

**HOME GROUP
MINUTES OF THE HOME GROUP SCOTLAND BOARD MEETING
HELD ON 12 MARCH 2025 AT EDINBURGH UNIVERSITY**

Present:

Susan Deacon	Chair
Gillian Campbell	Board Member
Mark Henderson	Board Member
Robyn Inglis	Board Member
Gavin MacKenzie	Board Member
Helen Meehan	Board Member
Catherine Wood	Board Member
June Wylie	Board Member
Emmanuel Asante	Board Member

IN ATTENDANCE:

Will Gardner	Executive Director of Asset and Development [Items 2216,2219]
Austin Woods	Company Secretary
Bryony Willett	Director of Scotland
Chris Hopkins	Director of Finance [Item 2215]
Shona Mitchell	Senior Advisor
Jo-Anne Morgan	Altair Consultant
Andrew Wilmot	Observer
Jackie McIntosh	Observer
Ruth Corless	Governance Business Partner

2207 VICE-CHAIR APPOINTMENT

The Chair immediately moved to deal with new members as part of the Company Secretary Report.

2208 DECLARATIONS OF INTEREST

The Declaration of Interests was noted. No amendments were proposed. Apologies were received from Grant Campbell.

Austin presented Item 2.1 at this point and explained the proposed appointment of new members and the interview process that had taken place. Susan Deacon and June Wylie had been supported in this by Austin Woods. Susan and June provided a verbal report to the Board and were proposing that the Home Group Scotland (HGS) Board recommend the appointment of Jackie McIntosh and Andrew Wilmott. Austin confirmed the appointments would be taken to Home Board Governance and People Committee on 19 March 2025. The HGS Board supported the recommendation. Jackie and Andrew were invited to join the meeting at this point.

The Chair welcomed all to the meeting and a round of introductions took place. The Chair welcomed newly proposed Board Members who were attending as observers for this meeting prior to final approval at the Governance and People Committee. The Chair welcomed Jo-Anne Morgan from Altair attending as part of the Board Effectiveness review process. Jo-Anne Morgan summarised the Board Effectiveness Review process and confirmed that feedback could be expected on the Strategy Day later in June. It will be discussed with the Chair whether this is attendance in person, via Teams or just a report.

Action: Austin Woods/ Bryony Willett

The Vice-Chair appointment, Item 1.1, was discussed. The Chair reminded the Board that a Vice-Chair was not formally required, but such a position would be

of benefit. Catherine Wood had agreed to accept this appointment, and the Chair sought the Board's approval of this proposal. In this role Catherine would undertake an appraisal of the Chair. The Chair and the Board congratulated Catherine on her additional role in support of the Board.

The Board agreed the **RECOMMENDATION** of Jackie McIntosh and Andrew Wilmot to the Governance and People Committee for approval as HGS Board Members.

The Board **APPROVED** the appointment of Catherine Wood as Vice-Chair of HGS Board.

2209 MINUTES OF LAST MEETING 6 FEBRUARY 2025

The minutes of the previous meeting were agreed as a true record. No amendments were proposed.

The Board **APPROVED** the minutes of 6 February 2025.

2210 ACTION POINTS

The Chair acknowledged the updates to the actions and welcomed the clarity provided at each meeting.

June Wylie queried the short life working group proposal in Action 2191 and Bryony confirmed that the intention was to arrange a date to work towards the Annual Assurance Statement that was suitable for those wishing to be involved. The session would be opened up to the rest of the Board. Action 2191 was ongoing.

Bryony advised that the Hunter's report would not be presented at this meeting and would be presented at the Audit Committee before being brought to the May HGS Board therefore this item should remain open.

2211 BOARD, COMMITTEE UPDATES, COMPANY SECRETARY REPORT

Austin highlighted the extra-ordinary Governance and People Committee in March and confirmed the conclusion of the matter discussed would be shared with HGS Board in due course.

A summary of committees held since the last Board meeting was shared and questions were invited. For the benefit of new members, the Chair confirmed the structure and representation of HGS Board on committees within the wider group.

The Board training programme was discussed. Austin confirmed that more work on the skills matrix was needed, which would be incorporated into the Altair Board Effectiveness Review. The skills matrix, and Chair's appraisals, would help to further inform training requirements of the Board.

The Chair confirmed that plans for appraisals were now underway and though not overly formal, were a helpful process and annual check-in with Board Members.

