potential. Self-directed services, innovative approaches such as Outcome Star, LivingWell for older people and Housing First help build the trust, confidence and ability of individuals to make the changes that are important to them, giving people more power and control over their lives and their futures.

The outcomes are increased ideas and innovation; increased customer satisfaction; fewer complaints; more customers feeling involved in decision-making; and better value for money as resources are deployed in accordance with customer priorities.

4. *We support Your voice is stronger and people listen to you*

Processes

The processes for this pillar focus on ways in which we can support people to develop their potential and raise aspirations. We have experience of using many of these processes already, especially within Wheatley Care and other support services provided throughout the Group. Encouraging volunteering, as in the LivingWell service; encouraging individual expression through music and art; and supporting youth development projects are all ways that we currently support people to develop their potential.

The support provided through the Wheatley Foundation to access employment, training opportunities and bursaries is another method by which we support capacity development. This Engagement Framework provides an opportunity to integrate this support and develop it further through wider engagement opportunities. We will provide a learning suite and potential accreditations for those customers who become Customer Voices, helping them to develop their skills to assess information, challenge approaches and express their views. This will form one of the pathways for customers who may be interested in positions as Board members.

Key Roles

Our main job roles who will support customers to develop their potential are:

- Stronger Voices Officers
- Care and Support Staff
- Health and Wellbeing Assistants
- Wheatley Foundation Officers
- Academy staff

Outcomes

The main purpose of this pillar of engagement is to support people to develop their potential and build capacity and resilience in our communities.

Digital Engagement

The Engagement Framework is based on a blended approach which understands the value of face-to-face interaction but also the opportunities that can come through digital methods of engagement. We have significantly developed our digital approach, and continue to work with our customers to develop other additional tools that are conducive to engagement. Figure 3 illustrates how these tools support the four pillars of the Engagement Framework.

Figure 3 – Digital tools to support engagement



Digital engagement can replace or supplement off-line community activity such as a meeting to discuss investment in a block. This should enable a wider range of input by increasing the methods by which people can take part in sharing information and views; building community consensus; and reaching decisions. Importantly, we will ensure that digital engagement is used to increase the range of customers who are able to participate. We will support customers to engage online but we will also ensure that no one is excluded from involvement because they are unable to participate in this way.

Other digital methods which we will develop include the **integration of feedback within the customer service journey**. The opportunity to provide feedback will be available at different points in the service journey – for example to provide feedback online through text, web or app feedback after ordering a repair; then again after receiving the repair. This can also be developed for example to contact a customer after they have completed their first year of tenancy with us, to seek feedback on their experience.

