



**DUMFRIES & GALLOWAY HOUSING PARTNERSHIP
BOARD MEETING**

**10.30am, Wednesday 9 February 2022
By videoconference**

AGENDA

1. Apologies for Absence
2. Declarations of Interest
3. a) Minute of meeting on 10 November 2021 and matters arising
b) Action Tracker
4. Managing Director Update (verbal)

Main Business Items

5. Lochside CIP Deployment (Presentation)
6. a) Group development vehicle [redacted]
b) Five-year development programme 2022 –2027
7. a) Lochside, Dumfries: Demolition Approval
b) Ashwood Drive, Stranraer: Demolition Approval
8. a) Strategic Asset Appraisal
b) Five-year investment programme 2022 –2027
9. Heat and smoke detector update (Presentation)
10. a) Rent and other charges 2022/23
b) Business Plan Financial Projections Reforecast
11. Governance update
12. Group Health and Safety policy
13. Group dampness, mould and condensation policy

Other Business

14. Customer First Centre update
15. Performance report
16. Finance report
17. Funding update [redacted]
18. Corporate risk register
19. AOCB



Report

To: DGHP Board

By: Lindsay Lauder, Director of Development and Regeneration

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

Subject: Five-year development programme 2022-2027

Date of Meeting: 9 February 2022

1. Purpose

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

2. Authorising and strategic context

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

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

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

2.4 Linked to this, in July 2021, Scottish Government provided Dumfries and Galloway with four-year resource Planning Assumptions (RPA), confirming grant for 2021-26 of £106.148m. Longer-term RPAs are a key enabling mechanism for the Council and its partners, providing greater certainty and confidence in the programme and capacity for future delivery.

3. Risk appetite and assessment

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

3.2 A key risk is that we do not identify a pipeline of development opportunities to realise our assumed development programme. This could lead to us not constructing enough units to repay our borrowing levels or achieve assumed reductions in management cost levels.

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

4. Background

- 4.1 Over the last 2 years, we have completed 43 new affordable homes at Sanquhar, Monreith and Lincluden with 6 further properties expected to complete in 2021/22. We have a further 37 units currently on site and 179 units in the Planning system as full Planning Applications or as Pre-Application Enquiries.
- 4.2 The Covid-19 pandemic, Brexit, global economic factors and material supply issues have impacted significantly on our development programme through 2020/21 and across 2021/22. The cessation of construction activity during the initial lockdown, followed by new procedures agreed between the construction industry and the Scottish Government for safe site operations, has enabled construction activity to continue but productivity has been impacted.
- 4.3 Material supply issues impacted our development programme throughout 2021/22. They are reported to be a combination of pressure on product availability in the UK market, driven by high demand and wider global issues caused by COVID-19 and Brexit (also linked to the availability of labour). The findings of a materials survey which we completed was reported to the Group Development Committee in September and has been shared with the Scottish Government and SFHA.
- 4.4 We have taken on board remaining uncertainty linked to Covid-19, Brexit and material and labour supply issues when considering the planning and Business Plan implications of the Group five year programme.

5. Customer engagement

- 5.1 The proposed housing and tenure mixes across the programme will be agreed with our Housing Management, the Strategic Authority and are based on housing needs in the area.

5.2 In line with the group’s strategy, Customer Voices; we will involve customers in the development process and provide customer choices in kitchen colours and finishes.

6. Discussion

Development Footprint

6.1 Our future development pipeline is shaped by our understanding of the regeneration and housing development opportunities that are currently agreed or may emerge. For us this continues to be driven by the DG Council’s Local Housing Strategy and the Strategic Housing Investment Programme that flows from it.

6.2 The planning of our programme involves regular discussions with Dumfries and Galloway Council and Scottish Government More Homes Division, in addition to signalling of our interest in particular demand areas to our network of national house builders and private sector developer contacts.

Development appraisal criteria

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

Criteria	Measure/Test
Local Housing Strategy	Contribute to the Local Housing Strategy of Dumfries and Galloway Council. The project appraisal should detail which of the LHS outcome(s) the project will contribute.
Building and strengthening strategic partnerships/ relationships	Contribute to strengthening our relationship with Dumfries and Galloway Council and developers. The appraisal will identify the strategic partnerships and/or relationships to which the project will contribute.
Improving customer choice	The housing mix will be developed in consultation with our Housing Management and respond to known and anticipated housing need for social rented housing and in conjunction with Novantia, which currently manages our MMR stock.
Housing Market Areas	Within the agreed local authority area unless otherwise agreed with the Group Board and this Board.
Internal Rate of Return	The Internal Rate of Return shall be a minimum of 5.7% over 35 years for us.
Debt	Borrowing required would not exceed total assets.
Borrowing	Borrowing will be repaid within 35 years.
Valuation Growth	Projects will be valuation positive on our balance sheet and assumed to deliver valuation growth within 3 years.

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

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

5 Year Development Programme

- 6.6 The revised business plan assumes we will complete 965 units of affordable housing new supply social rent units over the next five financial years from 2022/23.
- 6.7 Table 1 below sets out our programme by year to 2026/27, with more detailed information provided at appendix 1.

Table 1 – DGHP Programme

Team	22/23	23/24	24/25	25/26	26/27	Total
DGHP	37	52	349	384	143	965

- 6.8 Unit numbers are higher across the 5-year period from last year’s figure (810). Considerable progress has been made across the programme with several opportunities’ planning applications awaiting decisions or to be submitted which will allow these to go to the Group Development Committee for consideration in 2022/23. The programme includes joint working with private developers as well as contractor procurement through Wheatley’s contractor framework.
- 6.9 The funding update paper on the agenda outlines a series of proposed changes to our loan agreements that will increase our overall new build capacity significantly. For us this would allow for a continued growth plan which would deliver 1500 new units over 10 years. Appendix 1 includes the already identified pipeline which would form the basis of this expanded programme in Dumfries and Galloway.

7. Digital transformation alignment

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

8. Financial and value for money implications

- 8.1 Our business plan assumes a net cost of £94.458m over the next five years which includes capitalised demolition costs, capitalised interest and the cost of in-house new build staff managing the delivery of the programme. The successful delivery of the development programme helps us realise the wider assumptions within our financial projections. The summary of the development costs and grant over the next five years is presented in the table below:

Table 2 – Financial Expenditure and Grant

Investment in new properties – DGHP	Forecast				
	Year 1	Year 2	Year 3	Year 4	Year 5
	22/23	23/24	24/25	25/26	26/27
	£'000	£'000	£'000	£'000	£'000
Development Costs	9,391	48,493	69,824	39,008	10,102
Grant Income	5,063	34,013	33,523	9,761	0
Total Net Development Cost	4,328	14,480	36,301	29,247	10,102
<i>Completions</i>	<i>37</i>	<i>52</i>	<i>349</i>	<i>384</i>	<i>143</i>

8.2 In line with our approved methodology for the appraisal of new build schemes, a forecast cash-flow is prepared based on the cost of a development, and our assessment of the development's future income, management, maintenance and lifecycle costs.

8.3 This cash-flow is used to calculate certain key indicators including net present value (NPV) and internal rate of return (IRR) to ensure it generates sufficient return to cover cost of funds plus a margin for risk. The minimum requirement for social and mid-market rent schemes is 5.7%.

8.4 We know that some schemes will incur substantial abnormal costs and will be unable to meet financial appraisal targets without additional grant support or alternative funding. Discussions do and will continue to take place with Scottish Government on a scheme-by-scheme basis to understand the grant level which can be secured for each project.

8.5 Continued use of both the Group contractor framework, and where appropriate access to external contractor frameworks, combined with seeking to extend our developer partnerships for land led opportunities, should continue to offer a significant programme of development.

8.6 This combination will allow us to achieve tangible benefits for tenants as increased efficiency can enable us to deliver better value for money.

9. Legal, regulatory and charitable implications

9.1 On a regular basis details of the development programme are shared with the Scottish Housing Regulator. The SHR has been briefed on the Group Development Committee's role in overseeing governance on the development programme.

9.2 Legal support for the Development Programme is provided via both our in house and Framework Solicitors as required. This includes provision of advice supporting procurement, contracts and site acquisition.

9.3 In keeping with Group approach, the construction obligations in the Building Contract will allow contractors to claim additional time as a result of a recurrence of Covid 19. There will be no entitlement to claim additional money.

- 9.4 Where projects are awarded directly through Section 75 agreement (limited opportunity in Dumfries and Galloway) or developer led opportunities, the group is taking advantage of a commercial opportunity that has been offered to us. Where developers are not called off the Group Framework Agreement our experience of the current market suggests that the likelihood of any procurement challenge is low and is mitigated by the willingness of the Group to consider opportunities presented by other developers. Taking advantage of new opportunity is in the best interests of the Group and contributes to our strategic growth plans

10. Equalities implications

- 10.1 Within the programmes, all new build units are designed to Housing with Varying Needs (Part 1). The inclusion of wheelchair units is also included in consultation with Strategic Housing to meet the Council's strategic objectives.

11. Environmental and sustainability implications

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

12. Recommendation

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

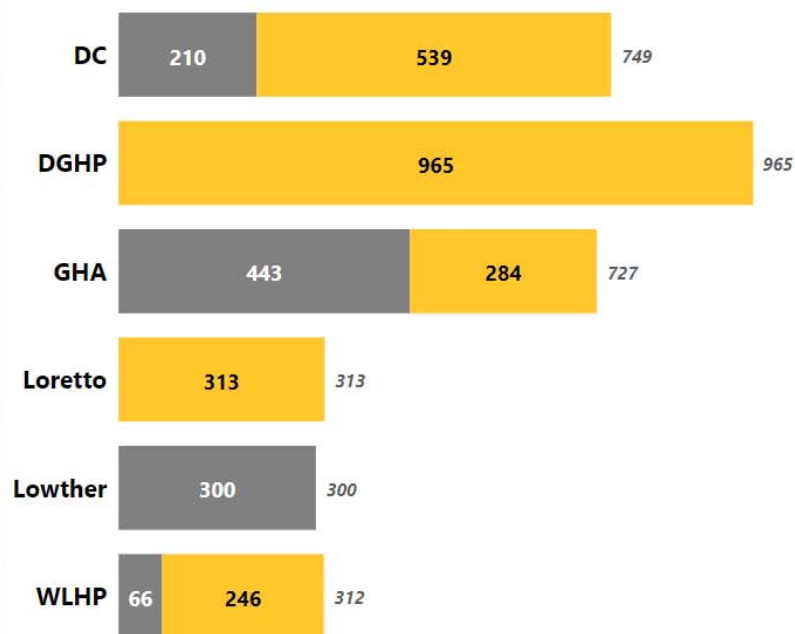
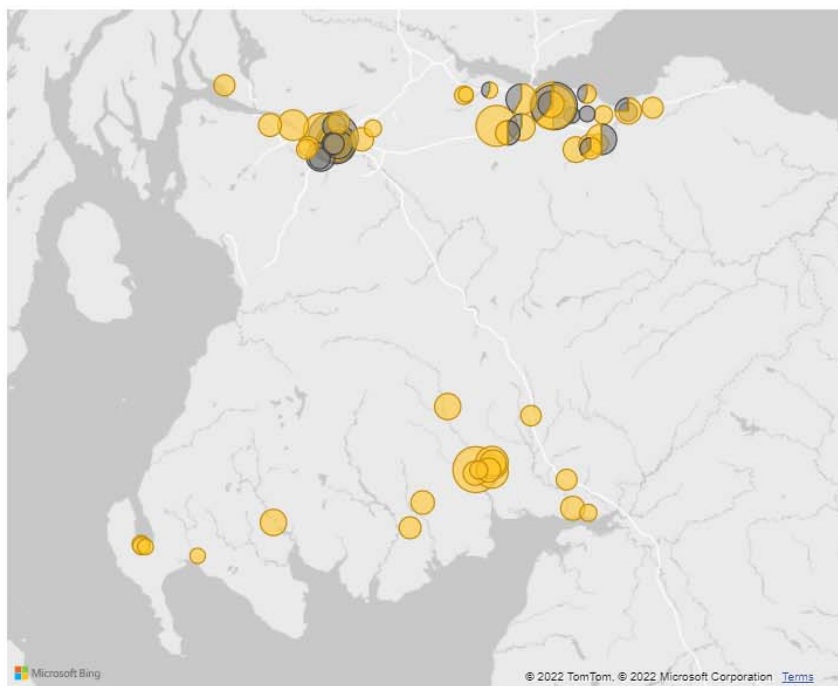
List of Appendices

Appendix 1 – DGHP five-year development programme

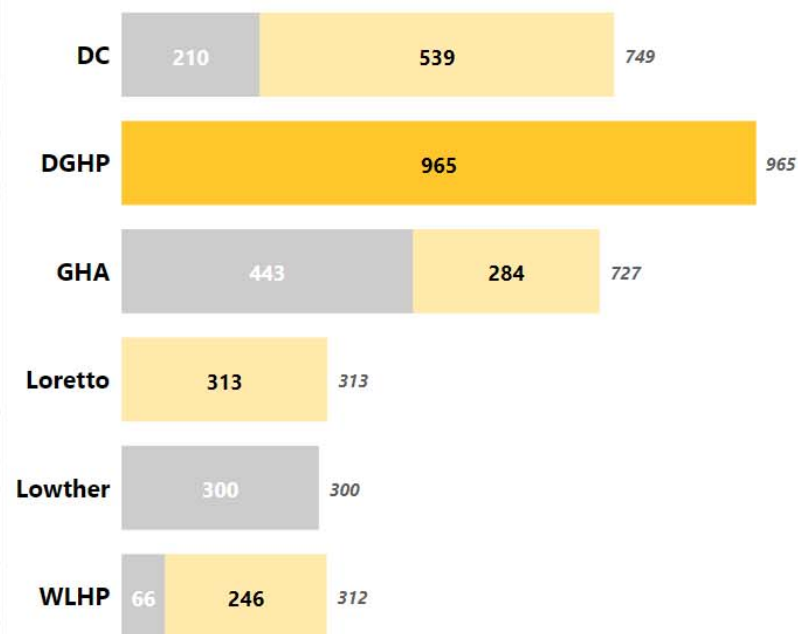
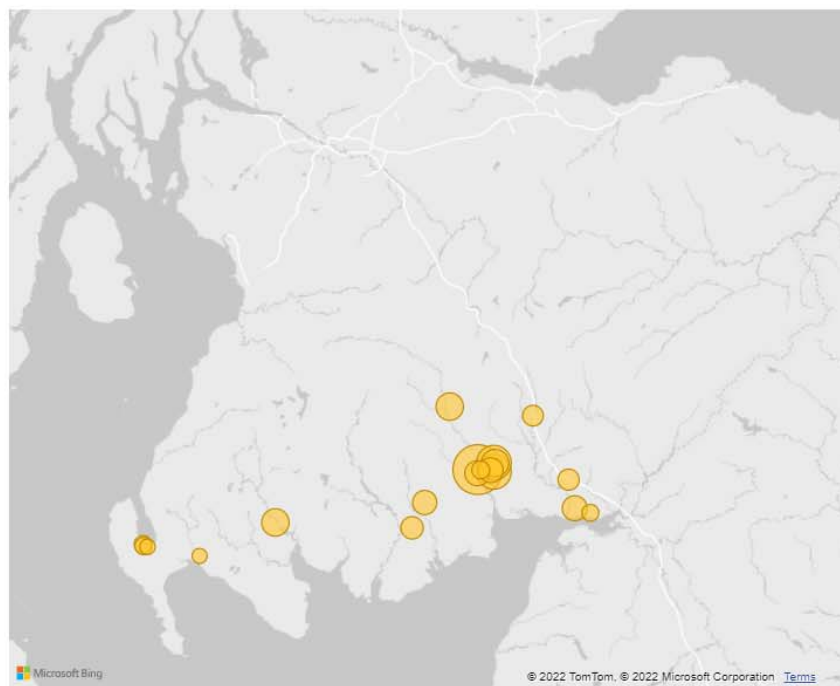
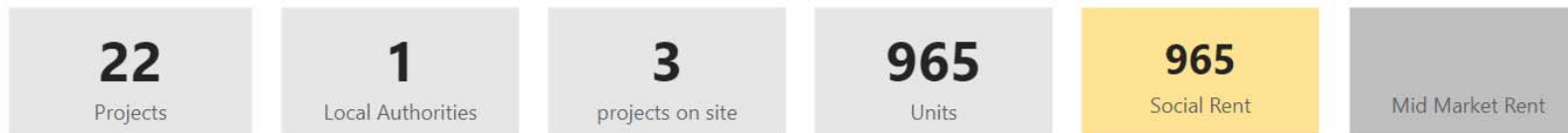


5 Year Plan

2022/2023 to 2026/2027

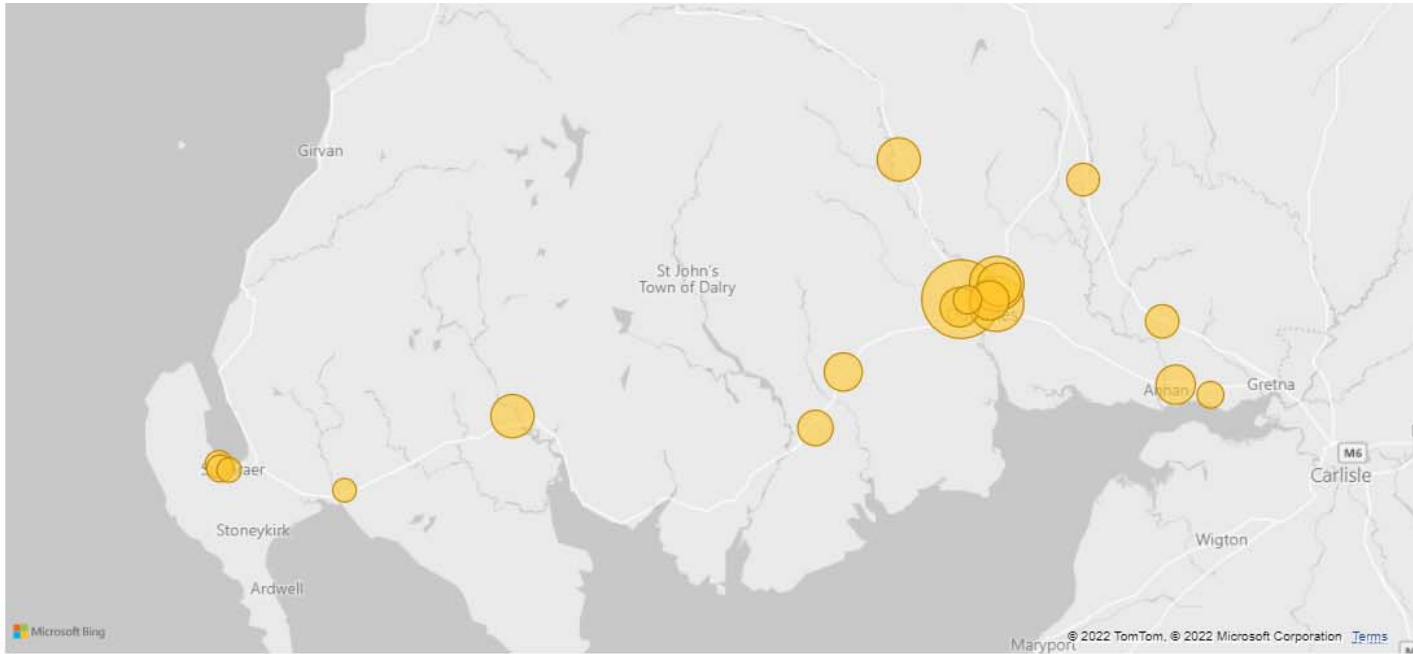


5 Year Plan



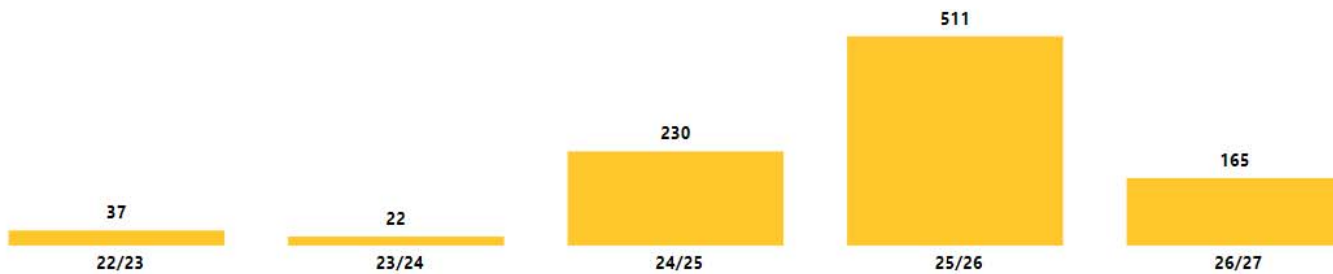
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5 Year Plan



- Building in:**
- Annan
 - Castle Douglas
 - Dual Area
 - Dumfries
 - Eastriggs
 - Glenluce
 - Monreith
 - Newton Stewart
 - Springholm
 - Stranraer
 - Thornhill

● SR



Projects



Year of Completion	Project	21/22	22/23	23/24	24/25	25/26	26/27	27/28	5 Year Plan
21/22	Lincluden Depot	32							
	St Medans, Monreith	5							
22/23	Gillwood Road		18						18
	Nursery Avenue		19						19
23/24	Ashwood Drive			12					12
	Glenluce Hotel			10					10
24/25	Barnhill				50				50
	Corsbie Road			30	30				60
	Ernespie Road				40				40
	Ewart Place				47				47
	Johnstonebridge				33				33
25/26	Curries Yard				44	45			89
	Glasgow Rd					22			22
	Marchfield Bannatyne					50			50
	Marchfield H10/11					90			90
	Maxwell High, Lochside				75	75			150
	Thornhill				30	30			60
	Windermere Road					50			50
26/27	Catherinefield Farm					22	38		60
	Springbank Road						20		20
	Stock Rege						50		50
	Summerhill / Ecclefechan						35		35
Total		37	37	52	349	384	143		965

Programme



RSL	Project	LA	Contractor	Tenure	Total Units
WLHP	Ladypark Farm, Dumfries	DGC	TBC	SR	200
WLHP	Marchfield H15	DGC	Story	SR	150
WLHP	Asset Regeneration	DGC	TBC	SR	40
					400

Lifeboat

Gillwood Road

RSL: DGHP

LA: Dumfries and Galloway

Area: Eastriggs

Contractor: Ashleigh

Year of Completion: 22/23

Total Units: 18

Tenure: SR

Current Status: On Site

In SHIP: Yes

	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Total		18					
SR		18					
MMR							



Classified as Internal

Nursery Avenue

RSL: DGHP

LA: Dumfries and Galloway

Area: Stranraer

Contractor: McTaggart

Year of Completion: 22/23

Total Units: 19

Tenure: SR

Current Status: On Site

In SHIP: Yes

	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Total		19					
SR		19					
MMR							



Nursery Avenue

Slides 9 to 23 redacted



Report

To: DGHP Board

By: Lindsay Lauder, Director of Development and Regeneration

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

Subject: Lochside, Dumfries: Demolition Approval

Date of Meeting: 9 February 2022

1. Purpose

- 1.1. The purpose of this report is to update the DGHP Board on the planned demolition of 12 blocks in Lochside, Dumfries and to seek approval to enter a contract for the demolition of the buildings, subject to a suitable Contractor being identified through a tender process on Scotland Excel.
- 1.2. The Group Development Committee have considered and approved this matter and agreed that it be progressed to the DGHP Board for approval.
- 1.3. Approval is also sought for delegated authority for any DGHP Board member, the Group Chief Executive, Group Director of Property and Development or the Company Secretary to sign any contract documentation required for the demolition works.

2. Authorising and strategic context

- 2.1 The Group Authorising Framework, contained in the Group Standing orders, provides that each member of the Group is responsible for its own development strategy, approval of demolitions and approval of any acquisitions and disposals. In this case, this must be within the parameters of DGHP's approved business plan and subject to DGHP financial authority under the Group Scheme of Financial Delegation.
- 2.2 In May 2021 DGHP Board approved clearing and demolishing 12 blocks in Lochside, Dumfries and Lochside has been identified as an area for TRA treatment and principles in collaboration with the local community, Dumfries and Galloway Council, Scottish Government and other stakeholders.
- 2.3 Lochside is in DGHP's current approved 5-year Development Programme and is included in DGHP's next 5-year Development Programme due for consideration for approval at this meeting.
- 2.4 This report relates to Group's 2021-2026 Strategy – Your Home, Your Community, Your Future - and particularly to the strategic themes of 'Making the most of our Homes and Assets' and 'Changing Lives and Communities'.

2.5 This project will work towards the strategic outcomes of these themes by aiding the supply of new homes, contributing to our target of 5,500 new homes across all Group subsidiaries and building the community voice and engagement. At the same time poor performing stock that is unwelcome for both the community and DGHP will be removed.

3. Risk appetite and assessment

3.1. The approved risk appetite in respect of the development programme 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”.

3.2. Our future strategic direction envisages a continuing development programme, beyond the assumptions in our current strategy. Our development programme represents a significant element of the Group’s expenditure, with 1,000 units expected to be delivered by DGHP as part of this.

3.3. The income from the construction of new homes will represent a correspondingly significant element to increasing rental income to service borrowing. Additionally, the development programme plays a key role in reducing management costs per unit, as overheads are spread over a greater number of units.

3.4. The inclusion of an estimated tender price risks that commercially sensitive information will be released to the public domain, either accidentally or through Freedom of Information Act requirements. The information contained within this report remains commercially sensitive.

3.5. The demolition tendering exercise closed on 21 January 2022. Now that the tender period has closed the tenders are being checked, verified and a report prepared by our consultants before the tender process can be concluded. To allow governance for the demolition to be concluded as early as possible in 2022 we are using an estimated tender figure. There is a risk that the costs of the demolition are not yet finalised. Current market conditions mean that prices are more difficult to predict but, in estimating we have taken account of previous quotes, the Engineer’s substantial experience of similar projects, demolition advice and on known site information.

3.6. We are procuring this project from the Scotland Excel Demolition and Deconstruction Framework in compliance with all aspects of Scottish Government Procedures and Procurement (Scotland) Regulations 2016. This will ensure that any Contractor tendering for the works has gone through a robust quality and selection process.

3.7. The successful tenderer will be asked, as part of the tendering & selection process, to prepare a comprehensive demolition method statement. This demolition method statement will detail every aspect of the process from pre-construction through to completion. When appointed, the Contractor will take on the role of Principal Contractor in relation to the CDM 2015 Regulations and will hold the burden of responsibility for the management of works on site.

- 3.8. A demolition warrant application has been lodged with the Council but is yet to be approved. It is expected that the demolition warrant will be dealt with thin 28 days.

4. Background

- 4.1. The DGHP Board considered an asset management update report in May 2021 focused on the Lochside estate in northwest Dumfries. As far back as 2013 DGHP had taken decisions to stop letting 3 blocks in the estate followed by a further 7 blocks in 2015. The report in May 2021 approved clearing and demolishing 12 blocks in the estate and increasing the 2021/22 demolition budget to £800k.

- 4.2. The 12 blocks to be demolished are set out below:

Block	Number of properties
8-18 Dalswinton Avenue	6
20-30 Dalswinton Avenue	6
102-118 Dalswinton Avenue	9
120-136 Dalswinton Avenue	9
143-153 Dalswinton Avenue	6
155-165 Dalswinton Avenue	6
12-28 Adamhill Road	9
41-57 Findlater Court	9
34-50 Findlater Court	9
52-62 Findlater Court	6
64-74 Findlater Court	6
2-12 Rankin Avenue	6

- 4.3. All blocks with the exception of 143-153 Dalswinton Avenue are now cleared with buybacks concluded from owners or tenancies terminated. Disconnections have been carried out to the gas and electricity supplies to all the cleared blocks and Scottish Water will be following up with disconnecting the water supplies. Gas, electric and water supplies are still in place for the last block. Demolition asbestos surveys have been carried out on the two building archetypes to help inform the demolition tendering process.

- 4.4. [paragraphs 4.4 – 4.7 redacted]

- 4.8. The tender for the demolition contract was advertised on the basis of the demolition of all the blocks although provision has been made to allow us to withdraw addresses if we need to. The tender process closed on 21 January 2022.

- 4.9. Pre-contract works i.e. disconnection of services have either already been carried out or are underway to allow the demolition works to progress without delay upon acceptance of a suitable tender.

5. Customer engagement

- 5.1. The TRA approach to regenerating Lochside will focus on enhancing our customer engagement and a significant element of co-development and co-design with our customers and community.
- 5.2. We will consider how we engage with customers over the demolition works. We will fully discuss the cleared sites with our colleagues and engage with the local community over future proposals for the Lochside estate.

6. Discussion

- 6.1. G3 Consulting Engineers have been appointed to manage the Demolition phase of the project, providing a cohesive Structural Engineering, Quantity Surveying, Contract Administration and Principal Designer Service for the demolition process.
- 6.2. A Demolition Warrant Application was submitted to the Council in December 2021 and we would expect this to be approved by the end of January.
- 6.3. As part of our due diligence and to ensure that tenderers can provide a robust price, a bat survey has been completed and an asbestos survey has been completed on both building archetypes.
- 6.4. The bat survey has shown that there is evidence of a previous bat roost in one block but demolition works can still proceed under the guidance of an ecologist. This has been arranged and any effect on programme is anticipated as being minimal.
- 6.5. The asbestos survey has been carried out on two blocks covering both archetypes and made available to the tenderers prior to the tender process concluding. The contractor will require to carry out their own asbestos demolition survey on the remaining blocks. This approach will ensure a robust tender process and a greater degree of certainty on the costs.
- 6.6. The demolition phase of the project has been tendered via Scotland Excel, using their Demolition and Deconstruction Framework. Contractors on the Framework have already completed a Quality Assessment and this will be accounted for when reviewing the tender returns. It is proposed that tenders will be awarded on a 70/30 split on quality and price. The tender was live via Scotland Excel to all Contractors on the relevant lot.
- 6.7. In terms of timeline, tender returns were submitted on 21 January. After checking the tenders an award would be made allowing a site start in March with a 20 week programme, depending on the asbestos information, and a site completion in August.
- 6.8. Following discussion between the Engineer, the Demolition Officer, Development Management and some market testing of costs, the tender price for demolition works is estimated to be around £420,000. The disconnection of services to the site have been paid separately and so are excluded. It also allows for asbestos removal based on the asbestos surveys carried out to date although the full demolition asbestos survey will be required.

- 6.9. Whilst every effort has been made to ensure a robust price is available at this stage, it is noted that market conditions are volatile and it is more difficult to anticipate price fluctuations even over a short period of time. It is proposed that an allowance of £500k +VAT is made for the demolition given these factors.
- 6.10. An SBCC Minor Works Building Contract will be used for this contract. The Property Legal Team will include any bespoke amendments that are needed for this contract.

7. Digital transformation alignment

- 7.1. The demolition project will not create any digital alignment implications.
- 7.2. During the planning of the TRA, we will work to ensure that all new development is digitally enabled to facilitate the aim of developing digital neighbourhoods and creating the digital infrastructure that may assist customers to work from home or live independently for longer.

8. Financial and value for money implications

- 8.1. A competitive process through Scotland Excel ensured that Contractors asked to tender for the demolition contract have the relevant experience and have passed the necessary quality assessment to be included on the Framework but will still allow us to take this project to the market, to secure a better rate whilst accessing rates that at the time of set up were 25% lower than the National Federation of Demolition Contractors Daywork Charges.
- 8.2. Early demolition of the blocks will allow full site investigations to be undertaken if required on specific sites and a true record of site conditions / constraints identified.
- 8.3. The demolition costs of the project will be front funded, with costs being included in the overall application to The Scottish Government at tender stage.

9. Legal, regulatory and charitable implications

- 9.1. The Property Legal team will assist with preparation of legal documents including the demolition contract to safeguard our development operations. The Property Legal team are also assisting in the ongoing discussions over the final buyback in the blocks.

10. Equalities implications

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

11. Environmental and sustainability implications

- 11.1. Wherever possible, materials from the down takings / site post demolition will be recycled. Each Contractor on the Scotland Excel Framework has committed to recycling up to 95% of all site material. Care will be taken during the demolition to ensure that hazardous materials, such as asbestos, are removed in a controlled manner.

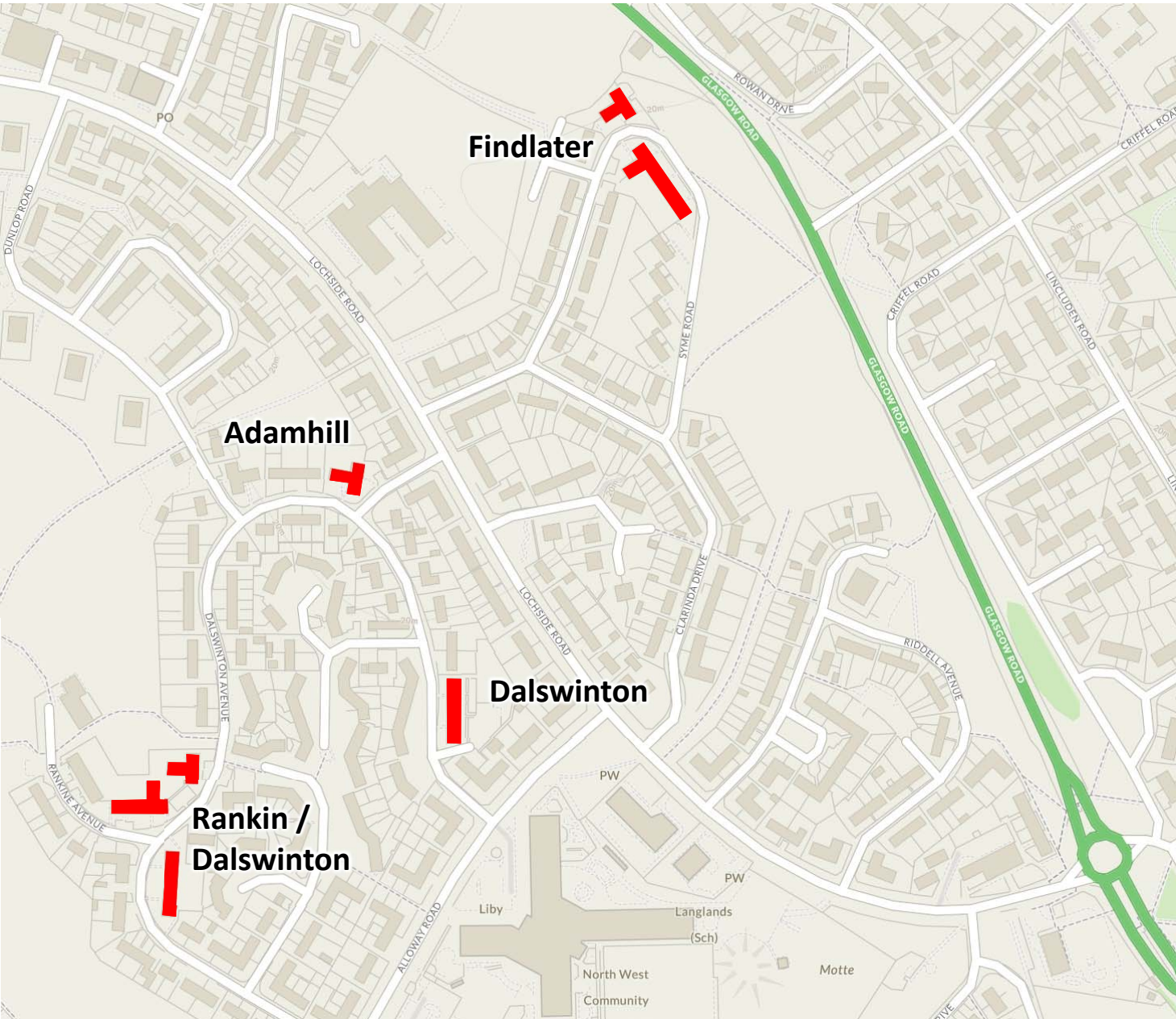
- 11.2. A Demolition Phase Health & Safety Plan will detail how the contractor will minimise risk to the surrounding properties and environment.
- 11.3. The site is brownfield and the redevelopment of it will contribute to the Local Authorities Climate Change Emergency Action Plan.

12. Recommendations

- 12.1. The DGHP Board is requested to:
 - 1) approve that DGHP enter a demolition contract with the successful tenderer for the demolition of the blocks identified for demolition at Lochside, Dumfries subject to a maximum contract sum of £500,000 + VAT; and
 - 2) agree that authority is delegated to any DGHP Board member, the Group Chief Executive, Group Director of Property and Development, Group Director of Finance or the Company Secretary to sign any contract documentation required for the demolition works.

List of Appendices

Appendix 1: Demolition Site Location Plan



Lochside Demolitions

Area	Block	Properties	
Findlater	41-57 Findlater Court	9	
	34-50 Findlater Court	9	
	52-62 Findlater Court	6	
	64-74 Findlater Court	6	
30			
Adamhill	12-28 Adamhill Road	9	9
Rankin / Dalswinton	2-12 Rankin Avenue	6	
	102-118 Dalswinton Avenue	9	
	120-136 Dalswinton Avenue	9	
	143-153 Dalswinton Avenue	6	
	155-165 Dalswinton Avenue	6	
36			
Dalswinton	8-18 Dalswinton Avenue	6	
	20-30 Dalswinton Avenue	6	
12			
		87	



Findlater



Rankin / Dalswinton



Dalswinton



Findlater



Rankin / Dalswinton



Adamhill

**Lochside
Demolitions**





Report

To: DGHP Board

By: Lindsay Lauder, Director of Development and Regeneration

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

Subject: Ashwood Drive, Stranraer: Demolition Approval

Date of Meeting: 9 February 2022

1. Purpose

- 1.1. The purpose of this report is to update the Board on the planned DGHP / Wheatley development site at our former office (and adjoining building) at 80 Ashwood Drive, Stranraer and to seek approval to enter a contract for the demolition of the site buildings, subject to a suitable Contractor being identified through a tender process on Scotland Excel.
- 1.2. The Group Development Committee have considered and approved this matter and agreed that it be progressed to the Board for approval.
- 1.3. Approval is also sought for delegated authority for any DGHP Board member, the Group Chief Executive, Group Director of Property and Development, Group Director of Finance or the Company Secretary to sign any contract documentation required for the demolition works.

