

HOME IN SCOTLAND

Minutes of Board Meeting held on 12 March 2024 via Microsoft Teams Meeting

PRESENT

Susan Deacon	Chair
Catherine Wood	Board Member
Grant Campbell	Board Member
June Wylie	Board Member
Mark Henderson	Board Member/ Chief Executive Officer

IN ATTENDANCE

Audrey Simpson	Director for Scotland
Fiona McTaggart	Interim Director of Scotland
Charlotte Burnham	Company Secretary
Shona Mitchell	Senior Advisor
Dean McGlynn	Governance Business Partner
Will Gardner*	Executive Director of Asset and Development
Nusheen Hussain	Executive Director Customer and Communities
Rachael Byrne	Executive Director New Models of Care
Lorna Shaw	Research Resource [Item 2629]
Darren Glead	Head of Business Development NMC [Item 2630]
Callum Foster	Director of Finance [Items 2631 and 2632]
Helen Young*	Head of Audit [Item 2633]

*Dialled into the meeting via Microsoft Teams

2623 CHAIR'S OPENING REMARKS AND APOLOGIES

Susan welcomed members to Home in Scotland's first in-person Board Meeting of 2024.

The Board acknowledged that it was Audrey Simpson's last Board Meeting and formally placed on record their sincere thanks to Audrey for her work during her time as Director of Scotland.

It was **NOTED** that apologies were received from Gavin McKenzie, Robyn Inglis, Gillian Campbell, Kellie MacLeod and Helen Meehan.

2624 DECLARATIONS OF INTEREST

The Board **NOTED** the Declarations of Interest.

2625 MINUTES OF HOME IN SCOTLAND BOARD MEETING HELD ON 7 FEBRUARY 2024

The Board **APPROVED** the minutes as a true record of the meeting.

2627 ACTION POINTS

The Board **NOTED** the current Action Points and the revised deadline for Action Point 2632.

2628 CHAIR'S REPORT

Susan provided an update on the Board's membership and advised that it was Gillian's intention to stand down from the Board at the AGM later in the year due to work commitments. Susan confirmed that a recruitment process will be carried out later in the year to fill this Board Member vacancy.

Susan also informed the Board that she is currently carrying out Board appraisals to take stock of the current training and development needs of Board Members.

At the Chair's request, Nusheen provided an update on the ongoing process to recruit additional customer Board Members, detailing planned customer engagement events in April to encourage interest in joining the Home in Scotland Board. Fiona added that this work would also take place in follow up to the customer satisfaction survey action plan. Susan welcomed this and commented on the importance of using this as an opportunity to add resilience to the customer voice in the make-up of the Board.

Nusheen also provided a further update on the recruitment process for a permanent Director of Scotland appointment. Following an application process there are around 12 viable candidates to sift through and narrow down to about half to have a strong pool of high calibre candidates. Nusheen added that this is an active process, and the Board will be informed of further updates when available.

Lastly, Susan noted that the Scottish Housing Regulator would be in attendance to observe May's Board Meeting, as part of the Regulator's Engagement Plan.

The Board **NOTED** the Chair's Report.

2629 CUSTOMER SATISFACTION SURVEY RESULTS

Lorna Shaw from Research Resource attended and outlined the findings from Home in Scotland's 2023 Customer Satisfaction Survey.

Lorna detailed the significant findings from Home in Scotland customers' responses. Lorna added that the sector in Scotland has seen an overall downturn in satisfaction and Home in Scotland's results reflect this trend. However, Lorna added that in

terms of the average satisfaction levels with the organisation's peers, Home in Scotland scored slightly lower.

Lorna highlighted areas of strong performance from Home in Scotland, including keeping customers informed and opportunities to participate, both of which scored better than average when compared to Home in Scotland's peer group.

Lorna also highlighted areas which scored below average, namely repairs and maintenance, both in time taken to carry out repairs and keeping customers updated on repairs progress. The perception of Home in Scotland being good value for money had also decreased, which is consistent with national trends. She concluded that the end analysis of the customer feedback indicated that improving Home in Scotland's repairs service, customer communication and investing in planned works were identified as the key areas for improvement.

Audrey commented that since the results were received work had been done to ensure that collective ownership from all colleagues in Scotland was taken. Audrey had organised a half-day action planning event to bring Home in Scotland colleagues together to discuss the results and focus on potential solutions and ways the team could make improvements by focusing on key areas of feedback around repairs and customer service.

Audrey added that the team would also look to organise a series of Customer Engagement events to involve customers in the results and understand more about the context behind their feedback. Audrey added that the operating environment since the last survey had shifted dramatically with more customers struggling with costs and having higher expectations of their landlord to help and support them with this.

Susan commented that other sectors had also seen low level dissatisfaction increase recently, notably with public services, which may impact on Home in Scotland's results, but work may have to be done to understand what improvements are within Home in Scotland's control. Susan remarked on the shift in customer priorities over the last few years, moving from prioritising bathroom and kitchen replacements to issues around heating, damp and mould and the ability to afford heating, all of which impact on how customers feel about the home they live in.