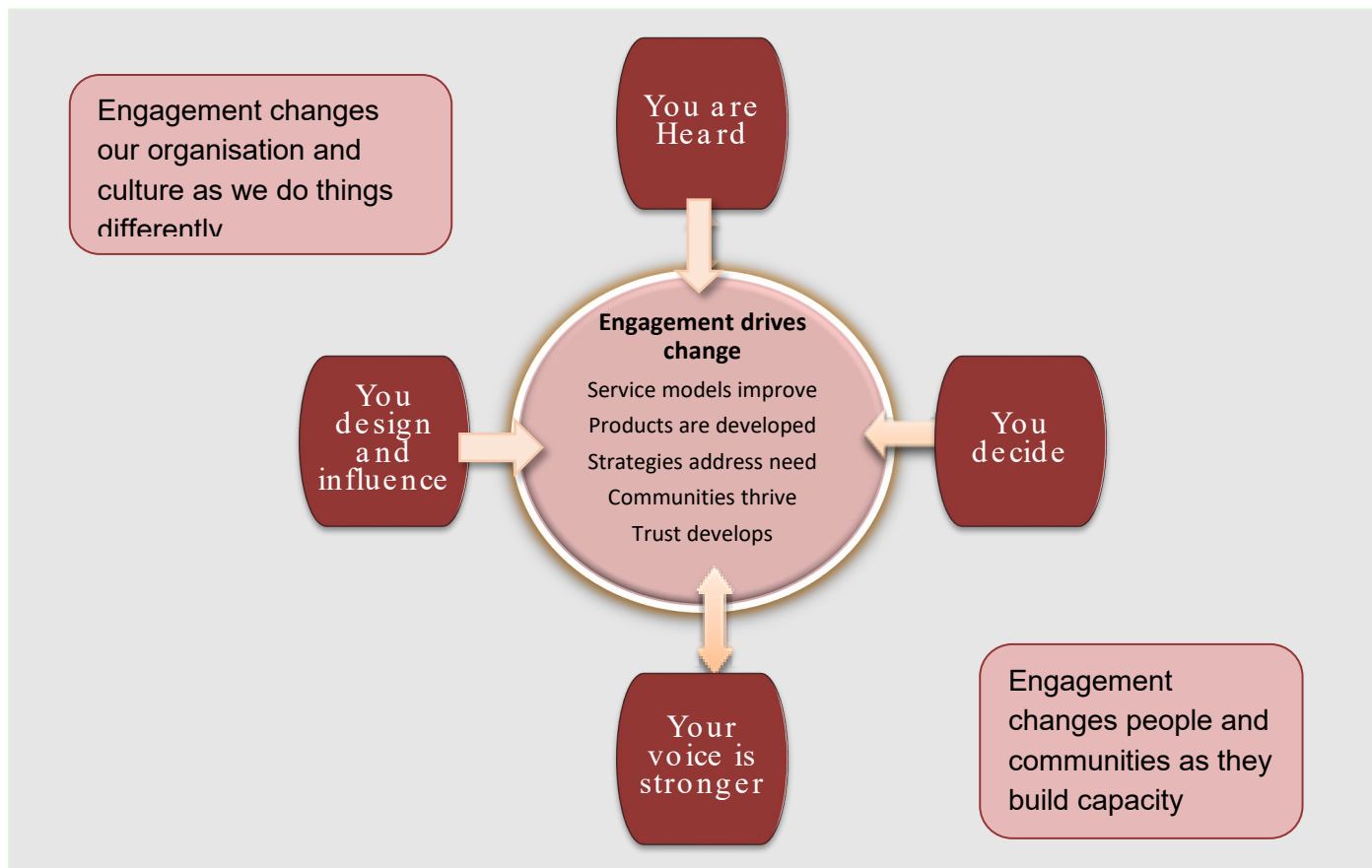
Staff Resources

Every member of staff in the Group has a role in promoting engagement and responding to the customer voice in all our activities. The Stronger Voices team will support business leads to ensure this happens and will oversee the annual engagement programme which supports the customer voice throughout our strategic activities.

Framework outcomes

This Engagement Framework is designed to support our ambition to promote a culture which places the customer voice at the heart of everything we do. Through our strategy **Your Home, Your Future, Your Community**, we have set out to challenge ourselves in our approach to engagement – to create that unprecedented shift in power to the customer. Our 2021-26 strategy emphasises co-creation with our customers and promoting their ability to be in control and self-direct their services. By 2026 we hope that our customers will be empowered to make their own choices about the services they want, be properly equipped to do things for themselves and involved in the design of products and services from start to finish. Through this journey with our customers, we hope that our communities will become stronger; more resilient; and able to make their voices and their expectations heard more widely.

Figure 4 - Framework outcomes



KEY PERFORMANCE INDICATORS

- Overall customer satisfaction above 90%
- Over 90% of Care customers satisfied with the overall service
- Overall satisfaction amongst households with children improved to 90%
- 90% of customers feel they can participate in the landlord's decision-making
- 95% of customers actively engaged in shaping services feel they participate in decision-making
- 50% of strategic delivery plan projects include customer engagement as an early milestone
- Maintain 1550 Customer Voices
- Each RSL to deliver three Customer Voice Panel events per year
- All customer-facing strategic projects will include customer engagement
-

Our Customer Engagement



Report

To: Wheatley Homes South Board

Report by: Alan Glasgow, Managing Director

Approved by: Pauline Turnock, Group Director of Finance

Subject: May Strategy Workshop: Our Approach and Proposed Structure

Date of Meeting: 13 March 2024

1. Purpose

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

2. Authorising and strategic context

- 2.1 Under the Group Standing Orders the Group Board is responsible for the approval of the overarching Group strategy. Under our Terms of Reference, this Board is responsible for approving our 5-year strategy, within the strategic context of the overarching Group strategy.
- 2.2 This Board annually undertakes a strategy review through consideration of our strategy and its wider contribution to the Group strategy.