2. Authorising and strategic context

- 2.1. The Group Authorising Framework, contained in the Group Standing Orders, provides that each member of the Group is responsible for its own new build development programme. This must be within the parameters of our approved business plan and subject to our financial authority under the Group Scheme of Financial Delegation.
- 2.2. This site was originally identified as the location for the new Wheatley Centre of Excellence Hub serving the west of DGHP's geographical boundaries with authority being delegated to the Chief Executive Officer in relation to the progression of the wider Hub programme. The acquisition of the site took place on 11th January 2022. The site is also able to accommodate residential flats and has therefore been included in Dumfries and Galloway Council's Strategic Housing Investment Plan, contributing to the strategic outcomes of the Local Authority and Wheatley / DGHP's target for new build homes.
- 2.3. The Ashwood Drive project is in our current approved 5-year Development Programme and is included in our next 5-year Development Programme due for consideration for approval at this meeting.

- 2.4. This report relates to Group's 2021-2026 Strategy – Your Home, Your Community, Your Future - and particularly to the strategic themes of 'Making the most of our Homes and Assets' and 'Changing Lives and Communities'. This site will work towards the strategic outcomes of these themes by increasing the supply of new homes, contributing to our target for new homes across all Group partners over the life of the strategy whilst providing a local, modern base for customers to contact staff but also to extend the office, meeting and IT space for community use, bringing a real benefit to the community.

3. Risk appetite and assessment

- 3.1. The approved risk appetite in respect of the new build development programme 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'.
- 3.2. Our future strategic direction envisages a continuing development programme, beyond the assumptions in our current strategy. Our development programme represents a significant element of the Group's expenditure, with 1,000 units expected to be delivered by us.
- 3.3. The income from the construction of new homes will represent a correspondingly significant element to increasing rental income to service borrowing. Additionally, the development programme plays a key role in reducing management costs per unit, as overheads are spread over a greater number of units.
- 3.4. The inclusion of an estimated tender price risks that commercially sensitive information will be released to the public domain, either accidentally or through Freedom of Information Act requirements. The information contained within this report remains commercially sensitive.
- 3.5. The acquisition of the Ashwood Drive property was delayed from the end of November to 11 January 2022 following severe storm damage to the roof of the property when the purchase was originally due to settle. This had a knock-on effect on demolition arrangements which in turn impacted the tender process for the demolition. To allow governance for the demolition to be concluded as early as possible we propose using an estimated tender figure. There is a risk that the costs of the demolition are not yet finalised. Current market conditions mean that prices are more difficult to predict but the Engineer has substantial experience of similar projects and has based the estimate on known site information, demolition advice and other similar projects.
- 3.6. We will conduct the procurement of this project from the Scotland Excel Demolition and Deconstruction Framework in compliance with all aspects of Scottish Government Procedures and Procurement (Scotland) Regulations 2016. This will ensure that any Contractor tendering for the works has gone through a robust quality and selection process.
- 3.7. The successful tenderer will be asked, as part of the tendering & selection process, to prepare a comprehensive demolition method statement. This demolition method statement will detail every aspect of the process from pre-construction through to completion.

- 3.8. When appointed, the Contractor will take on the role of Principal Contractor in relation to the CDM 2015 Regulations and will hold the burden of responsibility for the management of works on site.
- 3.9. The project has the support of Dumfries and Galloway Council's Strategic Housing Services and was included in the Strategic Housing Investment Plan in October 2021. The intention would be to apply for funding via the Affordable Housing Supply Programme in 2022/23.
- 3.10. The sale of the site to us was conditional on the existing building not being used for its current purpose. Failure to demolish and redevelop the site would breach the acquisition conditions.
- 3.11. The new build project is still to secure Planning Permission. Discussions are ongoing with the local planning officer and Planning's pre-application feedback report suggested that a demolition and new build would be their preferred approach for this site. A demolition warrant application has been lodged with the Council but is yet to be approved. It is expected that the demolition warrant will be dealt with within 28 days.

4. Background

- 4.1. The site (see Appendix 1) is the former DGHP office in Stranraer, located at Ashwood Drive, approximately ten minutes' walk from the town centre. It extends to 0.19Ha approximately. Whilst directly next to a convenience store and the town's Fire Station, the surrounding area is mostly residential. The site is close to our housing stock area of Dicks Hill.
- 4.2. Our former office building adjoins a further office block forming an L-shape at the front of the site, dating back to the early 1950's. The buildings are two storeys in height with flat roof. According to the view of the planning officer the buildings are of poor design and construction and do not contribute to the area.
- 4.3. The site was originally identified as a location for the local Wheatley Centre of Excellence, providing a facility for both staff and our customers.
- 4.4. We acquired the entire site on 11 January 2022 after our rental lease on part of the building ended in November 2021. This acquisition was delayed while we satisfied ourselves on the suitability of repairs to make safe the roof of the building following extensive storm damage. The previous owners carried out temporary works which were checked by our own Technical Team.
- 4.5. The tender process will be run to the end of February to reduce the risk and avoid major price fluctuations.
- 4.6. A Design Team has been assembled to progress the office and residential development design on the site and the appointments are being progressed. Whilst detailed design is at an early stage the proposals are to clear the whole site, demolishing all buildings thus allowing the design of a new build office block and circa 12 units.
- 4.7. To progress with the site designs a further stage of site investigations are required that can only be completed once the current buildings have been demolished.

- 4.8. The site has been included within Dumfries & Galloway Council's Strategic Housing Investment Plan ("SHIP") and it is planned that it will be allocated SHIP funding for 2022/23. Grant funding will be available for that proportion of the demolition costs relating to the residential element of the works.
- 4.9. Whilst the site is constrained in terms of access the building has no other dependencies or adjoining structures. Arrangements are underway to ensure all services are disconnected to allow the demolition to progress upon acceptance of a suitable tender. The electrical and gas supplies will be disconnected on January 24 and 31 respectively with the water disconnections to follow these.
- 4.10. Following demolition, design proposals for the office and residential elements of this project will be prepared with a planning application targeted around July 2022.
- 4.11. Separate approval will be sought in due course to progress a Design & Build Contract with a suitable Contractor from Wheatley Group's Contractor Framework.
- 4.12. Subject to the above, and successfully securing planning permission, it is anticipated that the tender approval for the new build project at Ashwood Drive, Stranraer will be presented to the Group Development Committee for consideration in Q3 2022/2023.

5. Customer engagement

- 5.1. Our strategy has a very clear focus on enhancing our customer engagement and a significant element of co-development and co-design with our customers.
- 5.2. Discussions are ongoing with our Housing and Allocations colleagues over the most appropriate housing mix, although it is currently proposed that flats will be for amenity use. We will continue to discuss the site with our colleagues and engage with the local community over the proposals.
- 5.3. We will consider how we engage with customers over design and choices for their new homes.

6. Discussion

- 6.1. G3 Consulting Engineers have been appointed to manage the Demolition phase of the project, providing a cohesive Structural Engineering, Quantity Surveying, Contract Administration and Principal Designer Service for the demolition process. They form part of the Design Team for the wider redevelopment project and so have a good understanding of the site.
- 6.2. A Demolition Warrant Application has been submitted to the Council and we would expect this to be approved by the end of January.
- 6.3. As part of our due diligence and to ensure that tenderers can provide a robust price, a bat survey has been completed and an asbestos survey was carried out at the building on 6/7 January.

- 6.4. The bat survey has shown that there is no evidence of bats using the building therefore the risk was identified as minimal with no further action required.
- 6.5. The asbestos survey was delayed due to the storm damage. Arrangements were made to carry out the survey ahead of acquisition. To ensure the most robust tender process the results of the asbestos survey will be made available to the tendering parties prior to the tender process concluding. This will ensure a greater degree of certainty on the costs.
- 6.6. The demolition phase of the project will be tendered via Scotland Excel, using their Demolition and Deconstruction Framework. Contractors on the Framework have already completed a Quality Assessment and this will be accounted for when reviewing the tender returns. It is proposed that tenders will be awarded on a 70/30 split on quality and price. The tender will be issued via Scotland Excel to all Contractors on the relevant lot.
- 6.7. In terms of timeline, the tendering process will close on 28 February. After checking the tenders an award would be made allowing a site start in April with an 8 to 10 week programme, depending on the asbestos information, and a site completion in June.
- 6.8. Following discussion between the Engineer, the Project QS and some market testing of costs, the tender price for demolition works is estimated to be around £120,000. This includes for the disconnection of services to the site. It also allows for asbestos removal based on the existing Management Survey although the full demolition asbestos survey will be required. We are aware of the existence of peat on site but existing hard standing will be left wherever possible. Other than this there are no known site constraints that will impact the cost.
- 6.9. Whilst every effort has been made to ensure a robust price is available at this stage, it is noted that market conditions are volatile and it is more difficult to anticipate price fluctuations even over a short period of time. This is further impacted by the challenges faced in securing contractors in the West of the Dumfries and Galloway which is relatively remote. Given this, it is proposed at £200k is allowed for the cost of the works.
- 6.10. An SBCC Minor Works Building Contract will be used for this contract. The Property Legal Team will include any bespoke amendments that are needed for this contract.

7. Digital transformation alignment

- 7.1. The demolition project will not create any digital alignment implications.
- 7.2. During the planning of the new build development on this site, we will work to ensure that our new homes are digitally enabled to facilitate the aim of developing digital neighbourhoods and creating the digital infrastructure that may assist customers to work from home or live independently for longer.

8. Financial and value for money implications

- 8.1. A competitive process through Scotland Excel will ensure that Contractors asked to tender for the demolition contract have the relevant experience and have passed the necessary quality assessment to be included on the Framework but will still allow us to take this project to the market, to secure a better rate whilst accessing rates that at the time of set up were 25% lower than the National Federation of Demolition Contractors Daywork Charges.
- 8.2. Due to the small scale of the housing project and the abnormal costs involved in the demolition and additional site investigations, we will continue to review the costs of the wider project and initiate early discussions with the Local Authority and Scottish Government to ensure that any requirement for over benchmark grant funding is highlighted early and agreed.
- 8.3. Early demolition of the building will allow the second phase of site investigations to be undertaken and a true record of site conditions / constraints identified.
- 8.4. It is anticipated that the demolition costs of the project will be front funded, with costs being included in the overall application to the Scottish Government at tender stage.

9. Legal, regulatory and charitable implications

- 9.1. The Property Legal team assist with preparation of legal documents including Building Contracts and Development Agreements to safeguard our development operations. The legal team also assists in the preparation of documentation and due diligence associated with asset securitisation.

10. Equalities impact

- 10.1. The residential properties will be designed to meet requirements of Part 1 of Housing for Varying Needs. The office will comply with all necessary access and statutory requirements.

11. Environmental and sustainability implications

- 11.1. Wherever possible, materials from the down takings / site post demolition will be recycled. Each Contractor on the Scotland Excel Framework has committed to recycling up to 95% of all site material. Care will be taken during the demolition to ensure that hazardous materials, such as asbestos, are removed in a controlled manner.
- 11.2. A Demolition Phase Health & Safety Plan will detail how the contractor will minimise risk to the surrounding properties and environment.
- 11.3. The residential units which will be built on this site once demolition works have been completed will be developed in line with Silver Standard Aspects 1 & 2 under Section 7 (Sustainability) of the Technical Standards. This will attract additional grant funding per unit and help to ensure that properties are more economical to run.

11.4. The site is brownfield and the redevelopment of it will contribute to the Local Authorities Climate Change Emergency Action Plan.

12. Recommendations

12.1. The Board is requested to:

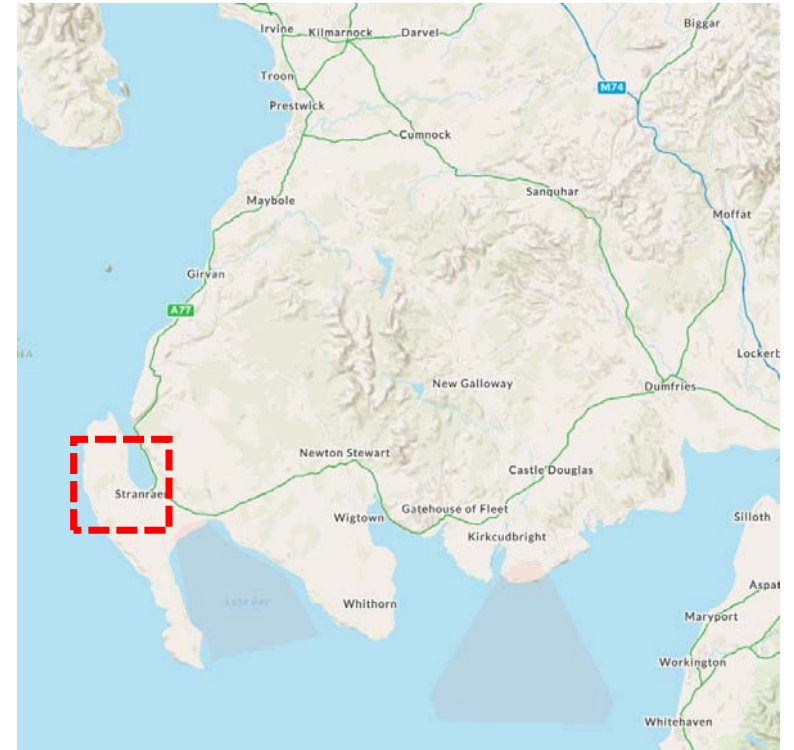
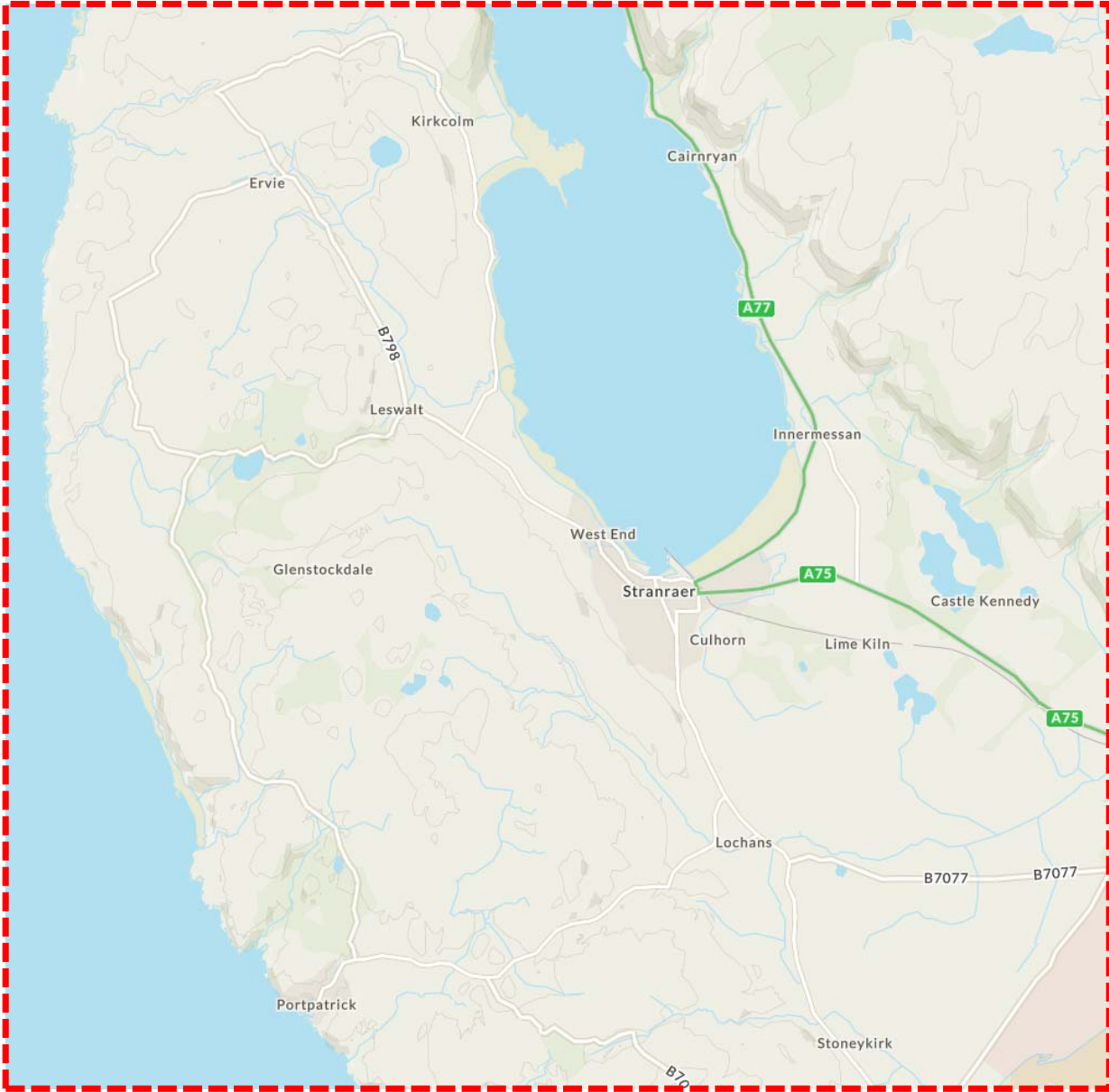
- 1) approve that we tender the demolition contract at Ashwood Drive, Stranraer via the Scotland Excel Framework as a project enabling contract in advance of construction works for the office hub and residential properties;
- 2) approve that we enter a demolition contract with the successful tenderer for the demolition of all site buildings at Ashwood Drive, Stranraer subject to a maximum contract sum of £200,000 + VAT; and
- 3) agree that authority is delegated to any DGHP Board member, the Group Chief Executive, Group Director of Property and Development, Group Director of Finance or the Company Secretary to sign any contract documentation required for the demolition works.

List of Appendices

Appendix 1: Site Location Plan



Ashwood Drive





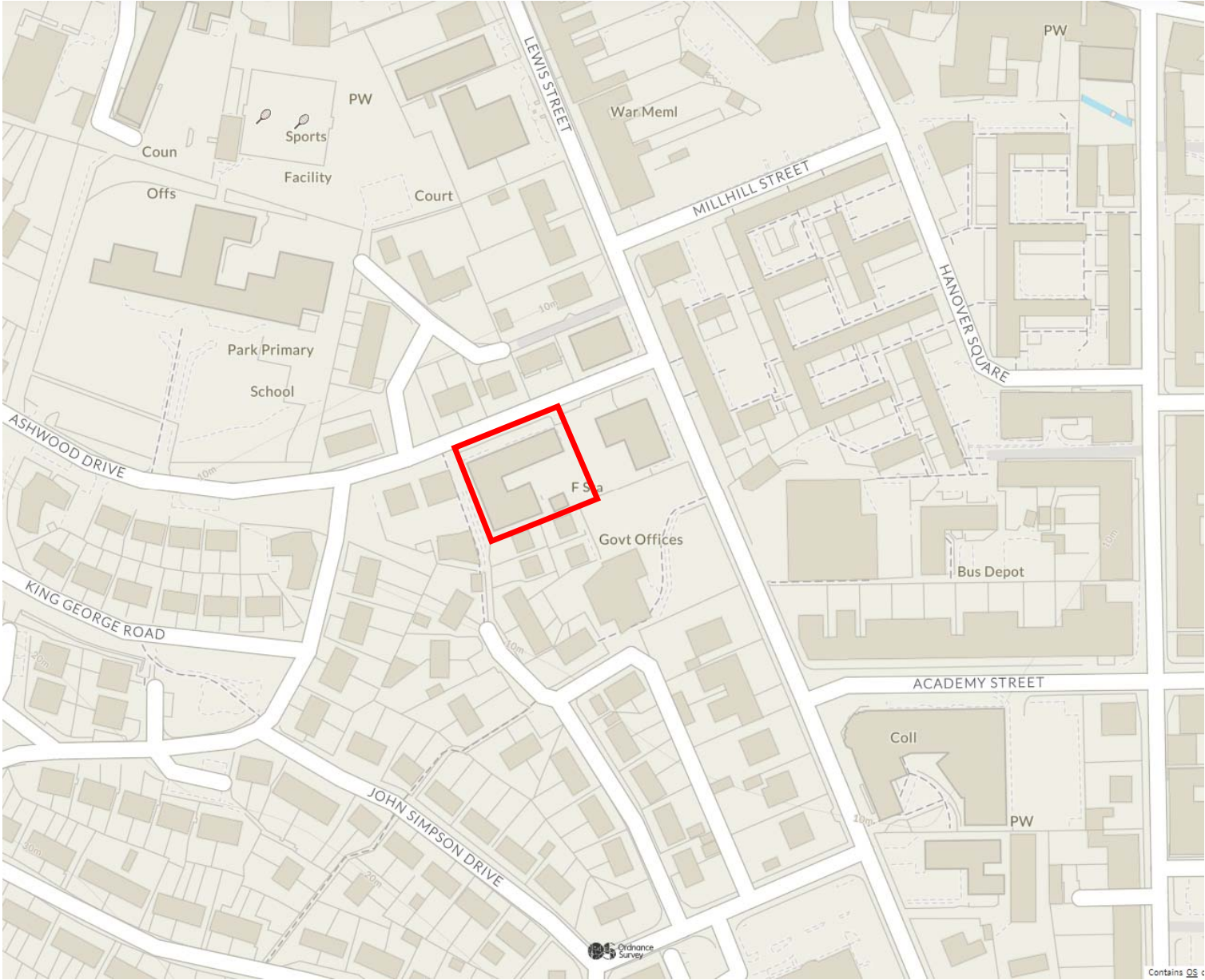
**Ashwood
Drive**



**Ashwood
Drive**



Ashwood Drive





Ashwood
Drive



Ashwood Drive





Report

To: DGHP Board

By: Alan Glasgow, Interim Managing Director of DGHP

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

Subject: Strategic Asset Appraisal

Date of Meeting: 9 February 2022

1. Purpose

- 1.1 This report is to provide Board with an update of the strategic stock appraisal that has informed our approach to investment and regeneration. The Board are asked to:
- Note the progress on the Strategic Asset Appraisal;
 - Note the properties and areas identified as proposed demolitions;
 - Note a further paper will be brought to the May Board with the full findings of the feasibility studies being carried out for the proposed demolition sites;
 - Agree the timescales for the enhanced investment;
 - Agree the disposal of 25 properties; and
 - Note the financial implications for the investment and proposed demolition programme.

2. Authorising and strategic context

- 2.1 Under the Group Authorising Framework contained in the Group Standing Orders, the Board are responsible for our approval of demolitions and approval of any acquisitions and disposals.
- 2.2 The Board is also responsible for the approval of the key business planning considerations which arise from approval of its investment profile, priorities and capital investment plan. Any specific investment project approval is subject to the Group Scheme of Financial Delegation.
- 2.3 Making the most of our Homes and Assets and Changing Lives and Communities are key strategic aims that are aligned to this report.

3. Risk appetite and assessment

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

3.2 The Board's agreed risk appetite for Stock Condition is **Averse**. This level of risk tolerance is defined as "Avoidance of risk and uncertainty is a key Organisational objective".

4. Background

4.1 A full Stock Condition Survey ("SCS") was commissioned in 2019 and carried out by Savills detailing Scottish Housing Quality Standards ("SHQS") and in-house requirements to ensure good quality management information on stock condition was maintained at DGHP.

4.2 Following the SCS there have been two key areas of work that have been completed to inform the strategic asset management approach. We have transferred our asset management data onto the group wide PIMMS IT system. A methodology consistent with what has been used elsewhere in Group has been used to understand how our stock is performing. This strategic data will then be used to inform our approach to investment and regeneration plans for our housing stock.

4.3 We have completed a performance review of all of our stock, which focused on stock profiles, tenure types, owner occupation, voids, tenancy sustainability, investment / repairs and collectable income. Stock performance information for each area has been developed which provides an overview across a range of measures to support decision making. As well as reviewing traditional housing management measures, we also carried out an exercise to determine the high-level commercial viability of all of our stock. This approach has enabled us to establish a Net Present Value ("NPV") for all stock based on gross rental income, repairs assumptions, lost rent and investment need. This has been supplemented with qualitative input from local housing management teams. Categorising our stock in one of 4 categories as follows:

- core stock;
- enhanced investment;
- proposed demolition; and
- disposal.

4.4 We now hold the most comprehensive data on our stock that we have ever held. The data is constantly being updated as we deliver our investment programme.

4.5 Energy efficiency programmes of works are progressing well; we will achieve 100% in EESSH1 ("Energy Efficiency Standards for Social Housing 1") by 31 March 2022. As part of the £75.9 million capital investment budget over the next five years we will deliver £28 million of accelerated investment in 2021/22.

4.6 The Board were presented with a paper in May 2021 with a summary of the progress being made and agreed actions to bring a further paper with the findings of the Stock Appraisal.

5. Customer engagement

5.1 A community engagement plan is being established under the Master Plan for Phase 1, the Transformational Regeneration Areas ("TRA") for Lochside. The master plan will be co-designed between partners and the residents of Lochside. Dumfries and Galloway Council have been very supportive to the

development of the TRA and our teams are working very closely with group asset teams to develop the masterplan.

5.2 A communication and engagement plan for all areas identified for demolition will be developed following approval.

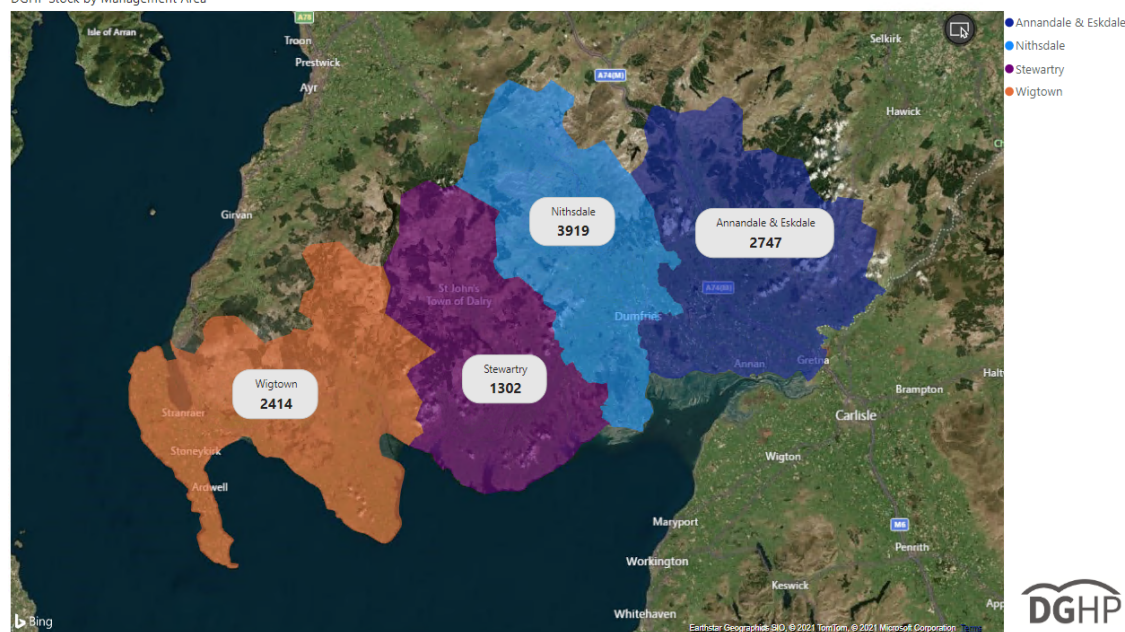
6. Discussion

Understanding our Stock Performance

6.1 The total number of homes we own is **10,281** as set out below:

Area	Flats			Houses			Bungalows		Total	% of Overall Stock
Annandale & Eskdale	628	-	23%	1321	-	48%	790	29%	2739	27%
Nithsdale	1509	-	39%	1782	-	46%	571	15%	3862	38%
Stewartry	375	-	29%	396	-	31%	519	40%	1290	13%
Wigtown	754	-	32%	1258	-	53%	378	16%	2390	23%
Grand Total	3266	-	32%	4757	-	46%	2258	22%	10281	100%

DGHP Stock by Management Area



Data and Information

6.2 We have consolidated the data required to create a robust forecast of the future expenditure profile across the entire portfolio and calculated the NPV.

6.3 Data has been localised to allow differentiation between asset/neighbourhood groups. Assets have been aligned to patches and housing management areas.

6.4 The following actions have been carried out:

- Housing Officers have been consulted to understand the housing management performance of our stock. Housing Officers have considered a number of factors when assessing the properties in their patches; difficult to let properties, configuration of internal spaces, market competition, quality of estates, ageing stock and proximity to local services and anti-social behaviour;
- Stock condition data has been validated and has been uploaded to PIMMS;
- The current condition of properties has been understood and supports a strategy of component replacement based on the likely length that the component will last as opposed to a notional lifecycle;
- The component lifecycles and the cost of replacement have been agreed and aligned to defined standards and the outturn delivery cost;
- The costs of non-stock condition requirements (for example repairs and maintenance and exceptional expenditure) has been taken into account for all assets;
- Management costs have been established for assets; and
- We have considered how energy efficient our properties are when assessing the viability of the properties as we look to achieve ESSH2 compliance.

Asset Groupings and Categories

6.5 Stock has been evaluated using housing and financial management data. This has enabled stock to be categorised according to performance. This has allowed us to focus on where further strengthening of local communities is required in the medium to long term to focus resource, both financial and people, to drive improvement and investment in neighbourhoods.

6.6 When defining asset groupings for the stock appraisal understanding the housing management performance of patch areas has been key and a holistic approach to assessing our stock has been used. The financial information has given a steer on where our poor performing stock is but feedback from housing officers has been given a higher weighting.

Stock Appraisal

6.7 A full stock appraisal has been carried out and the analysis has identified assets that form our core stock and assets that are not performing as expected, either on a housing or financial management basis.

6.8 In calculating the NPV for all assets number of parameters:

1	Rental Income	2	Responsive Repairs
3	Lost rent due to voids	4	Cyclical Maintenance
5	Bad Debt	6	Void Maintenance
7	Employee Costs	9	Gas servicing where applicable
8	Running Costs		
		10	Investment Need

6.9 We have stock of 10,281 and an **average NPV of £18,506**.

6.10 Analysis of the NPV data shows that almost 85% (8,646 properties) of NPVs are over £10,000.

6.11 465 properties have been assessed as having a Negative NPV:

- Annandale & Eskdale : 128 properties
- Nithsdale : 231 properties
- Stewartry : 31 properties
- Wigtown : 75 properties

6.12 Housing management intelligence has been added by engaging with Housing Officers, asking them to consider a number of factors when assessing the properties in their patches:

- current and probable difficult to let properties
- market competition
- ageing stock
- configuration of internal spaces
- quality of estates
- proximity to local services
- ASB

6.13 The qualitative information from the Housing Officers did not consistently equate to the NPV data. This is reflected in the blocks of flats identified to be put forward for demolition.

6.14 We have considered how energy efficient our properties are when assessing the viability of the properties in reaching EESSH2 targets. From December 2025 no social housing should be re-let below EPC Band D and from December 2032 all social housing must meet or can be treated as meeting EPC Band B – within the limits of cost, technology, and necessary consent.

6.15 Detailed below is our stock's current position in energy efficiency. As part of the SCS that was undertaken in 2019 EPC's were also undertaken for 95.6% of our stock, giving us a level of information that is robust. A methodology consistent with that used elsewhere in Group has been used for cloning the missing 4.4% of data.

6.16 We are developing the EESSH2 and decarbonisation strategy, however the focus is now on completing our EPC data and investing in viable stock that is below EPC Band D to achieve compliance with the first target.

EPC Band	% Of stock	Properties	EESSH 2 Target
A	0%	0	
B	1%	134	December 2032
C	70%	7276	
D	23%	2316	December 2025
E	5%	462	
F	1%	93	
G	0%	0	
Total		10281	

6.17 Utilising the Strategic Housing Investment Plan, we have considered the new build developments across Dumfries and Galloway from all Housing Associations.

- 6.18 Using the stock condition data, housing and financial management information and energy efficiency data we have categorised our stock into one of five categories detailed below to inform the strategic approach to our asset management.
- 6.19 Housing management intelligence has been used as the principal driver and a holistic approach to assessing our stock has been used.
- core stock;
 - enhanced investment;
 - proposed demolition; and
 - disposal.

Category	Annandale & Eskdale		Nithsdale		Stewartry		Wigtown	
	% Of Stock	Units	% Of Stock	Units	% Of Stock	Units	% Of Stock	Units
Core Stock	25%	2557	31%	3225	12%	1208	19%	1981
Enhanced Investment	1%	93	2%	178	1%	82	4%	403
Proposed Demolition	1%	86	4%	443	0%	0	0%	0
Dispose	0%	3	0%	16	0%	0	0%	6
Grand Total	27%	2739	38%	3862	13%	1290	23%	2390

Core Stock

- 6.20 Properties that are financially viable with adequate demand with no concerns from Housing Officers have been categorised as 'core stock'. There are **8971 or 87%** of properties that align to this category.
- 6.21 The business plan reflects the continued investment in these properties, this will ensure the standards of these homes is maintained or improved.

Enhanced Investment

- 6.22 These properties have sufficient demand but have suffered from historical lack of investment and are not currently energy efficient. There are **756 or 7%** of properties that align to this category.
- 6.23 The average NPV for these properties is £16,616 and the cost of the investment has been included in the calculations.
- 6.24 To ensure these properties remain in demand the properties will benefit from enhanced investment some of which is already included in the business plan assumptions. A fabric first approach will be used for these properties and works including roofing, external wall insulation and new window installations will be carried out. This will ensure they are as energy efficient as practicable and sustainable.

- 6.25 The planned investment for these properties over the next **5 years** and accounted for in the business plan is as follows:

Workstream	Value of Works
Heating	£845,500
Window replacement	£1,463,000
Kitchen and Bathroom	£1,545,200
Roofing	£388,000
External Wall Insulation (EWI)	£840,000
Total	£5,081,700

- 6.26 A total of 488 of these properties are EPC band E or F. We will work to maximise grant funding from Scottish Government for energy efficiency works to be carried out on these properties.

Proposed Demolition

- 6.27 It has been identified that **529 or 5%** of properties over two geographical areas have been identified as the **priority** as they are not performing well either through feedback from Housing Officers or financially.
- 6.28 The properties identified are primarily blocks of flats, there are **83 blocks** comprising of **502** flats owned by us and an additional **27 privately** owned flats. The remaining **27** properties are bungalows and houses.
- 6.29 We have appointed MAST Architects, along with G3 Engineering and NBM Quantity Surveyors to carry out a full feasibility study for the areas where demolition has been identified. The study will consider the capacity available for new build schemes in the areas, the strengths, weaknesses and constraints of the areas. It will also consider cost implications of development and give first impressions on what the schemes may look like in the areas identified.
- 6.30 The properties in the following geographical areas have been identified for possible demolition:
- Nithsdale – Dumfries & Kelloholm; and
 - Annandale.
- 6.31 There are a further 303 properties in the Stranraer and Newton Stewart areas that have been identified as potential demolition properties. A further feasibility study will be undertaken for these properties, they have been aligned to core stock until this has been carried out.
- 6.32 The primary area of concern is Lochside and this area is the focus of the TRA that was agreed in principle by Dumfries and Galloway Council in June 2021.
- 6.33 It is recommended that that a further 45 blocks, 286 properties in total (includes 16 owned) are demolished. Those are addition to the 12 blocks, 87 properties already agreed by Board for demolition. These properties are currently all occupied and there are significant social concerns raised by Housing Officers within Lochside, this will be addressed through the transformation and working together with all stakeholders we will build a cohesive community.

- 6.34 Outwith Lochside, in the Summerhill and Troqueer area there are 13 blocks, 78 properties including 4 owned properties and 7 bungalows that have been identified with demolition recommended.
- 6.35 There are three asbestos pre-fabricated properties where individual options appraisals have been carried out: 26 Bloomfield Road in Dumfries and 7 Dalgonar Road in Dunscore , are both voids. The remaining property, 12 Lochview Place in Auldgirth is currently occupied but the property requires significant investment and demolition is recommended.
- 6.36 There is low demand for properties in the Kelloholm area. Properties have previously been demolished in the area, however there are seven properties that have remained and housing management have raised issues of significant concern.
- 6.37 There is a significant demand for houses as opposed to flats in Dumfries and as part of new build provision there will be a significant number of new build houses in Dumfries over the next five years.
- 6.38 The cost of the current demolitions for Lochside is approximately £6000 per unit. We have bought four properties back from owners at an average of £50,000. Home loss payments of £1,500 have been made to customers who have been re housed.
- 6.39 The estimated cost breakdown per blocks is as follows:

Area	No. of Blocks	No. of DGHP Prop	No. of owners	Buy backs	Home loss	Demolition	Total
Lochside*	57	352	20	£1,087,178	£461,045	£2,474,058	£4,022,281
Summerhill	13	74	4	£207,545	£115,188	£496,501	£819,234
Torqueer	0	7		£10,815	£ -	£45,598	£56,413
Bloomfield	0	1		£ -	£ -	£30,900	£30,900
Dunsore	0	1		£ -	£ -	£30,900	£30,900
Auldgirth	0	1		£ -	£1,545	£30,900	£32,445
Kelloholm	0	7		£ -	£10,815	£43,260	£54,075
Total	70	443	24	£1,305,538	£588,593	£3,152,117	£5,046,248

* Includes the 12 blocks already approved and accounted for within the business plan

Annan

- 6.40 The Newington area in Annan has been identified as a cause for concern. There is no demand for flatted dwellings in this area and it is recommended that 11 blocks, 66 properties (includes 2 owned) are demolished.
- 6.41 In addition to the flatted dwellings there are 10 bungalows, 5 of which are bed-sits where the recommendation is to demolish and rebuild on the existing footprint. These are 1919 builds that are not energy efficient.
- 6.42 There is demand for bungalows and houses in the area and as part of the new build programme 50 properties will be built in Annan over the next 5 years (subject to agreement of out 5 year development programme).