The Annual Assurance Statement tracker was noted. Feedback was invited and confirmation given that the process was on track for the summer deadline. Austin also confirmed that the Risk Workshop plans were still in progress. This workshop would include all Boards and Committees as Home Group sought to consider and develop the current strategic risk profile.

June noted the improvement of the induction process for Board Members and requested some sighting of this in the near future. It was agreed that some

sessions would be open to all members, given the new developments and historic process. Bryony confirmed that dates would be set for new members after this meeting and invites extended to existing Board members.

Action: Austin Woods/ Michelle Evans

The Board **APPROVED** the revised risk register.

The Board **RECOMMENDED** for approval the two new appointments to the Board.

The Board **NOTED** the contents of the report.

2212 DIRECTOR'S REPORT

Bryony presented the Director's Report and highlighted the discussions with Novus and Wheatley. The negotiations with Wheatley had now been fully concluded and the extension to the contract would cost £133K for this year.

Discussions with Novus were reported as ongoing. Consistent improvement and performance were sought and very recent changes in personnel at Novus were noted. The departure of the Operation Lead was a cause for concern and the commercial approach now being taken by Novus to negotiations would continue. Bryony shared the current figures involved in these negotiations including payments made to date and costs still in discussion. It was acknowledged that some of the challenge from Novus was in respect of the work they had undertaken and therefore they had been paid for this, but more due diligence was required over this to ensure they are only paid for the work or services they have actually carried out to our satisfaction. The cost to HGS in using Novus was noted and the Board recalled the discussion in July 2024 on the Repairs and Maintenance (R&M) structure. Bryony confirmed there were no immediate concerns, however highlighted that HGS is due to return to the issue of the structure of the R and M maintenance function in summer 2025. The current risk to this function had increased.

Gavin asked if acceptable levels of service were currently being received. Bryony confirmed there were no significant concerns about the current level of service, however the impact of changes of leadership in Scotland was unknown.

Gillan asked what options were currently available to HGS. Bryony advised that options would be considered including different contractual pricing structures and in-house models. It was confirmed that the way we had developed the contracts gave us flexibility to require change, but the strategic approach needed to be considered first and that is in progress. A further report would be made to the Board at the August meeting.

Action: Agenda

The terms of the Novus contract were discussed. The Board noted the agreed extension of the contract, and the implications of any changes to this. The risk and exposure of HGS to Novus was discussed and Catherine asked whether a discussion was required prior to the summer. Bryony proposed that the situation be monitored in order to draw stronger conclusions for the Board.

Novus contracts elsewhere in Home Group overall were discussed. Mark informed the Board of observations across both Scotland and England and the levels of service being seen. Challenges in Repairs and Maintenance (R&M) existed across all regions and a working viable model was a challenge. It was noted that this was a current sector-wide challenge. The positive customer experience from the stronger performance of a Direct Labour Organisation (DLO) in some regions was

noted.

The Chair thanked Bryony for the transparent and comprehensive update and proposed that any significant developments before the next Board be monitored. Future discussion on the R&M structure in Scotland would be scheduled and it was proposed that the viable option of a DLO would be considered with a report to the Board. Bryony suggested that the options would be developed over the next few months, with different models and pricing structures considered and presented.

Action: Paul Walker

The purchase of five properties in Glasgow on the open market was discussed and the feedback from Customer Promise Assessment visits was discussed. First-hand feedback received noted the positive impact to customers of the increased visibility of a local Housing Manager and the installation of CCTV and security measures, all of which had provided assurance of safety to customers. The Chair requested that all Board Members complete a customer engagement session annually.

Action: All

Shona updated the Board on Scottish Government initiatives and statements including energy efficiency requirements, Housing Bill proposals and Cabinet Secretary statements. The Chair welcomed Shona's update on the housing landscape and the regular updates circulated to the Board.

The Board **NOTED** the contents of the Director's Report.

The Board **APPROVED** the purchase of five properties currently on the open market in Glasgow subject to the conditions at section two of the report

2213 SITE VISIT FEEDBACK

The Chair invited the Board to provide feedback on their earlier site visit to the regeneration of the ex-sick children's hospital site.

Catherine recalled a certain amount of skepticism when this scheme had been originally brought to the Board for consideration due to its location and the proposals that were capital intensive. Having visited earlier in the day Catherine stated that the work was to be commended and admired. Revisiting the scheme again in two years would inform the Board even more of the impact of the development on the community. It was agreed that a future visit would be scheduled.