3. Background

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

4. Discussion

Our approach

- 4.1 As part of our annual review process, the Group Board will consider and approve the 2024/25 Group Delivery Plan at its meeting on the 24th of April 2024. This will comprise strategic projects, strategic measures and targets. These remain subject to any feedback from Boards across the Group.
- 4.2 We will consider relevant strategic projects and our measures and targets at our May meeting. This ensures we can set these with reference to 2023/24 performance, yet that staff are clear on their priorities and that performance can be monitored during quarter 1. Our strategy workshop will precede our Board meeting and is scheduled for the 29th of May 2024.
- 4.3 Our Board workshop discussion will shape our strategy refresh for 2024. In addition, our feedback will inform the Group Board strategy workshop in June and help shape the refresh of the overarching Group strategy.

Proposed structure

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

5. Customer Engagement

- 5.1 The strategy workshop content will draw on customer feedback and insight we have generated through customer engagement over the year. This will include regional customer satisfaction benchmarking following our 2023/24 tenant satisfaction survey.
- 5.2 Customer engagement is a central element of our strategy overall and as part of any discussions how we would propose to engage customers will be considered.

6. Environmental and sustainability implications

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

7. Digital transformation alignment

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

8. Financial and value for money implications

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

9. Legal, regulatory and charitable implications

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

10. Risk Appetite and assessment

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

11. Equalities implications

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

12. Key issues and conclusions

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

13. Recommendations

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

LIST OF APPENDICES:

NONE

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 31 January 2024

Date of Meeting: 13 March 2024

1. Purpose

1.1 The purpose of this report is to provide an overview of the management accounts for the period to 31 January 2024.

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 ongoing monitoring of performance against agreed targets. This includes the ongoing 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 to 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 year to 31 January are summarised below:

	Year to Date (Period 10)		
	Actual £'000	Budget £'000	Variance £'000
Turnover	50,614	47,141	3,473
Operating expenditure	(34,514)	(35,817)	1,303
Operating surplus	16,100	11,324	4,776
<i>Operating margin</i>	32%	24%	
Net interest payable	(5,525)	(5,097)	428
Surplus	10,575	6,227	4,348
Net Capital Expenditure	15,825	19,625	3,800

4. Discussion

4.1 Year to date – Period 10

A statutory surplus of £10,575k is reported for the year to 31 January 2024, £4,348k favourable to budget driven by the early release of new build grants, higher than budgeted adaptation grant income and lower spend across expenditure. Higher reactive repair costs are managed within the overall repair budget.

4.2 The key points to note are:

- Within income, net rental income is £159k higher than budget, with a void loss rate of 0.6% vs 1.2% in budget. Rental income is £80k unfavourable due to the timing of properties cleared for demolition. Other grant income is £455k favourable than budget mainly due to additional adaptation grant claimed of £396k (with higher corresponding spend in investment). In addition to adaptations, higher than budgeted renewable heat incentive (RHI) grant and care grant funding was also received;
- Operating expenditure is £1,303k favourable to budget driven by lower spend against budget across the majority of expenditure lines including total repairs costs:
 - Total employee costs (direct and group services) are £178k favourable to budget. The savings include vacant positions some of which are linked to the ERVR programme and lower than budgeted overtime;
 - Total running costs (direct and group services) are £8k adverse to budget, driven by higher than budgeted insurance costs. Group recharges are £18k favourable to budget with savings made in Wheatley Solutions; and
 - Repair costs are £823k favourable to budget. Within this, responsive repairs are £267k unfavourable to budget due to increased demand and a higher cost per job driven by increased material costs to date. This unfavourable position has been fully offset by the favourable cyclical and compliance spend of £1,090k due to a reprofiling of the programme. There is no impact on our legislative obligations by deferring these costs. A repairs improvement plan which includes mitigating actions has been put in place to manage responsive repairs spend.
- The investment income is £8,488k lower than budget mainly due to the timing of grant funding claimed for the new build programme (Curries Yard and Springholm);
- Total core investment spend of £13,550k is £287k lower than budget due to reprofiling the core programme to accommodate higher spend on capitalised voids and grant-funded adaptation works (which have compensating additional grant income). Void works are now being undertaken by an in-house team who have been in place since June 2023, this new approach is having a positive effect with a reduction in average cost per job; and
- New Build expenditure is £11,342k under budget driven primarily by the timing of spend on Curries Yard and Springholm.