- 6.43 Individual options appraisals have been carried out on two long term voids. Demolition is recommended for Cavan Place and Bluebell Court in Ecclefechan due to lack of demand for flatted dwellings in the area. This offers an opportunity for new build as there is a healthy demand for bungalows in the area.
- 6.44 The SHIP indicates that there will be significant investment in Annan over the next five year by other housing associations with 282 new builds programmed to be developed in Annan and surrounding areas.

Area	No. of Blocks	No. of DGHP Prop	No. of owners	Buy backs	Home loss	Demolition	Total
Newington	11	64	2	£103,000	£115,188	£362,317	£580,505
(Bungalows)		10		£ -	£ -	£134,184	£134,184
Ecclefechan	2	12	1	£51,500	£3,090	£80,340	£134,930
Total	11	74	2	£154,500	£118,278	£534,000	£849,619

Disposal

- 6.45 We have adopted the group approach to either relinquish or gain control in mixed tenure and factored blocks of flats where we are in the minority and buy back when we are the majority. Gaining full control of a block will allow us to carry out investment works where it has been difficult due to owner consent. Properties identified for disposal that are currently occupied would be placed on the market once void. It is intended that the disposal price shall be based on an externally validated market value.
- 6.46 A total of 25 properties have been identified as follows:

Region	Area	Number of Properties	Occupancy Status
Dumfries	Larchfield	16	Occupied
Stranraer	Sheuchan	6	Occupied
Johnstonebridge	Johnstonebridge – School House, Kirkbank road	1	Void
Canonbie	Canonbie – School House, Glinockie	1	Void
Lockerbie	Lockerbie - Lockerbie Lodge (Board approval given in March 2021)	1	Void

- 6.47 Within the same Sheuchan area in Stranraer, we are in the majority and it is recommended to buy back one property to gain full control of the block.

Summary

- 6.48 A full stock appraisal has been carried out using both quantitative and qualitative information. This has identified: 529 properties that offer demolition and new build opportunities, 27 properties required to be bought back to facilitate demolition and 756 properties that require enhanced investment.

- 6.49 There are 25 properties where disposal is the preferred course of action either due to the high number of owners within a block or the properties are not ideal for social housing.
- 6.50 A full feasibility study has been commissioned for the areas where demolition has been identified. The study will consider the capacity available for new build schemes in the areas, the strengths, weaknesses and constraints of the areas. It will also consider cost implications of development and give first impressions on what the schemes may look like in the areas identified.
- 6.51 A further paper will be brought to the May Board with the full findings of the feasibility studies being carried out for the proposed demolition sites.
- 6.52 The Master Plan for the TRA in Lochside being developed.

Proposed Demolition Summary

Region	Area	No. of Blocks	No. of DGHP Prop	No. of Owners	Buy backs	Home loss	Demolition	Total
Dumfries	Lochside*	57	352	20	£1,087,178	£461,045	£2,474,058	£4,022,281
	Summerhill	13	74	4	£207,545	£115,188	£496,501	£819,234
	Troqueer	0	7		£10,815	£ -	£45,598	£56,413
	Bloomfield	0	1		£ -	£ -	£30,900	£30,900
	Auldgirth	0	1		£ -	£1,545	£30,900	£32,445
	Dunscore	0	1		£ -	£ -	£30,900	£30,900
	Kirkconnel	0	7		£ -	£10,815	£43,260	£54,075
Annan	Newington	11	64	2	£103,000	£115,188	£362,317	£580,505
		0	10		£ -	£ -	£134,184	£134,184
	Ecclefechan	2	12	1	£51,500	£3,090	£80,340	£134,930
Total		83	529	27	£1,460,038	£706,871	£3,728,958	£5,895,867

Proposed Demolition Timeline

Units Demolished	2022.23	2023.24	2024.25	2025.26	2026.27	2027.28	Total Tenants	Owners	Total
Lochside	83	-	49	105	70	45	352	20	372
Summerhill		74					74	4	78
Torqueer	7						7	-	7
Burnhead/Dunsore/ Locharbridge	3						3	-	3
Kelloholm	7						7	-	7
Newington		74					74	2	76
Ecclefechan		12					12	1	13
Total DGHP	112	148	49	105	70	45	529	27	556

7. Digital transformation alignment

- 7.1 As part of the strategic objectives all of our stock information has been uploaded into the Group's asset management system PIMMS. The new digital tools available to us, alongside our detailed asset management stock data has allowed us to carry out a comprehensive data analysis to inform our strategic asset decisions.

8. Financial and value for money implications

- 8.1 The capital investment budget of £75.9M over the next 5 years, we will maximise grant funding for further energy efficiency works.
- 8.2 The Business Plan approved by the Board in February 2021 assumed demolition of 350 units over a period of 7 years at a cost of £4m.
- 8.3 The demolition of 529 units over the same period at a cost of £5.9m has been provided for in the revised Business Plan.
- 8.4 Excluding the properties already void, the 529 properties generate a rental income of c. £1.9m per annum, no savings have been assumed in the plan as a result of the demolitions.

	2021/22	2022/23	2023/24	2024/25	2025/26	2027/28	2028/29	Total
Demolition Cost		£799,558	£993,002	£340,537	£747,966	£511,110	£336,785	£3,728,958
HL&D	£14,000	£197,761	£128,899	£150,796	£127,685	£82,659	£15,886	£717,686
Owner Buybacks	£200,000	£309,000	£265,225	£218,545	£168,007	£229,609	£58,837	£1,449,223
Total	£214,000	£1,306,319	£1,387,126	£709,878	£1,043,658	£823,378	£411,508	£5,895,867

- 8.5 The transfer agreement in 2003 sets out that 95% of the purchase price of any property or land disposals that transferred to us must be clawed back by Dumfries and Galloway Council. We would not therefore financially benefit from the sale of the 25 properties identified for disposal on the open market. In addition, the rent lost from these properties is estimated to be £100k per annum.

9. Legal, regulatory and charitable implications

- 9.1 Our charitable objects include the provision of housing for those in need. The proposals outlined in this report support the provision of rehousing for the households directly affected by the proposals.
- 9.2 We will be provided with comprehensive legal Support the Property Legal Team (and framework providers) in relation to the buy backs, the terms of the demolition contract and any amendments to the DGHP transfer agreement.
- 9.3 In addition to approval by the Board, any disposals or demolitions will need approval from Dumfries and Galloway Council and the Scottish Government under the terms of the transfer agreement. There is no longer a requirement to seek consent for disposals from the Scottish Housing Regulator.

10. Equalities implications

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

11. Environmental and sustainability implications

- 11.1 Subject to approval, environmental impact assessment will be carried out as part of the demolition of any properties.
- 11.2 As part of the procurement process contractors will be required to demonstrate their environmental management procedures, including recycling of materials, reduction of materials going to landfill and disposal of non-recyclable materials.

12. Recommendations

- 12.1 The Board are asked to:
- 1) Note the progress on the Strategic asset appraisal;
 - 2) Note the properties and areas identified as proposed demolitions;
 - 3) Note a further paper will be brought to the May Board with the full findings of the feasibility studies being carried out for the proposed demolition sites;
 - 4) Agree the timescales for the enhanced investment;
 - 5) Agree the disposal of 25 properties;
 - 6) To agree that authority is delegated to the Managing Director and Chair to agree to the disposal of properties under £120,000 on the basis of the criteria set out in the report;
 - 7) To agree that authority is delegated to the Managing Director, Company Secretary or Group Director of Finance to execute the documentation required for disposal of the properties;
 - 8) Note the financial implications for the investment and proposed demolition programme.



Report

To: DGHP Board

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

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

Subject: Five-year asset investment programme 2022-2027

Date of Meeting: 9 February 2022

1 Purpose

1.1 To seek Board approval of DGHP's Five-Year Asset Investment Plan. This plan underpins our strategic asset management approach, specifically our ambition to continue investing in our existing homes and communities – a key theme of our 2021-2026 strategy, Your Home, Your Community, Your Future.

2. Authorising and strategic context

2.1 Under the Group Authorise, Manage, Monitor Matrix, the Board is responsible for the approval of its business plan which forms part of the Group business plan.

2.2 The Board is also responsible for the approval of the key business planning considerations which arise from the approved business plan, including the approval of its investment profile, priorities and capital investment plan.

3. Risk appetite and assessment

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

4. Background

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

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

5. Customer engagement

- 5.1 As a landlord, we have a legal responsibility to keep our tenants safe in their homes. These safety and compliance duties drive the allocation of a significant proportion of the overall investment budget. With our remaining resources however, our aim is to increase customer participation in future investment planning decisions, both in relation to the type and timing of investment, putting customers firmly in control of their homes.
- 5.2 The allocation of the discretionary elements of the budget beyond compliance and safety work has been informed by customer feedback in recent years, such as that gathered through pop-up local events pre-pandemic, from customer satisfaction surveys, rent consultations and the input of locality directors and housing teams, reflecting the views coming from customers in local communities.
- 5.3 Over the next five years, we propose to go further, through our 'Stronger Voices, Stronger Communities' framework. This framework:
- Gives customers greater control of their home by choosing how and where investment is delivered;
 - Uses both online and offline approaches to make it easier for customers to engage and to share their priorities; and
 - Adopts new technologies such as a community voice app to enable interactive engagement e.g., voting on investment proposals, ordering improvements for their home, making choices, and providing feedback on our investment and asset services.
- 5.4 Our investment plan includes our 'Customer Voice' budget in support of this framework, which will deliver £1m of customer driven investment over the next five years. This budget will be used to deliver an enhanced programme of local priority investment work over and above existing planned investment commitments. The content of this programme will be informed exclusively by our customers working with our frontline housing teams. This programme is in addition to over £39m already allocated to deliver current customer priority investment work programmes such as new windows, heating, kitchens and environmental improvements.

6. Discussion

Overall programme

- 6.1 We have a robust and sector leading approach to the management of our assets. This includes continuing to maintain and invest in our existing housing assets, to ensure that our homes and neighbourhoods remain viable and desirable in the long term.
- 6.2 Our five-year plan includes a core programme budget of £52.0m, which will be directed towards major property improvement works. In addition, the programme includes £20.3m for improvement works and capitalised repairs to vacant properties, £2.8m to support the delivery of major medical adaptations and capitalised staff costs of £5.6m to support the delivery of the programme. A total investment of £80.7m over the five year period.

6.3 The commitment to improving our homes and communities over the next 5 years has a continuing focus on delivering investment that our customers want to see in their home and in their communities whilst also protecting our customers and assets through our safety and compliance programmes. Our investment plans also place a strong emphasis on sustainability. Around 44% of our total core programme is directed towards the delivery of energy efficiency measures designed to tackle the effects of fuel poverty and reduce the carbon footprint of our housing asset portfolio. Our investment programme continues to follow three broad themes:

- Warm, High Quality Homes;
- Safe Homes; and
- Great Neighbourhoods.

6.4 Further details of the programme that make up these themes is provided at Appendix 1. The figures in Appendix 1 and below are before on-costs unless otherwise stated.

Warm, High Quality Homes

6.5 A range of investment activities fall within this theme including for example:

- Energy Efficiency Measures (Heating, Wall Insulation, Windows, Doors); and
- Internal Modernisation (new Kitchens and Bathrooms).

6.6 We plan to invest £23m over the next five years in improving the energy efficiency of our homes. These measures will include window replacements, wall insulation and improving the efficiency and operability of electric heating for homes in non-gas areas.

6.7 Our investment plan also takes cognisance of the UK Government's ambition to decarbonise the national gas network, which will see the gradual introduction of hydrogen as a replacement for natural gas from around 2025/26. This transition would see the introduction of an increasing blend of hydrogen with natural gas completely phased out in some parts of the network by the early 2030's. In preparation for this transition, we plan to commence a programme of replacing existing gas boilers with hydrogen-ready models capable of accommodating an increasing hydrogen blend from 2025/26. The geographical phasing and pace of the transition is not yet known however, we will ensure that our longer-term investment plans post 2025/26 are agile enough to move with the pace of the switch as dictated by government and technology.

6.8 Our planned programme of energy efficiency improvements will not only benefit our customers in terms of reducing fuel costs and fuel poverty but will also assist in relation to sustainability and delivering our legislative obligations in relation to the Scottish Government's Energy Efficiency Standard for Social Housing mark 2 ("ESSH2"). This new standard requires, as far as reasonably possible, that RSL properties to reach Energy Performance Certificate ("EPC") Band B by 2032, although exceptions are permitted on the grounds of cost, feasibility, and consent.

- 6.9 The Scottish Government proposes to review the EESSH2 in 2023 to strengthen and realign the standard with the target for net zero heat in houses from 2040, as set out in their Heat in Buildings Strategy and the Housing to 2040 Route Map. Our wider strategic approach to the delivery of EESSH2 will be informed following the outcome of this review.
- 6.10 Maintaining excellent internal housing quality standards is essential in ensuring that our homes continue to remain desirable. Our 5-year investment plan includes for the installation of around 1,894 modern kitchens and a further 1,178 bathrooms.
- 6.11 We recognise the negative impact that damp and mould can have on our customers' health & quality of life. The primary cause of damp within our homes relates to condensation, generally resulting from excessive humidity, poor ventilation, or lifestyle behaviours, which can be exacerbated by the effects of fuel poverty. To tackle this, we have already introduced a new process where customers with repeat cases of damp and mould are referred to our fuel advice service to ensure they are provided with advice around energy tariffs and benefits to which they are entitled. Our investment plan seeks to further supplement this approach through the delivery of a targeted mechanical ventilation replacement programme benefitting around 1,032 customers over the next five years. This investment will ensure customers have efficient and effective means of ventilating their home to help mitigate the effects of condensation dampness. The programme will be developed using asset intelligence to identify trends which will help to inform priority areas and stock types.

Safe Homes

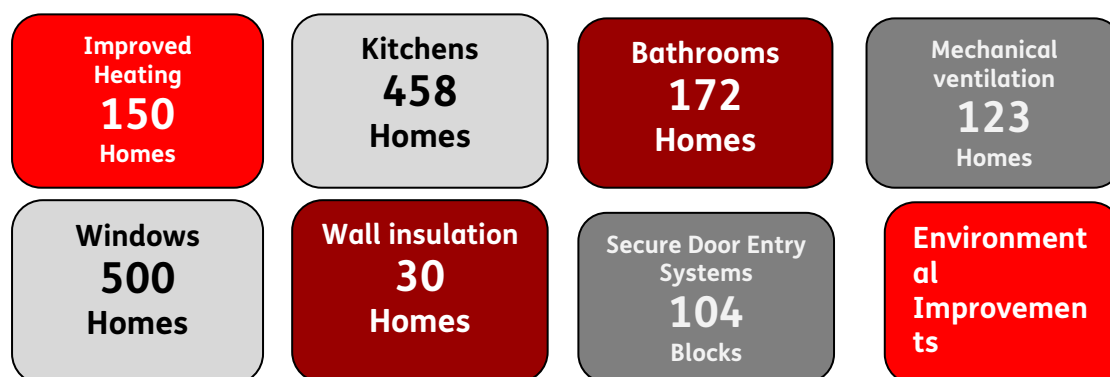
- 6.12 Our planned asset investment places a strong emphasis on ensuring our homes remain safe and secure, and helping to support the Group's Fire Prevention and Mitigation Framework. Over the 5 years of our investment plan, we will deliver improvements across a range of Home Safety related programmes encompassing:
- Domestic rewiring;
 - Periodic electrical inspections for all properties; and
 - Installation of Thermostatic Mixer Taps for our most vulnerable customers.
- 6.13 Our Safe Homes programme includes the upgrade of smoke and heat detection with 10,300 homes at the commencement of the programme in 2019 requiring this work to be completed by 31st January 2022, following the government's extension of the deadline. We have upgraded all 10,300 homes and we are now 100% compliant. We will continue to promote and publicise our wider annual compliance programmes as part of our 'Home Safe' campaign.
- 6.14 Our five-year investment programme also continues to fund additional fire safety measures for some of our most vulnerable customers through supporting our fire safety officers in providing innovative solutions to help keep people safe. Measures include enhanced smoke/heat detection, portable fire suppression systems, fire retardant blankets and stove guards.

Great Neighbourhoods

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

Year 1 programme (2022/23)

- 6.17 Year 1 (2022/23) of the 5-year plan has a total value of £18.4m . This includes £13.0m for major property improvements, £3.7m for capitalised repairs and improvements in vacant properties, £600k for major medical adaptations and a further £1.1m for staff. Our 2022/23 programme will deliver a range of work types and associated outputs including:



Continuing implications of Covid 19

- 6.18 The Coronavirus pandemic continues to have an impact on investment delivery, albeit to a much lesser extent than in 2020/21. Working restrictions have eased considerably; however, we have not yet returned to pre-COVID levels of productivity due to COVID infections and associated self-isolation periods continuing to affect our direct labour and supply chain resources.
- 6.19 Programme delivery in 2021/22 has also been hampered by intermittent material supply issues with a particular impact on manufactured items such as glass and ironmongery. City Building (Glasgow) has been working to mitigate the impact of these shortages by widening their supply chain and manufacturing capacity. We will continue to monitor the situation as we move forward to ensure that we remain agile to react to this evolving situation and to reduce the impact on programme delivery and customer experience.
- 6.20 We continue to follow our agreed customer engagement approach for internal investment activities, which seeks to provide customers with reassurance around the robustness of our health & safety approach whilst delivering works within occupied homes.

- 6.21 This approach includes calls to every customer due to receive internal investment by a member of our asset team to discuss the work and to seek their commitment to provide access for the work to take place. Another positive impact of this new process has been a reduction in no access and refusals at survey and installation stages across all internal works programmes, which has helped to drive down waste in resources.

EESHS/EESHS2

- 6.22 Our investment activities will contribute towards the delivery of our SHQS (Scottish Housing Quality Standard) and EESHS2 (Energy Efficiency Standards for Social Housing) by improving both the condition and energy efficiency of our assets. We are currently 97.16% compliant with the SHQS standard (including abeyances and exemptions) and forecasted to be 99.46% compliant by the 31 March 2022. The remaining non-compliant elements relate to minor structural works that will conclude in April 2022.
- 6.23 The 2020 EESHS targets required stock to have an EPC (Energy Performance Certificate) of band D or above. Currently our compliance is 94.22% (including exemptions) and forecast to be 100% compliant by 31 March 2022. Our 5-year plan includes various works that will help us towards achieving EESHS 2 such as external wall insulation, more efficient central heating systems and window replacements.
- 6.24 The current and future investment plan also includes provision for a specific 10-year programme focussed on the EESHS2 standard. The make-up of this programme will be developed taking account of expected Scottish Government consultation on the standard. In parallel, work is underway to develop a group wide EESHS2 policy statement, which will set out our approach to achieving this standard including how we will make decisions around investment and the development of a regime for data collection to demonstrate compliance.

Think Yes for Investment

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

Management and Delivery

- 6.26 Our Investment Team will provide day-to-day management of our investment programmes including all project management functions, customer communication and all performance, financial monitoring and reporting. The team's approach will include analysing performance and asset condition data to inform bespoke investment interventions and appraisals where required, ensuring we are investing in the right stock and at the right time.

- 6.27 This approach will ensure that our investment decisions are transparent and justified, whilst also helping to protect and drive maximum value from our existing asset base. City Building Glasgow (CBG) will continue to act as the principal delivery vehicle for most of our investment activities. CBG's capabilities will be supplemented as necessary through specialist providers.

Communications

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

7. Digital transformation alignment

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

8. Financial and value for money implications

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

- **Factored homeowners** - Our five-year plan demonstrates a commitment to seeking innovative solutions to assist factored home owners to participate in our investment programme, helping to reduce the financial burden where possible, whilst also benefitting our tenants living in mixed tenure stock;
- **Joint Venture with City Building Glasgow** – our relationship facilitates a more efficient approach to investment planning and delivery, maximising our buying power with suppliers to drive value for money and deliver wider community benefits and apprenticeships; and
- **Asset sustainability** - By continuing to deliver investment in our existing assets we ensure the long-term sustainability of our assets, helping to drive down responsive repair costs, whilst giving assurance to our lenders that we have a robust approach in place to manage and maintain our assets.

8.2 The Core Investment Programme of £52.0m is contained within the overall £80.7m five-year capital investment programme as set out in the 2022/23 financial projections.

9. Legal, regulatory and charitable implications

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

10. Equalities implications

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

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

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

11. Environmental and sustainability implications

11.1 The Scottish Government have set ambitious targets for the reduction of carbon footprint and the country's green agenda and response to climate change. We will look to embrace this challenge and contribute towards Wheatley's overall objectives in these areas. We plan to deliver £23m of energy efficiency improvements over the life of the five-year plan, which equates to 44% of the total core programme spend.

- 11.2 Our investment programme includes the use of new innovative technologies through our connected response programme of electric heating upgrades. This project will contribute positively towards the reduction of fuel poverty whilst also providing improved comfort and use flexibility with their heating. It will also help prolong the lifecycle of these electric heating assets, thereby reducing our landfill waste contribution.
- 11.3 The investment plan recognises the ambition of the UK Government to decarbonise the national gas network demonstrated by our plans to commence with installation of “hydrogen-ready” boilers upon lifecycle replacement of existing gas boilers from 2025/26.
- 11.4 In preparation for the first EESSH2 regulatory reporting period we are continuing to develop a property-by-property assessment of current energy performance characteristics in order to determine the exact requirements up to 2032 for each dwelling. For now, our investment programme recognises the challenge of EESSH2 with a dedicated budget of £420k in our programme to support the delivery of innovative solutions to help deliver compliance with this standard over the next 10 years. This is in addition to existing work programmes such as heating upgrades, window replacements and external wall insulation which all contribute positively towards our EESSH2 objectives. We have included an initial budget allocation of £420k to support innovative investment interventions over the next 5 years as we develop our investment approach and understand requirements and associated costs to achieve compliance with the ambitious target of all homes to have a ‘B’ EPC band by 2032. An early illustration of this innovation is the planned retrofitting of smarter controls to existing storage heating systems, as part of our warm, high quality home’s theme, providing customers with greater control of their heating and significant savings on their energy tariffs of around £300 per year. This innovation is expected to provide a 14-point improvement to EPC rating, which is more than is achieved by over-cladding or installing a gas boiler.
- 11.5 Year 1 (2022/23) investment work has an anticipated carbon reduction value of 378.3 tonnes CO₂ or around 9% of the overall group annual target of 4000 tonnes CO₂ resulting from investment in our homes. The electric heating control improvements discussed are expected to have the biggest impact based on analysis using the Energy Saving Trust Carbon Calculator, Energy Performance Certificate Emissions Factors and OFGEM Typical Domestic Consumption Values. This analysis shows the following anticipated CO₂ reduction impact across core programme investment activities in Year 1 (2022/23). Each new energy efficiency measure installed also provides an uplift to the property EPC score, which helps towards compliance with EESSH2.

Element of Programme	CO ₂ reduction in tonnes	EPC score improvement
Gas Heating	14.6	+ 0 points
ASHP	133.2	+23 points
Electric Heating Controls	110.5	+ 9 points
EWI	72.8	+ 10 points

12. Recommendation

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

List of Appendices

Appendix 1: DGHP's Five-Year Investment Programme 2022-27

DGHP Five-Year Investment Plan: 2022 - 2027

Over the next five years **£52m** will be invested in our homes and communities. Output projections for some of the **key** investment work streams over the next five years are shown below:

Heating

The Central Heating programme has a total value across the five years of **£1.3m**. The programme consists of £600k for the completion of the planned life-cycle programme in 2022/23 and a further £360k for reactive gas boiler replacements where existing boilers breakdown and cannot be repaired. A further £360k has been allocated in years 4&5 to commence with the installation of hydrogen-ready boilers. The timing and delivery phasing of this programme will be closely aligned with the geographical roll out of the wider decarbonisation of the national gas network.

In addition, we will continue to deliver our innovative approach to improving the efficiency of electric heating with **£3.6m** allocated to replace Air Source Heat Pumps over the next five years.

Low-rise fabric

The Low-Rise Fabric (LRF) programme consists of the provision of External Wall Insulation (EWI) and roof replacement works. We have planned investment of **£3.7m** over the next 5 years for EWI and **£2.6m** for roofing.

We continue to work with Dumfries and Galloway Council in relation to the administration of grant funding through the Scottish Government's Home Energy Efficiency Programme for Scotland (HEEPS). This scheme provides funding to support owners with the cost of energy efficiency improvements such as external wall insulation and is blended with additional funding through the Energy Company Obligation (ECO). This funding stream is vital in helping owners to participate in our investment plans, benefitting our tenants living in mixed tenure homes.

Kitchen, Bathroom (KBT)

We plan to invest **£16m** in new kitchens and bathrooms over the next 5 years. The programme also includes investment of **£805k** in new efficient and effective mechanical extractor fans benefitting up to **1,032** customers over the next 5 years. The programme phasing will be informed using data intelligence to identify trends from our repairs service which will help to identify problematic house types.

Windows and Doors

We plan to spend **£14.9m** on window replacements over the next 5 years, benefitting over **2,000** customers. The programme will include ad hoc, reactive installations where we have previously been refused access or new acquisitions in addition to planned lifecycle replacements across Dumfries and Galloway.

Environmental

We will invest **£1.4m** in improving the environment within our communities over the next 5 years. The programme will include backcourt improvements for tenement stock including new bin storage provision and paths. We will also seek to deliver more customer priority investment with the commencement of a programme of fencing, steps and path renewals across our main door properties supported by our cyclical maintenance programme

Common Works

We have allocated **£1.5m** to deliver common area improvements encompassing investment such as improved security (new controlled entry doors) and decoration of foyers and landing areas.

EESSH2

In recognition of our obligations around compliance with the new EESSH2 standard we have allocated a budget of £420k over the next five-years to deliver innovative energy efficiency measures across our stock portfolio. The make up of this programme will be developed following the planned Scottish Government review of this standard in 2023.

Fire Safety

£800k has been allocated over the 5-year plan to fund enhanced fire safety measures for our most vulnerable customers including stove guards and fire-retardant bedding packs. This programme will support the delivery of recommendations from our fire safety officers to help mitigate the risk of fire occurring or to keep our customers safe in the event of fire.

Customer Voice

We are committed to putting our customers in control of investment decisions, which affect their homes and communities. We have allocated **£1m** to deliver customer driven investment works over the next 5 years. Our dedicated Customer Voice budget will help our local housing management teams deliver on their customers' investment priorities identified through the ongoing engagement activities.

Think Yes for Investment

We will introduce a new staffing facing initiative in 2022/23, which seeks to empower our frontline housing teams to make decisions on investment that will deliver great outcomes for customers. A programme of **£2.4m** will be allocated over the next five-years to support housing officers in instructing small improvements such as a new kitchen, bathroom or painting a close where they feel the work is justified and is a priority for customers.

Capital Compliance

£360k of capital compliance works will be delivered over the next five-years to ensure our homes are safe and secure and to provide assurance that we are meeting our statutory and regulatory compliance obligations.



Report

To: DGHP Board

By: Alan Glasgow, Interim Managing Director of DGHP

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

Subject: Rent and other charges 2022/23

Date of Meeting: 9 February 2022

1. Purpose

1.1 This report:

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

2. Authorising and strategic context

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

2.2 In our case, the Group Board and this Board agreed that we continue with the partnership proposals relating to rent setting i.e. a 2% increase.

3. Risk appetite and assessment

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

3.2 In relation to the statutory requirement in consulting and engaging tenants on any rent increase, our risk appetite is averse, that is "*avoidance of risk and uncertainty is a key organisational objective*".

3.3 We mitigate this risk through a formal consultation process, writing to every tenant to seek their feedback on the rent proposals.

4. Background

4.1 The rent increase assumptions in our financial projections are subject to annual review. The annual review takes into account the key principles set out in our Group rent setting framework:

- 1) Financial viability;
- 2) Affordability;
- 3) Comparability; and
- 4) Consultation with tenants and service users.

4.2 The Board considered the first three principles as part of agreeing the baseline consultation levels during discussions at the November 2021 meeting. A series of focus groups were held during November and December to gather customer feedback on the rent setting proposals. This feedback was taken into account in the formal rent consultation process with tenants, which is the final element of our rent setting process prior to formally agreeing rent levels.

5. Customer engagement

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

6. Discussion

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

Focus Groups

6.2 The information in this section is reported on a Group wide basis as the focus groups included a mix of tenants across Group.

6.3 This year, we further refined our approach to the focus groups, introducing an on-line option for tenants, which proved to be popular with tenants reflecting on the increased convenience to them in not having to travel. The option was not for everyone though, and we also ran face-to-face focus groups – both in our offices and also in community facilities. Across Group over 30% of participants took part online. Our independent advisors BMG facilitated the focus groups and supported tenants to access the online groups.

6.4 In both types of focus group, the Managing Director or Head of Housing made a presentation to tenants giving more context to the proposals. In order to maintain the independence of the focus groups, staff did not participate in the subsequent focus group discussions.

6.5 The presentation set out the key elements contained within the proposed consultation brochure to be sent to all tenants, specifically:

- How we spent tenants' money in the previous year i.e. what rent pays for;
- Key challenges for the year ahead; and
- The rent options.

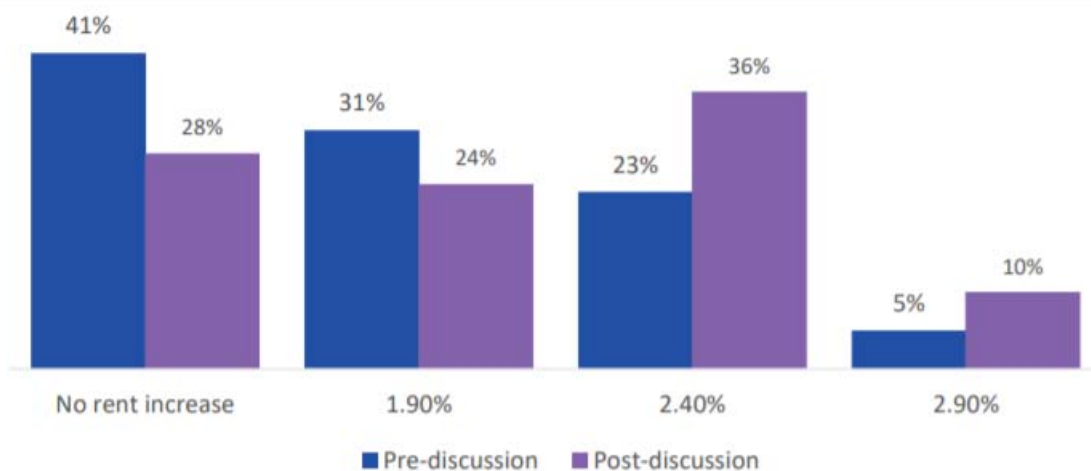
6.6 In total across Group we undertook 43 focus groups, of which 10 were for DGHP, with a total of 29 of our tenants participating. 18 tenants participated in person and 11 tenants participated online. The total participation level across Group was 159 tenants. The focus groups allowed us to engage with tenants across Group in more depth on our rent setting proposals, in particular:

- Tenants' perception of what their rent pays for vs what it actually pays for;
- Tenants' understanding of the drivers of rent increases;
- Value drivers for tenants in terms of rent levels; and
- General feedback on tenants' views of our landlord services in the context of rent.

6.7 In exploring these issues with tenants, as opposed to asking a binary 'yes or no' question on rent proposals, we were able to gather a) quantitative feedback by testing if the group discussion and increased knowledge of how rents are set impacts tenants' views of rent, and b) qualitative feedback we can use to understand what drives and impacts tenants' views on rent setting, potentially informing our service delivery and future strategic thinking.

6.8 Focus group participants (excluding those where there is an existing ballot promise) were asked whether they supported a rent increase, and if so which of the options they preferred. They were asked this both before and after the discussion. Across the focus groups, support for the options 1-3 was 72%, which rose from 59% following the discussions and supporting information on the reasons for the increase. The breakdown by option is shown below.

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



- 6.9 The report provided detail of key drivers of tenant satisfaction. The following were identified by BMG as key satisfaction drivers:
- Strong feeling of community that arises from having a good relationship with their neighbours. This is enhanced by the quality and feel of their communal areas, where neighbours contribute to looking after the area, and also leads to a higher perception of value for money;
 - Good experience of repairs service, with those in newer properties or with recent capital investment more likely to be satisfied with the maintenance of their home, and therefore with their landlord;
 - 24/7 offering from the Customer Service Centre, especially in relation to the repairs service;
 - tenants (across all RSLs) who have experienced a range of wraparound services are noticeably more satisfied with and appreciative of their RSL and are keen to impress on other tenants the value of this assistance. Other tenants responded positively to hearing that these services are provided if they were not already aware; and
 - a proactive housing officer who is effective in supporting and signposting tenants such as help to access benefits which tenants weren't aware of e.g. pension credits.
- 6.10 In terms of main drivers of dissatisfaction, poor experience with repairs and maintenance, or experience of anti-social behaviour from neighbours were the most common themes.
- 6.11 A key overall driver was where a tenant considers an issue is not being addressed appropriately or as quickly as they would like. The associated communication in resolving such issues can further exacerbate such issues. We anticipate that the introduction of the new Customer First Centre, focused on first point of contact resolution, should improve this experience for our customers.

Rent Consultation

- 6.12 Our consultation process is set within the context of the 3-year rent offer of a cap of 2% per annum being part for the partnership agreement ballot. The ballot recorded 95.5% vote in favour of the partnership, with an exceptionally high turnout of 75.3% turnout (c7500 tenants). We know from engagement with tenants during the partnership proposals that the rent levels were a material factor in their decision making.
- 6.13 We consider this year's rent increase therefore within the context that our tenants have given feedback on the future rent assumptions in high numbers. Our statutory duty however remains and we consulted on 2%, on the basis that this was what was agreed as part of the partnership. We therefore consulted on the basis of enacting what was agreed in the ballot.
- 6.14 The consultation commenced on 13th December and closed on Friday 28th January. The process was **managed independently** by Civica.
- 6.15 We received a total of 863 responses, of which 289 directly commented on the proposals. A relatively small level of feedback was anticipated given the extraordinarily level of feedback already received during the ballot.

- 6.16 A total of 198 of the respondents indicated their support for the proposals and that they were happy on the basis it funded maintaining the current service levels. A total of 91 expressed an explicit view which did not support the proposal. This equates to 69% of those who expressed a view doing so in favour of the proposal.

Summary

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

7. Digital transformation alignment

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

8. Financial and value for money implications

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

9. Legal, regulatory and charitable implications

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

10. Equalities implications

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

11. Environmental and sustainability implications

- 11.1 No implications noted.

12. Recommendations

- 12.1 The Board is asked to:

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



Report

To: Dumfries and Galloway Housing Partnership Board

By: Pauline Turnock, Director of Financial Reporting

Approved by: Steven Henderson, Group Director of Finance

Subject: Business Plan Financial Projections Reforecast

Date of Meeting: 9 February 2022

1. Purpose

1.1 The purpose of this report is:

- To set out the updated projections for investment in assets and services over the five year period to 2027, in support of our new strategy, *Your Home, Your Community, Your Future*; and
- to seek the Board's approval of these updated financial projections, of which the first year will form the budget for 2022/23.

2. Authorising and strategic context

2.1 Under the terms of the Intra-Group Agreement between Dumfries and Galloway Housing Partnership ("DGHP") and the Wheatley Group, as well as the Group Authorising Monitor Matrix, the DGHP Board is responsible for the on-going monitoring of performance against agreed targets, including the on-going performance of its finances.

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

2.3 The key themes and aims of the 2021-26 Strategy "*Your Home, Your Community, Your Future*" set the context for the preparation of the financial projections.

3. Risk Appetite and assessment

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

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

4. Customer Engagement

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

5. Background

- 5.1 We are entering a challenging period of higher inflation which places pressure on our operational costs and capital investment spend. Inflation has already risen during the second half of 2021/22 and CPI is at 5.4% at the time of writing, the highest level since the early 1990s. Utility costs in particular, which make up a large proportion of our running costs, have contributed to the current rate rises and are forecast to rise by around another 60% next year. Efficiencies that we have realised to date are valuable and a focus on value for money remains important particularly in times of cost pressures. We recognise these economic factors will also put pressure on our tenants with rising inflation and an expected tightening of the job market impacting customers' ability to keep their rent accounts up to date.

- 5.2 In response, updated cost inflation assumptions have been provided in the earlier years of the projections and longer term we hold a prudent inflation assumption of 2.5%, which is above the Bank of England target rate of 2%. Operating cost efficiencies linked to improved working practices, asset growth and collaboration with service providers continue our focus on value for money savings in the projections. We have retained our provision for a higher number of tenants moving onto Universal Credit and an increase in rent arrears balances.

- 5.3 During 2021/22, we implemented our new operating model across the Group, with the introduction of flexible, agile based working, which harnesses the power of technology to enable staff to work from any location and respond to changing customer demands. We also re-launched our Customer Service Centre, as the "Customer First Centre" with the aim of delivering outstanding customer services. In July 2021, DGHP's new Neighbourhood Environmental Teams were launched, with local full time staff dedicated to keeping neighbourhoods clean and tidy, creating communities to make customers proud. Whilst varying levels of restrictions have been imposed throughout 2021/22 in relation to the Covid-19 pandemic, our new operating model has minimised the impact on the business and enabled us to continue to deliver services to our customers. The financial projections for 2022/23 assume no further restrictions on our ability to deliver services.