Action: Austin Woods

The Board agreed this was a strong example of mixed tenure development and place making. Conversations during the visits had acknowledged the need for regular meetings between the contractors and local residents to ensure a positive experience in the development of the properties. Mark acknowledged the brave decision given the investment of cash and the potential for anti-social behavior (ASB) whilst allowing for equity in the housing market.

The Board noted some general points including some snagging items still visible. Mark noted this as a general market trend.

The introduction of a new type of heating system was discussed and the proposal for having a 'reference customer' to support in the monitoring of the effectiveness of this system was advised. Such a 'go to' person would support the monitoring and use of a system in order to provide consistent feedback to the housing team.

The Board supported this proposal.

Action: Bryony Willett

The Board also asked for a greater understanding of the development of green heating systems including policy, Home Group practice, obligations and innovations.

Action: Will Gardner/ Hannah Howard-Jones

Board members noted the disparity between market and mid-market rents and the distortion of the market in this locality. Questions were raised regarding the no-parking on site and questioned the return on investment from this mix of social rent scheme. Other members acknowledged the unique community that had been achieved in this scheme. Andrew commended Home Group for the delivery of something that others had not managed to do.

The Board agreed that this development would be monitored and confirmed that promotion of HGS and its success and innovation would continue. The visit feedback was **NOTED** by the Board.

2214 2025/2026 KEY PERFORMANCE TARGETS AND OPERATIONAL DELIVERY PLAN

Bryony presented the plan and target report. As part of the plan the support of vulnerable customers was highlighted. An action would be added to raise awareness of this issue especially to all front-facing colleagues.

Action: Bryony Willett

A single target measuring the proportion of lets to homeless households was proposed for 2025/2026 which was in line with the Regulator's requirements. All other satisfaction KPIs were new, and proposed targets were in line with the higher of Home Group or Peers' performance.

Figures for long-term voids were contextualised and targets set for the coming year noted. All KPIs would form part of the regular quarterly reporting to the Board in the coming year.

June welcomed the Operational Delivery Plan, and the level of detail provided and asked how the void property figure compared with the sector. Bryony explained the reasons for the current long-term voids and the plans in place to address particular sets of void properties, in particular locations. Reasons varied from change in demand, the need to demolish and the need to invest. Bryony confirmed that sales of properties in East Barlornock to Homes for Good were complete.

Gavin queried the proposed target for rent collected and was advised that this was set in order to see a reduction in arrears; hence this could be over 100%. Homeless targets set for 2025/2026 were above the regulators' expectations but were below requests from Local Authorities (LAs), which had been a minimum of 50%. Bryony noted the need to ensure communities were balanced.

Gavin asked if any groups would be prejudiced by the proposal to set homeless target levels at this figure. Bryony confirmed that no protected characteristic group were being disadvantaged.

The Board **APPROVED** the Operational Delivery Plan with the addition of an action around customer vulnerability.

The Board **APPROVED** the proposed KPI targets presented.

2215 DRAFT BUDGET 2025/26

Chris Hopkins joined the meeting online at this point and presented the draft budget. The Board were advised that HGS was showing strong financials and a £5m surplus was expected, which was above this year's forecast.

Investments were outlined and £19M was proposed to provide 150 new homes, with £18M for maintenance and improving homes. £4M less debt compared to 2024/25 would increase surplus and £1M interest savings and interest rate reductions were expected.

Chris confirmed that the budget proposed showed strong and stable financial KPIs with significant headroom on interest cover and gearing covenants. This left HGS in a strong position and would roll into the 5-year financial plan and 30-year forecast required in May.

The Chair thanked Chris for the clear paper and questions were raised. Gavin asked what the driver was for the increase in bad debt. This was based on operational assumptions. Bryony confirmed that bad debt provision was set centrally.

Gavin queried some of the assumptions such as the RPI for 2026 at 4.4% and asked what impact this had on budget and decision making. Chris advised the impact was less in the budget, greater in the 5-year plan. A commentary from the Bank of England regarding inflation rates had taken place together with our corporate Treasury advisors, Centrus, to inform this assumption. Given expectations for CPI rates of between 3.5 and 3.7%, the proposals would seem appropriate. Markets and analysts were expecting to see increases by September 2026. CPI as a key driver was questioned.