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 period to 31 January 2024 is £4,348k favourable to budget. Delivery of our cost efficiency targets is a key element of continuing to demonstrate value for money. The underlying result for the year to January 2024 is £1,745k favourable to budget-driven lower void rent loss, lower spend across expenditure and an overall reduction in investment spend.

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 Our 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 with respect to 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 with respect to governance is “cautious” which is defined as a “*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 31 January 2024.

13. Recommendations

- 13.1 The Board is requested to note the Finance Report for the period to 31 January 2024 at Appendix 1.

LIST OF APPENDICES:

Appendix 1: Period 10 – 31 January 2024 Finance Report.



Period to 31 January 2024

Finance Report



1) Operating statement – Period to 31 January 2024



OPERATING STATEMENT	Period to Jan 2023			Full Year
	Actual Eks	Budget Eks	Variance Eks	Budget Eks
INCOME				
Rental Income	39,691	39,771	(80)	47,855
Void Losses	(237)	(476)	239	(568)
Net Rental Income	39,454	39,295	159	47,287
Grant Income	2,890	0	2,890	4,977
Other Grant Income	7,333	6,878	455	11,736
Other Income	937	968	(31)	2,876
TOTAL INCOME	50,614	47,141	3,473	66,876
EXPENDITURE				
Employee Costs - Direct	4,670	4,780	110	5,715
Employee Costs - Group Services	3,297	3,365	68	4,038
ER/VR	166	166	0	340
Direct Running Costs	2,134	2,107	(26)	2,529
Running Costs - Group Services	1,774	1,792	18	2,150
Revenue Repairs and Maintenance	9,477	10,300	823	12,360
Bad debts	231	542	311	651
Depreciation	12,150	12,150	0	14,581
Demolition and compensation	615	615	0	1,105
TOTAL EXPENDITURE	34,514	35,817	1,303	43,469
NET OPERATING SURPLUS	16,100	11,324	4,776	23,407
<i>Net operating margin</i>	<i>32%</i>	<i>24%</i>	<i>8%</i>	<i>35%</i>
Interest Receivable and similar income	68	13	55	15
Interest payable & similar charges	(5,593)	(5,110)	(483)	(6,039)
STATUTORY SURPLUS	10,575	6,227	4,348	17,383
INVESTMENT	Actual Eks	Budget Eks	Variance Eks	Budget Eks
TOTAL CAPITAL INVESTMENT INCOME	18,484	26,972	(8,488)	34,425
Capital Investment spend	13,550	13,837	287	19,535
New Build Programme	19,705	31,047	11,342	38,785
Other Fixed Assets	1,054	1,713	659	2,056
TOTAL INVESTMENT EXPENDITURE	34,309	46,597	12,288	60,376
NET CAPITAL EXPENDITURE	15,825	19,625	3,800	25,950

Key highlights :

Net operating surplus of £16,100k is £4,776k favourable to budget. Statutory surplus to 31 January is £10,575k, which is £4,348k favourable to budget. The key driver of the variance is early release of new build grants, higher than budgeted adaptation grant income and lower spend across expenditure.