- 5.4 [redacted]

- 5.5 [redacted]

6. Discussion

- 6.1 Our strategy for 2021-2026, *Your Home, Your Community, Your Future*, forms the basis of these financial projections. Detailed financial statements (income and expenditure account, balance sheet and cash flow statements) are provided in Appendix 1. Table 1 below summarises these to show – in cash terms - the level of income we forecast, and how this will be spent over the period.:-

Table 1: summary cash inflow and outflows

	Year 1 2022/23	Year 2 2023/24	Year 3 2024/25	Year 4 2025/26	Year 5 2026/27
Income (excluding new build grant)	47,049	47,579	49,271	53,056	56,127
Expenditure					
- Housing, services and support costs	(7,405)	(6,947)	(7,381)	(6,856)	(6,791)
- Wheatley Solutions including Customer First Centre	(4,399)	(4,518)	(4,626)	(4,728)	(4,832)
- Repairs	(10,038)	(10,352)	(10,887)	(10,918)	(11,406)
- Demolition & ER/VR	(688)	(891)	(1,462)	(968)	(312)
- Bad Debts	(943)	(967)	(989)	(1,082)	(1,159)
Total Expenditure	(23,473)	(23,675)	(25,346)	(24,552)	(24,499)
Revenue Surplus before Interest and Capital Investment in Existing Homes	23,576	23,904	23,925	28,504	31,627
Investment in Existing Homes	(18,375)	(14,944)	(15,802)	(15,637)	(15,983)
Loan Interest and Funding Costs	(5,180)	(5,215)	(5,506)	(7,213)	(9,020)
Underlying Cash Surplus/(Deficit) from Operations	21	3,745	2,617	5,654	6,624

New Build and Other Investment					
Development Costs**	(9,391)	(48,492)	(69,825)	(39,008)	(10,102)
Grant Income	5,063	34,013	33,523	9,761	0
Other Asset Investment	(4,916)	(2,391)	(1,425)	(1,103)	(1,044)
New Build and Other	(9,244)	(16,870)	(37,727)	(30,350)	(11,145)
Funding Activities					
Working Capital Movements	(1,106)	148	188	174	176
Rolled up Interest	1,032	1,061	1,091	1,122	1,077
Loan Drawdowns	82,328	11,916	33,830	23,399	10,219
Loan Repayments	(114,000)	0	0	0	(6,950)
Cash Utilised	40,970	(0)	0	0	(0)
Funding Activities	9,223	13,126	35,109	24,696	4,522

*Development costs include capitalised employee costs & capitalised interest

6.2 The table above shows that despite the higher levels of investment in our existing homes in year 1, we will generate sufficient cash, or revenue surplus, from our underlying business operations to cover the cost of investment in our existing homes and our borrowing costs. This is a significant milestone and means that our underlying operational surplus when expressed as a proportion of funding costs is >1 from year 1 onwards, a key indicator of the financial strength of the business. As investment reduces from year 2 and catch up works are completed this underlying surplus grows to £6.6m in 2026/27.

6.3 Investment in new build (including capitalised staff and interest) totals £94.5m net of grant claims over the five years, and provides funding for the completion of 965 new build homes which, together with the homes completed since DGHP joined the group, will meet the 1,000 unit commitment made to tenants as part of the ballot.

6.4 Other asset investment includes £6.5m for DGHP's share of investment in the Group's IT capital investment programme. This recognises the role technology has in supporting the delivery of the key strategic aims in the Group's 2021-26 strategy and includes funding to complete the integration of DGHP's systems with Group. Alongside the digital aspirations for Group services to customers and staff, the funding also provides for a safe, secure and reliable technology service.

6.5 [redacted]

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

Delivering Exceptional Customer Experience

6.7 Our strategy seeks to deliver exceptional customer experience while maintaining affordable rent levels for our tenants. Our services will be delivered using a blended approach of face to face and digital, will be easy to access and feel seamless to customers.

6.8 These projections include funding to support our new operating model; with £6.0m in 2022/23 to maintain our strong frontline service presence in communities, including smaller housing officer patch sizes, new neighbourhood environmental teams and wraparound services. At the same time, we will be improving the technology available to support our staff in delivering services to customers. This includes a contribution of £6.5m over the next five years to deliver our digital transformation strategy.

6.9 This investment in technology will deliver:

- introduction of digital based-services such as GoMobile from April 2022 and future adoption of MyHousing to support DGHP's allocation strategy and partner engagement
 - Expanding our online repair services with automated communications as part of our "book it, track it, rate it" approach;
 - New ways for customers to engage, for example through community forums, as part of our wider engagement strategy
 - Improved security of network and platform services, including DR, 24-hour security monitoring and annual security testing
 - Access and adoption of enterprise mobile platforms for environmental services and care in the home
 - Enhanced business intelligence and advanced predictive analytics modelling and reporting services
- through our partner organisation Wheatley Solutions, our newly launched 24/7 Customer First Centre will support our customers in new ways, providing proactive support to help resolve customer issues at the first time of asking and coordinating many of our larger scale electronic communications through text and secure messaging.

Making the most of our homes and assets

6.10 The projections include funding to deliver 965 new homes for social rent over the five years, meeting our target of 1,000 new homes for social rent completed since joining the group. A total of £167m of gross funding for the new build programme has been reflected over the period 2022 to 2027. This is assumed to be supported by grant income of £82m. A provision for the demolition of 529 properties has also been reflected to support regeneration of our communities.

- 6.11 Total investment of £81m in our existing homes has been reflected within our five year forecasts. This includes provisions to deliver ballot promises and ensure all properties meet current regulatory standards such as the Energy Efficiency Standard for Social Housing (“ESSH”). A significant proportion of this work will be completed by our joint venture partner, City Building (Glasgow) LLP. Scottish Government and the Scottish Housing Regulator published further guidance last year on the achievement of ESSH mark 2 which requires, where practically possible, all properties to be brought up to EPC band B by 2032.
- 6.12 Our five year programme includes a provision of £23m to improve the energy efficiency of our homes which will assist in delivering our legislative obligations in relation to ESSH2. The current and future investment plan also includes provision for a specific 10-year programme focussed on the ESSH2 standard. The make-up of this programme will be developed taking account of expected Scottish Government consultation on the standard. Over the remainder of the plan, our investment assumptions have been informed by the detailed stock condition survey completed by Savills in October 2019.
- 6.13 During the first 5 years of the plan £54m of funding has been earmarked for repairs with a further £10m for our newly launched neighbourhood environmental teams. These will ensure the upkeep and maintenance of our stock and communal areas to a high standard. This represents a continuity of our per property repairs budgets, with inflationary uplifts assumed every year. Our new in-house repairs service was launched in April 2020 and was extended to provide in-house gas servicing during 2021/22. Repairs remains the largest area of budgeted revenue expenditure.
- 6.14 The financial projections include a provision of £3.5m over the five-year period for customer directed investment as part of our new engagement strategy. The new Customer Voice and Think Yes for Investment funds will promote community engagement and will mean investment will be directed to the work streams our customers value most.

Changing lives and communities

- 6.15 The financial projections demonstrate our commitment to changing the lives of our tenants and the wider communities in which we operate. Since joining the Wheatley Group, we now have access to the Wheatley Foundation, Wheatley Care services and Wheatley 360 which will enable us to introduce and accelerate our provision of wrap around services and opportunities.
- 6.16 Funding to the Wheatley Foundation (“The Foundation”) has been reflected in our projections to deliver services to our customers including welfare benefits advice, employability advice and training schemes for unemployed tenants, modern apprenticeships, our furniture up-cycling Home Comforts scheme as well as our Eat Well service which delivers food parcels for 6 weeks to tenants most in need. From 2022/23 the Foundation will also deliver the Helping Hand Fund to our tenants who are experiencing severe hardship.

Developing our shared capacity

- 6.17 During 2021/22 we introduced our new ways of working and launched our new Customer First Centre building on the changes we put in place to deliver services using a blended approach of face to face and virtual engagement with our customers. Over the next five years, we will continue to invest in our staff to ensure they have the exceptional skills, attitude, engagement and influence to excel in

this new, increasingly virtual working environment. Through our contribution to Wheatley Solutions, our financial plan helps fund a continued focus on staff development in a technology enabled workplace and in our leadership and graduate programmes. Provisions for investment in offices and IT will deliver a new collaborative hub estate and improved homeworking services to staff.

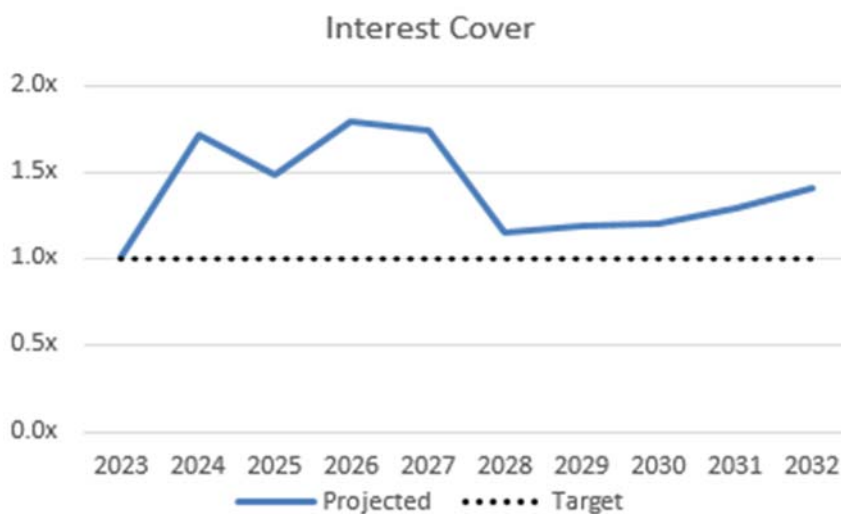
Enabling our ambitions

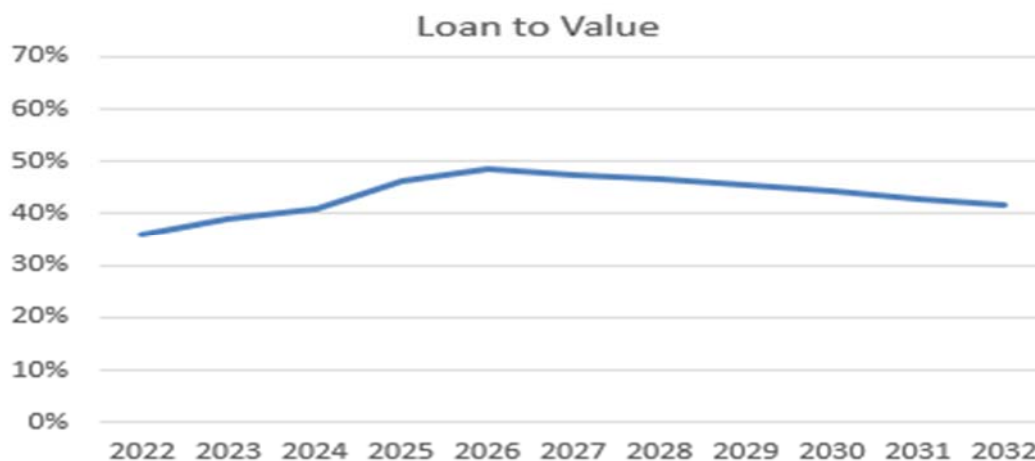
- 6.18 In order to achieve our ambitious strategy, we must demonstrate a strong and stable financial performance. This will ensure we continue to achieve a strong credit rating and attract funding at low rates of interest.
- 6.19 [redacted]
- 6.20 [redacted]
- 6.21 While key financial covenants will be assessed at RSL borrower group level from April 2022, we must continue to ensure that DGHP and the other subsidiaries within the Group meet certain financial parameters. These include ensuring that a sufficient operating margin is generated and that there is sufficient cashflow strength and asset cover to support DGHP's level of debt. This ensures WFL1, as the RSL treasury vehicle is able to meet its external funding conditions. There are two key ratios that we consider:-

Interest cover, as measured by Revenue Surplus less Capital Investment (earnings before interest, tax, depreciation and amortisation with major investment spend taken into account) over net interest payable, is the ratio used by the Group to assess whether sufficient surplus is generated to fund our activities, maintain the housing stock and cover interest payments. Ideally this interest cover ratio should be >1.

Loan to value ratio (outstanding loans net of cash divided by the value of completed housing and investment properties) is used to assess whether there is sufficient asset cover to support the level of debt.

Figure 1: Key Financial Ratios





6.22 As shown above DGHP will generate sufficient income from operating activities to fund investment and finance costs with the level of cover increasing as investment reduces. Increased investment combined with an increase in funding costs as debt increases to fund the development programme results in a dip in interest cover from 2027/28. This still exceeds our target and shows DGHP generates sufficient income from operating activities to fund both investment and service debt.

6.23 Loan to value increases from 36% at 31 March 2022 to a peak of 49% in 2026 as a result of the additional debt required to fund our development programme. This demonstrates that DGHP will have sufficient asset cover to support loans and remain within our golden rule of loan to value not exceeding 70%. On successful completion of funder negotiations to increase one of the key RSL borrower group covenants, debt per unit, we will also have capacity to increase our development programme beyond the current 1,000 units, delivering up to 1,500 new homes over 10 years.

7. Digital transformation alignment

7.1 No direct implications

8 Financial and value for money implications

8.1 Revised financial projections and key financial indicators are summarised in section 6 above and in Appendix 1. These financial projections, once approved, will be submitted to the Wheatley Group Board for approval on 23 February. The figures in the first year of the projections, 2022/23, will then form the basis of the annual budget which will be presented to the DGHP Board for approval in March. Performance against the budget will then be monitored through the management accounts provided to the Board throughout the year.

8.2 The financial projections incorporate cost efficiency measures, which are a key element of continuing to demonstrate value for money. These will be reflected in the annual budget and performance monitored against budget each month.

9. Legal, regulatory and charitable implications

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

10. Equalities impact

10.1 Not directly applicable.

11. Environmental and sustainability implications

11.1 Not directly applicable.

12. Recommendation

12.1 The Board is requested to:

- 1) Approve the updated financial projections for investment in assets and services over the five-year period to 2027; and
- 2) Agree that the projected 2022/23 figures form the basis of next year's annual budget which will be presented to the Board for final approval in March.

List of Appendices

Appendix 1 - DGHP 2022/23 Financial Projections



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DGHP Financial Projections 2022/23



Classified as Internal

1 Executive Summary

These financial projections are the third update since DGHP joined the Wheatley Group in December 2019. As such they reflect the key tenant promises and the value DGHP expects to gain directly from partnership including:

- additional investment capacity for communities through an accelerated home improvement programme;
- keeping rents more affordable than they would otherwise have been;
- 1,000 new homes across the region including many designed for older people;
- an expanded range of excellent services.

This year, 2021/22, saw the implementation of our new operating model across the Group, with the introduction of flexible, agile based working, which harnesses the power of technology to enable staff to work from any location and respond to changing customer demands. We transformed our Customer Service Centre, via our rebranded “Customer First Centre” with the aim of delivering outstanding customer services. In July 2021, DGHP’s new Neighbourhood Environmental Teams were launched, with local full time staff dedicated to keeping neighbourhoods clean and tidy, creating communities to make customers proud.

Whilst varying levels of restrictions have been imposed by UK and Scottish Government throughout 2021/22 in relation to the Covid-19 pandemic, our new operating model has minimised the impact on the business and enabled us to continue to deliver services to our customers. The financial projections for 2022/23 assume no further restrictions on our ability to deliver services.

DGHP is forecast to complete 37 new build properties in 2021/22 at Monreith and Lincluden and projected to invest £32.8m in existing homes this year.

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

DGHP Financial Projections# | 2022/23

Our 2022/23 Financial Projections therefore reflect a balance between managing cost inflation pressure and ensuring that we meet commitments made when DGHP joined the group together with the ambitions set out in our new strategy for 2021-2026, *Your Home, Your Community, Your Future*. The updated financial projections for 2022/23 include:

- Funding of £94m net of grant claims over the five years for the completion of 965 new homes for social rent and a provision for stock rationalisation which will enable the regeneration of our communities.
- Investment of £81m over the first five years in our existing properties to ensure all properties continue to meet regulatory standards and that we deliver the accelerated additional investment promised to customers.
- A cap on rent increases of 2% a year until 2023 in line with our tenant promises on the partnership with Wheatley
- Increased provision for investment in our digital transformation and office accommodation strategies

[redacted]

We have ambitions to grow the size and scale of our development programme in DGHP beyond the first five years of these projections and we expect to have legal agreements in place with our RSL borrower group funders by 31 March 2022 which would secure an increase in our covenant measures to allow WFL1 to raise additional funding in the market. This new funding would be made available to Wheatley Group RSLs and allow DGHP's development programme to increase over the next 10 years from just over 1,000 new affordable homes to up to 1,500 new homes.

The plan shows that in partnership with Wheatley Group, DGHP can make the anticipated investment, deliver on tenant promises, and service and repay its debt.

2 Key assumptions

The key assumptions in the DGHP Partnership Business Plan are highlighted below. All figures include VAT and inflation, unless stated otherwise.

2.1 Inflation

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

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

2.2 Stock numbers

As at 1 April 2022, DGHP is assumed to own a total of 10,393 homes, 10,292 for social rent and 101 mid-market rent properties. This is based on the stock as at 31 March 2021 as reported in the audited statutory accounts adjusted to reflect 37 new build properties, 5 at Monreith and 32 at Lincluden, projected to complete by the end of the current financial year. A provision has been made within the projections for the demolition of 529 of these properties, including 83 properties in the Lochside area of Dumfries which were classified as void and unlettable and approved by the Board for demolition. It is assumed that 965 new homes will be completed over the five year period to March 2027. This will bring the total new homes completed since joining the group to 1,014.

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The table below shows the assumed stock profile over the period.

Stock Numbers	Forecast						
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Social Housing							
Opening Units	10,255	10,292	10,217	10,121	10,421	10,700	10,773
New Build	37	37	52	349	384	143	0
Demolition	0	(112)	(148)	(49)	(105)	(70)	(45)
Closing Units	10,292	10,217	10,121	10,421	10,700	10,773	10,728
Mid Market Rent	101	101	101	101	101	101	101
Total Closing	10,393	10,318	10,222	10,522	10,801	10,874	10,829

2.3 Rental Income

Opening rents are based on our average weekly rent per our current rent roll adjusted for a 2% increase in April 2022. The April 2022 increase marks the final year of the ballot commitment to tenants to cap increases at 2% for three years. In the following two years, increases have been assumed at 3.7% each year with this reducing to 3.5% in April 2025 and 2.9% per annum thereafter. These increases are in line with the general rent increase assumptions across the group and are higher than in last year's projections to mitigate against the impact of the current high levels of inflation. Future increases will however be reviewed at the time and may be reduced, in particular in the event that inflation is lower or additional efficiency savings can be found. Rent increases will always be subject to consultation with tenants each year. The table below shows assumed rent increases for business planning purposes only.

Rent Increase	2022/23	2023/24	2024/25	2025/26	2026/27 on
Rent Increase	2.00%	3.70%	3.70%	3.50%	2.90%

2.4 Operating Performance

Void losses are assumed at 1.5% over the first three years for core rented stock before reducing to 1% from year four on. This is prudent compared to our year to date void performance in 2021/22 of 0.83%. For the 529 properties assumed to be demolished a higher void rate has been assumed. This has been estimated based on current empty and unlettable units and projected clearances.

The provision for bad debts has been assumed at 2.0% of gross rental income in 2022/23, which is also conservative compared to our performance of 0.3% in 2020/21 and 0.8% in the 2021/22 year to date. Void and bad debt assumptions are shown in the table below.

	2022/23	2023/24	2024/25	2025/26	2026/27
Voids (Retained Properties)	1.50%	1.50%	1.50%	1.00%	1.00%
Bad Debts	2.00%	2.00%	2.00%	2.00%	2.00%

Our financial projections also assume an increase in arrears over the period as a result of universal credit. The assumptions used have been updated to reflect our experience in the current year and expectations going forward :-

- A total of 950 tenants previously receiving housing benefit will move to UC over the five year period (3,550 tenants assumed to have already moved to UC);
- 80% of tenants who move on to universal credit will have an increase in arrears, with this increase equivalent to 5 weeks rent (£425-£485); and
- Of this increased arrears balance it is assumed only 40% will be recovered with this recovery taking up to two years.

2.5 Other Income

In addition to rental income, a further £2.5m is expected to be generated by DGHP in 2022/23 from other income streams. This is comprised of the following :-

- Leased properties – DGHP lease 24 properties across three sites to other organisations generating £127k of income each year. This income is assumed to remain fixed i.e. does not increase with inflation
- Garage and Garage Site Rents – Income of £359k net of voids is projected to be received from the rental of DGHP's garages and garage sites
- Service charge income – In addition to rental income DGHP charge tenants for services such as stair cleaning. Income of £233k per annum (net of voids) is assumed to be received in respect of this in 2022/23. While service charges are assumed to increase in line with rents each year, the reduction in units due to demolition programme results in a decrease in income over the five year period.
- Mid Market Rent Lease Income – Lowther Homes has been assumed to take over the management of DGHP's mid market rent portfolio from Novantia from the 1 April 2022. Under the new management arrangements Lowther will collect rents from tenants and be responsible for all management and repair costs. DGHP will receive a lease income for the 101 properties of £430k per annum, assumed to increase by 2% each year
- Commercial Properties – 16 commercial units currently owned by Novantia are assumed to transfer to DGHP on 31 March 2022. These will also be managed by Lowther Homes in exchange for a management fee. Income from the commercial properties is expected to be £59k in 2022/23.
- Aids and Adaptations - Grant income is assumed to be received each year to fund medical adaptations. This is projected to be below costs with £500k assumed in 2022/23, reducing to £450k in 2023/24 and £350k in 2025/26.
- Temporary Accommodation - £578k is projected to be received in 2022/23 only in line with the current contract. This contract may be extended beyond year 1 however this has not been reflected within the financial projections
- RHI grant - £49k of income is projected to be received in 2022/23 reducing to £27k by year 5 in line with grant applications
- Young Persons Project - Lottery funding for Young Persons Project of £92k per annum is expected to be received until March 2023. Match funding from Dumfries and Galloway Council has been assumed over the same period.

The table below shows forecast other income including inflation and other uplifts

DGHP Financial Projections# | 2022/23

Other Income	2022/23	2023/24	2024/25	2025/26	2026/27
Leased Properties	127	127	127	127	127
Garage and Garage Sites	359	394	408	422	435
Service Charges	233	122	115	109	100
Mid Market Rent	430	439	447	456	465
Commercial Properties	59	60	62	64	65
Aids & Adaptations Grant	500	450	450	350	359
RHI Grants	49	37	36	36	27
Temporary Accommodation	578	0	0	0	0
Young Person Project	185	0	0	0	0
Total Income	2,520	1,629	1,645	1,564	1,578

2.6 Staff and Other Management Costs

Staff costs reflect the staffing structure put in place in 2020/21 as part of the implementation of our new operating model. This new model enhances services to our customers and includes smaller housing officer patch sizes. In addition to housing management staff, direct staff costs also include the cost of the new Neighbourhood Environmental Team launched in July 2021, and a share of the Wheatley 360 costs.

Total direct staff costs in 2022/23, including on costs are assumed to be £4.9m. Direct employee cost savings of £500k and £300k have been assumed in years 4 and 5 respectively and a provision of £1.6m has been made for restructuring costs in the preceding years. Salary costs for 2022/23 reflect the 1.25% increase in the National Insurance rate from April 2022 and include provision for allowances made to agile home based workers. Taking into consideration the current high inflation rates, pay increases of 3.5% have been assumed in 2022/23 with this reducing to 2.5% in 2023/24 and 2% each year thereafter.

Running costs have been updated to reflect current year forecast and include additional provision in respect of the expected increases in utility costs and insurance premiums. Savings in respect of our office accommodation strategy have also been included in the 2022/23 figures and further savings are assumed to be achieved in 2023/24. A provision of £285k has been included in 2024/25 for a stock condition survey.

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Recharges from Wheatley Solutions for the provision of services such as the 24/7 customer first centre, transactional teams, legal, IT and Finance have been assumed at £4.4m. The table below shows assumed management costs for the five year period.

Management Costs	2022/23	2023/24	2024/25	2025/26	2026/27
Employee Costs	4,933	5,056	5,157	4,791	4,600
Running Costs	1,782	1,890	2,223	2,065	2,191
Wheatley Solutions Recharges	4,399	4,518	4,626	4,728	4,832
Management Costs	11,114	11,464	12,007	11,584	11,623

2.7 Repair Costs

Our repairs service is a key priority for our customers so when our existing repairs contracts were due for renewal the decision was made to bring repairs ‘in-house’. Bringing repairs and maintenance in-house provided the opportunity to improve services for customers, ensuring most repairs are completed on the first visit. During 2021/22, gas servicing was brought “in-house”, with savings in VAT already being seen in the year to date. While savings have been generated from the move to an in-house provision, these have not been assumed within our financial projections, providing a buffer against anticipated inflationary cost increases in fuel and materials.

The table below shows the profile of spend, including assumed inflationary uplifts over the period.

Repairs and Maintenance	2022/23	2023/24	2024/25	2025/26	2026/27
Reactive repairs	6,477	6,679	6,922	7,259	7,570
Heating	1,335	1,375	1,416	1,452	1,488
Property Cyclical & Landscaping	819	849	903	1,035	1,147
Compliance	1,407	1,449	1,646	1,172	1,201
Total Repair Costs	10,038	10,352	10,887	10,918	11,406

2.8 Demolition Costs

The financial projections assume that 529 units will be demolished over the six-year period from April 2022. This includes 352 properties in the Lochside area of Dumfries as part of the regeneration of the area and a further 177 units identified as being unpopular with tenants or requiring substantial investment to meet energy efficiency standards. Costs associated with the demolition, including the physical demolition cost, service disconnections, home loss and disturbance and owner buybacks have been estimated and reflected within the financial projections. Over the period to 2027/28, the total costs in relation to demolition have been assumed at £5.9m. As the majority of these sites will be redeveloped a proportion of the demolition costs, £3.0m, have been capitalised.

At this stage, the programme is an assumption for business planning purposes only, and the proposed demolition programme will be presented to the Board for approval with detail options appraisals set out for each demolition site.

2.9 Capital Investment

Investment in current housing stock

The partnership with Wheatley released significant new capacity to fund improvements to existing homes and build hundreds of new homes. The focus of the investment programme will be on ensuring we meet and maintain properties to current regulatory standards such as SHQS and deliver additional works to windows, roofs and external walls to meet the EESSH standard on energy efficiency. Covid 19 restrictions resulted in a delay to delivery of these works in 2020/21 however increased spend in 2021/22 will ensure all properties meet regulatory standards by March 2022. The table below shows the profile of capitalised investment works (incl VAT, fees and inflation) over the first five years.

£000s	2022/23	2023/24	2024/25	2025/26	2026/27	Total
Core Investment & Compliance	13,705	10,218	10,962	10,722	10,982	56,589
Medical Adaptations	600	540	540	540	540	2,760
Capitalised Voids	2,987	3,077	3,169	3,248	3,329	15,810
Capitalised Employee Costs	1,082	1,109	1,132	1,127	1,132	5,582
Total	18,375	14,944	15,802	15,637	15,983	80,742

Funding of over £56m has been included over the first five years of the projections for our core investment programme and lifecycle replacements. This includes £15m for replacement of windows and doors, £14m for kitchens and £7m for low rise fabric. A provision of £3.5m has also been included over the 5 year period for our Customer Voice and Think Yes funds. These provisions will be used for tenant directed investment works, building customer engagement into our investment programme and ensuring we deliver the projects most important to them.

As highlighted in the introductory section, there are significant wider economic and inflationary cost challenges in the business in the earlier years. In order to provide capacity for this period of pressure, a small element of the investment programme has been reprofiled into year 6-10 comprising of non core, discretionary areas of investment. We have ensured that, across the ten year period, sufficient provision has been set aside to keep the stock in a good state of repair, compliant with legislative requirements and meeting our high standards of safety.

The investment programme in the later years of the plan has also been informed by a detailed stock condition survey, the final version of which was completed by Savills in October 2019.

Investment in new housing

In addition to investment in existing homes, the extra funding made available through the partnership with Wheatley has enabled us to invest in new homes. The restructure of our funding arrangements in December 2019 increased our development capacity and provided sufficient funding to allow for the planned delivery of 1,000 new homes for social rent. Site closures and changes in working practices resulting from the Covid-19 pandemic delayed delivery of our programme in 2020/21 however the programme is now progressing well with developments at Sanquhar and Monreith now complete and the final 6 units out of a total of 32 at Lincluden expected to be handed over by 31 March 2022. Over the first five years of the financial projections we anticipate the completion of 965 new homes taking the total number of homes completed since joining the Wheatley Group to just over 1,000 units. Development costs and grant assumptions have been updated to reflect actual amounts, where known, and our latest expectations on delivery. These are shown in the table below:

DGHP Financial Projections# | 2022/23

£000s	2022/23	2023/24	2024/25	2025/26	2026/27	Total
Development Cost	7,746	46,844	67,576	36,432	8,377	161,544
Grant Income	(5,063)	(34,013)	(33,523)	(9,761)	0	(78,705)
Capitalised Demolition Costs	618	497	341	748	511	2,714
Capitalised New Build Staff	895	917	936	899	883	4,531
Capitalised Interest	132	235	973	929	330	2,598
Net Cost	4,328	14,480	36,301	29,247	10,102	94,458
Units Completed	37	52	349	384	143	965

Investment in non-housing assets

In addition to investment in housing a provision of £10.9m has been made over the five year period for implementation of our digital transformation and office accommodation strategy.

2.10 Funding

[redacted]

3. Financial projections – next 5 years

The tables below show the projected financial statements for the five year period from 2022 to 2027.

3.1 Statement of Comprehensive Income

STATEMENT OF COMPREHENSIVE INCOME	Forecast				
	Year 1 2022/23	Year 2 2023/24	Year 3 2024/25	Year 4 2025/26	Year 5 2026/27
	£'000	£'000	£'000	£'000	£'000
Net Rental Income	44,529	45,949	47,625	51,492	54,548
Other Income	2,520	1,629	1,645	1,564	1,578
Grant Income	3,624	4,577	32,442	35,904	13,208
Total Income	50,673	52,155	81,713	88,960	69,334
Management Costs	(11,114)	(11,464)	(12,007)	(11,584)	(11,623)
Repairs & Maintenance	(10,038)	(10,352)	(10,887)	(10,918)	(11,406)
Demolition and ER/VR	(688)	(891)	(1,462)	(968)	(312)
Support Activities	(691)	0	0	0	0
Bad Debts	(943)	(967)	(989)	(1,082)	(1,159)
Depreciation	(13,649)	(14,718)	(15,642)	(17,362)	(18,844)
Operating Expenditure	(37,122)	(38,393)	(40,988)	(41,914)	(43,344)
Gain on Investment Properties	112	113	114	115	116
Operating Surplus	13,663	13,875	40,839	47,161	26,107
Operating Margin	27%	27%	50%	53%	38%
Net Finance Costs	(5,180)	(5,215)	(5,506)	(7,213)	(9,020)
Movement in Value of Social Housing	(24,288)	610	(38,549)	(42,858)	(8,476)
Total comprehensive income	(15,805)	9,271	(3,215)	(2,910)	8,610

The information presented in the table above includes inflation.

Income

Net rental income is projected to grow over the period as a result of the assumed rent increases and the additional properties completed as part of the development programme.

Other income includes garage and garage site rents, mid market rent lease income and commercial property rents in addition to grants and funding received for specific short term initiatives. The reduction over the period is due to funding for certain initiatives such as temporary accommodation and the young person project which is included in the first year only together with a reduction in service charge income as a result of the demolition programme.

In line with our accounting policies, housing properties are assumed to be carried at valuation with assumed movements reported in comprehensive income. As properties are carried at valuation, under FRS102, grants received in respect of new build developments are released to the statement of comprehensive income in full on completion of the properties using the performance method.

Operating Expenditure

Staff and running cost assumptions have been updated to reflect our new operating model including the move to Group Services, the launch of our new neighbourhood environmental teams and Wheatley360 services. Savings in running costs from procurement and our office accommodation strategy have been assumed in the first two years and employee cost savings of £800k are assumed to be achieved across years 4 and 5.

Repairs and maintenance costs are projected to remain relatively stable over the period with increases in line with assumed inflation and additional provisions for new homes. While we anticipate achieving savings in gas maintenance in the coming year as a result of bringing the service in house, these have not been reflected in our financial projections to provide some protection against the current high inflation levels.

Support activity costs relate to the temporary accommodation and young person projects. The contracts for these services are assumed to end in March 2023 so costs are included in the first year only.

Operating Surplus

DGHP are projected to make an operating surplus in all years with this higher in years 3 and 4 due to an increase in the new build grant recognised. The increase in grant recognised also results in an increase in operating margin from 27% in 2022/23 to 53% in 2025/26. As grant reduces in year 5 operating margin falls to 38%.

Excluding the impact of grant income and valuation adjustments, underlying operating surplus reduces from 21% in 2022/23 to 17% in 2024/25 as a result of the costs associated with demolition and organisational restructure before increasing to 23% by 2026/27.

Funding costs

[redacted]

Comprehensive Income

In years 1, 3 and 4, total comprehensive income is showing a deficit primarily as a result of the assumed reduction in valuation of social housing properties. This reduction in valuation arises from the difference between the EUV-SH valuation of new build properties compared to the gross cost of development. The valuation movement in 2022/23 also reflects an adjustment in respect of the 529 properties assumed to be demolished.

3.2 Statement of Financial Position

STATEMENT OF FINANCIAL POSITION	Forecast				
	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Housing assets	402,125	453,003	486,266	482,326	482,087
Investment Properties	11,821	11,934	12,048	12,163	12,279
Other Fixed Assets	7,744	8,584	8,183	7,651	7,697
Total Fixed Assets	421,689	473,522	506,497	502,140	502,063
Current Assets	7,585	7,629	7,638	7,663	7,681
Current Liabilities	(18,836)	(48,432)	(49,677)	(23,702)	(10,665)
Net Current (Liabilities)/Assets	(11,251)	(40,803)	(42,040)	(16,038)	(2,984)
Long term liabilities	(161,870)	(174,880)	(209,833)	(234,387)	(238,756)
Provisions	(475)	(475)	(475)	(475)	(475)
Pension liability	(3,325)	(3,325)	(3,325)	(3,325)	(3,325)
Net Assets	244,768	254,039	250,824	247,914	256,524
Total Reserves	244,768	254,039	250,824	247,914	256,524

The information presented in the table above includes inflation.

Fixed Assets

In accordance with our accounting policy housing properties have been forecast at valuation with the opening valuation based on the figures reported in DGHP's audited statutory accounts. Over the period shown above, housing and investment properties are expected to increase by 17% as a result of planned investment in existing stock and in new properties.

Other Fixed Assets include fixtures and fittings and IT equipment, the value initially increases as a result of assumed investment in office accommodation and IT before decreasing in the later years as annual depreciation charges exceed additions.

Net Current (Liabilities)/Assets

Current assets includes rent and other debtors, and cash balances. This is expected to increase over the period due to assumed increase in rent arrears as a result of tenants moving onto Universal Credit. Our financial projections assume DGHP will retain a minimum of £3m of cash.

Movements in current liabilities relate predominantly to grant received in respect of housing under construction. This is recognised as deferred income until the units are completed at which point it is transferred to the Statement of Comprehensive Income as part of Turnover.

Long Term Liabilities

Long term liabilities relate to outstanding loan amounts net of fees. This is forecast to increase over the period to fund investment in existing properties and the development programme.

Reserves

Over the projected period shown above, reserves are expected to increase as valuation adjustments in respect of new build and demolition are offset by increases in underlying income.

3.3 Statement of Cashflow

Cash Flow	Forecast				
	Year 1 2022/23	Year 2 2023/24	Year 3 2024/25	Year 4 2025/26	Year 5 2026/27
	£'000	£'000	£'000	£'000	£'000
Operating Activities					
Turnover (excl Grant)	47,049	47,579	49,271	53,056	56,127
Operating Expenditure (excl Depreciation)	(23,473)	(23,675)	(25,346)	(24,552)	(24,499)
Net Cash from Operating Activities	23,576	23,904	23,925	28,504	31,627
Investing Activities					
Core & Other Capital Expenditure	(23,290)	(17,335)	(17,227)	(16,740)	(17,027)
New Build Expenditure	(9,391)	(48,492)	(69,825)	(39,008)	(10,102)
Grant Income	5,063	34,013	33,523	9,761	0
Net Cash used in Investing Activities	(27,619)	(31,815)	(53,529)	(45,987)	(27,128)
Funding Activities					
Finance Costs (Cash)	(4,116)	(4,121)	(4,382)	(6,059)	(7,921)
Working Capital Movements	(1,139)	116	156	142	153
Loan Drawdowns	82,328	11,916	33,830	23,399	10,219
Loan Repayments / Transfer	(114,000)	0	0	0	(6,950)
Net Cash from Funding Activities	(36,927)	7,911	29,604	17,482	(4,499)
Net Movement in Cash	(40,970)	0	0	0	0

Net Cash from Operating Activities

The plan projects an increase of 34% in cash from operating activities over the five year period. This is due to increases in income as a result of projected rent increases and the additional 965 new build properties expected to complete together with assumed savings in staff and running costs.

Net Cash used in Investing Activities

This reflects the on-going core programme and other investment works, and the new build programme. The programme of catch up investment in existing properties is expected to be largely complete by the end of 2022/23 and investment reduces from 2023/24 on.

Net Cash from Funding Activities

[redacted]

4. Funding and debt profile

[redacted]

5. Key Financial Ratios

5.1 Whilst covenants attached to WFL1 funding are assessed at Group level, rather than individual RSL level, there are important financial parameters which need to be met to ensure that DGHP remains financially sustainable in the long term and that its contribution to the RSL Borrowing Group, along with all the other RSLs in the group, allows WFL1 to meet its external funding conditions. The following criteria therefore need to be taken into account when assessing the impact of any risks or business decisions on projections:

5.2 Operating margin generation

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

£'000	2022/23	2023/24	2024/25	2025/26	2026/27
Income (excluding grant income and property valuation movement)	47,049	47,579	49,271	53,056	56,127
Adjusted Operating Surplus	9,927	9,186	8,283	11,142	12,783
Adjusted Operating Margin (%)	21%	19%	17%	21%	23%

The adjusted operating margin, which excludes grant income and valuation movements, is the measure used to test covenant compliance. It is lower than the operating margin reported in the Statement of Comprehensive income at 3.1, illustrating the significant impact that the recognition of grant income on completion of new build has on the results. The margin increases over the five years due to additional rental income generated from completed new build units, as well as efficiency savings.