Helen confirmed that 100% write off of rechargeable repair debt was assumed which had increased the bad debt provision requirements. Higher rechargeable repairs in the budget would not currently expect to be recouped. The greater the rechargeable repairs, the greater the bad debt. Board Members queried the processes to reclaim this category of bad debt. Bryony confirmed that work to ensure everything was recharged was in place but most of this work is discovered when the property becomes void once a tenancy had ended and therefore tracing ex-customers can be very challenging and costly.

At the invitation of the Chair, Bryony shared her experience of setting the budget for the first time as Director for Scotland. Budget setting had been a team effort with close collaboration between Customers and Community and Maintenance., There was more work to do next year, particularly about feeding into the planned maintenance programme and building safety programmes, and setting key priorities collectively at group level would take place as early as possible.

The Board **APPROVED** the 2025/2026 budget.

2216 DEVELOPMENT APPROVALS

Will Gardner joined online to present the Development Approvals Report. One new scheme was outlined. The Board were advised of the proposed development in Tillycairn Drive, Glasgow, which took advantage of the high grant rates from the housing emergency acquisitions fund. The opportunity was the purchase of ten 3-bedroom family new build homes in conjunction with AS Homes, a previous working partner of Home Group. Will assured the Board of the current completion

and the quality of the work. The grant was significant for this scheme and HGS would be buying at a significant discount with a Market Price Value (MPV) of £330K.

June asked whether this scheme was close to existing stock and whether this was part of a wider development in an area HGS was comfortable in. Will confirmed that the team were taking a cautious approach and would only take advantage of such opportunities when it was considered right for Home Group. This scheme was family homes, within the existing footprint of HGS stock and was a good deal.

Catherine asked if there might be other opportunities given the limited investment resources. Bryony and Will confirmed there was nothing else presenting for consideration at this time. Should such opportunities arise, programme plans could change.

Will presented a tenure change in the South Gilmerton scheme following a grant award of £460K to move to mid-market rents from shared ownership. This change of tenure would improve the KPIs on the scheme and therefore the change of tenure was presented for consideration. Shared Ownership was still an ambition for the HGS business, but this would be determined by other opportunities. Will confirmed the scrutiny of proposals by the Development Committee.

The Board **APPROVED** the acquisition of ten properties in Tillycairn Drive, Glasgow.

The Board **APPROVED** the change of tenure to the South Gilmerton proposal.

2217 APPROACH TO MID-MARKET RENT

Bryony presented the Mid-Market Rent proposal and confirmed this was a clear and transparent approach in line with Scottish Government guidelines. This was a commercial product different to the social rent product. Given that private sector rents had risen significantly, HGS had an opportunity to increase their mid-market rents and still offer an affordable product. The mid-market rent product was still a valid proposition and the proposals had been set out in the paper.

The Board considered the proposals and the income bandings that needed to be considered. Gillian queried the average income level rises and whether the proposals were still affordable to people. Bryony advised that an affordability analysis for mid-market rents had not been done, but published guidance had been reviewed. It would be possible to run this comparison again, but the levels presented were based on other Housing Associations offering mid-market rent products. Shona confirmed that the rent setting affordability tool did give a percentage of income spent on rent, based on household income.

The Board considered scenarios for customers and the mid-market rent product. The income bandings proposed were in line with the rest of the sector and inflation over the last few years. The tenant makeup of the mid-market sector was noted as having a higher percentage of single person customers in this grouping.

Catherine proposed a greater understanding of the general stock and customer makeup ahead of the strategy day. This would provide customer insight and demographics as to what the customer of the future might look like. Bryony agreed to collate this information to inform discussions.

Action: Bryony Willett

Gavin asked about the reason for increasing rent based on the CPI in the medium-

term financial plans. Bryony confirmed, in discussion with Home Group Finance colleagues, this was considered a prudent decision. Given that local housing allowance levels were a political decision it would be dangerous to assume an increase year-on-year could be applied.

Bryony agreed to undertake analysis on customer base and tenure mix in preparation for future decisions.

The Board **APPROVED** the mid-market rent increase of 2.1 to 6% to be applied on 1st August 2025.

The Board **APPROVED** the Mid-Market Rent Setting Procedure at Appendix A (in the reading room).

2218 HOME IN SCOTLAND RULES

Bryony presented the Home in Scotland Rules change paper and thanked all Board members who had participated in the online pre-meeting update. The process, supported by TC Young, had ensured all governance documents were aligned and reflected similar arrangements applied at some other subsidiary housing associations.