- Net rental income is £159k higher than budget driven by lower than budgeted voids, with a void loss rate of 0.6% vs 1.2% in budget. Rental income is £80k adverse due to the earlier than budgeted timing of properties cleared for demolition (Kelloholm, Summerhill & Newington).
- Grant income, £2,890k, relates to earlier than planned handover of 18 units at Curries Yard in January. Budget assumed handover in March.
- Other grant income is £455k favourable to budget mainly due to additional adaptation grant claimed (with higher corresponding spend in investment). In addition to adaptations, is higher than budgeted renewable heat incentive (RHI) grant and £15k young person's funding.
- Other income is £31k adverse to budget with lower garage and lock-up income due to increased voids.
- Total employee costs (direct and group services) are £178k lower than budget. The savings are from vacant positions during the YTD and lower than budgeted overtime.
- ER/VR costs are in line with budget, with four ER/VR leavers YTD.
- Total running costs (direct and group services) are £8k adverse to budget, driven by higher insurance costs, partly offset by savings within the Group recharge.
- Repair costs are £823k favourable to budget. Responsive repairs are £267k unfavourable to budget due to increased demand and a higher cost per job driven by increased material costs to date. This unfavourable position has been fully offset by the favourable cyclical and compliance spend of £1,090k due to a reprofiling of the programme. A repairs improvement plan which includes a number of mitigating actions has been put in place to manage responsive repairs spend within the forecast spend.

Gross interest payable of £5,593k represents interest due on the loans due to Wheatley Funding No.1 Ltd and external funders. The unfavourable variance of £483k is due to the increase in variable interest rates than budgeted.

Net capital expenditure of £15,825k is £3,800k lower than budget.

- The investment income is £8,488k lower than budget due to timing of grant funding claimed for the new build programme (Curries Yard and Springholm).
- Total core investment spend of £13,550k is £287k lower than budget due to lower spend on the core programme, partly offset by higher spend on capitalised voids and grant funded adaptation works (compensating additional grant income).
- New Build expenditure is £11,342k under budget driven by timing of spend on Curries Yard and Springholm.
- Other capital expenditure of £1,054k is £659k lower than budget. Other capital spend includes work on local touchdown hubs and IT costs. The favourable variance is mainly due to the timing of works on the new build office which will now commence in 2024/25.

1b) Underlying surplus – Period to 31 January 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 January 2024, an underlying surplus of £6,285k has been generated which is £1,745k favourable to budget. The variance is driven lower void rent loss, lower spend across expenditure and an overall reduction in investment spend.

Underlying Surplus - Period to 31 January 2024				
	YTD Actual £ks	YTD Budget £ks	YTD Variance £ks	FY Budget £ks
Net Operating surplus	16,100	11,324	4,776	23,407
add back:				
Depreciation	12,150	12,150	0	14,581
less:				
Grant income	(2,890)	0	(2,890)	(4,977)
Net interest payable	(5,525)	(5,097)	(428)	(6,024)
Total expenditure on Core Programme	(13,550)	(13,837)	287	(19,535)
Underlying surplus	6,285	4,540	1,745	7,452

2) In House Repairs Service – Period to 31 January 2024

In House Repairs	YTD			Full Year Budget
	Actual £ks	Budget £ks	Variance £ks	
INCOME				
Internal Subsidiaries	9,035	9,902	(867)	11,934
External Customers	261	355	(94)	426
TOTAL INCOME	9,296	10,257	(961)	12,360
COST OF SALES				
Staff Costs	3,723	4,417	693	5,300
Materials	2,294	2,417	122	2,900
Subcontractor & Other Costs	1,822	2,000	178	2,400
TOTAL COST OF SALES	7,839	8,833	993	10,600
GROSS PROFIT	1,457	1,424	32	1,760
Margin %	16%	14%	2%	14%
Overheads	1,421	1,467	46	1,760
NET PROFIT / (LOSS)	36	(43)	79	

Key Comments:

- Income for the in house repairs service is £961k lower than budget. External customers income represents Home Group income generated in the period to 31 January 2024.
- Savings in staff costs is due to timing of recruitment for the new structure. The budget assumed this would be in place May however this wasn't achieved until July.
- Subcontractor and material costs are favourable to budget following the implementation of the repairs improvement plan.