5.3 Cash flow strength

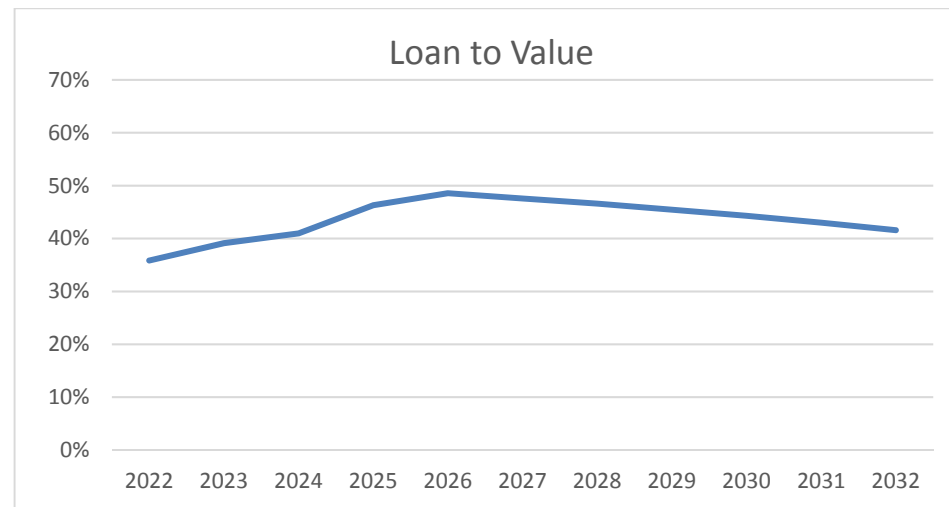
Cash flows need to be sufficient to demonstrate that there is enough cash available to service intra-group debt each year and to repay funding within 30 years. **Revenue surplus** removes items that are non-cash and/or unrelated to underlying operations, such as grant income and property valuation movements,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

Cash Flow Strength	Forecast				
	Year 1 2022/23	Year 2 2023/24	Year 3 2024/25	Year 4 2025/26	Year 5 2026/27
	£'000	£'000	£'000	£'000	£'000
Revenue Surplus	23,576	23,904	23,925	28,504	31,627
Less Capital Investment (Existing Properties)	(18,375)	(14,944)	(15,802)	(15,637)	(15,983)
Revenue Surplus less Capital Investment	5,201	8,960	8,123	12,867	15,644
Net Finance Costs	(5,180)	(5,215)	(5,506)	(7,213)	(9,020)
Interest Cover	21	3,745	2,617	5,654	6,624
Interest Cover x	1.00	1.72	1.48	1.78	1.73

The table above shows that despite the higher levels of investment in our existing homes in year 1, we will generate sufficient cash, or revenue surplus, from our underlying business operations to cover the cost of investment in our existing homes and our borrowing costs. This is a significant milestone and means that our underlying operational surplus when expressed as a proportion of funding costs is >1 from year 1 onwards, a key indicator of the financial strength of the business. Over the longer term it is projected that debt can be repaid in 2048/49 of the plan with £107.8m of cash generated by year 30.

5.4 Asset cover

One of the metrics which governs overall borrowing limits is the value of the owned asset base. Under the RSL borrower group funding arrangements, DGHP's investment and development programme will be supported by intra-group borrowing from WFL1 which operates on a Group wide borrowing and asset security basis. Assets are typically based on the cash flows associated with these assets, business decisions, such as in relation to rent growth, will have an impact on asset values. The loan to value profile for DGHP is as follows:



Loan to value increases from 36% at March 2022 to a peak of 49% in 2026 as a result of the additional debt required to fund our development programme. This remains well below our 70% golden rule maximum level and demonstrates that DGHP will have sufficient asset cover to support loans. On successful completion of funder negotiations to increase one of the key RSL borrower group covenants, debt per unit, we will also have capacity to increase our development programme beyond the current 1,000 units, delivering up to 1,500 new homes over 10 years.

6. Risk Analysis

The key challenges for DGHP include:-

- How we best mitigate the risk of the current economic climate including the potential impact of increasing inflation on both our business and our customers in particular the impact this will also have on our customers and their ability to keep their rent accounts up to date.
- How we deliver the investment required to make our homes more sustainable within the funding available through both our own financial resources and external funding sources
- The changing housing market in Scotland, with affordability an increasing national priority across a wider range of residents and potential demand implications for social and mid-market housing.
- Limitations on public resources creating need for innovative solutions to deliver national priorities and leading to increased demand for our services
- Delivery of the new build programme within available resources

The table below sets out key financial sensitivities on DGHP's funding covenants and key financial indicators.

DGHP Financial Projections# 2022/23

No.	Risk Description	Interest Cover x					LTV	Cash Flow		Mitigation
		2023	2024	2025	2026	2027	Max value	Peak debt	Debt repaid	
2022/23 Financial Projections		1.0x	1.7x	1.5x	1.8x	1.7x	49%	£236.3m	27	
1	Cost inflation increases to 5% in years 1 and 2. No change to assumed rent increases.	0.9x	1.6x	1.3x	1.6x	1.5x	50%	£250.8m	30	Costs increasing faster than rent results in reduction in interest cover and increased debt. Additional efficiency savings would be required
2	Rent increase reduced to 2.5% in years 2-5	1.0x	1.6x	1.3x	1.5x	1.5x	49%	£253.9m	No repay within 30 years	Review operating model and repairs service to seek additional efficiencies.
4	Voids are 1% higher	0.9x	1.6x	1.4x	1.7x	1.7x	49%	£241.1m	28	Performance monitoring and management together with a review of the rent setting policy
5	Bad debts are 0.5% higher	1.0x	1.7x	1.4x	1.7x	1.7x	49%	£238.6m	28	Review of rent setting policy, operational efficiencies and service and repair levels to mitigate the financial impact of the additional bad debt costs.
6	Planned staff cost savings are not achieved	1.0x	1.7x	1.7x	1.8x	1.6x	48%	£238.7m	28	Interest cover improved in 2024/25 due to reduction in restructuring costs. Over longer term performance monitoring required to identify overspends and areas for efficiencies to be realised
7	Reactive and void repairs costs increase by 20% in years 1 and 2	0.6x	1.3x	1.4x	1.7x	1.7x	49%	£241.0	28	Performance monitoring and service review to identify areas where efficiency savings can be realised.
8	Investment programme accelerated to bring forward spend of £5m to 2022/23	0.0x	1.7x	1.4x	1.7x	1.7x	50%	£241.0m	27	Efficiencies sought in other areas to offset the impact in 2022/23

DGHP Financial Projections# | 2022/23

9	Investment spend increases by £3m in each of years 1-5 due to regulatory changes	0.4x	1.1x	0.9x	1.3x	1.3x	51%	£254.5m	28	Performance monitoring and review services to identify overspends and areas for efficiencies to be realised
10	Development costs are 15% higher on 4 legacy schemes with no change in grant	1.0x	1.7x	1.5x	1.8x	1.7x	49%	£241.0m	28	All schemes subject to appraisal and board approval prior commencement.
11	Rent increase limited to 2.9% years 2-4, bad debts are 1% higher and repair costs increase by 10%	0.7x	1.3x	1.0x	1.3x	1.3x	51%	£267.4m	No repay within 30 years	Performance monitoring, operational efficiencies and review service and repair levels to identify areas where savings can be made.



Report

To: DGHP Board

By: Anthony Allison, Director of Governance

Approved by: Steven Henderson, Group Director of Finance

Subject: Governance update

Date of Meeting: 9 February 2022

1. Purpose

1.1 To update the Board on the outcome of the strategic governance review, the areas relevant to us and the implementation plan, together with an update on the Novantia hive up.

2. Authorising and strategic context

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

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

2.3 The contractual relationships and transfers between us and Novantia are subject to Board approval.

3. Risk appetite and assessment

3.1 Our agreed risk appetite for governance is “cautious”. This level of risk tolerance is defined as a “preference for safe delivery options that have a low degree of inherent risk and have only limited potential for reward”. This reflects our risk appetite in relation to laws and regulation, which is “averse”, with the avoidance of risk and uncertainty is a key organisational objective and a priority for tight management controls and oversight.

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

- 3.3 We mitigate this risk by having clearly defined roles and responsibilities across our governance framework, regularly reviewing our framework and submitting our governance arrangements to external review.
- 3.4 The strategic governance review engaged independent expertise to review our governance arrangements and make recommendations for how they can be further refined to continue to mitigate this risk.
- 3.5 In relation to wider governance related activity associated with our relationship with Novantia there is a risk that transactions and relationships are not clearly defined or documented. We have sought to mitigate this risk by engaging external legal advice in relation to the proposed Novantia hive up.

4. Background

- 4.1 Campbell Tickell, independent governance experts, were appointed to undertake the strategic governance review. The review was undertaken in line with the review ToR, focussing on 4 areas:
 - 1. The Group structure;
 - 2. The role and remit of Boards and Group Committees;
 - 3. Board compositions; and
 - 4. Board practice.
- 4.2 The Board has previously agreed our proposals to remove duplication in the Group by using Lowther Homes as the sole vehicle for factoring, commercial, full and mid-market rent. This was on the basis of the Board reviving a detailed update on the proposed service model and how this would ensure continuity of service and local presence for customers.
- 4.3 The Board agreed in August to delegate authority to execute the special resolutions transferring Novantia's property and cash to DGHP by way of dividend in specie and delegated authority to approve the missive for the acquisition of Novantia's properties.

5. Customer engagement

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

6. Discussion

- 6.1. The Group Board received feedback on the headline findings from the review directly from James Tickell of Campbell Tickell at its strategy workshop in August. The findings, in line with the agreed methodology, were based on individual interviews with all Group Board members, a sample of Board members from each partner Board and a comprehensive desktop review of both our governance framework documents and Board papers.
- 6.2. A key message at the strategic workshop was that we have strong, robust governance foundations. The Group Board subsequently received and considered Campbell Tickell's report and recommendations at its meeting at the end of October.

6.3. The overarching assessment of our governance arrangements were that:

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

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

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

Group structure

Legal structure

6.6. As part of the review, Campbell Tickell noted that we have been on a journey of consolidation across the wider Group. This has included the transition to a single commercial vehicle in Lowther Homes, a single care vehicle in Wheatley Care and the reduction of the number of RSLs through the Barony and Cube stock transfer and Transfer of Engagements.

6.7. As Campbell Tickell recognised, our consolidation has ‘*been successfully achieved within the Group over a period of time*’. In terms of the future group structure, Campbell Tickell recommended that:

‘Wheatley should continue the journey of group consolidation on the current trajectory’

6.8. The Group Board partially accepted this recommendation. This was on the basis that any future consolidation would be based on whether it could deliver demonstrable and quantifiable benefits for customers. The Group Board also agreed that in terms of any future consolidation of our housing activity, this would be considered in the East first.

6.9. The Group Board reiterated that our different geographies retain distinct local characteristics; for example, the largely rural nature of Dumfries & Galloway compared to the cities of Glasgow and Edinburgh, and we consider that locally-based governance, and local tenant voices on boards, remains important in that context.

Novantia Update

6.10. [redacted]

6.11. [redacted]

Roles and responsibilities in a group context

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

Risk management

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

Role and remit of Boards

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

Risk management

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

Additional group wide scrutiny

- 6.23. Environmental and sustainability issues are prominent in our overall Group 2021-26 strategy. The Group Board also agreed that given that there was a strong case for enhanced group wide oversight within our governance arrangements. It was agreed that this will form part of the remit of the Wheatley Solutions Board.
- 6.24. This does however remain directly relevant for us on the basis that our own contribution to environmental and sustainability, for example through our investment programme and requirements in relation to EESSH 2. Equally, this Board will also be updated where appropriate on activity at Group level which will have implications for our business.
- 6.25. We also expect that a similar approach will be adopted in relation to having specific oversight of equality and diversity within our governance structures. This is subject to discussion by the Group Board in March and a further update on this will be provided in due course. We will also continue to have one of our own Board members also being a Board member of Wheatley solutions.

Board composition

- 6.26. The recommendations in this area primarily related to the Group Board specifically, with an overarching theme of moving towards smaller Boards. Taking this into account, the Group Board agreed that we should work towards all Boards having a size of 8-10, but a maximum of 10. We currently have a maximum Board size of 10.
- 6.27. The recommendations also covered three further areas: Board diversity; skills and experience, including skills mapping; and succession planning. In response to this it was agreed that the following approach should be consistently applied by all Boards across the Group:

- Each Board and Committee agrees its own skills and experience matrix;
 - Each Board member self-assesses against the skills and experience matrix;
 - The skills and experience of each member are mapped with Board requirements; and
 - The matrix is reviewed by each Board/RAAG Committee annually in conjunction with its 3 year succession plan.
- 6.28. In terms of the skills matrix, we recently agreed a refreshed skills matrix. Board members were asked to complete a self-assessment against our skills matrix. The consolidated Board member self-assessment is attached at Appendix 2. Overall, Board members supported the matrix and agreed that it captured the skills and experiences that the Board requires as a collective.
- 6.29. As part of the exercise, Board members rated themselves against each skill as either working knowledge, proficient or expert/in-depth. After consolidating the completed skills self-assessments, it was found that we have no material gaps and have an appropriate balance and composition of skills and experiences on the Board.
- 6.30. We have identified four areas where Board members may benefit from professional development to help achieve “reasonable proficiency” and will work with those Board members to help develop this; one of these was in equal opportunities and diversity, which is an area included in our Board CPD for 2022.
- 6.31. On the basis of a future Board size of 8-10 and that we have been able to cover out skills requirements with 7 existing members it is proposed that our future Board composition should be as follows:
- 6 Independent Board members; and
 - 3 tenant members.
- 6.32. This would mean tenants forming at least one third of the overall Board whilst allowing us sufficient independent places to recruit for specific specialist skills as existing members retire in future. Changes to our Board composition would also represent an opportunity for us to review our Articles of Association more widely with view to updating them to make them consistent with the wider group style. We could then formalise such changes at a Special General Meeting in tandem with the 2022 Annual General Meeting.
- 6.33. The proposed Board size would mean we have 2 vacancies – one for a tenant member and an additional independent member. A recruitment exercise is currently underway to identify a suitable tenant member. We are currently engaging with over 160 customers who told us that they wish to be involved in future engagement events for DGHP and we are using this to also potentially identify prospective Board members. Our objective is to make recommendations to fill this vacancy to the next meeting.
- 6.34. As we have no immediate skills gap, it is proposed that we prioritise completing the recruitment of a tenant Board member in the short term. A potential area for our future independent recruitment could be strategic housing, where depth would be consistent with our core role as a RSL. This would also allow us time to review our ToR.

6.35. In the short term we continue to operate at the regulatory minimum of 7 members. We have however an undertaking from the Group that in the event we would drop below this a redeployment would be identified immediately to address the issue in the short term.

Board practice

6.36. It was recommended that we establish new arrangements for holding Board and Committee meetings virtually and that a hybrid model be considered for meetings in future.

6.37. We have now undertaken testing of 'mixed' meetings where attendees are both in-person and by video conference, including at our last Board meeting.

6.38. The testing has been successful. It is proposed that our approach in future should be as following:

- For attendance at scheduled meetings, the default should be attendance in person;
- Virtual attendance at scheduled meetings should be with the prior agreement of the Chair;
- For additional meetings outwith the normal schedule or rescheduled meetings attendance would preferably be in person, but virtual would be an option without any need for prior agreement with the Chair;
- Additional meetings will offer the option to attend virtually by default and where there is a limited agenda or purely transactional business be held virtually; and
- Board workshops may only be attended in person other than exceptional circumstances agreed in advance with the Chair (eg full workshop is virtual).

6.39. In addition to the above, it is intended that we make greater use of virtual attendance for staff members at Board meetings. For example, where a staff member is attending a meeting to cover a single item, which is relatively routine in nature they may attend virtually with prior agreement of the Chair and Lead Executive.

6.40. We also want to re-establish the Board having an understanding of and directly influence plans for the year ahead in terms of Board activity. On this basis, the proposed Board planner for the rest of the calendar year is set out at Appendix 3 for Board feedback.

6.41. As would be expected, the early stages of the planner are more detailed than the latter stages. A refreshed Board planner will be brought back to the May meeting, by which time latter year activity will be more defined.

Summary

6.42. The strategic governance review recognised the strength of our existing governance arrangements and provided recommendations for how we can continue to refine them. The Group RAAG Committee has been delegated responsibility to oversee the implementation at Group level.

- 6.43. A key element of our implementation approach is engaging with Boards across the group as we progress with implementation to ensure that they are informing and influencing our approach. This also ensures that all Boards clearly understand our governance arrangements and each Board is clear on its own role and responsibilities.

7. Digital transformation alignment

- 7.1. There are no links to digital transformation associated with this report.

8. Financial and value for money implications

- 8.1. There are no finance and value for money implications contained within this report.

9. Legal, regulatory and charitable implications

- 9.1 Standard 6 of the SHR Regulatory Standards of Governance requires the governing body of all RSLs to 'have the skills and knowledge they need to be effective.' This includes annually assessing its 'skills, knowledge, diversity and objectivity'.

10. Equalities implications

- 10.1 There are no direct equalities implications arising from this report however, it is important to monitor the composition of skills on the Board to ensure diversity of knowledge which supports our equality aims.

11. Environmental and sustainability implications

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

12. Recommendations

- 12.1 The Board is asked to:
- 1) Provide feedback on the planned implementation approach of the strategic governance review;
 - 2) [Redacted]
 - 3) Agree the proposed future Board composition of 6 independent members and 3 tenant members and that we commence a wider review of our Articles of Association; and
 - 4) Provide feedback on and approve the 2022 Board planner.

List of Appendices

Appendix 1: Strategic governance review implementation plan
Appendix 2: Skills mapping analysis
Appendix 3: Draft 2022 Board planner

Strategic governance review – implementation

Recommendation/Area for refinement	Proposed approach	Indicative timescale	Updates
Group Structure			
Continue current consolidation approach	<p>Partially accept recommendation</p> <p>It is proposed we accept this recommendation as a direction of travel. This will remain subject to it being able to deliver demonstrable and quantifiable benefits for any consolidation.</p> <p>Our different geographies retain distinct local characteristics; for example, the largely rural nature of Dumfries & Galloway compared to the cities of Glasgow and Edinburgh, and we consider that locally-based governance, and local tenant voices on boards, remains important in that context.</p>	Update to Dec 21 Board	Group Board agreed proposed approach for single development vehicle and arrangements to consolidate Novantia activity into Lowther Homes is underway.
Ongoing consideration should be given to the opportunity to deepen tenant insight using case studies and customer journeys, data and interaction with established tenant groups such as the Scrutiny Panel.	<p>1) Agree – implementation already underway</p> <p>To be covered by the implementation of the new Group Engagement Framework, which will be monitored at individual Board level post consultation. An update to the Board on progress of this across the group will be scheduled for the 2022 strategy residential.</p>	June 22	
<p><u>Recommendation 2</u></p> <p>Arrangements for control and oversight of the group's subsidiaries should continue to evolve and develop as the group structure changes as follows:</p> <p>1. Clarify in documentation how the Group Board maintains overview and scrutiny of the subsidiaries, including the routes and parameters for escalation of issues and risks arising in subsidiaries</p> <p>2. Prepare terms of reference for subsidiary boards so that there is a clear and definitive description of the role and responsibilities of each board</p>	<p>1) Accept recommendation</p> <p>Additional wording to be added to Group Standing Orders to further codify scrutiny role and define routes and parameters for escalation. It should be noted there are already existing mechanisms in place in key areas, for example through the Scheme of Financial Delegation and risk scoring thresholds. It is intended escalation becomes a defined responsibility of individual Board Chair, in discussion with the Group CEO – formalising what happens in practice.</p> <p>2) Accept recommendation</p> <p>Whilst this already largely exists via the Group Authorising Framework and Group Authorise Management Monitor Matrix this process will also act as a mechanism to ensure that roles and responsibilities of each Board (rather than individual Board members), including relative to the wider Group, are well defined and understood by each Board.</p>	<p>December 2021</p> <p>April 2022</p>	<p>Proposed wording agreed by RAAG on 15 December 2021</p> <p>Draft terms of reference to be presented to next Board</p>

<p>3. Institute regular reporting of some form by subsidiary chairs to the Group Board (accepting interim arrangements may be required pending reduction in the size of the Group Board)</p> <p>4. Set a single risk appetite for the group, with tolerances within which the subsidiaries are required to operate</p>	<p>Terms of Reference will be prepared and considered by each individual Board and thereafter be subject to Board approval. It is proposed that as part of this process Wheatley Solutions is formally designated the responsibility for oversight of the Group's environmental and sustainability activity as well as clearly defined responsibility for emerging areas such as Equality and Diversity and retrofitting.</p> <p>3) Partially accept recommendation Given the current number of subsidiary Chairs, there is, as recognised, a practicality issue attached to this recommendation. Also, the core purpose of having Subsidiary Chairs as Board members is to ensure this happens in practice through Board discussions. It is proposed therefore that as interim arrangement we formally document in the Group Standing Orders a requirement for Subsidiary Chairs to feedback any material issues to the Group Board during Board discussions.</p> <p>4) Partially accept recommendation We have different risk appetite levels which reflect the different maturity levels and types of activity across the Group. It is proposed the underlying requirement for the Group Board to have control over risk oversight is met by all risk appetite statements and any changes requiring Group Board approval. All risk statements are due to be reviewed in spring 2022.</p>	<p>December 2021</p> <p>June 2022</p>	<p>To be covered at Group Board under AOCB in short term until the process set out in the Terms of Reference is agreed.</p> <p>Plan for review to be reviewed by Group Audit Committee in Feb 2022 with update to Group Board Feb 2022</p> <p>Revised risk appetite statements reviewed and approved by Group Board – June 22</p>
<p>There would be merit in reviewing Matters Reserved and delegations to ascertain if further streamlining could take place.</p>	<p>Accept suggestion</p> <p>A full review of matters reserved and delegations will take place as part of the implementation process. This will include a review of the Group Standing Orders and the template Intra-Group Agreement.</p>	<p>April 2022</p>	<p>Phase one included in report to RAAG covering matters reserved to the Group Board. More detailed review to be presented to RAAG Feb 2022 for initial review and onward recommendation to Group Board April 2022</p>
<p>Role and remit of Boards and Committees</p>			
<p>Responsibilities within the governance structure in relation to risk management should be clarified and amplified as follows:</p> <p>1. The roles of the Board and GAC in relation to risk management should be made clearer and explained in more detail in documentation</p> <p>2. Deep dives into potential risk areas should be included in the remit of GAC</p>	<p>1) Partially accept recommendation – Following the risk management workshops planned for spring 2022 our documentation will be updated</p> <p>2) Partially accept – linked to 1), this shall be reviewed following the risk management workshops as part of a wider refinement of our approach and associated roles and responsibilities. There are a number of areas where we already do this in practice just not characterised as 'deep dives. Examples over the last year have included cyber security, fire safety being added to the Audit committee as a standing item, furlough, PPE and business plan assumptions.</p>	<p>Both June 2022</p>	<p>Initial wording in relation to key responsibilities and matters reserved to Board and Group Audit Committee Terms of Reference. The Group Audit Committee ToR include additional wording re the role of the Committee undertaking more detailed risk monitoring at the request of the Group Board. These may be further refined following the risk workshops in spring 2022.</p>
<p>Reporting about and oversight of risk within the governance structure should be strengthened as follows:</p>			

<p>1. Reporting to Group Board should generally focus on the top 10-12 strategic risks</p> <p>2. Risks should usually be presented in ranked order of residual score (highest scoring first) – we understand this is already planned</p> <p>3. A Board Assurance Framework or other form of reporting should be developed to provide the Board periodically with greater depth of information about the sources and strength of assurance available in relation to key risks</p> <p>4. Consideration should be given to depicting controls against the three lines of defence in order to make it easier for the Board to recognise gaps</p> <p>5. Work to align risk appetite with risk scoring should be completed and used to make it clear in reporting whether risks are being managed within the appetite set by the Board – as already planned</p> <p>6. As a minimum, GAC should have included in its papers any full internal audit reports giving less than substantial assurance</p> <p>7. The frequency of reporting on risk to subsidiary boards should be increased to quarterly</p>	<p>1) and 2) Accept recommendation</p> <p>Strategic risk register structure to be updated to be ranked in order, which will ensure the top10-12 are also more prominent</p> <p>3)Partially accept recommendation</p> <p>It is proposed that we embed this within the risk register reporting format. Core sources of assurance will also include detailing where risks are considered by Boards/Committees across the Group. Revised risk register format to be reviewed by Group Audit Committee in Feb 2022.</p> <p>4)Accept recommendation (to consider)</p> <p>To be considered as part of the review of the risk register reporting format and proposals. Revised risk register format to be reviewed by Group Audit committee in Feb 2022.</p> <p>5)Accept recommendation</p> <p>As recognised, this is already planned and will be completed as part of the risk workshops.</p> <p>6)Partially accept recommendation</p> <p>All Internal Audit reports are already available on request. It is proposed that the Chair of the Group Audit Committee is responsible for agreeing, in consultation with the Chief Internal Auditor, where the findings of the report are such the full reports should be issued in advance rather than on request. As both roles are independent of management, this further strengthens the impartiality of the decision.</p> <p>7)Accept recommendation</p> <p>To be implemented from 2022.</p>	<p>From 2022 reporting cycle</p> <p>February 2022</p> <p>February 2022</p> <p>Spring 2022</p> <p>From 2022 reporting cycle</p> <p>From 2022 reporting cycle</p>	<p>Refreshed reporting approach to be presented to Group Audit Committee at February 22 meeting. Updates to be presented within risk report to Group Board in Feb 22. This will then be discussed with partner Board through risk workshops.</p> <p>See earlier timeline on review.</p> <p>To be agreed by Committee Chair on ongoing basis as part of meeting pre-meets.</p> <p>Implemented</p>
<p>Group Audit Committee - The terms of reference do not include reference to oversight of internal controls and we would recommend that the risk section should have more definition.</p>	<p>Accept recommendation</p> <p>In practice, internal controls are inherent in the approval of the Internal Audit Plan and monitoring Internal Audit reviews. Similarly, the committee undertakes what are effectively deep dives (this is English regulatory terminology for a detailed review) in areas such as fire safety and cyber security.</p> <p>However, the Committee Terms of Reference will be reviewed by Committee, including:</p> <ul style="list-style-type: none"> ▪ to make specific reference to internal controls ▪ review the risk wording, including what, if any role, the Committee should have undertaking 'deep dives' ▪ recommendations made to the Board. 	<p>February 2022</p>	<p>Draft approved by RAAG 15 December 2021 for initial review.</p> <p>Group Audit Committee to consider and agree in Feb 22 for onward recommendation to the Group Board for formal agreement and adoption in Feb 2022</p>

Board composition			
Development of the approach to Board and Committee skills mapping to ensure sufficient expertise and inform succession planning should continue.	<p>Accept recommendation</p> <p>This is already underway at partner Board level. It is intended a full skills mapping of the Board and Committees be undertaken to inform the Board workshop proposed above to inform the discussions.</p>	March 2022	Proposed approach agreed by RAAG and to be implemented via individual Boards. This has already been undertaken by DGHP Board.
Board practice			
<p>Boards and committees should be supported to participate together in effective discussion and decision-making as follows:</p> <ol style="list-style-type: none"> 1. New arrangements for holding virtual meetings should be agreed and adopted as a matter of relative urgency, which allow the whole of any Board or committee to participate in discussion and decision-making together – such that these are available if needed 2. A hybrid model should be considered going forwards which combines virtual meetings for more transactional-type meetings with face to face meetings giving the opportunity for more open-format strategic discussion 3. Efforts should be made to ensure Board and committee papers are concise, with executive summaries incorporated into the template and recommendations moved up-front in reporting 	<p>1) And 2) Accept recommendation</p> <p>Proposals to be developed for consideration by the Board on where virtual meetings would be appropriate. We are also in the early stages of testing the technology under a hybrid approach of in person and virtual attendees. It is intended this be tested in greater detail before considering it as an option for Board meetings. It is proposed however that the default for scheduled Board meetings remains in person. The urgency of Recommendation 1 has now been superseded by resumption of full Boards.</p> <p>3) Partially accept recommendation</p> <p>It is proposed the Board template be further reviewed. This will cover both content and structure. This will include consideration to an Executive Summary, however it is not proposed we commit to this in advance of the review.</p>	<p>Feb 2022</p> <p>February 2022</p>	<p>Proposals for virtual meetings agreed and to be implemented via individual Boards</p> <p>Revised template included in RAAG report for consideration and onward agreement by the Board in February 2022.</p>



DUMFRIES AND GALLOWAY HOUSING PARTNERSHIP BOARD: CONSOLIDATED RESULTS OF SKILLS SELF-ASSESSMENT

Please tick which box applies for each skill according to the following:

Expert or in depth	The Board member has specialist, up-to-date knowledge and experience in this area. They are likely to be working, or to have worked, in this field as a profession and is likely to have a relevant qualification where applicable. Other Board members tend to draw on their in-depth knowledge and expertise on the subject.
Proficient	This is an area in which the Board member has confidence. They would understand the detail of a Board paper and could contribute significantly to Board discussion and decision-making on the subject, including providing relevant, constructive challenge to the executive team.
Working knowledge	The Board member understands the basics of the subject. Although they may not feel able to contribute significantly to discussion or to challenge the executive on the subject, they would understand sufficiently to be able to evaluate options and appreciate the implications of a Board decision.

SKILLS AND EXPERIENCE	RSLs	WORKING KNOWLEDGE	PROFICIENT	EXPERT OR IN DEPTH
Knowledge of the areas, clients, tenants and communities served	Three or more members with in depth local knowledge of local communities and tenant needs	2 members	2 member	3 members
Community engagement – scrutiny and service delivery	A majority of Board members expected to have, or to develop, reasonable proficiency	1 member	1 member	5 members
Knowledge of other relevant sectors – health, charities, social enterprise, education, policing, or other	All Board members expected to have, or to develop reasonable proficiency	3 members	2 members	2 members
Equal opportunities and diversity; the specific needs of diverse communities in the areas served	All Board members expected to have, or to develop reasonable proficiency	1 member	5 members	1 member
General commercial business, financial & management skills	At least one expert member, two more proficient	2 members	1 member	4 members
Accountancy and audit, knowledge of relevant statutory requirements	Ideally one expert member, proficient acceptable	2 members	3 members	2 members

SKILLS AND EXPERIENCE	RSLs	WORKING KNOWLEDGE	PROFICIENT	EXPERT OR IN DEPTH
Audit, compliance, and the work of Audit Committees	At least one proficient member	2 members	3 members	2 members
Financial and treasury management, funding structures	At least one proficient member	2 members	5 members	0 members
Risk identification, management and mitigation	At least one proficient member	4 members	2 members	1 members
Legal and Regulatory	Ideally one expert member, proficient acceptable	2 members	3 members	2 members
Performance management, value for money and continuous improvement	Ideally one expert member, proficient acceptable	1 member	2 members	4 members
Governance and working as one of a Board team to make good and timely decisions	All Board members expected to have, or to develop reasonable proficiency	0 members	4 members	3 members
Experience of working as non-executive Director of a private company or plc	Ideally one expert member, proficient acceptable	3 members	4 members,	0 member
Project appraisal, management and financial modelling	Ideally one expert member, proficient acceptable	2 members	3 members	2 members
Organisational strategy and policy development	Ideally one expert member, proficient acceptable	2 members	3 members	2 members
Information technology and business systems	Ideally one expert member, proficient acceptable	2 members	4 members	1 member
Being involved in the restructuring or transformation of an organisation	Ideally one expert member, proficient acceptable	2 members	2 members	3 members
Organisational change and development	Ideally one expert member, proficient acceptable	3 members	2 members	2 member
Communications, marketing & public affairs	One or more proficient	4 members	3 members	0 members
Health and safety, and other areas of critical compliance	All Board members expected to have, or to develop reasonable proficiency	4 members	3 members	0 members
Housing management and maintenance of social housing	One expert member. All Board members expected to have, or to develop reasonable proficiency	5 members	1 members	1 member

SKILLS AND EXPERIENCE	RSLS	WORKING KNOWLEDGE	PROFICIENT	EXPERT OR IN DEPTH
Strategic asset management	One or more proficient members, one of more with working knowledge	4 members	3 members	0 members
Social and housing policy in Scotland and the wider UK	Ideally one expert member, proficient acceptable	5 member	0 members	2 members
Senior Management, leadership and strategy in a housing context (Executive level)	Ideally one expert member, proficient acceptable	5 members	0 members	2 members
Regulation for social housing (or a similar regulated area)	All Board members expected to have, or to develop reasonable proficiency	4 members	1 members	2 members
Provision of customer services in a housing or other similar context (Executive level)	At least one expert member, one or more proficient	4 members	1 member	1 member
Involvement in planning/delivery of a Value for Money strategy, in a housing or similar organisation	At least one expert member, one or more proficient	5 members	1 member	1 member
Funding, planning and development for housing and regeneration	Ideally one expert member, proficient acceptable	5 members	1 member	1 member
Property, asset management, development, regeneration, surveying etc.	One or more proficient	4 members	1 members	2 members
Environmental sustainability, in terms of reducing energy use, pollution or carbon impact from development or other property matters	At least one proficient member, one or more with working knowledge	4 members	3 members	0 members
Working with local authorities, or other government and statutory bodies	At least one expert member, one or more proficient	4 members	1 members	2 members



DGHP Board Agenda Planner 2022/2023

Meeting date	Items
30 March	<ol style="list-style-type: none">1. 22/23 Budget2. Repairs update3. Compliance update4. Finance Report5. Internal Audit Plan 22/236. Governance Update7. Gender pay gap (presentation)8. Review of Care arrangements
25 May	<ol style="list-style-type: none">1. CFC update2. Business continuity policy and framework review3. Allocations policy update4. 21/22 ARC return and year end performance5. 2022/23 Delivery Plan6. Fire Prevention and Mitigation7. Finance report8. Risk register9. Strategic Asset Appraisal Update
17 August	<ol style="list-style-type: none">1. Governance Update2. 21/22 Financial Statements3. Annual Internal Audit Report and opinion4. Finance Report5. Performance and Delivery Plan Q16. Risk register7. Development programme update
21 September	<ol style="list-style-type: none">1. Finance Report - <i>Allia covenants</i>
23 November	<ol style="list-style-type: none">1. 2023 rent setting3. Governance update4. Performance and Delivery Plan Q2



	<ul style="list-style-type: none">5. Finance report6. Assurance update7. Risk register
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Report

To: DGHP Board

By: Stephen Devine, Director of Assets and Sustainability

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

Subject: Group Health and Safety policy

Date of Meeting: 9 February 2022

1. Purpose

1.1 To inform the Board of the revised Group Health and Safety policy.

2. Authorising and strategic context

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

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

3. Risk appetite and assessment

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

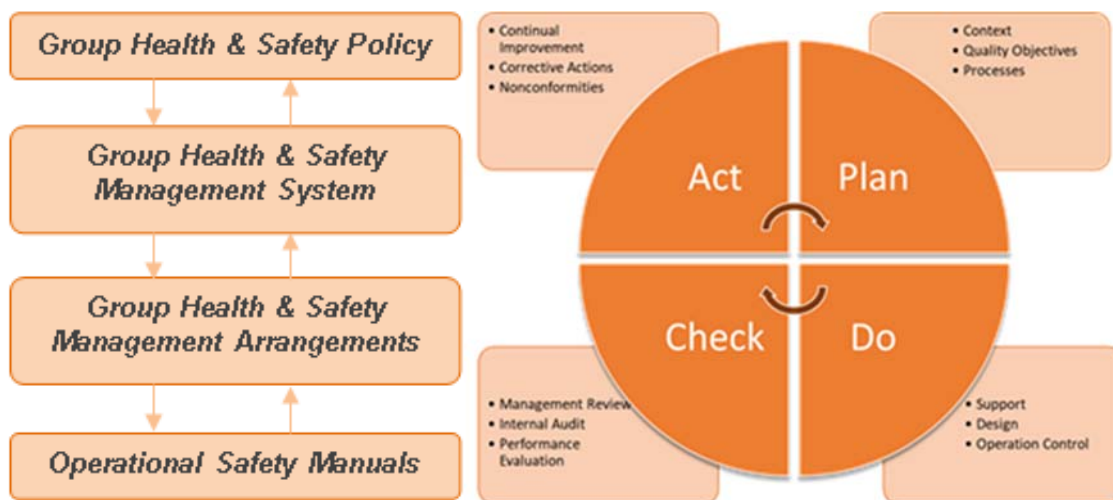
3.2 Health and safety compliance risks as associated mitigations are included in the group strategic risk register and in the subsidiary risk registers.

4. Background

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

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

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



5. Customer engagement

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

6. Discussion

Group Health & Safety policy

- 6.1 Our revised Group Health and Safety policy at Appendix 1 has been updated, in the main, to reflect home working and lone working arrangements as we transition to our new operating model.
- 6.2 As part of our new operating model, arrangements for home based agile workers have been established. This includes the rolling out homeworking self-assessments, information leaflets, and e-learning across the business as necessary, to ensure staff work as safely and comfortably from home, so far as is reasonably practicable.