Bryony confirmed that all proposed changes had been documented in the appendices and outlined for the Board. All proposals had been resolved with lenders and forwarded to the Financial Conduct Authority (FCA). Pending any feedback from the FCA, the approval of the rule's changes could now be considered.

The Chair thanked Bryony, Austin and Michelle Evans for their work in addressing these changes and for the assurance this provided to the Board.

The Board **APPROVED** the proposed revised Rules.

The Board **APPROVED** calling an SGM on 22nd May 2025 for the purpose of approving amendments to the HiS Rules.

The Board **APPROVED** the principle of moving from a Joint Arrangement Deed and Operational Manual to a single HiS Governance Manual.

The Board **DELEGATED** any non-substantial amendments to the proposed revised rules to the General counsel and the Director of Scotland, as advised by TC Young.

The Board **NOTED** that amendment may be required to the proposed rules following feedback from the FCA and/or customer engagement. In this instance the proposed rules will return to the HGS Board for approval either at the May meeting or via an Action Committee.

The Board **NOTED** that the proposed HiS Governance Manual would return to May HiS Board for consideration.

2219 2025/26 PLANNED MAINTENANCE PROGRAMME FOR SCOTLAND

Will presented the planned maintenance programme for 2025/2026 which set out the current year's budget and performance alongside the next year's budget. A cyclical maintenance budget would be planned in line with the overall Home Group processes working with the Asset team and Maintenance team. Bryony noted that the levels of refusal and no access as part of the ongoing cyclical maintenance programme were best considered over a longer period.

The Chair welcomed the increased transparency and invited Board questions.

The Board **NOTED** the Planned Maintenance Programme for Scotland.

2220 DEVELOPMENT BUSINESS PLAN 2025

Will presented the paper to the Board and highlighted the current grant situation in Scotland. The programme was impacted as a result of the current circumstances and future planning was more difficult to manage. Grant timings dictated the programme and uncertainty in grants growing over the five-year period were reported as presenting challenges to overall programme management. An example was shared of some aspects of the Meat Market development having been taken out of the programme due to uncertainty in Scottish private rental markets. The team would continue to do all that was possible to smooth scheme delivery in line with grant input.

The Chair enquired if the grants were taking longer to come through or whether assurance of the grant was impeding the plan. Will advised that a scheme would be worked up once the grant was secured in principle, but partners would not buy sites until the grant was confirmed. Bryony explained the change in approach to grant allocations nationally, the uncertainty for 26/27 and the lack of five-year commitment by the current Scottish Government.

Catherine asked if grants needed to be spent by Local Authorities (LAs) within a set timescale and whether an unspent amount was likely to exist at year end. Bryony confirmed that grants needed to be spent by LAs within a set timescale. There was a lack of consistency nationally, and this impacted certainty in the pipeline programme.

As a result of the situation HG's working with partners was being held up and the next steps could only be taken when the grant was confirmed. Maintaining relationships over the period of grant confirmation was key.

The Chair proposed that the finalised programme be considered at the Board Strategy Day later in the year.

The Board **NOTED** the Development Business Plan.

2221 PROGRAMME OF BUSINESS 2025

The Programme of Business was presented for the next two months. The remainder of the year would be circulated in due course. The Chair confirmed that 2026 meeting dates had now been considered and asked that these be shared soon to hold in members' diaries.

Action: Austin Woods

2222 ANY OTHER BUSINESS

The Board were advised that Lloyds Bank updates to Know Your Customer checks on Home Scotland had taken place as was required for Anti Money Laundering purposes. This was routine for financial institutions and their dealings with corporate bodies. The key individuals were noted as members of the Board and members of senior management. Information regarding the identity of Lloyds customers, their beneficial owners and other key parties/ representatives connected to them were stored to meet ongoing obligations to prevent and detect money laundering under the Money Laundering Regulations and that Lloyds were obliged to make the appropriate individuals aware of the Data Privacy Notice. The Treasury Team can provide access to the privacy notice for anyone who would like

to review it.

The Chair extended her thanks and recognition of Gillian Campbell's work for the Board and her term of office ending outlining her contribution. A presentation was made to Gillian during the meeting. Gillian thanked the Board and acknowledged the excellent leadership being seen in Bryony and the strength of the HGS team and Board. Shona's work and the continued innovation for Scotland and profile raising of HGS was acknowledged.

2223 NEXT MEETING 22 MAY 2025

Signed: **Date:**
Chair

Susan Deacon

25 MAY 2025 - 11:21:49 GMT