3) Repairs and Investment – Period to 31 January 2024

Revenue Repairs and Maintenance	YTD			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
Reactive	7,609	7,342	(267)	8,820
Gas planned maintenance	750	978	228	1,178
Landscaping and cyclical maintenance	497	708	211	857
Compliance	621	1,272	651	1,505
TOTAL	9,477	10,300	823	12,360

Core Investment Programme	To 31 Jan 2024			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
Investment programme grant income				
Aids and Adaptations	814	450	364	459
Social Housing Net Zero	5,676	5,676	-	10,375
Total	6,490	6,126	364	10,834
Investment programme spend				
Core Programme	1,860	3,206	1,346	3,791
Capitalised repairs	742	731	(10)	876
Social Housing Net Zero	5,676	5,676	-	9,975
Capitalised Voids	3,525	2,711	(814)	3,076
Adaptations	814	450	(364)	540
Capitalised Staff	934	1,063	129	1,277
Total	13,550	13,837	287	19,535

Net Investment Spend	7,061	7,712	651	8,701
-----------------------------	--------------	--------------	------------	--------------

Repairs

Repairs and maintenance costs are £823k favourable to budget.

- Reactive repairs are £267k adverse to budget driven by higher material costs and demand. January was our highest volume month driven by storm related repairs. A number of mitigating actions and business rules have been put in place to bring repairs spend within forecast spend.
- Gas planned maintenance, landscaping and cyclical maintenance and compliance expenditure were all favourable to budget due to the reprofiling and 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 SHNZ and adaptations work was £7,061k, which is £651k lower than budget.

- Core programme is £1,346k lower than budget due to the reprofiling of the investment programme against budget.
- Capitalised voids are higher than budget. Void work was brought in house during June 2023, reducing the average cost per void compared to prior year.
- While adaptations are £364k higher than budget these are fully funded as per the grant income section above.

4) New Build – Period to 31 January 2024

Development spend at end of January 24 totalled £19,705k, against a budget of £31,046k, a variance of £11,341k under budget due to delays in development works. Similarly, the grant income received of £11,994k was £8,853k under budget. The grant income received was for Curries Yard and Springholm, which will be recognised in the operating statement when the units are handed over. The grant recognised so far relates to the 18 units handed over at Curries Yard.

On Site:

- **Currie's Yard (SR/89):** Handovers of 18 homes in January 2024 and 17 expected by end of March 2024. Remaining 54 units to be completed by September 2024.
- **Springholm/ Ewart Place (SR/47):** Construction started in May 2023, later than budgeted, resulting in lower spend in the year to date. It is on site and progressing well.

[redacted]

Development Name	Status	Contractor	YTD - P10			Full Year Budget
			Actual	Budget	Variance	
Nursery Avenue	Completed	McTaggart	34	59	25	59
Eastriggs	Completed	Ashleigh	3	38	35	38
Curries Yard	On Site	CCG	10,251	10,157	(94)	11,404
Sprinholm	On Site	Ashleigh	6,424	9,322	2,898	10,218

[redacted]

Total Social Rent			18,733	30,073	11,339	37,321
Capitalised Staff			972	974	2	1,168
Capitalised Interest			-	-	-	296
Total New Build Investment			19,705	31,046	11,341	38,785

Grant Income			11,994	20,847	(8,853)	23,592
--------------	--	--	--------	--------	---------	--------

Net New Build Cost			7,711	10,200	2,489	15,194
---------------------------	--	--	--------------	---------------	--------------	---------------

Grant Income Completions (recognised in OPS)			2,890	-	2,890	4,977
--	--	--	-------	---	-------	-------

5) Balance Sheet – Period to 31 January 2024

	31 January 24	31 March 23
Fixed Assets		
Social Housing Properties	444,520	423,556
Other Fixed Assets	2,461	1,406
Investment Properties	12,154	12,154
	<u>459,135</u>	<u>437,116</u>
Current Assets		
Stock	1,038	954
Rent and service charge arrears	3,426	3,022
less: provision for rent arrears	(1,110)	(930)
Prepayments and accrued income	5,991	3,360
Other debtors	3,057	3,198
Total Debtors	11,363	8,650
Due from other group companies	133	68
Cash & Cash Equivalents	2,323	3,405
	<u>14,857</u>	<u>13,078</u>
Creditors: within 1 year		
Trade Creditors	(2,135)	(967)
Accruals	(5,565)	(7,458)
Deferred income (Grant)	(2,729)	(6,599)
Prepayments of Rent and Service Charge	(971)	(884)
Other Creditors	(599)	(554)
Total Creditors	(11,999)	(16,463)
Amounts due to Group Undertakings	(3,880)	(5,022)
	<u>(15,880)</u>	<u>(21,485)</u>
Net Current Liability	(1,023)	(8,407)
Long Term Creditors		
Long term loans	(163,164)	(158,164)
Loan interest	(4,993)	(4,108)
Deferred Income	(19,602)	(6,645)
Other provisions	(72)	(88)
Pension		
Net Assets	270,280	259,704
Capital and Reserves		
Share Capital		
Revenue Reserve	125,968	115,393
Revaluation Reserve	144,311	144,311
	<u>270,280</u>	<u>259,704</u>
Shareholders' funds	270,280	259,704