- 6.3 In addition, a catalogue of items to make homeworking ergonomically safe and comfortable has been developed and is available to promote wellbeing.
- 6.4 Our operating model includes lone working that includes staff in our in-house trades, teams, environmental teams, housing and support services in. Furthermore, as more staff are working from home at times and in our communities, this means there is also an increase in lone working.
- 6.5 To address this, a Group health and safety management arrangement for lone working has been established and communicated across the Group. This includes the provision of advice and guidance for managers and staff on keeping safe when working alone.
- 6.6 New lone working technology has also been introduced and distributed, in the form of a lone working app on mobile telephones and standalone, lone working devices (pebbles). These allow staff members to speak with an alarm receiving centre, set notifications for wellbeing checks and recognises when staff may have fallen or are motionless. These devices also have an emergency distress call for use in the unlikely event that staff find themselves in threatening situations or feeling unwell.
- 6.7 E-Learning training on the use of lone working devices and personal safety have been established and implemented for all staff who may at times, be lone workers.

Health & Safety Management System & Arrangements

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

Operational Safety Manuals

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

Safe Contractor Accreditation

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

7. Digital transformation alignment

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

8. Financial and value for money implications

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

9. Legal, regulatory and charitable implications

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

10. Equalities implications

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

11. Environmental and sustainability implications

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

12. Recommendation

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

List of Appendices

Appendix 1 – Group Health & Safety policy

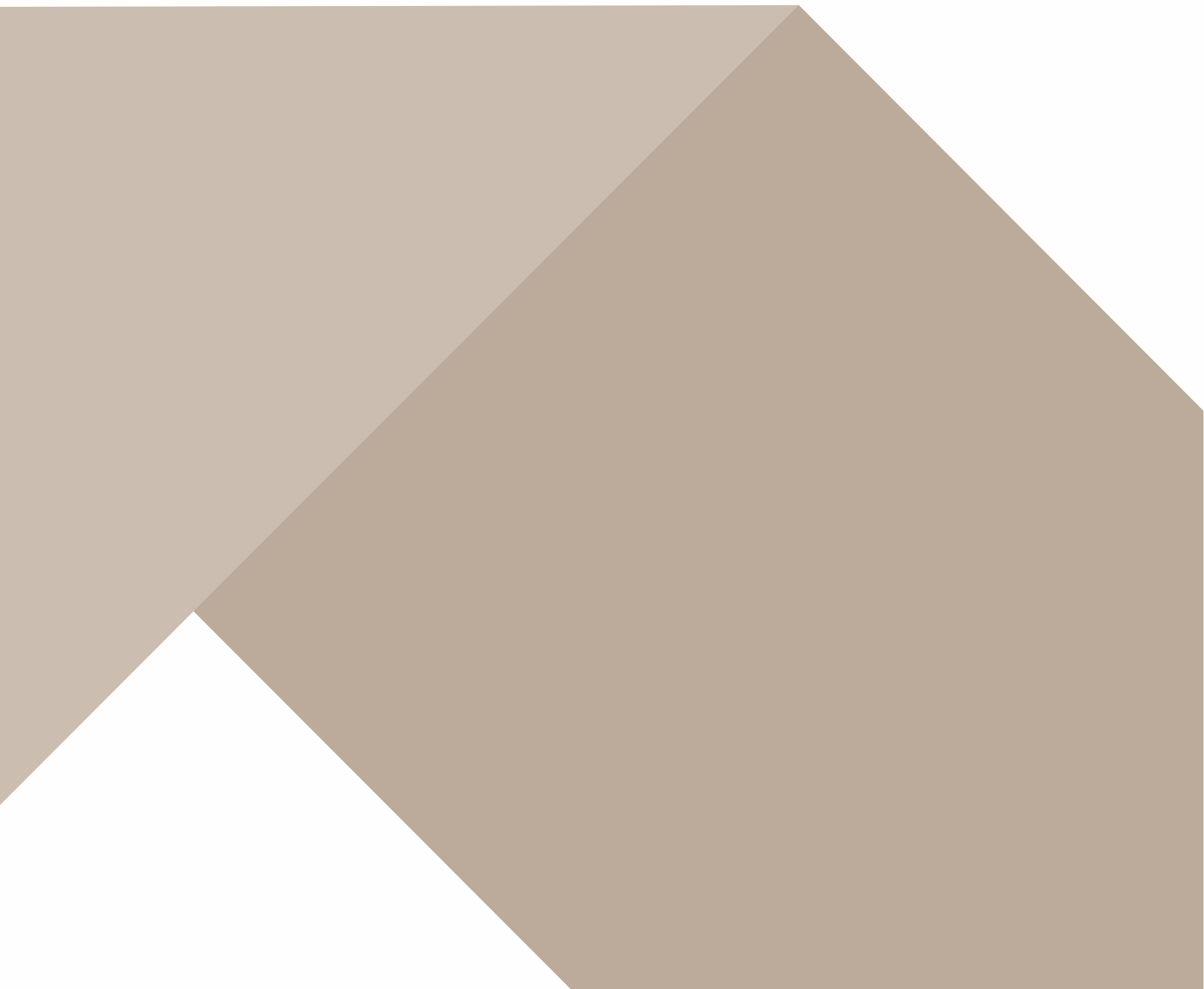
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Making homes and live better
wheatley-group.com

Group Health and Safety Policy

December 2021



Wheatley Group's Health and Safety Statement

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

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

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

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

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

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

Signed

Date: December 2021

Martin Armstrong (Chief Executive)

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Section 1 Introduction

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

Section 2 Principles, Aims and Objectives

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

Section 3 Legal and Regulatory Requirements

- 3.1 The Health and Safety at Work Act 1974 requires the Group subsidiaries to ensure, so far as is reasonably practicable, the health, safety and welfare of all staff while at work. Group subsidiaries also have a responsibility to ensure that others not employed but who may be affected by the subsidiaries' work-related activities are not exposed to risks to their health and safety.
- 3.1.1 Under the Management of Health and Safety at Work Regulations, there is a responsibility to manage health and safety effectively.
- 3.1.2 As a minimum, the following processes and procedures will be put in place to meet the required legal requirements: The Group will adopt the intentions of HS(G)65 and arrangements will be developed and reviewed in line with 'Plan, Do, Check, Act' ethos, which will apply to all preventative and protective measures, including:
- A written Health and Safety policy (this document);
 - Arrangements for the effective planning, organisation, control, monitoring and review of the preventive and protective measures that come from risk assessments;
 - Assessments of the risks to staff, contractors, customers, partners, and any other people who could be affected by our activities taking account of the general principles of prevention i.e., avoidance, prevention, reducing, protection against risks occurring.;
 - Records of all significant findings in writing
 - Arrangements for appointing one or more competent persons to ensure compliance with the relevant statutory provisions, and ensuring access to competent health and safety advice;
 - Provision of information to staff about the risks in their workplace and the preventive and protective measures;
 - Instruction and training for staff in how to deal with the risks;
 - Ensuring there is adequate and appropriate supervision in place;
 - Consulting with staff, representatives and Trade Union representatives about their risks at work and current preventive and protective measures;
 - Carrying out due diligence and ongoing oversight of the contractors and Principal Designers we appoint to ensure they have the skills, knowledge, experience and organisational capability to comply with health and safety legislation and provide the expected outcomes of the project;

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

Section 4 Roles and Responsibilities

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

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

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

4.2 Wheatley Group Board

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

4.3 Wheatley Group Chief Executive

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

- Ensuring that the necessary arrangements are in place for managing health and safety effectively, and that senior managers are accountable for health, welfare and safety;
- Providing Health and Safety Leadership within the Wheatley Group;

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

4.4 Managing Directors & Directors

4.4.1 Managing Directors and Directors of Group subsidiaries will be responsible for the application of this policy through the nomination of staff with delegated duties and responsibilities, and allocation of financial resources to ensure that they meet their Health and Safety management responsibilities.

4.4.2 Managing Directors and Directors are responsible for the implementation of the Group's Health and Safety policy, and in particular for:

- Ensuring that health, welfare and safety concerns are part of the planning and implementation of business strategy;
- Ensuring that the necessary arrangements are in place for managing health and safety effectively, and that senior managers are informed of their responsibilities as part of their role and functions for health, welfare and safety;

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

4.5 Director of Assets and Sustainability

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

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

4.6 Group Health and Safety Lead

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

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

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

4.7 Group Health and Safety Manager(s)

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

- Setting the strategic direction for care Health and Safety practice across the Group in the context of the Group Health and Safety Policy
- Establishing and maintaining The Wheatley Group Health and Safety Policy, management arrangements and Operational Safety Manual for care subsidiaries;

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

4.8 Managers

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

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

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

4.8.3 Management duties include the following:

- Ensuring that staff, contractors and visitors are aware of safety procedures and make arrangements to ensure that all staff, including temporary workers, are

familiar with The Wheatley Group Health and Safety Policy and that they are provided with relevant information, instruction, training and supervision to ensure their competence on the use of equipment, plant, machinery and substances;

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

4.9 Construction, Design and Management

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

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

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

4.10 Group Health and Safety Team

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

4.10.2 Responsibilities of the Group Health and Safety Team include:

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

4.11 Powers of the Group Health and Safety Team

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

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

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

4.12 Group Employee Relations Team

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

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

4.13 Care Management Team

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

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

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

4.14 Staff

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

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

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

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

4.15 Trade Union Safety Representatives

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

Section 5 General Health and Safety Arrangements

5.1 Accident, Incident, Near Miss Reporting and Investigation

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

5.2 Alcohol, Drugs and Gambling Addiction

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

Please refer to the relevant HR policies for further information.

5.3 Asbestos

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

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

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

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

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

5.4 Construction, Design and Management

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

5.4.2 The CDM Regulation requirements include the following:

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

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

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

5.5 Control of Contractors

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

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

5.6 Control of Substances Hazardous to Health (COSHH)

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

5.7 Display Screen Equipment (DSE)

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

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

Relevant procedures are contained in the Operational Safety Manual.

5.8 Electricity at Work

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

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

5.8.7 Records will be available on request.

Relevant procedures are contained in the Operational Safety Manual.

5.9 Fire Safety

5.9.1 The safety of life must supersede all other considerations.

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

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

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

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

5.10 First Aid at Work

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

Relevant procedures are contained in the Operational Safety Manual.

5.11 Gas Safety

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

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

5.12 Health and Safety Induction, Instruction and Training

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

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

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

5.13 Homeworking

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

5.14 Infection Prevention & Control

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

5.15 Legionella

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

5.15.2 The management system for Legionella will:

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

5.16 Lifting Operations and Lifting Equipment

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

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

5.17 Lone Working

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

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

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

Relevant procedure are contained in the Operational Safety Manual

5.18 Manual Handling

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

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

Relevant procedures are contained in the Operational Safety Manual.

5.19 Medication (Management and Administration)

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

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

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

5.20 New and Expectant Mothers

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

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

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

Relevant procedures are contained in the Operational Safety Manual.

5.21 Noise

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

5.22 Occupational Health and Wellbeing

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

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

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

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

5.24 Risk Assessment

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

5.25 Safety Signs and Signals

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

5.26 Security Threats

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

5.27 Smoke Free Workplace

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

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

5.28 Stress

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

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

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

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

5.28.5 To assist in this process The Group will:

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

5.29 Transport Safety

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

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

5.30 Vibration

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

Relevant procedures are contained in the Operational Safety Manual.

5.31 Violence at Work (Challenging behaviour and Aggression)

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

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

Relevant procedures are contained in the Operational Safety Manual.

5.32 Working at Height

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

5.33 Work Equipment

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

5.34 Workplace Welfare

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

5.35 Operational Safety Manual

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

Section 6 Health and Safety Monitoring

6.1 Health and Safety Operations Meeting

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

6.2 Health and Safety Strategy Meeting

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

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

6.3 Assurance

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

Section 7 Policy Review

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

Section 8 Relationship to other policies

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

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

HS: All Group Health and Safety Policies

All Group Health and Safety Management Arrangements

Section 9 Document Control policies

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



Report

To: DGHP Board

By: Stephen Devine, Director of Assets and Sustainability

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

Subject: Group dampness, mould and condensation policy

Date of Meeting: 9 February 2022

1. Purpose

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

2. Authorising and strategic context

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

3. Risk appetite and assessment

- 3.1 Our group risk appetite relating to Operating Model (Modernising services) is “Hungry” i.e. Eager to be innovative and to choose options offering potentially higher business rewards (despite greater inherent risk).

4. Background

- 4.1 Dealing with dampness, mould and condensation has always been, and will continue to be, a priority for DGHP and our customers. Penetrating dampness caused by deteriorating fabric in our homes is the exception with most of the reported ‘dampness’ being condensation. However, we know that for customers, the cause is not material. As such, we are keen to continue developing our approach to dampness, mould and condensation including through learning from our current practice and from others.

5. Customer engagement

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

6. Discussion

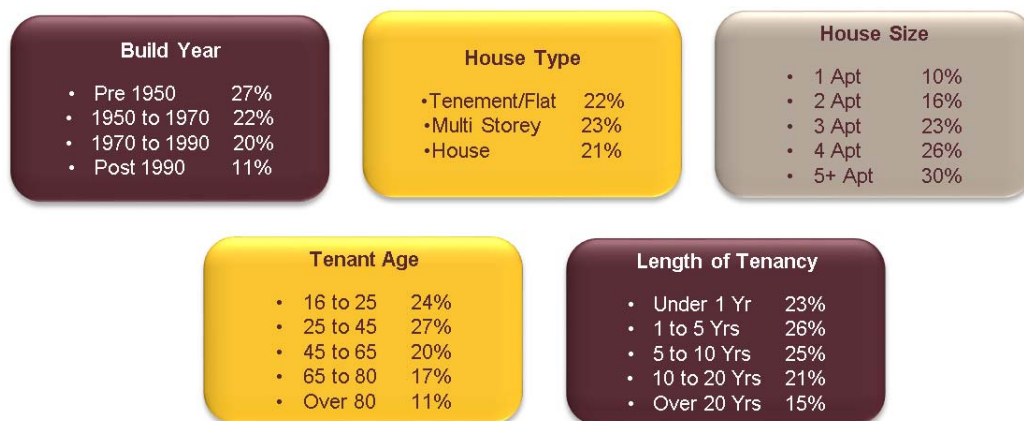
- 6.1 Our approach to addressing dampness, mould and condensation is predominantly reactive and, depending on the actual issue, includes applying anti-fungicidal 'washes', decoration, carrying out any necessary repairs and providing advice to the customer on heating and ventilation. While inadequate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

Dampness, mould and condensation policy and procedures

- 6.6 At present DGHP does not have a documented policy or procedures specific to dampness, mould and condensation. Instead, these are included in our repairs policies and procedures and are embedded through our repairs and housing management delivery system. Having a specific Group policy and procedure that relates to DGHP and other group RSLs would ensure a consistent approach; built around a shared view of best practice that can be refined and updated as required. To address this the policy at Appendix 2 and procedure at Appendix 3 have been developed and agreed by Wheatley Group Board.
- 6.7 The policy and procedures build on our current approach including through seeing condensation as a possible sign of wider issues especially fuel poverty, rather than something that simply needs repaired. In doing this, the policy majors on working with the customer to solve the problem rather than, as illustrated by the English Ombudsman findings, seeing this as something the customer is 'doing wrong'. Our fuel advisors are well placed to support customers in this area given the link to fuel poverty and the importance of heating and ventilating the home.
- 6.8 Our investment in the customer first centre including through the specialist housing team provide a means to assess the needs of customer for specific support to address condensation and dampness problems, and to tailor our approach. Examples of this, depending on customer need and circumstance could include:
- Providing information and advice using leaflets and video;
 - Raising a repair to address the cause where necessary;
 - Assigning to a fuel advisor who would engage with the customer more generally including on how to address the condensation problem; and
 - Involving the housing officer where there are concerns and potential vulnerabilities.
- 6.9 Such an approach fits well with the enhanced capability in the customer first centre including the importance we are placing on rectification at point of contact. With this, the customer first centre would 'own the condensation journey' including:
- deciding to deploy fuel advisors where the impact is likely to be greatest;
 - raising necessary repairs;
 - ensuring the issue is resolved to the customers satisfaction;
 - maintaining dialogue with the customer on how to minimise the chance of recurrence; and
 - making sure that our approach to asset related investment is informed by customer demand relating to dampness, mould and condensation.
- 6.10 Further details are in the policy at Appendix 2 and procedure at Appendix 3.

Better use of data and technology

- 6.11 We want to begin understanding what data tells us about what could be driving dampness, condensation and mould. To begin this, a review using available data group-wide of reported dampness/mould repair requests since 2016/17 has been carried out to maximise the data set analysed and identify any potential trends or patterns.
- 6.12 Key findings from the analysis includes that there is:
- Higher frequency in older properties – Pre 1950;
 - No significant difference in levels across house types overall;
 - Higher frequency in larger homes;
 - Higher frequency when the tenant is under 45 years old;
 - Limited variation with length of tenancy except for very long tenancy over 20 years where incidence is lower; and
 - No significant variation in properties with or without External Wall insulation.
- 6.13 The diagram below provides a breakdown at group level of information in key areas relating to the risk of dampness, mould and condensation, that supports the key findings above.



- 6.14 Detailed data relating to dampness, mould and condensation repairs in DGHP is not currently available. However, there is nothing to suggest that the factors, where applicable, from the group wide analysis above should not apply and provide a basis for prioritisation that can be refined by real world findings in DGHP.
- 6.15 As such, it is proposed that an experiment is undertaken to test the effectiveness of proactively targeting properties/customers with high probability of condensation. Around 50 properties will be identified with applicable the higher frequency of mould, dampness and condensation characteristics from the group-wide analysis. Humidity sensor and air quality technology would be installed. This would be used to collect results for 3 months and provide a baseline. After 3 months upgrading would be carried out to mechanical ventilation, and comprehensive support would be given to customers on best use of heating and ventilation. After a further 3 months, finding would be compared to the baseline to understand the impact of our approach. Depending on the results, an agree deployment strategy including investment priorities linked to risk would be developed.

7. Digital transformation alignment

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

8. Financial and value for money implications

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

9. Legal, regulatory and charitable implications

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

10. Equalities implications

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

11. Environmental and sustainability implications

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

12. Recommendation

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

List of Appendices

Appendix 1 – Review of recommendations from English Ombudsman’s report

Appendix 2 – Draft dampness, mould and condensation policy

Appendix 3 – Draft dampness, mould and condensation procedure

Appendix 1 Housing Ombudsman (England) Recommendations Review

The report is sub categorised into 4 sections;

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

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

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

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

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

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

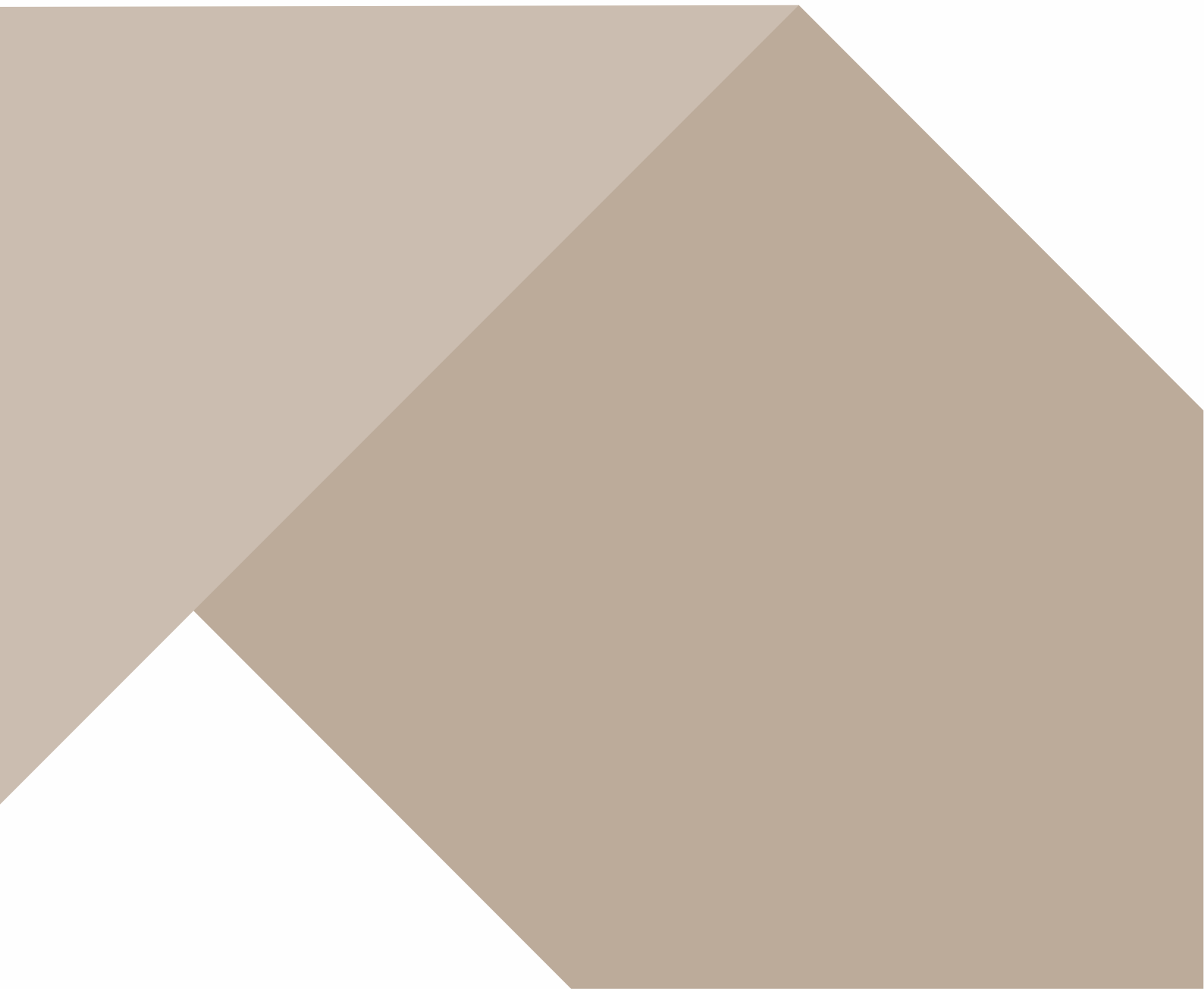
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Managing Dampness, Mould & Condensation

Policy



Contents

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

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

2. Scope

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

3. Our Approach to Managing Dampness, Mould and Condensation

We commit to:

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

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

4. Policy Background – Legislation and Statutory/Regulatory Requirements

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

- Energy Efficiency Standards in Social Housing (ESSH)

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

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

5. Procedure

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

6. Monitoring & Compliance

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

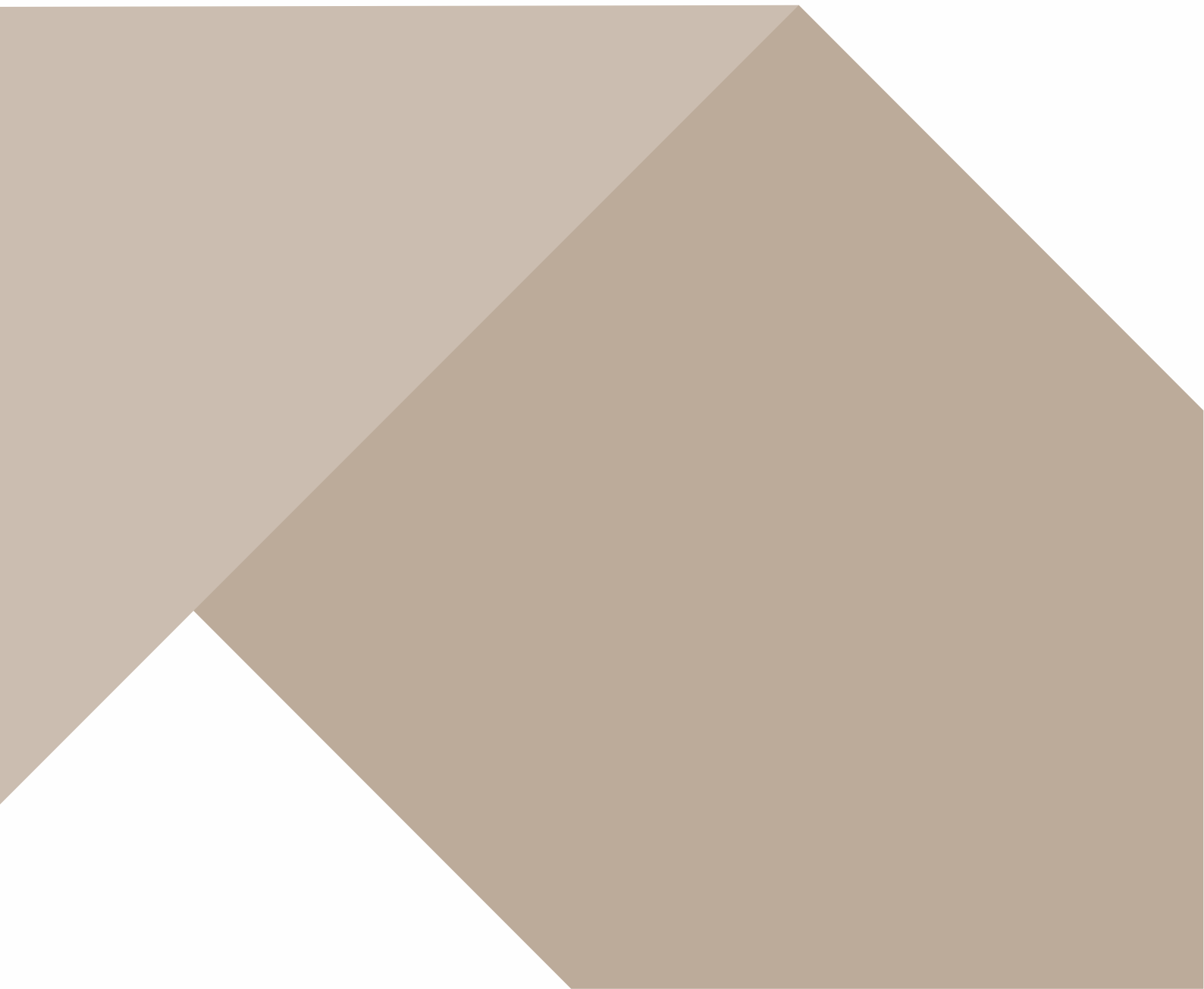
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Managing Dampness, Mould & Condensation

Procedure



Contents

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

1. Purpose

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

2. Scope

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

3. Contributory Factors of Dampness, Mould & Condensation

3.1. Fuel poverty

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

3.2. Cold Bridging

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

3.3. Blocked or broken ventilation

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

3.4. Broken or no extractor fans

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

3.5. Radiators

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

3.6. Missing/damaged render or pointing on brickwork

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

3.7. Leaking guttering

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

3.8. **Leaking roofs**

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

3.9. **Unvented and condensing tumble dryers**

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

3.10. **Customer management of the home**

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

3.11. **Rising damp**

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

4. **Four Main Categories of Dampness**

4.1. **Penetrating dampness**

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

4.2. **Defective plumbing**

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

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

4.3. **Rising dampness**

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

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

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

4.4. **Condensation and mould growth**

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

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

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

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

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

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

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

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

5. Procedure / Process

How to Manage a Report of Damp or Mould and Condensation

5.1. First contact

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

5.2. Repeat contact

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

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

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

5.3. How to Manage a Report of Defective plumbing

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

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

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

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

6. Turning insight into action

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

7. Monitoring and Review

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



Report

To: DGHP Board

By: Natalya Macholla, Managing Director of Customer Service

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

Subject: Customer First Centre update

Date of Meeting: 9 February 2022

1. Purpose

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

2. Authorising and strategic context

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

3. Risk appetite and assessment

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

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

4. Background

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

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

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

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

5. Customer engagement

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

6. Discussion

Launching our Customer First Centre

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

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

Measures of Success

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

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

- 6.9 The CFC has been operational for nine weeks at the time of writing, but already there are positive signs of its impact. In this time, the CFC has handled over 115k calls and through the combined efforts of the Customer Service Advisors and Specialist Teams achieved a first contact resolution level of 94%. Call abandonment levels have reduced from almost 13% in November to approximately 8% in our first nine weeks of operating and are showing encouraging signs as we align resources with our new way of working.
- 6.10 Given our focus on first contact resolution, we are seeing noticeably higher handle times when compared to our previous model. However, we are trialling different approaches with our Specialist Teams to ensure that we are optimising ready time to ensure that we continue to answer calls quicker than ever before. We are also reviewing a number of areas where higher handle times are evident to ensure that we are providing solutions for staff which lead to a quicker route to a resolution.

Investing in our Staff

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

7. Digital transformation alignment

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

8. Financial and value for money implications

- 8.1 The changes to the Customer First Centre are incorporated in the current financial projections envelope and future costs will be reflected to updated business plans across the Group and as presented in February 2022.

9. Legal, regulatory and charitable implications

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

10. Equalities implications

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

11. Environmental and sustainability implications

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

12. Recommendation

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



Report

To: DGHP Board
Report by: Alan Glasgow, Interim Managing Director of DGHP
Approved by: Tom Barclay, Group Director of Property and Development
Subject: Performance report
Date of Meeting: 9 February 2022

1. Purpose

- 1.1 This report presents the DGHP Board with an update on performance delivering the targets in the DGHP Performance Framework and strategic projects for 2021/22 as of the end of quarter 3 (period 10).
- 1.2 Dashboards with the measures included in all three sub-sections for the five themes are attached as Appendix 1. A summary of progress delivering the strategic projects is presented in Appendix 2.

2. Authorising and strategic context

- 2.1 Under the terms of the Authorising Framework, the Board is responsible for setting the overall Performance Framework and approving the delivery plan for each year. Under the Authorise/Manage/Monitor Matrix, the Board has an ongoing role monitoring performance against the key indicators agreed under the performance framework.
- 2.2 Under the terms of the Intra-Group Agreement between DGHP and the Wheatley Group, as well as the Group Authorise, Manage, Monitor Matrix, the DGHP Board is responsible for approving regulatory returns including the Charter. It is also responsible for monitoring of performance against agreed targets. In the case of DGHP, this includes the on-going performance of its services. In addition, the Authorising Framework states that the DGHP Board is responsible for approving any changes to their Service Delivery Model or arrangements which it may consider necessary to deliver the level of performance to achieve agreed targets.

3. Risk appetite and assessment

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

4. Background

- 4.1 DGHP Board agreed our Strategy for 2021 to 2026, **Your Home, Your Community, Your Future**, in February 2021. In May 2021, the Board also agreed the supporting Performance Framework, setting out the measures, targets and reporting arrangements that provide performance management and oversight of delivery for Boards and management.
- 4.2 Performance has remained strong across Q3 with 17 out of 26 measures either achieving or exceeding targets set. Notable amongst these met or exceeded targets are:
- percentage lets to homeless applicants;
 - emergency repair timescales;
 - fire risk assessments in place;
 - jobs, training places or apprenticeships created;
 - average time to relet properties; and
 - gross rent arrears.

5. Customer engagement

- 5.1 We presented a summary of the validated 2020/21 performance against our key Charter measures to the Group's Tenant Scrutiny Panel in October, along with a comparison with the national average and an update on performance in the first part of 2021/22.
- 5.2 We also consulted the Tenant Scrutiny Panel on the new customer value approach that underpins the current Performance Framework. As noted previously to the Board, we are working with a provider to implement a suitable platform to gather more frequent customer feedback on the five customer service areas identified as part of the customer value approach: repairs, anti-social behaviour, environmental services, complaints handling and housing allocations. The first phase will allow us to capture feedback about repairs services.

6. Discussion

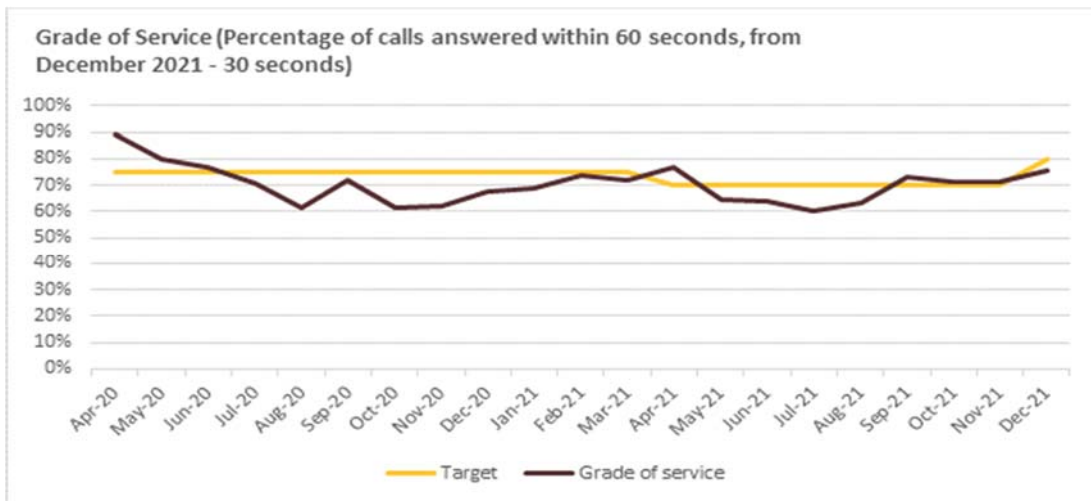


Delivering Exceptional Customer Experience

Customer First Centre - Grade of Service

- 6.1 In the year to end of December, the Group answered 69.2% of calls within 60 seconds against the target of 70%. From 1 December, the target changed to 80% of calls within 30 seconds and in-month the figure achieved was 75.38%.
- 6.2 Demand in in December decreased by 22.4%, however, this must be read in the context of the wider performance which has seen abandonment rates drop from 12.91% in November to 6.84% in December. In addition to this demand drop in December due to the festive break which has been countered by an increase in both planned and unplanned leave.

- 6.3 The chart below, includes the new measure for our grade of service, where our aim is to answer calls quicker, 80% of calls answered within 30 seconds. We will also start to monitor our core (8am to 8pm, Monday to Friday) and out-of-hours demand to draw comparisons.



Repairs Satisfaction

- 6.4 This rolling 12-month Charter satisfaction measure continues to be based on a very small census size. This measure covers a rolling twelve-month period, and the current volume of surveys reflects the restricted service delivered during the pandemic. We have received 158 completed surveys in the last 12 months, with 91.8% of customers satisfied.

DGHP Charter Repairs Satisfaction	2021/22 Target	Current Value
	91.8%	87%

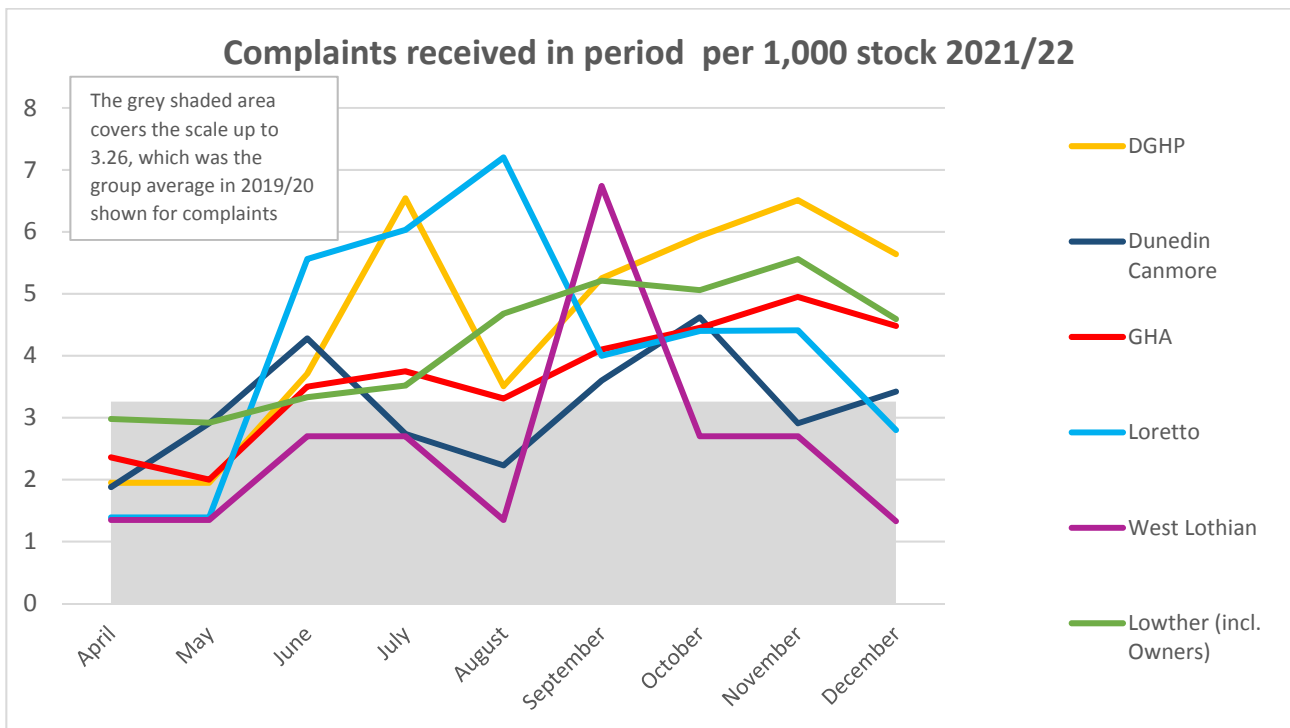
Tenancy Sustainment

- 6.5 The percentage of new tenancies sustained for more than a year, a Charter measure, is currently 86.2%, which is just below the 87% target. We also measure sustainment excluding deaths and transfers within Group. Following a slight decrease earlier this (a pattern for all Wheatley Group RSLs), Our tenancy sustainment has shown improvement over this quarter.

RSL Tenancy Sustainment	Charter measure	Excluding deceased and transferred within Group
DGHP	86.16%	87.88%
Group	90.59%	92.38%

Complaints Handling

- 6.6 A reduction to the volume of complaints the Group received was noted in December. We received 420 complaints compared to 481 in November and 470 in October. The single largest category of complaints continues to be repairs but this must be looked at in relation to the volume of repairs carried out over any given period.



6.7 As a Group, 42.4% of all complaints year to date relate to repairs and 20.5% relate to staff with tenancy management and management fees over 8% All other categories of complaints are under 5%. The table below represents the highest categories of complaints for each business area:

Service area	DGHP	Group
Repairs and Maintenance	48.5%	42.4%
Staff	15.2%	20.5%
Management Fee and Service Charges (Factoring)		8.1%
Tenancy Management	7.6%	8.8%

6.8 For DGHP, the single largest category (48.5%) of complaints continues to be repairs.

6.9 We are working to improve the operational data on our complaints. This work, and the introduction of our new CFC model, will see us respond quicker to customer dissatisfaction by fixing things before a customer feels the need to raise a complaint.

6.10 The SPSO is delaying the introduction of a standardised suite of measures to 2022/23. We are already reporting on the key measures here but will continue to develop reporting on lessons learned and complaints upheld. The table below shows the existing Group SPSO measures.

Percentage of complaints Responded to in SPSO timescales	Stage 1		Stage 2	
	Complaints received YTD	Percentage responded within working days to 5	Complaints received YTD	Percentage responded to within 20 working days
DGHP	357	81.2%	22	61.1%



Making the Most of Our Homes and Assets

New Build Programme

- 6.11 The Group aim is to deliver 5,500 new homes over the course of the strategy we have a target of delivering 17 this year. We currently have one project on-site, with 31 handovers completed in the year to date. The following table shows the variance against targeted progress.

Current Projects	RSL	Handovers	Target	Variance	Comment
Lincluden Depot	DGHP	26	-	26	First handovers 6 months ahead of schedule
Queensberry Square	DGHP	-	12	-12	Project completed ahead of schedule in March 2021
St Medans, Monreith	DGHP	5	5	0	Complete
Totals =		31	17	14	

Planned to Reactive Repairs Spending

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

Percentage Spend 2021/22	Planned	Reactive
DGHP	64.3%	35.7%
Group	62.3%	37.7%

Volume of Emergency Repairs



- 6.13 The table below shows our position to reduce the volume of emergency repairs to less than 30% of overall reactive repairs by 2026 compared to the baseline year of 2019/20. Our current performance is 40.7% against the target of less than 30%.
- 6.14 All emergency repairs volumes are above the 2019/20 levels due to the Scottish Government restrictions that were in place, and our focus on delivering emergency repairs in the early part of 2021/22.

	Emergency		Reactive		Percentage 2019/20	Percentage 2021/22
	YTD 2019/20	YTD 2021/22	YTD 2019/20	YTD 2021/22		
DGHP	9,070	11,724	28,621	28,828	31.7%	40.7%
Group	41,068	46,940	131,129	131,149	31.35	35.8%

- 6.15 The action plan that we implemented last quarter, which included deploying extra trades resources, additional subcontractors, offering overtime to all staff and procuring materials from alternative sources, is allowing us to tackle the build-up of repairs.

Repairs Timescales and Right First Time



- 6.16 The average time taken to complete emergency and non-emergency repairs is detailed in the table below. The high numbers of repairs completed following the end of Scottish Government Covid restrictions at the beginning of summer, and consequent material shortages, meant that the average time to complete non-emergency repairs has been higher than our target.

Time to deliver repairs (Charter)	Emergency (hours)		Non-emergency (days)	
	Target	Current Value	Target	Current Value
	3.00	2.2 	5.50	9.96 

- 6.17 Increased demand and shortage of materials has led to a delay in completing some non-emergency repairs and our ability to make sure repairs are done right first time (as this measure includes a time element). As noted in the sections above, we have made substantial progress addressing the high demand for repairs and we expect the improvement steps we have taken will lead to improvements in these reported measures of performance during quarter 3.

Medical Adaptations

- 6.18 Since April, we have completed 535 adaptations in total. There are now 68 households waiting. We continue to receive higher numbers of referrals than usual, as occupational therapy services have resumed.
- 6.19 Our average time to complete adaptations has increased from 33.4 days in Q2 to 58.85 days in Q3 due to clearance of backlog from 2020/21 which included complex alterations to customer homes. The table below shows the number of households waiting, completions and our average time to complete adaptations compared to the Group average.

Medical Adaptations	Current Households Waiting	Number Completed YTD	Average Days to Complete	Target
DGHP	68	535	58.85 days	35 
Group	147	1,831	47.94 days	35 

Gas Safety

- 6.20 We continue to be in a 100% compliant position for gas safety, with no further expired gas certificates. Current figures against the rolling 12-month Charter indicator are listed in the table below and have now returned to zero.

Gas safety certificate expiries	2020/21	YTD 2021/22
DGHP	298	0
Group	2,078	0



Changing Lives and Communities

Peaceful Neighbourhoods

- 6.21 The Group five-year strategic target is that 70% or more of our Group tenancies should be classified as “Peaceful”. This figure has remained relatively static since the start of the year and was 68.3% at the end of December.
- 6.22 Improvement to this measure requires a reduction in Police-recorded ASB in the safe and calm data zones. There are 25 Problem Location Packages currently allocated to CIP officers for action, down from 27 reported last month. Out of the 25 packages, 16 are currently being investigated and 9 are being monitored for any new incidents.

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

- 6.23 The CIP Team is still deployed into the Lochside and Lincluden communities in Dumfries. We are currently in the enforcement phase and are focussing on Drug and Substance misuse. Youth related antisocial behaviour continues to be the top priority. Our Police Team have created a problem profile that has identified 14 local youths who are the main perpetrators of most customer complaints.
- 6.24 Forty customers benefitted from the Safe and Secure referral service in December. These included a range of issues including 12 for domestic abuse and 22 for anti-social behaviour. GHA had 25 referrals and we had 8. Year to date there have been 417 Safe & Secure referrals.

Accidental Dwelling Fires


- 6.25 As part of the Group’s RSLs, we set a Strategic Result to reduce Group RSL accidental dwelling fires by 10% against the baseline of a total of 215 fires in 2020/21 (see the following table). We reported one accidental dwelling fire in quarter 3, which was a reduction on the previous quarter.

Number of recorded accidental dwelling fires	2020/21				2021/22		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
DGHP	6	4	5	8	6	5	1
Group Total	216				134		

- 6.26 To achieve this Strategic Result, we have ensured that 100% of relevant properties have a current fire risk assessment in place. We have also implemented a programme to assess non-relevant properties (for us this will include any new LivingWell properties) that are not currently mandated by legislation.

Reducing Homelessness

- 6.27 We made 50.7% relevant lets to homeless applicants in the year to date, which is just above the 50.3% target. “Relevant lets” excludes mutual exchange, transfers and LivingWell lets for which our influence over the let is limited. The Charter measure includes these types of lets.
- 6.28 We have let 348 homes to homeless applicants this year and continue to be on track to deliver 417 by year end to contribute to the Group’s strategic result of 10,000 households over the next five years.

Percentage of Lets to Homeless Applicants	Relevant lets only				Charter measure	
	2020/21	In-month December	Year to Date	Target	2020/21	Year to date
	51.8%	54.4%	50.7%	45%		45%



Developing our Shared Capability

Sickness Absence

- 6.29 We lost 2.11% of working time due to staff sickness absence in the year to end of December, compared to the target of 3% and Group average of 4.1%. There has been a decrease since last quarter. The in-month figures for October, November and December for we showed a decrease from 1.74% to 0.99% to 0.88%.
- 6.30 The top two reasons for absence across the Group in December are stress/anxiety and minor illness. We are continuing to offer enhanced support through various wellbeing and learning programmes and will work closely with our occupational health provider and qualified therapists to ensure we have the maximum support mechanisms in place.



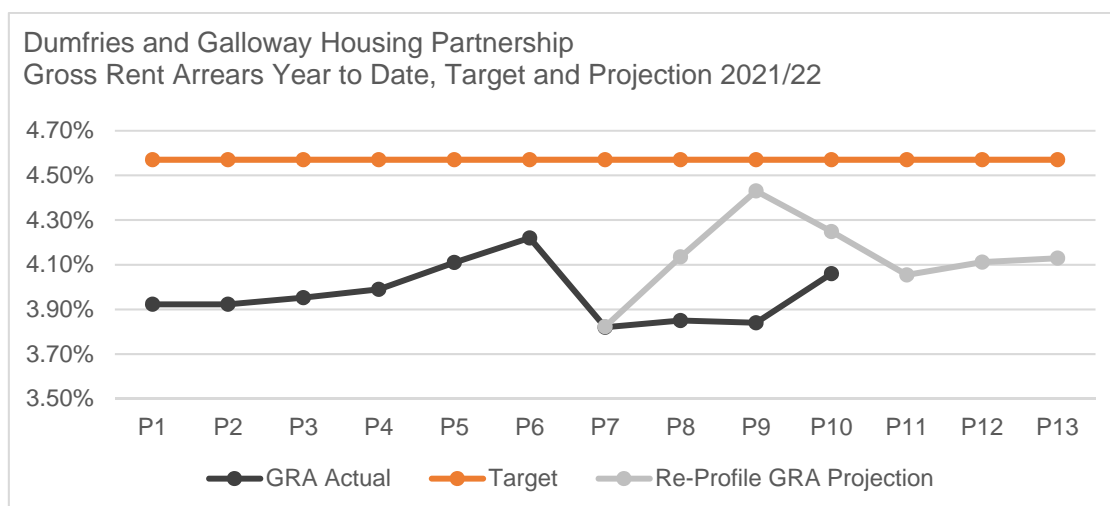
Enabling our Ambitions

Gross Rent Arrears

- 6.31 Our strategic aim is to reduce arrears down to 4% by 2026 and achieve a target of 4.57% during this financial year. Gross rent arrears increased in Period 10 by 0.22% (£98.8k) to 4.06%. The support and wraparound services we provide to our customers continue to limit the impact of the pandemic on the rate of arrears, which remain under target despite an increase since the end of 2020/21.
- 6.32 We are currently 0.51% better than our 4.57% target and 0.81% below the original projected performance of 4.87% for the period. It did not experience as much of an increase as had been expected based on trends in previous years.

Gross Arrears	Rent	2020/21 Result	Current performance	Annual Target	Previous Period
DGHP		3.86%	4.06%	4.57%	3.84%
Group average	RSL	4.48%	4.92%	5.03%	4.82%

6.33 Our projections estimated that we would end the year at 4.57%. Based on current performance, we expect arrears to increase over winter followed by a reduction to target by period 13. The chart below shows actual gross rent arrears, the target and the projections.



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

Average Days to Re-Let

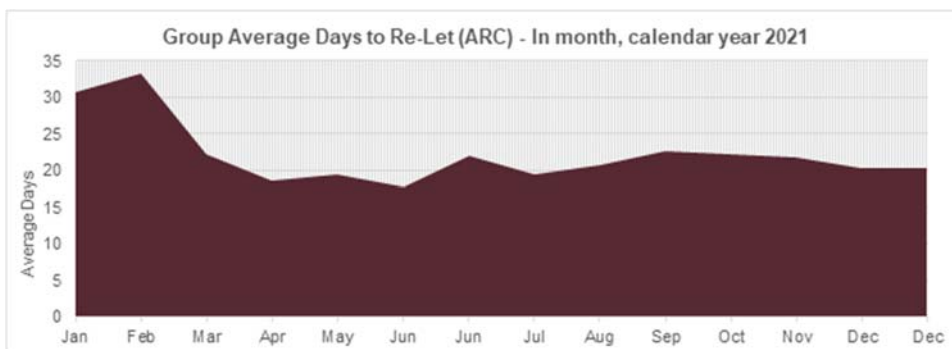
6.35 Our target is to achieve average days to re-let a home of 21.1 days, and to reduce this to 19.9 days by the end of this financial year. We aim to be under 20.0 days at year-end so that we are in a recovered position post-pandemic to achieve the strategic target of less than 14.0 days in year two of the Strategy.

6.36 Our year-to-date average position shows a slight increase from 15.75 days reported last quarter to 17.11 days as of the end of quarter 3. This remains within the current quarter's target of 20 days. These figures meet our expectation of increased time to turnaround and re-let homes at this point in the year, due to the impact of material shortages and other factors.

6.37 We are seeing increased letting times across all Group RSLs. We are also seeing lettable homes become vacant at a higher rate; the current turnover rate is 8.88% compared to a target of 8%. We believe this is due to a higher give-up rate as the market picks up and people resume plans that were put on hold during the last 18 months. We are making more lets than the give-up rate and reviewing our longer-term voids to ensure that this turnover rate does not increase.

Average Days to Re-Let	In month December	– Current to Date	Year	Cumulative Target - Q3	2020/21 Results
DGHP	18.74	17.11	■	20.0	37.26
Group	20.24	20.62	■	20.0	40.87

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



Summary of Strategic Project Delivery

6.39 The full list of our strategic projects is attached to this report as Appendix 2. Out of the 13 strategic projects we are delivering during 2021/22, 4 are complete and the following 2 projects have been completed since our last report:

- Wheatley Green Investment plan; and
- Strategic Governance review.

6.40 There are 4 projects on track, 5 projects are slipping against the milestones.

6.41 A separate agenda item provides an update on:

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

6.42 Projects that are slipping against current milestones are:

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

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

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

Conclusion

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

7. Digital transformation alignment

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

8. Financial and value for money implications

- 8.1 The measures and projects included in this report were agreed as the Performance Framework and Delivery Plan for 2021/22. Both documents focus service delivery and improvement on the key priorities within the Group Strategy to make sure that financial and other resources are aligned with these priorities.

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

9. Legal, regulatory and charitable implications

9.1 The Scottish Housing Regulator requires an Annual Return on the Charter from each RSL. Key indicators within this return are also included in monthly performance reporting. RSL Subsidiary Boards approve the returns, and the figures are included in the year-end performance report to the Board. RSLs are also required to involve tenants in the scrutiny of performance, which the Group does through its Tenant Scrutiny Panel, and to report to tenants on performance by October each year.

10. Equality implications

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

11. Environmental and sustainability implications

11.1 We are developing further measures for environmental and carbon performance which will be brought back to the Group Board for consideration by the end of the financial year.

12. Recommendation

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






List of Appendices

Appendix 1 - Strategic Results and Other KPIs Dashboard







Appendix 2 - Strategic Projects Dashboard



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

1. Delivering Exceptional Customer Experience












Measure	2020/21	YTD 2021/22		
	2020	2021		
	Value	Value	Target	Status
Average time for full response to all complaints (working days) - Stage 1	4.42	4.43	5	
Average time for full response to all complaints (working days) - Stage 2	12.82	17.06	20	
% new tenancies sustained for more than a year - overall	84.98%	86.16%	87%	
Group - Average waiting time (seconds)	64.38	119.97	60	
Group - % of first contact resolution at Hub	91.79%	90.46%	80%	

2. Making the Most of Our Homes and Assets


Measure	2020/21	YTD 2021/22		
	2020	2021		
	Value	Value	Target	Status
Reduce the volume of emergency repairs to less than 30% of overall reactive repairs	9,070 (Apr-Dec 2019)	11,724	<30%	
Average time taken to complete emergency repairs (hours) – make safe	1.9	2.2	3	
Average time taken to complete non-emergency repairs (working days)	5.63	9.96	5.5	
% reactive repairs completed right first time	93.46%	82.65%	92%	
Number of gas safety checks not met	298	0	0	
% stock compliant with SHQS	87.07%	97.16%	96%	

Measure	2020/21	YTD 2021/22		
	2020	2021		
	Value	Value	Target	Status
Average time to complete approved applications for medical adaptations (calendar days)	43.3	58.85	35	
New build completions - Social Housing	0	31	17	





3. Changing Lives and Communities

Measure	2020/21	YTD 2021/22		
	2020	2021		
	Value	Value	Target	Status
% lets to homeless applicants	51.8%	50.7%	45%	
% lets to homeless applicants (ARC)	50.3%	50.3%	N/A	
Number of lets to homeless applicants (contributes to 10,000 for Group by 2025/26)	396	348	N/A	
Group - Over 70% of customers live in neighbourhoods categorised as peaceful by 2025/26	69.4%	68.3%	68%	
% ASB resolved	99.9%	92.71%	98%	
DGHP - Total number of jobs, training places or apprenticeships created including Wheatley Pledge	0	56	0	
Group - Increase the number of active users of MySavings to 5,000 as part of our commitment to reduce the cost of running a home	New	256	252	
Group - 100% of relevant properties have a current fire risk assessment in place	100%	100%	100%	
Group - The percentage of HMOs that have a current fire risk assessment in place	100%	100%	100%	
Group - Non-relevant properties with current fire risk assessment in place	Programme started October 2020	66.3%	100%	
Number of accidental dwelling recorded by Scottish Fire and Rescue	23	12		

4. Developing Our Shared Capacity


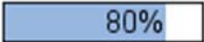
Measure	2020/21	YTD 2021/22		
	2020	2021		
	Value	Value	Target	Status
% Sickness rate	1.49%	2.11%	3%	





5. Enabling Our Ambitions


Measure	2020/21	YTD 2021/22		
	2020	2021		
	Value	Value	Target	Status
% lettable houses that became vacant	7.83%	8.88%	8%	
% court actions initiated which resulted in eviction - overall	DIV/0	100%	25%	
Average time to re-let properties	37.26	17.11	21.1	
Gross rent arrears (all tenants) as a % of rent due	3.86%	4.06%	4.57%	



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

01. Delivering Exceptional Customer Experience


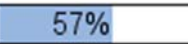
Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update Provided by Lead
Implement new engagement framework - Phase 1	31-Mar-2022			01. Stronger Voices Team structure agreed via workforce planning and recruited	31-Jul-2021	Yes	To date Customer Voices have been involved in neighbourhood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



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

Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update Provided by Lead
				based telephony and WFM system approved by ET			
				04. Go-live approved by ET	31-Mar-2022	No	
Develop new RSL online services model	31-Mar-2022		<input data-bbox="779 887 981 927" type="text" value="0%"/>	01. Identify a leader plus small team of 2-3 in the business to focus on this work	31-Oct-2021	No	This project will be carried forward into 2022/23. The Customer First Centre (CFC) has been introduced since the project was initially conceived, and a new post to lead on our digital service model within this is being created. The focus in the CFC in its early stages is on phone, email and webchat. Some new RSL digital services are already being introduced, such as the environmental service app presented to the Board, but a comprehensive review and future plan will be developed in the new financial year.
				02. Review current online service offerings (baseline)	30-Nov-2021	No	
				03. Identify and engage with relevant service leads for 'baseline' services	31-Dec-2021	No	
				04. Use this to define our digital customer offering, approach and roadmap	31-Mar-2022	No	
				05. Develop customer digital engagement approach/strategy	31-Mar-2022	No	
				06. Co-ordinate our activity to promote this to customers	31-Mar-2022	No	




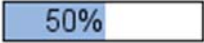
Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update Provided by Lead
Refine Repairs Delivery Model	28-Feb-2022			01 Final 5 year review received from Campbell Tickell	31-May-2021	Yes	A wider repairs transformation programme is under development and will be reported to the Wheatley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

02. Making the most of our Homes & Assets

Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update Provided by Lead
Implement Group corporate estate model - phase 1	31-Mar-2022			01. DGHP Dumfries Hub developed and approved by ET	31-May-2021	Yes	Dumfries High Street planning application submitted. Brasswell works to commence once acquisition complete.
				02. Wheatley House prototype complete-	31-Jul-2021	Yes	
				03. New Mart Road Hub developed and approved by ET	31-Aug-2021	Yes	
				04. Deliver Touchdown Points	30-Sep-2021	Yes	



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



03. Changing Lives & Communities

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




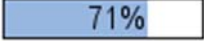
Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update Provided by Lead
				05. Explore digital solutions for capturing, recording, managing & reporting on Group Fire Risk Assessments, Fire Intervention Reports and vulnerable person visits	31-Mar-2022	Yes	uploaded and recorded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

04. Developing our Shared Capability

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

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

05. Enabling our Ambitions

Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update Provided by Lead
Restructure funding syndicate	31-Dec-2021			01. Board agree strategy for restructure	31-Oct-2021	Yes	Update paper on agenda for each Board at their February meeting
				02. Implementation of restructure	31-Dec-2021	No	
Establish digital maturity approach and assessments	28-Feb-2022			01. Revise baseline of current metrics (revisit Azets review)	31-May-2021	Yes	All milestones complete to date and final milestone expected to be completed on time.
				02. Define and establish core maturity metrics across 21/22	30-Jun-2021	Yes	
				03. Define projects and activities/outcomes linked to maturity goals across roadmaps	30-Jun-2021	Yes	
				04. Communicate targets for progression	31-Jul-2021	Yes	
				05. Perform mid-year review	31-Oct-2021	Yes	
				06. Update on progress to WS Board	30-Nov-2021	No	

Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update Provided by Lead
				07. Produce end of year report and plan for 2022 for ET approval	28-Feb-2022	No	



Report

To: DGHP Board

By: Pauline Turnock, Director of Financial and Legal Services

Approved by: Steven Henderson, Group Director of Finance

Subject: Finance report

Date of Meeting: 9 February 2022

1. Purpose

1.1 The purpose of this report is to provide the Board with an overview of the management accounts for the period to 31 December 2021 and Q3 forecast.

2. Authorising and strategic context

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

3. Risk appetite and assessment

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

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

This report provides the Board with an update of performance to date to allow it to discharge its role in monitoring performance and agreeing any actions required.

4. Background

4.1 This report outlines performance against budget for the period to date of 31 December 2021. This report also outlines the Q3 forecast full year out-turn for the year to March 2022.

5. Customer engagement

5.1 No direct implications.

6. Discussion

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

Results to 31 December 2021

6.2 We have reported a Net operating surplus of £14,078k, which is £3,793k favourable to budget. The key driver of the variance is higher grant income due to timing versus budget together with lower expenditure, most notably bad debts and direct running costs.

6.3 Key points to note:

- Net rental income is £435k favourable to budget benefitting from the earlier completions at Sanquhar in March 2021. Void losses represent 0.83% of gross rent, which is 0.17% favourable to the budget which is set at 1%;
- Grant income to date is £2,458k favourable to budget. The budget was based on 12 completions at Sanquhar in the year which were recognised in March 2021, on early completion. Actual grant income relates to the 5 units at Monreith which were delayed from the prior year and Phase 1 (26 of 32 units) at Linculden of £2.9m handed over in September;
- Other income is favourable by £262k to budget driven by funds received for the Aids and Adaptations claim; and
- Total expenditure is £638k favourable to budget driven by 2 key areas:
 - Direct and Group services running costs together are £320k favourable to budget due to savings in office running costs and travel; and
 - Bad debt costs are £508k favourable to the budget which was set on a prudent basis as the longer-term impact of the pandemic on our tenants' financial circumstances starts to become clearer.

6.4 We have reported a net capital spend of £29,581k, which is £7,741k lower than budget year to date.

6.5 Key points to note:

- Core programme is £4,277k lower than budget across all lines of expenditure. However, progress on the programme has accelerated in recent months with spend in the third quarter of the year £1,609k higher than budget. We anticipate full year spend to be closer to budgeted levels;
- New Build expenditure is £5,240k lower than budget, driven primarily by lower levels of spend versus budget at Linculden (£4.2m) with the site progressing quicker in the final quarter of 2021/22. Sanquhar was completed earlier than scheduled in March 2021; and
- Other capital expenditure of £1,560k is £1,598k lower than budget. These costs relate to the design and concept on the Dumfries Hub and the IT migration project.

Q3 2021/22 Full Year Forecast

6.6 The Q2 Forecast outturn for 2021/22 reports a statutory surplus of £11,230k, £738k lower than budget and an operating surplus of £18,076k, £564k lower than budget. The main drivers of this variance are:

- A lower level of grant income recognised on the completion of new build properties, £1,207k lower than budget. This is to reflect the earlier completion of the 12 properties Sanquhar in March 2021 and Monreith completions which were delayed into the early part of 2021/22;
- Gross rental income is forecast to be £562k higher than the original budget with the forecast being based on the actual rates on a property-by-property basis after the rent increase;
- Total operating expenditure is projected to be £199k unfavourable to budget with additional Group services employee costs projected following the increase in resources provided in the new Customer First Centre linked to our new ways of working making it easier for our customers to access the services they need;
- Interest income is expected to be £74k lower than budgeted as deposit rates available in the market are very low and are expected to remain so for the rest of the year. Interest payable includes fees; and
- Capital expenditure is forecast to be in line with budget. In the core investment programme spend has accelerated in the third quarter and higher activity levels are programmed for the final quarter of the year. New build investment is expected to be £6.5m lower with the largest variance in Lincluden where early progress was good and spend was reported in Q4 of 2020/21. Other capital spend is £1.8m lower and relates to the timing of the programme of the works in the Dumfries office building and the underspend will move forward into 2022/23.

Covenant compliance

[redacted]

7. Digital transformation alignment

7.1 No direct implications.

8. Financial and value for money implications

8.1 Our results for the period to 31 December report a statutory surplus of £9,259k which is £3,602k favourable to budget.

8.2 Underlying surplus after deducting major repairs and interest costs from EBITDA was a deficit of £7,170k for the period compared to budgeted underlying deficit of £12,591k, with the variance driven by the lower capital investment spend in our existing & new properties.

9. Legal, regulatory, and charitable implications

9.1 No direct implications.

10. Equalities implications

10.1 No direct implications.

11. Environmental and sustainability implications

11.1 No direct implications.

12. Recommendation

12.1 The Board is requested to:

- 1) Note the management accounts for the period to 31 December 2021 at Appendix 1; and
- 2) Note the covenant measures for the nine months of 2021/22.

List of Appendices

Appendix 1: Finance report – period to December 2021



Year to 31 December 2021 Finance Report



1a Operating statement – December 2021



	Year to 31 December 2021			Full Year
	YTD Actual £000s	YTD Budget £000s	YTD Variance £000s	Budget £ks
INCOME				
Rental Income	£34,215	£33,753	£462	£44,772
Void Losses	(£285)	(£258)	(£27)	(£344)
Net Rental Income	£33,930	£33,495	£435	£44,428
Grant Income	£3,415	£957	£2,458	£5,291
Other Income	£2,319	£2,057	£262	£2,655
Total Income	£39,664	£36,509	£3,155	£52,374
EXPENDITURE				
Employee Costs - Direct	£3,265	£3,258	(£7)	£4,344
Employee Costs - Group Services	£1,630	£1,506	(£124)	£1,918
ER / VR	£449	£305	(£144)	£305
Direct Running Costs	£2,037	£2,156	£119	£2,785
Running Costs - Group Services	£1,482	£1,683	£201	£2,231
Revenue Repairs and Maintenance	£7,641	£7,726	£85	£9,909
Bad debts	£281	£789	£508	£1,052
Depreciation	£8,633	£8,633	£0	£11,510
Demolition and Tenants Compensation	£168	£168	£0	£244
TOTAL EXPENDITURE	£25,586	£26,224	£638	£34,298
NET OPERATING SURPLUS / (DEFICIT)	£14,078	£10,285	£3,793	£18,076
<i>Net operating margin</i>	<i>35.5%</i>	<i>28.2%</i>	<i>7.3%</i>	<i>34.5%</i>
Interest received	£4	£106	(£102)	£141
Net Interest payable & similar charges	(£4,823)	(£4,734)	(£89)	(£6,249)
STATUTORY SURPLUS / (DEFICIT)	£9,259	£5,657	£3,602	£11,968

	Year to 31 December 2021			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
Total Capital Investment Income	£1,422	£4,796	(£3,374)	£6,855
Total Expenditure on Core Programme	£21,647	£25,924	£4,277	£32,816
New Build & other investment expenditure	£7,796	£13,036	£5,240	£16,970
Other Capital Expenditure	£1,560	£3,158	£1,598	£4,211
TOTAL CAPITAL EXPENDITURE	£31,003	£42,118	£11,115	£53,997
NET CAPITAL EXPENDITURE	£29,581	£37,322	£7,741	£47,142

DGHP

Key highlights :

- Net operating surplus of £14,078k is £3,793k favourable to budget. Statutory surplus for the period is £9,259k, £3,602k favourable to budget. The key driver of the variance is higher grant income due to timing v budget together with lower expenditure, most notably in bad debts and direct running costs.
- Net Rental income is £435k favourable to budget, benefitting from the earlier completions at Sanquhar in March 2021. YTD Void losses represent 0.83% of gross rent. Garage rent is reported in other income consistent with the other RSLs.
- Grant income to date is £2,458k favourable to budget. The budget was based on 12 completions at Sanquhar in the year which were recognised in March 2021 on early completion. Actual grant income relates to the 5 units at Monreith which were delayed from the prior year and Phase 1 (26 of 32 units) at Lincluden handed over in September.
- Other income is £262k favourable to budget driven by the Aids and Adaptations claim which has now been received for both Q1 and Q2. The bid for A&A has been accepted at £604k which is £100k more than anticipated for the full year. A further funding application is being submitted in P10.
- Total expenditure is favourable to budget by £638k with most cost categories favourable to budget at P9.
- Employee costs are £131k higher than budget between direct and group services noting that this includes an increased group services recharge following the strengthening of the new Customer First Centre.
- Transformation costs relate to ERVR expenses and are £144k ahead of budget, these will generate efficiencies in future months.
- Running costs are £320k favourable to budget between direct and group services costs.
- Repairs costs of £7,641k are £85k favourable with the timing of spend on FIT and other compliance activity offset by higher spend on reactive repairs as the backlog is addressed.
- Demolition costs relate to the buy-back of 3 flats and associated costs.
- £1,422k of Grant claims have been received year to date in relation to Eastriggs. The budget assumed income would have been received for Lincluden, however the Lincluden cash claims against cost were made in full in 2020/21.
- Core programme is £4,276k lower than budget across all lines of expenditure. However, mitigating actions have been agreed to return spend to budgeted levels. Spend in the month of December was £1.8m higher than budget.
- New Build expenditure is £5,241k lower than budget, driven by lower levels of spend versus budget at Lincluden (£4.2m) and Nursery Avenue (£0.96m). Sanquhar was completed in 2021 and Lincluden had accelerated spend in Q4 of 2020/21.

1b Underlying Surplus/(Deficit) – December 2021



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 year to date an underlying deficit of £7,170k has been generated using this measure which is £5,421k favourable to budget. The variance is driven by slower than budget profile spend in investment and repairs which is projected to catch up in the current financial year. The budget reflects the large investment program delayed due to Covid 19 resulting in higher spend in the current financial year and hence the full year budgeted deficit of £14,629k

DGHP Underlying Surplus/(Deficit)- December 2021				
	YTD Actual £ks	YTD Budget £ks	YTD Variance £ks	FY Budget £ks
Net operating surplus	14,078	10,285	3,793	18,076
add back:				
Depreciation	8,633	8,633	0	11,510
less:				
Grant income	(3,415)	(957)	(2,458)	(5,291)
Net interest payable	(4,819)	(4,628)	(191)	(6,108)
Total expenditure on Core Programme	(21,647)	(25,924)	4,277	(32,816)
Underlying surplus/(deficit)	(7,170)	(12,591)	5,421	(14,629)



3. Period 9 – In House Repairs service (IHR)



Dumfries & Galloway Housing Partnership	YTD December			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £k's
INCOME				
Internal Subsidiaries	10,041	8,699	1,342	11,397
External Customers		-	-	-
TOTAL INCOME	10,041	8,699	1,342	11,397
COST OF SALES				
Staff Costs	4,116	3,714	(402)	5,060
Materials	1,155	1,152	(3)	1,500
Subcontractor & Other Costs	3,658	2,337	(1,321)	3,246
TOTAL COST OF SALES	8,929	7,203	(1,726)	9,806
GROSS (LOSS)/PROFIT	1,112	1,496	(384)	1,591
Margin %	11%	17%	-29%	28%
Overheads	1,122	1,496	374	2,039
NET (LOSS)/PROFIT	(10)	-	(10)	-

Key Comments:

- Income for the in house repairs service is £1,342k higher than budget which is driven by higher levels of spend on void works.
- The YTD net loss of £10k includes accruals for Home Group revenue for both Civica set up costs and ongoing repairs work following sign off of the recharge amounts by Home Group.
- Sub-contractor cost remain high due to the work with City Building on voids, along with high level of decoration works in voids which have been passed to sub-contractors.
- City Building have been assisting with the responsive backlog and we are making good progress in clearing



4. Period 9 – Repairs and Investment

Dumfries & Galloway Housing Partnership	YTD December			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £k's
Reactive	5,949	4,817	(1,132)	6,261
Gas planned maintenance	628	1,045	417	1,296
Landscaping and cyclical maintenance	411	657	246	939
Compliance	643	1,207	564	1,413
Loss/(profit) on IHR	10	-	(10)	-
TOTAL	7,641	7,726	85	9,909

Repairs

Overall repairs spend is lower than budget by £85k. Within this reactive repairs costs are £1,132k higher than budget with a substantial number of backlog jobs now completed.

- Landscaping and cyclical maintenance spend includes the costs of third party contractors providing environmental services up to June 2021 and the transfer of the service in-house.
- Gas servicing is reporting a favourable variance against budget with VAT savings reported now the service has been brought in-house and the savings of the contractors mark up. The budget was based on the costs in the prior year with no savings assumed.

Major Repairs - Capital	YTD December			Full Year
	Actual	Budget	Variance	Budget
Core Programme	16,607	22,294	5,687	28,002
Capitalised Voids	3,044	2,175	(869)	2,900
Adaptations	1,153	629	(524)	814
Capitalised Staff	820	824	4	1,098
Fire Safety	23	1	(22)	3
TOTAL	21,647	25,923	4,276	32,816

Investment

- Core investment spend is £16,607k and is £5,687k lower than budget, however spend in the month was £1.8m higher than budget as the programme is being actively accelerated.
- Void works capitalised to improve recently vacated properties are £869k higher than budget. Key subcontractors have been engaged to assist with the completion of the works such as Powermac joinery and Bell Group in Carlisle. We are taking the opportunity to perform investment works that are due whilst the properties are empty.

5. Period 9 – New Build



Development Name	YTD December (£K)			FY Budget	Q3 Forecast
	Actual	Budget	Variance		
Lincluden Dumfries	2,286	6,515	4,229	7,098	2,573
Nursery Avenue	2,436	3,395	959	4,366	3,206
Eastriggs	1,665	498	(1,167)	1,274	2,344
Monreith 3	266	332	66	332	265
Queensberry Brae Thornhill	26	852	825	1,703	50
Lochside Option Appraisals	4		(4)		15
Herries Avenue, Dumfries	7		(7)		15
Springholm	91	12	(79)	12	129
Main St. Glenluce	56	257	201	618	300
Catherinefield Farm	4	-	(4)	-	20
Curries Yard Heathhall	394	-	(394)	-	450
Johnstonebridge	65	-	(65)	12	68
Daar Lodge		-	-	-	
Corsbie Road	5	58	53	116	60
Ashwood Drive	13		(13)	0	100
George Hotel	15		(15)		20
Completed PY	18	685	667	685	100
Total Cost	7,352	12,604	5,252	16,217	9,715
Capitalised Staff	444	433	(11)	574	574
Grant Income	1,422	4,796	(3,374)	6,855	1,422
Net New Build Costs	6,374	8,241	1,867	9,936	8,867
Capitalised interest				179	179
Total New Build Costs	7,796	13,037	5,241	16,970	10,468

New build spend totalled £7,796k at the end of December £5,241k lower than budget

Key projects:

- Lincluden – Phase 1 handovers (26 units) occurred in September with the final 6 units expected in March 2022
- Nursery Avenue – Site start was achieved in May and groundworks continue while kits are erected. On programme for a September 2022 completions
- Eastriggs – Site start achieved in July and on programme for a July 2022 completion

Future developments:

- Thornhill – SG and Council supporting, progress being made with potential partner (Springhill)
- Springholm – Pre-contract terms progressing, discussions with Scottish Water and Transport Scotland to address key constraints. Target planning for Q4 2021/22
- Glenluce – demolition tender approved in May 2021, works due to start in Q4 2021/22
- Currie's Yard – PIPP successfully extended in May 2021, full planning submitted and decision expected Q4 2021/22 and tender approval. Design team submitted masterplan and desktop study of Catherinefield and initial viability assessment undertaken.
- Corsbie Road – Meeting arranged with Council and WHC over access strip. Town Centre Living Funding sought.
- Ashwood Drive – Feasibility study complete and cost report for mixed use housing and office hub proposals. Re-design initiated and stage 1 SI completed, acquisition concluded in January 2022, demolition proposals being progressed
- George Hotel – Feasibility study nearing completion to support DGC exploration of redevelopment proposals. Council advised this project is not being progressed by DGHP.