Key Comments:

The balance sheet reported reflects the 31 March 2023 year end statutory position, including any year end audit adjustments.

- **Fixed assets** of £459m – representing new build works less depreciation of existing assets.
- **Stock** relates to stock for the in-house repairs team and materials on site related to the investment program.
- **Debtors** – net rent and service charge arrears are marginally higher driven by timing of rents received.
- **Accrued income** – This includes new build grant income, aids and adaptations and the SHNZ investment grant claim.
- **Other debtors** includes capital asset recharge £2.8m.
- **Creditors: within 1 year** Includes
 - Trade creditors are higher than 31 March 2023 driven by timing of supplier payments.
 - Accruals includes £0.6m of investment works (CBG), £1.9m Design and Build costs due to WDSL, £0.7m THFC loan interest, £0.3m materials, £0.3m fleet accruals and £0.2m of demolition works.
 - Grant income received is deferred until the completion of new build properties. 18 units were handed over in January, which has reduced this balance. The remaining £2.7m relates to 17 units expected to complete in 2023/24.
- **Long-Term Creditors** relate to
 - Capital loans of £163m, including 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. £5.0m 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 Curries Yard, Catherinefield and Thornhill which are all expected to complete in 2024/25 onwards.
 - Provision of £72k relates to the remaining balance made for dilapidation liabilities for offices.



Wheatley
Homes

South

Report

To: Wheatley Homes South Board

By: Laurie Carberry, Director of Procurement

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

Subject: Annual Procurement Strategy and Policy Updates

Date of Meeting: 13 March 2024

1. Purpose

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

2. Authorising and strategic context

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

3. Background

- 3.1 As a Contracting Authority, we must comply with legislative requirements for procurement and contracting arrangements. Our overall compliance in 2023 of contracted spending at 98.44%. This is an improvement on last year's reported figure of 92.02% against the target of 70%, which was set low to allow for historic legacy arrangements to expire. The Group has an overall compliance of contracted spend of 98.08%.
- 3.2 The Group's external expenditure in 2022/23 was £294.3m of which 67% (£196.8m) was on capital and 33% (£97.5m) on revenue. The Group's new build housing programme and investment in existing homes contribute to the capital spending.

3.3 Examples of Group procurement activity delivered during 2023 included:

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

Wheatley Homes South Procurement

3.4 A revised contract has been awarded to Idverde contract for Grounds Maintenance services across Dumfries and Galloway. This will supplement the work carried out by the NETs Team. This work focuses on land owned by WHS that requires specialist machinery to maintain it. This contract has provided work to local people and wider employment opportunities in respect of our NETs team.

3.5 During 2023, progress has been made on the delivery of new homes at Curries Yard appointed to CCG Ltd via the Gen 3 New Build Framework. Works are also underway on 47 new family homes at Springholm with the Appointment of Ashleigh (Scotland) Limited.

3.6 We have delivered four demolition contracts for work to commence at Kelloholm, Ecclefechan, Newington in Annan and Summerhill, Dumfries. Following on from the demolition works we will be delivering new energy-efficient homes as part of our “Greener Homes, Greener Lives” approach.