6. Balance Sheet P9



Balance Sheet	31 December 21 £'000's	31 March 21 £'000's
Fixed Assets		
Social Housing Properties	427,883	407,072
Other Fixed Assets	2,407	847
Investment Properties	11,010	11,010
	441,300	418,929
Current Assets		
Stock	1,545	1,414
Trade Debtors	141	375
Rent and service charge arrears	2,609	2,632
less: provision for rent arrears	(1,399)	(1,093)
Prepayments and accrued income	426	622
Other debtors	931	391
Total Debtors	2,709	2,927
Due from other group companies		345
Cash & Cash Equivalents	55,157	70,022
	59,410	74,708
Creditors: within 1 year		
Trade Creditors	(1,746)	(3,710)
Accruals & Deferred Income	(6,408)	(4,548)
Grants	(667)	(4,084)
Provisions	(164)	(379)
Prepayments of Rent and Service Charge	(775)	(660)
Other Creditors	(654)	(424)
Total Creditors	(10,413)	(13,805)
Amounts due to Group Undertakings	(1,739)	(2,332)
	(12,152)	(16,137)
Net Current Liability	47,258	58,571
Long Term Creditors		
Loans	(188,662)	(188,688)
Loan interest	(2,559)	(2,114)
Grants	(9,121)	(7,742)
Pension Liability	(3,325)	(3,325)
Net Assets	284,891	275,631
Capital and Reserves		
Share Capital		
Revenue Reserve	99,057	89,797
Revaluation Reserve	185,834	185,834
Shareholders' funds	284,891	275,631

Key Comments:

- **Fixed assets** of £441m – representing investment works added less depreciation of existing assets. Other fixed assets have increased in value due to IT capital investment spend. The revaluation of fixed assets resulted in an increase to reserves of £35m at 31/3 2021.
- **Trade & other debtors** – YTD arrears requiring provision have increased and a bad debt expense of £281k has been provided as a result. Net arrears have reduced due to timing of 4 weekly Housing Benefit receipt.
- **Stock** relates to repairs stock purchased from Saint and materials on site related to the investment program
- **Cash at Bank** of £55m includes £25m which has been placed on 6 month deposit maturing April 2022. Remaining cash balances are being used to fund ongoing New Build and Investment expenditure
- **Creditors: within 1 year** Includes
 - Amounts due to Wheatley Group and DGHP3.
 - M&G interest accrued and paid twice annually
 - Payroll is accrued monthly for second half of the month as pay date is 15th.
 - Grants reduction of £3.4m since year end reflects £0.5m released at Monreith and £2.9m released in September in respect of 26 of 32 units at Lincluden, with a further 6 under Phase 2 scheduled for February 2022.
 - Provision of £164k relates to the remaining balance made for dilapidation liabilities for offices now vacated with having paid £215k in October in relation to Kindar House, Galloway House and Grierson House
 - Investment accruals confirmed by the surveyors.
- **Long-Term Creditors** This relates to
 - Capital loans of £188.7m.
 - The roll up of accrued interest on Allia loans not payable until end date £2.6m incurred since drawdown
 - Grant income received is deferred until the completion of new build properties

7. Q3 Forecast Full year – 2021/2022



DGHP - £k	FULL YEAR		
	Budget	Q3 Forecast	Variance
INCOME			
Net rental Income	44,428	44,990	562
Grant Income	5,291	4,084	(1,207)
Other Income	2,655	2,935	280
Total Group Income	52,374	52,009	(365)
EXPENDITURE			
Employee Costs	4,344	4,396	(52)
Employee Costs - Group Services	1,918	2,086	(168)
ER/VR	305	479	(174)
Running Costs	2,785	2,627	158
Running Costs - Group Services	2,231	2,124	107
Repairs & Maintenance	9,909	9,979	(70)
Bad debts	1,052	1,052	-
Depreciation	11,510	11,510	-
Demolition	244	244	-
Total Group Expenditure	34,298	34,497	(199)
NET OPERATING SURPLUS	18,076	17,512	(564)
Net operating margin	34.5%	33.7%	-0.8%
Interest receivable	141	67	(74)
Interest payable	(6,249)	(6,349)	(100)
STATUTORY SURPLUS	11,968	11,230	(738)
INVESTMENT			
Total Capital Investment Income	6,855	1,422	(5,433)
Core Investment Programme	32,816	32,816	-
New Build Programme	16,970	10,468	6,502
Other fixed assets	4,211	2,368	1,843
Total Capital Expenditure	53,997	45,652	8,345
Net Capital Expenditure	47,142	44,230	2,912

Key Comments

- Full year forecast out-turn statutory surplus of £11,230k is forecast being £738k unfavourable to budget.
- Net rental income is forecast with YTD trend continuing and at 1% void giving a full year out-turn £562k higher than budget.
- Grant income on completion of new build properties is showing a decrease of £1,207k with the profile of completions now updated to reflect the 12 properties completed in March 2021 at Sanquhar.
- Other income is £280k higher and reflects the higher aids and adaptations income received in the year to date.
- Direct employee costs are expected to be £52k higher than budget with additional posts being seconded to DGHP in the second half of the year.
- Group services employee costs are forecast to be £168k higher than budget with this being due to the launch of the new Customer First Centre. This is partly offset by a forecast saving in group services running costs of £107k.
- Transformation budget costs are expected to be higher than budget and will yield savings in staff costs in the coming year.
- Direct running costs reports a favourable variance in the year to date and this is reflected in the forecast driven by savings in office running costs.
- Repairs and maintenance costs are forecast to be £70k higher than budget with a £1,354k forecast overrun in responsive repairs offset by a forecast underspend of £1,283k in compliance revenue primarily due to £530k saving in gas servicing, £368k saving in compliance and £279k saving in FIT.
- Net finance costs are forecast to be £174k adverse to budget, due to the lower deposit rates available in the market and payable on cash balances.
- Core programme forecast is in line with budget, with a high number of jobs programmed for the final quarter of the year and spend increasing to absorb the year to date underspend.
- New Build reflects the current programme with lower levels of spend at Lincluden and Nursery Avenue.
- Other fixed assets forecast relates to timing of spend on the new Dumfries office which will be rolled forward into 2022/23.







Report

To: DGHP Board

By: Alan Glasgow, Interim Managing Director of DGHP

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

Subject: Corporate risk register

Date of Meeting: 9 February 2022

1. Purpose

- 1.1. To provide a revised corporate risk register at **Appendix 1** for agreement and approval by the Board.

2. Authorising and strategic context

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

3. Risk appetite and assessment

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

4. Background

- 4.1. During 2021/22, the Internal Audit team has continued work to implement the findings arising from a 2019/20 review of the Group's risk management practices, which has been delayed by Covid-19. Four of the six agreed actions have been completed, with completion of the remaining two following on from the planned risk appetite workshops with subsidiary Boards in Spring 2022.

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

5. Customer engagement

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

6. Discussion

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

Risk reference	Risk Title	Proposed change
DGHPRR13	Securing new funding and adverse market changes	Minor amendment to description of controls.
DGHPRR07	Failure to recruit, develop, retain and succession plan	Minor amendment to description of controls.

7. Digital transformation alignment

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

8. Financial and value for money implications

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

9. Legal, regulatory and charitable implications

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

10. Equalities implications

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

11. Environmental and sustainability implications

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

12. Recommendation

12.1. The Board is asked to review and approve the revised corporate risk register.

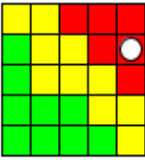
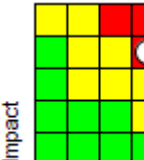
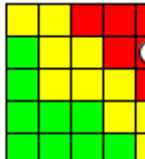
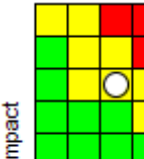
List of Appendices

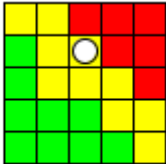
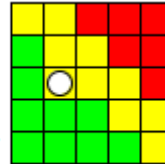
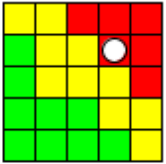
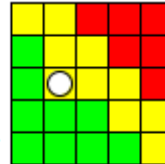
Appendix 1- DGHP Corporate Risk Register- Draft for Approval

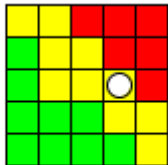
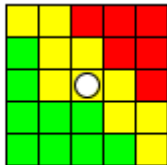
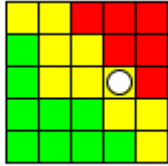
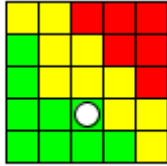
Appendix 2 - Risk Scoring Definitions

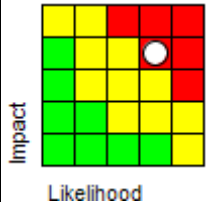
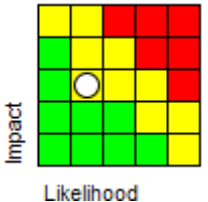
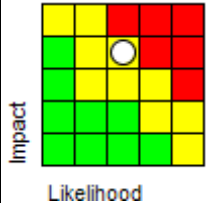
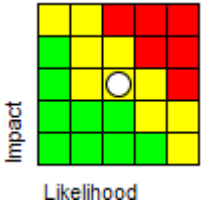
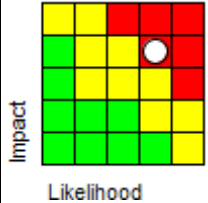
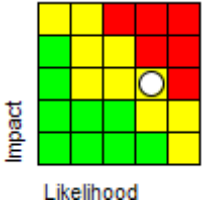
Appendix 3 - Risk Appetite Definitions

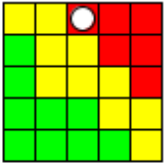
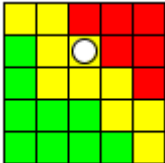
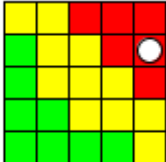
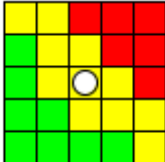
Appendix 1 – Draft DGHP Corporate Risk Register February 2022

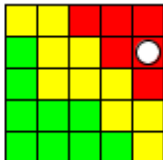
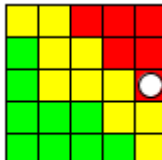
Code & Title	Description	Inherent risk score	Existing Controls / Monitoring & Check	Residual Risk score	Risk Appetite
DGHPRR01 Rent arrears including Universal Credit	<p>The impact of Covid-19, including legislation to prevent evictions, increased lead-in times and uncertainty around Sheriff eviction decisions, as well as the closure of the Furlough scheme and the continued expansion of Universal Credit, continue to impact on our rental income stream and increase our arrears.</p> <p>This also has negative impacts for customers, with increasing financial hardship.</p> <p>Move to Group housing management system may also identify changes in rent arrears.</p>	 <p>Impact</p> <p>Likelihood</p>	<p>Staff across the Group – including frontline housing teams, the customer service centre and communications – run ongoing campaigns and programmes of contact with customers affected by financial hardship and with problems in paying their rent, whether caused as a result of Covid-19, the wider issues with Universal Credit or for other reasons.</p> <p>This includes a dedicated Universal Credit team, use of mobile technology for staff to assist customers with online transactions and working with partners to influence the UK and Scottish policy and funding environment.</p> <p>Online service portals are more accessible and housing officers are becoming more available. Our small housing patch sizes of 1:200 from December 2020 provide a key mitigation, allowing staff to work proactively with customers before their debts become unmanageable, drawing in Wheatley 360 support services such as welfare benefits advice.</p> <p>The Group business plan also contains a significant buffer within its assumptions for risk in relation to bad debts and rent arrears. In addition, arrears performance is reviewed by Boards as part of quarterly performance reports.</p>	 <p>Impact</p> <p>Likelihood</p>	Cautious
DGHPRR02 Development Program	<p>Appropriate viable development sites with housing demand fail to be identified and acquired resulting in non-delivery of partnership promise to build 1000 new homes and results in reduced income flow and loss of reputation, with potential consequences as follows:</p>	 <p>Impact</p> <p>Likelihood</p>	<p>Development of new build strategy for DGHP which considers different routes to delivery.</p> <p>Analysis of demand by Indigo House to inform programme.</p> <p>Political lobbying and support.</p> <p>Good design and cost planning, aligning to the Group design standard.</p> <p>Access to the Group Contractor and Consultant Frameworks.</p> <p>Increasing Contractor base in Dumfries and Galloway.</p>	 <p>Impact</p> <p>Likelihood</p>	Open

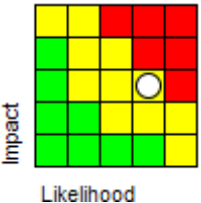
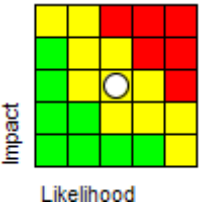
Code & Title	Description	Inherent risk score	Existing Controls / Monitoring & Check	Residual Risk score	Risk Appetite
	<ul style="list-style-type: none"> • Inability to attract new customers • Loss of confidence by stakeholders • Reduced income stream 		<p>Developing and maintaining positive relationships with Scottish Government, Funders and D&G Council.</p> <p>Governance structure reporting to the group development committee.</p> <p>Asset Strategy development is underway to assist in identification of viable regeneration and new build sites.</p>		
DGHPRR03 Stock Condition	Poor planning and supply chain challenges result in a failure to invest in DGHP stock to meet SHQS/ EESSH, investment promises and Compliance standards, leading to potential reputation damage and regulatory intervention.	 <p>Likelihood</p>	<p>Stock condition surveys and investment plan in place</p> <p>Investment Programme developed and funding in place to meet and maintain standards in business plans.</p> <p>Developing Asset Management Strategy - Stock Appraisal being undertaken identifying regeneration and demolition opportunities</p> <p>Support from group to draw down delivery capacity and expertise to support delivery of programme</p> <p>Group provides regular updates against regulatory standards to Regulator.</p> <p>Regular updates on performance against compliance and investment delivery delivered to DGHP Board.</p> <p>Continue to work with CBG to manage resources and supply chain challenges.</p>	 <p>Likelihood</p>	Averse
DGHPRR04 Business Continuity & Disaster Recovery	The Wheatley Housing Group does not have adequate or tested business continuity / disaster recovery plans in place for key business activities (for example: repairs service, care provision/staff cover, customer payment systems/technology) including those with significant contractors, resulting in significant disruption to service.	 <p>Likelihood</p>	<p>Business Continuity Plans are in place across all business areas. A business continuity implementation group is responsible for collating, reviewing and designing the Group's Disaster Recovery and Business Continuity Plans.</p> <p>Positive working relationships with D&G community resilience planning.</p> <p>The business continuity framework is being further developed in line with the Group's new business operating model and in light of experience through the COVID-19 pandemic. DGHP has representation on the working group developing the framework.</p>	 <p>Likelihood</p>	Minimal

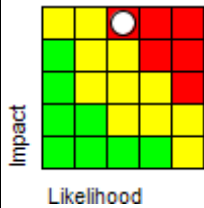
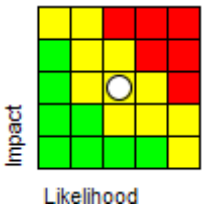
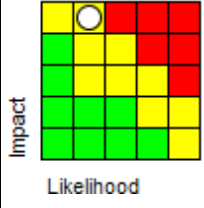
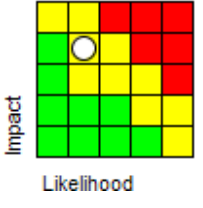
Code & Title	Description	Inherent risk score	Existing Controls / Monitoring & Check	Residual Risk score	Risk Appetite
DGHPRR05 Political & Policy Changes	The risk that political and policy changes (within Scotland and the UK) affect the ability of Wheatley Housing Group to deliver strategic objectives resulting in significant adverse reputational impact.	 <p style="text-align: center;">Likelihood</p>	<p>The current policy and national political environment brings a degree of uncertainty.</p> <p>The Group has an established stakeholder management framework in place and relevant Managers will be focussed on responding to changes in policy and administration as they arise.</p> <p>The Group's policy of not building homes for sale also mitigates potential property market risk.</p>	 <p style="text-align: center;">Likelihood</p>	Cautious
DGHPRR06 Laws & Regulation	<p>Non-compliance with statutory laws and regulations, including but not limited to:</p> <ul style="list-style-type: none"> (i) Scottish Housing Regulator and Care Inspectorate regulations, (ii) Financial Conduct Authority (FCA) regulations, (iii) compliance with Health and Safety Building Regulations, (iv) Freedom of Information (Scotland) Act, (v) General Data Protection Regulations and (vi) OSCR, the Scottish Charities Regulator <p>resulting in adverse feedback and loss in confidence from regulators, funders, customers and potential partners, as well as potential fines and penalties.</p>	 <p style="text-align: center;">Likelihood</p>	<p>A Group wide Scottish Housing Charter Assurance process is supported by the Strategic Scrutiny Panel reviewing outcomes. FCA regulations are considered when new products and services are developed.</p> <p>Qualified personnel undertaking capital improvement works as well as suitable sign off and compliance checks of new installations (e.g., external wall coverings), to ensure these meet relevant building standards.</p> <p>New product offerings follow a clear route to governance, with approval required from the Executive Team before formal approval is requested from the Group Board.</p> <p>Legal and financial advice is obtained for all financial offerings to customers.</p> <p>Compliance Plan monitored on an on-going basis and any issues raised to Executive Team and Group Audit Committee on an exceptions basis. The Group has on-going relationship management with Regulator.</p> <p>Group-wide approach to how the Group manages information.</p> <p>Privacy Impact Statements to be implemented across the Group.</p> <p>Changes to existing legislation are identified and implemented by identified responsible officers across the Group.</p>	 <p style="text-align: center;">Likelihood</p>	Averse

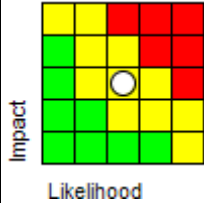
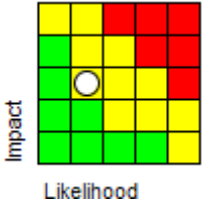
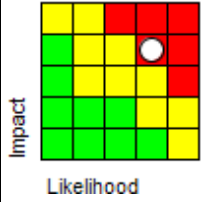
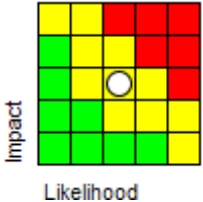
Code & Title	Description	Inherent risk score	Existing Controls / Monitoring & Check	Residual Risk score	Risk Appetite
DGHPRR07 Failure to recruit, develop, retain and succession plan	Failure to recruit, develop, retain and succession plan for high quality / qualified staff, resulting in reduced levels of service provision, staff not competent to perform their job to expected standard and achieve strategic objectives.		<p>Interim Managing Director in place and new Head of Housing and Head of Repairs due to start started in January 2022.</p> <p>Recruited to 20 trades posts since June 2021.</p> <p>MyContribution process for all staff and integrated with MyAcademy.</p> <p>Training courses at the Academy and online Leadership Development programme, succession planning and talent management programme.</p> <p>IGNITE Graduate Programme to bring in new talent across Group RSLs and Wheatley Solutions.</p> <p>HR policies on recruitment and selection.</p> <p>Employee satisfaction surveys.</p> <p>Any jobs shared with local networks / ask staff to share with their networks / use agencies for specialised roles.</p>		Open
DGHPRR08 Governance Structure	The governance structure is not clearly defined, is overly complex and lacks appropriate skills at Board and Committee levels to govern the Group effectively. Failure of corporate governance arrangements could lead to serious service and financial failures.		<p>The Group's authorising environment has been agreed. The Corporate Strategy highlights the importance of the need for continual Board development enabling the Board and Committee members to remain strategically focused. Governance training is provided as appropriate. Formal succession planning for Board members is in place. Governance arrangements regularly reviewed by the Scottish Housing Regulator, external consultants, internal and external audit functions.</p> <p>Subsidiary Board structures may be rationalised from time to time to reduce complexity, e.g., as has been done with Wheatley Care and Lowther/YourPlace.</p>		Cautious
DGHPRR09 Property Services	Failure to effectively manage supply chain, repairs service and contractors results in interruption of services to customers with potential consequences as follows:		<p>DGHP repairs service now delivered in house.</p> <p>Heating servicing and maintenance now delivered in house</p> <p>apprenticeship programme being developed</p> <p>Annual business planning</p> <p>Monitoring performance internally with partners</p>		Open

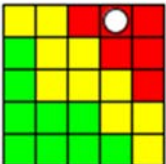
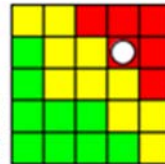
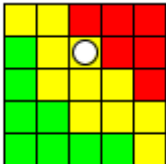
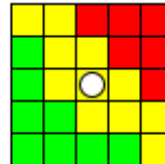
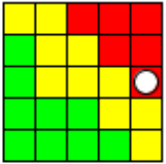
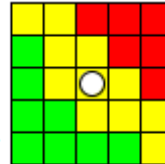
Code & Title	Description	Inherent risk score	Existing Controls / Monitoring & Check	Residual Risk score	Risk Appetite
	<ul style="list-style-type: none"> • Loss of key personnel; • Financial objectives are not achieved; • Reduced customer satisfaction; • Reputational damage; • Lack of ability to attract and retain skilled workforce; • Lack of opportunity to plan for succession; • Inability to maintain stock. 		<p>Focused activity for materials supply chain with detailed action plans in place.</p> <p>Review of IT systems for repairs</p> <p>Procurement strategy</p> <p>Third party contractor framework</p> <p>Support from Group Health and Safety</p> <p>Management support from Wheatley Director of Investment, Repairs and Compliance</p>		
DGHPRR10 Fire Safety	<p>There is a risk that a failure to comply with relevant fire safety standards for our buildings results in harm to the health or safety of our customers and/or staff, leading to injuries or fatalities, enforcement action and reputational damage.</p>	 <p>Impact</p> <p>Likelihood</p>	<p>Group Fire Safety Team focuses on identification of fire preventions actions for implementation by MDs in relation to DGHP's 18 relevant premises.</p> <p>Quarterly reporting of implementation of actions to Group Audit Committee.</p> <p>Outwith relevant premises, Fire Prevention and Mitigation Framework and Fire Risk Assessments.</p> <p>Extensive compliance and investment regime to achieve compliance with building safety regulations (as required) and best practice guidance.</p>	 <p>Impact</p> <p>Likelihood</p>	Averse
DGHPRR11 Care and Support Services	<p>A failure in the care of an individual could result in serious personal harm, leading to risk to life and limb, financial liability and loss of future work due to reputational damage.</p> <p>The commissioning environment relating to care and support services creates risks that funding</p>	 <p>Impact</p> <p>Likelihood</p>	<p>Care and support services governance arrangements, including the authorising environment, are clear and have been approved. These include regular reviews of service financial positions and processes to hand back services which cannot be delivered in a financially viable manner.</p> <p>Care Assurance Framework (which includes monitoring the results from Care Inspectorate service visits and Group Assurance inspections) in place which assesses the quality of</p>	 <p>Impact</p> <p>Likelihood</p>	Cautious

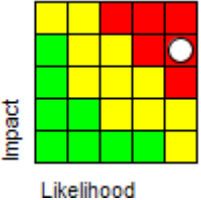
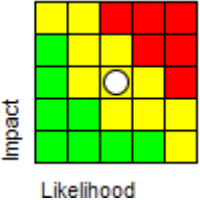
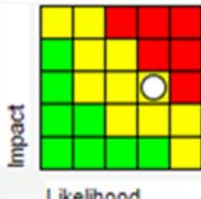
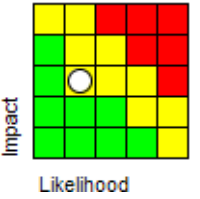
Code & Title	Description	Inherent risk score	Existing Controls / Monitoring & Check	Residual Risk score	Risk Appetite
	is insufficient to allow services to break-even while paying staff fair wages.		<p>care and adherence to Care policies and procedures across Group.</p> <p>There are also regular formal calls between inspection officers and registered managers</p> <p>Regular management review of service users' care packages to monitor where people are leaving the services and how to redeploy resources or attract new users.</p> <p>The Protecting People Policy Framework sets out arrangement for protecting the People We Work For, including those considered to be vulnerable. Work to deliver against the Framework is reported to the Wheatley Care Board.</p>		
DGHPRR12 Supply chain disruption	There is a risk of delays in the sourcing of goods and materials, or of Wheatley Care workforce challenges arising from the impact of macroeconomic events such as the post-Brexit trade deal, Covid manufacturing productivity challenges and global purchasing behaviours such as US/Asia mega-purchasing; resulting in increased costs and / or delays for new build and property investment and repairs works, or negative impacts on the wellbeing and satisfaction of People We Work For.	 <p>Impact</p> <p>Likelihood</p>	<p>General</p> <p>Procurement procedures include assessment of suppliers' financial health. Proactive monitoring of supply chains by Operational leads with regular contract management meetings.</p> <p>Regular engagement with Scottish Government on cost or delay impact potential as issues emerge. In the event of supplier insolvency, procurement frameworks / approved supplier listings would be used to identify alternative suppliers.</p> <p>Repairs Service</p> <p>Manage stock levels including, where possible, advance purchase of components and materials.</p> <p>Engagement with key suppliers.</p> <p>Specific contingency plans for key services e.g., lifts.</p> <p>Local staff directly employed by DGHP repairs team.</p> <p>Investment Programme.</p> <p>Manage stock levels of components and materials. Engagement with key suppliers.</p> <p>New Build</p>	 <p>Impact</p> <p>Likelihood</p>	Cautious

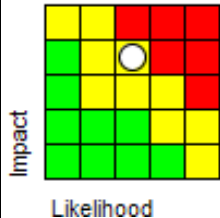
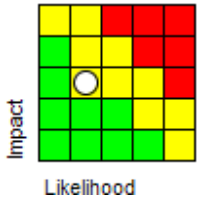
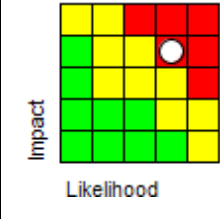
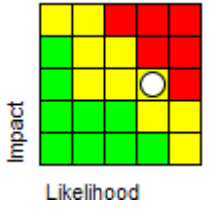
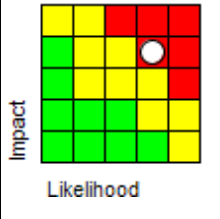
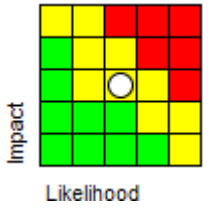
Code & Title	Description	Inherent risk score	Existing Controls / Monitoring & Check	Residual Risk score	Risk Appetite
			<p>Regular engagement with new build contractors where the Group's financial exposure is greatest to test financial standing.</p> <p>Monitor on a site basis the availability and adequacy of contactor's resource on site – consider increased clerk of works site monitoring to ensure quality of workmanship.</p> <p>Operational Supplies</p> <p>Utilisation of Group and 3rd party frameworks to minimise price increase risk. Engagement with key suppliers on stock levels.</p> <p>Wheatley Care</p> <p>Working with SG via membership organisations to understand potential level of risk. Contingency plans to mitigate locally and maintaining a 16-week stock of PPE.</p>		
<p>DGHPRR13 Securing future funding and adverse market changes</p>	<p>There is a risk that the Group's ability to raise borrowing at cost-effective rates or raise the funds required to meet our liquidity Golden Rules is limited by wider economic or political conditions such as another banking crisis, rising interest rates, default in the sector, increasing focus on ESG credentials or constitutional changes; resulting in an inability to hold enough cash to meet our commitments or achieve our business objectives.</p>		<p>Our strategy is to diversify funding sources and relationships, providing a range of options for future funding in the event of adverse funding market changes.</p> <p>Our liquidity Golden Rules are designed to ensure that we have sufficient cash available for two years+ 25% contingency, and this rule is re-assessed annually by the Group Board. Compliance with these is reported to the Group and WFL Boards quarterly. We also review our approach to hedging in respect of interest rate risk on a quarterly basis.</p> <p>We do not borrow in currencies other than sterling to reduce exchange rate risks, including in the event of a potential future change in currency, nor do we borrow from non-UK domiciled investors (with the exception of the EIB).</p> <p>The Group's Internal Rate of Return (for appraising and approving projects) will be revised when finance costs increase to ensure new build projects do not become loss-making.</p> <p>Annual ESG reporting in place with reports issued alongside the statutory accounts. A Sustainability Financing Framework will be</p>		<p>Open</p>

Code & Title	Description	Inherent risk score	Existing Controls / Monitoring & Check	Residual Risk score	Risk Appetite
			issued was published in Q3 2021/22, which will be accredited following accreditation by S&P.		
DGHPRR14 Compliance with funders' requirements	There is a risk of defaulting on loan agreements as a result of failing to meet or maintain compliance with loan agreements. This would result resulting in withdrawal of the funding, potential for cross-default on other facilities, difficulty in obtaining future funding from other funders, and would likely result in higher cost of funding.		<p>Regular meetings with funders and investor representatives to update on financial status of the Group.</p> <p>Financial performance monitored monthly and covenant compliance reviewed quarterly by the Group Board, before being submitted externally to funders.</p> <p>Covenant compliance monitoring tool introduced by Finance. Funder requirements document identifies key dates and requirements.</p> <p>Financial performance is monitored on an ongoing basis through monthly reporting cycle and Group/subsidiary Board review of management accounts.</p> <p>Subsidiary and Group Business Plans are subject to annual updates and review by respective Boards.</p> <p>In addition, ongoing dialogue is maintained with relevant credit rating agencies in order to mitigate the risks of unexpected rating changes.</p>		Cautious
DGHPRR15 Group Credit Rating	There is a risk that external factors such as a downgrade of the UK's credit rating or a default by another organisation within the social housing sector results in a downgrading of the Group's credit rating to BBB+ or below, resulting in a potential requirement to repay our European Investment Bank loans, a reduction in the availability of future borrowing, and/ or an increase in the cost of current debt.		<p>The Group's business plan is designed to maintain a strong credit rating, for example by excluding build for sale activity. Our Board-approved financial Golden Rules include maintaining strong levels of liquidity to mitigate refinance risks.</p> <p>Ongoing dialogue is maintained with relevant credit rating agencies in order to mitigate the risk of unexpected rating changes which are controllable.</p> <p><i>Mitigation drafting used in legal clauses</i> - in the event the rating fell to BBB+, the legal clauses are specific that this is not an event of default (thereby avoiding cross-default).</p> <p><i>Negotiation period</i> – the legal clauses provide for a period to negotiate with EIB on mitigating measures, such as revisions to covenants or posting of increased security/collateral.</p>		Cautious

Code & Title	Description	Inherent risk score	Existing Controls / Monitoring & Check	Residual Risk score	Risk Appetite
			<i>Standby funders to replace EIB if necessary</i> - A strong relationship is maintained with EIB to mitigate future risk from external factors causing a credit rating downgrade. Strong investor/lender relationships are maintained with a number of other organisations at all times in case of unanticipated funding need.		
DGHPRR16 Pension contributions	Increases in the required pension contributions for all Group pension funds may leads to potential cost pressures for the Group.		<p>The Group's Pensions Policy sets out a range of measures to manage pension costs. We have established a Wheatley Group defined contribution scheme which is the default arrangement for new joiners and auto-enrolment for most subsidiaries.</p> <p>We are also consolidating SHAPS and LGPS schemes where possible to reduce the risk of cessation liabilities being triggered.</p>		Averse
DGHPRR17 Cyber Security	<p>There is a risk that the Group is subject to a cyber-attack due to a failure of the Group's cyber security arrangements such as:</p> <ul style="list-style-type: none"> - staff not aware of policies and procedures - technology is out of date - inadequate management of end of life services <p>resulting in an inability to deliver services, and potential financial loss.</p>		<p>IT cyber security live tests undertaken, and results reported to ET and Group Board.</p> <p>Group IT has an information and cyber security approach that covers: i) Overall Information security policy for Group and ii) staff engagement and training across 5 key learning themes.</p> <p>Established processes across key risk areas: information security response / access controls / secure disposal / Group Data Protection Policy /IT Cloud Services Policy / Vendor Security Assessments.</p> <p>Group IT is externally assessed annually on information security and IT general controls via 3rd party auditors.</p> <p>A bi-annual cyber security assessment is conducted by NCC across 20 key control areas.</p> <p>An internal Information Security Working Group has been established within technical teams across Group IT.</p> <p>Bi-annual cyber security update reported to the Group Audit Committee.</p>		Minimal

Code & Title	Description	Inherent risk score	Existing Controls / Monitoring & Check	Residual Risk score	Risk Appetite
DGHP18 Post-2021 Housing Policy and Grant availability	There is a risk that without sufficient Scottish Government financial support we may be unable to deliver some of the Scottish Government and ESSH2 targets in relation to energy efficiency.	 <p>Impact</p> <p>Likelihood</p>	<p>Wheatley Group staff are meeting with Scottish Government representatives regularly to proactively present the case for housing investment to Ministers and senior officials directly and through our representative bodies SFHA and CIH. This includes participating in the Scottish Government review of grant availability.</p> <p>A Green Investment Plan proposal has been developed and will form the basis of direct discussions with the Scottish Government. Financial scenario planning in place to understand potential impact on our investment programme under a variety of grant scenarios.</p>	 <p>Impact</p> <p>Likelihood</p>	Cautious
DGHPRR19 Customer satisfaction	Customers do not feel our homes and services meet their needs and/or the standards they expect, leading to declining customer satisfaction.	 <p>Impact</p> <p>Likelihood</p>	<p>Customer service excellence is a key element of DGHPs objectives and the 2021-26 strategy. We use a variety of methods to collect customer feedback, both during the year and annually. This information helps us understand customer views and informs our delivery and investment plans every year. This will be augmented by a range of new approaches to improve satisfaction among particular target groups such as young families. The new performance management framework will also include a stronger focus on measuring drivers of customer value in our key services.</p> <p>Small housing officer patch sizes of 1:200 allow housing staff to deliver personalised services under the Think Yes approach.</p>	 <p>Impact</p> <p>Likelihood</p>	Hungry
DGHPRR21 Ongoing threat of future waves of Covid-19 and/or another pandemic	The risk of a future waves of Covid-19 and / or another pandemic along with the risk of further periods of lockdown (either Scotland wide or by geographical area) may result in previously remobilised services being paused.	 <p>Impact</p> <p>Likelihood</p>	<p>Through lessons learnt from previous lockdown and remobilisation, services now have contingency plans (both Group wide and at a local level) in place for future waves and/ or another pandemic.</p> <p>These include protocols for different grades of service model depending on the level of government restrictions (according with the levels system), Operational Safety Manual amendments which can be reinstated at short notice depending on the situation</p>	 <p>Impact</p> <p>Likelihood</p>	Cautious

Code & Title	Description	Inherent risk score	Existing Controls / Monitoring & Check	Residual Risk score	Risk Appetite
			<p>and 16-week PPE forward supply stocks being maintained at all times.</p> <p>We have a clear set of links with Scottish Government and other stakeholders through our standing place on the sector resilience group which allows us to quickly input to and understand Scottish Government responses and guidance.</p>		
<p>DGHPRR22 New operating model implementation</p>	<p>The implementation of a new operating model as we emerge from the Covid-19 crisis, including changing staff patterns/places of work, reducing the number of offices and placing greater reliance on technology could be poorly implemented and communicated, leading to staff disengagement and lack of support from our trade union partners.</p>		<p>The Customer Consultation on the new operating model continues, and results of the completed consultation were reported to Boards for consideration.</p> <p>Operational planning for implementation is in progress, including the delivery of the Customer First Centre. A New Business Model Steering Group meets fortnightly to facilitate this planning. Executive team receives regular reporting of plans and has oversight of plans, including for the Customer First Centre.</p>		<p>Open</p>
<p>DGHPRR23 Implementation of Partnership Promises</p>	<p>We may fail to deliver the tenant promises made in the DGHP ballot, including achieving compliance with regulatory standards (such as the Scottish Housing Quality Standard). This could lead to increased regulatory scrutiny, as well as falling customer satisfaction due to failure to deliver on promises made.</p>		<p>The DGHP implementation plan has now been mainstreamed into the Group's strategy and are included with the Group's performance framework.</p> <p>DGHP Strategic Projects are reported quarterly to Board.</p> <p>Bi-annual reporting of progress against Partnership Promises to Board.</p>		<p>Minimal</p>

Code & Title	Description	Inherent risk score	Existing Controls / Monitoring & Check	Residual Risk score	Risk Appetite
DGHPRR24 Covid-19 vaccination roll-out	There is a risk that a lack of clarity over employers' responsibilities in relation to the Covid-19 vaccine, including employment law and data protection implications of requiring staff to notify their employer and / or the vaccine being made mandatory for certain roles, results in reputational damage and / or potential breach of employment law or data protection regulations.		<p>The Employee Relations team continues to consult with employment law advisers to obtain ongoing legal advice.</p> <p>The Group continues to liaise closely with trades unions and staff to develop its approach.</p> <p>Data privacy notices for Care staff have been updated to allow the Group to keep a record of which staff have received the vaccine, and work to updated privacy notices for all Group staff continues. Care management is monitoring uptake levels as part of a local risk assessment approach.</p>		Averse
DGHPRR25 Climate Change impact on Group assets and services	There is a risk that the Group's inability to adapt to results of climate change results in damage to the value of our assets and our ability to deliver services.		<p>Business continuity plans (both at Group and local level) provide for operational responses to extreme weather events such as flooding and severe winter snow (e.g., "Beast from the East" type events).</p> <p>Climate Impact Assessment report commissioned from external consultants (Foresight report).</p> <p>Performance Reporting team has commissioned report to overlay climate change impacts on Group's geographic locations.</p>		Cautious
DGHPRR26 Meeting stakeholder expectations on climate change	The Group is not able to deliver climate-change mitigation activities that meet the expectations of key stakeholder requirements and regulatory requirements.		<p>Our strategy includes an objective to reduce emissions from our corporate activities to be carbon neutral by 2026.</p> <p>We have detailed asset information and baseline data, an EESSH 2 plan is under development, and we are in discussions with the Scottish Government about funding to accelerate investment in our properties through a Wheatley Green Investment Plan.</p> <p>We produce an annual ESG report for investors setting out our progress on the environmental agenda and will produce a sustainability framework for investors to support the raising of sustainability-linked finance in future.</p>		Cautious

Code & Title	Description	Inherent risk score	Existing Controls / Monitoring & Check	Residual Risk score	Risk Appetite
			In addition to ESG reporting, increased public messaging around our work in relation to climate change.		

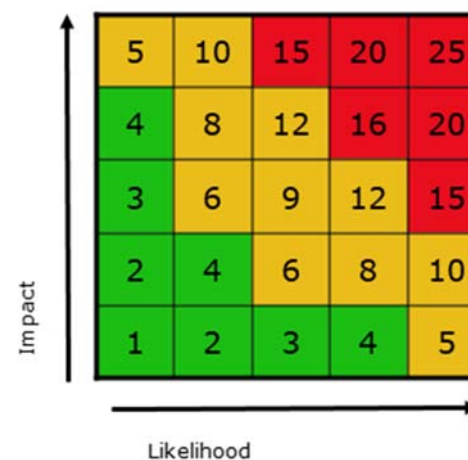
Appendix 2 - Risk Scoring Definitions

Impact scoring for strategic risks

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

Likelihood scoring

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



Appendix 3 - Risk Appetite Definitions

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