4. Discussion

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

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

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

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

- 4.4 The strategy is the roadmap towards achieving organisational objectives and meeting the Scottish Government's commitments to efficient and effective procurement, whilst reflecting legislative changes to commercial thresholds; further detail now ensures Fair Work practices for our contracted supply chains ensuring that our approach is in line with Scottish Government procurement legislation and best practice.
- 4.5 To support us in achieving standardised procurement practices and procedures, the Policy, Sustainability Statement & Community Benefit Statement are developed to deliver the overall Procurement Strategy. To ensure these documents remain fit for purpose they are required to be reviewed on an annual basis.
- 4.6 There has been limited change across the suite of procurement documents this year. This is in keeping with us having a clear longer-term view on procurement that we would expect to refine rather than renew each year. The UK Government is currently reviewing the UK Procurement Legislation, which is an impact of post-Brexit trade agreements. We would anticipate a large-scale review and reform over the coming year as the focus moves to a more consistent approach to procurement regulations across the different nations within the United Kingdom.

Procurement Strategy

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

Procurement Policy

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

- 4.10 During 2024 we are planning to undertake the necessary work to gain accreditation as a 'Real Living Wage' employer. This will ensure all contracted suppliers comply with the payment of the Living Wage, currently £12.00/per hour (reviewed annually) to their staff that undertake work on our behalf. This will become part of the Procurement Policy and be a mandatory requirement when contracting in the future. The first contract to benefit from this change will be our corporate cleaning contract with ISS Ltd this will see all their staff attending our offices be paid a Real Living Wage from May 2024.

Group Sustainable Procurement Statement

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

Community Benefits Statement

- 4.15 The formation of this statement reflects Scottish Government Guidance, legislation and the need for requirements to be proportionate. This is in line with Scottish Procurement Legislation and Regulations.
- 4.16 Procurement has an important role in the delivery of Community Benefits. Where possible, there is a focus on maximising jobs and training places and supporting local community activity. We have created 96 jobs, training and apprenticeship opportunities from the community benefits captured within our contracts.
- 4.17 We seek to lever the delivery of new jobs, apprenticeships, training opportunities and supply chain development activities for the community. We monitor compliance of construction-related contracts and the obligation of the Contractor therein in relation to Community Benefits.

- 4.18 We support our EDI aims by using customer equality data and Wheatley Foundation equality data to inform our Community Benefits approach through analysis of our employability programmes as reported to this Board.
- 4.19 We have seen positive outcomes in the last year here for example, as part of the Community Benefit approach we met with legal services provider Shepherd and Wedderburn (S&W) to exchange good practice working in terms of EDI. This resulted in representatives from S&W's employee equality groups attending one of our Different Together Communities of Excellence to share their successes and barriers faced within their organisation with our staff.

Contract Management System (CMS)

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

Challenges for Procurement 2024 - Market Conditions

- 4.22 As we entered 2023/24 inflationary pressures continued to have a significant impact on us and our customers and the economic outlook in the UK remains under pressure. Inflation has proven to be more resistant to interest rate increases than expected, with a strong labour market and higher wage settlements helping to maintain higher prices. While the current CPI rate is 4.0%, it has been on a slow downward reduction from its peak of 11.1% in 2022. According to most recent market expectations, the unwinding of inflation to the long-term Bank of England target of 2% is now not likely to be achieved until the first half of 2025.
- 4.23 Increases in the cost of fuel, utilities, insurance and repairs and maintenance costs have had a notable impact on our cost base. Fuel and utilities costs are now beginning to stabilise. However, insurance and repairs and maintenance costs are still subject to inflationary price increases. An update on our key supply chains is provided below.

New Build - Developers

- 4.24 The recent administration of Stuart Milne and Merchant Homes has created market uncertainty due to the risk that others will follow due to the knock-on effect. Contractors are therefore cautious about whom they contract with, to minimise risk. Subcontractors who historically worked with the private sector are now keen to work with affordable housing clients, as they are seeking continuity and guaranteed payment.

New Build - Material Price Increases

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

New Build - Labour/Trades

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

Fleet

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

5. Customer Engagement

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

6. Environmental and sustainability implications

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

7. Digital transformation alignment

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

8. Financial and value for money implications

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

9. Legal, regulatory and charitable implications

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

10. Risk Appetite and Assessment

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

11. Equalities Impact

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

12. Key issues and conclusions

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

13. Recommendations

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

LIST OF APPENDICES:

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