Mark commented on the root cause of dissatisfaction being led by repairs and communication, which is being looked at on a Group-wide level alongside a review of Home Group's approach to complaints handling. He added that he expects to see significant improvements in both areas as a result of this work. Mark added

that the Board will have decisions to make around priorities to balance decisions on development and housing management in order to drive improvements, but to also manage expectations of customers.

Grant commented that the Board must not be complacent on the level of work and tough decisions required to make improvements to Home in Scotland's service.

Susan commented that an action plan that provides a high-level overview to the Board and keeps track of the progress of improvements should come to a future Board meeting. Susan also noted the outstanding action to hear from Paul Walker later in the year in relation to repairs service delivery models that will help drive improvements and prioritise actions.

Mark agreed and added that the Board must have a firm understanding of its spend and the flow of spend for the next year in order to inform discussions and priorities. This includes regular discussions around strategy and budget-making processes to ensure that actions and priorities fit with the overall business plan.

The Board **NOTED** the report and thanked Lorna for her insights and analysis into Home in Scotland's 2023 Customer Satisfaction Survey.

2630 SUPPORTED HOUSING IN SCOTLAND

Darren presented the report to the Board outlining the potential opportunities for Home in Scotland to consider delivering supported housing services. He highlighted the areas which had changed most significantly since supported housing was last brought to the Board for discussion.

Darren emphasised the rising complexity involved with establishing care and support services and in particular the staffing infrastructure that would require investment in order to build relationships and become an established and trusted organisation in this area in Scotland. Darren also highlighted the rising complexity of needs in supported housing, tightening budgets and the decisions of some providers to step away from this type of service.

The Board acknowledged that the operating context in Scotland is uncertain in terms of changes being made to the Care Inspectorate and a planned National Care Service from the Scottish Government. Darren shared that in order to deliver a viable service, scale would be important to building organisational resilience. He added that Scotland is a smaller market and can be fragmented into smaller services and contracts rather than

consolidated into a larger provider, which contrasts with the current approach in England.

Discussion ensued on the need to understand the cost involved in setting these services up and that it would take time before a return on investment would be seen.

Grant commented that from his experience, commissioners are currently pushing providers to collaborate more and formalise partnerships to deliver more services at scale, which might lead to larger providers taking part in these partnerships.

Mark shared that timing is an important consideration in this decision, as the market has shifted significantly with the risk of a high entry cost increasing and likelihood of seeing a return on this investment relatively low. He concluded that this may be something to come back to at a future meeting given the significant challenges the organisation already faces in terms of investing in repairs, maintenance and decarbonisation.

June commented that she had been impressed by the Home Group homelessness services she had visited and the relationships with commissioners. She added that the next step may be to have conversations with commissioners in Scotland to understand what Home in Scotland could bring to the market. Grant agreed and added that Home in Scotland should position itself and its offer as something that adds value within a potentially shifting market.

Susan asked if there might be opportunities for partnership work in Scotland. Darren responded that the current model Home Group operate in England put commissioner relationships first, but Home Group have added leverage by having the accommodation, so the commissioner needs to engage with the organisation in some way. There would have to be significant time and resource used to build relationships with commissioners and Local Authorities in Scotland to understand their operating context and challenges further.

Catherine asked if there was merit in looking at one specific area to understand the local market and opportunities. Rachael agreed and advised that this was usually an area where you already have established services and homes.

Mark commented that the relationship these services have with the rest of Home Group is critical to their success. In order to deliver successful services, the Board will have to make a targeted decision to task the leadership team to begin conversations with providers and Local Authorities to work towards building more understanding and relationships.

Susan agreed and noted that the new Director of Scotland should tap into Home Group's internal expertise to build relationships with Local Authorities and providers to develop an understanding of any future opportunities for delivering supported housing services in Scotland.

The Board **AGREED**, due to the external operating environment and associated high cost of setting up services, not to commit to deliver services at present. Instead, Home in Scotland should continue to aspire to deliver supported housing and be alive to potential opportunities in the future with a new Director of Scotland in place to explore this further.

2631 DRAFT 2024/25 BUDGET

Callum presented the 2024/25 draft budget and detailed that Home in Scotland is budgeted to achieve a surplus of £4.8m, £0.5m more than forecasted and £0.4m more than assumed in last year's Five-Year Financial Plan. Callum also outlined that Home in Scotland's asset base will increase by 5% and net balance sheet will grow by 10%, reflecting the continued investment in new homes. Callum concluded that Home in Scotland's operating margin is increasing this year, and its financial covenants remain healthy, allowing the organisation to invest in future works.

Callum added that there remain challenges for the Board to consider as income is increasing but costs are also increasing, and inflationary pressure remains higher than anticipated, particularly in relation to repairs and maintenance costs. So far, decisions have been taken to spend on longer term items, such as planned works, that keep the overall repairs spend under control.

Grant commented on the reported surplus and asked if this gave the organisation added capacity to carry out further activities. Callum answered that this surplus is a cautious positive and that the Board can take assurance that the organisation can afford its committed spend in the Business Plan and budget. However, if more work was committed it would not take long for the budget to come under pressure if the rapid decline in the sector's headroom continues and interest rates remain high.

Fiona commented that this was a prudent and robust approach that enabled the organisation to continue to invest in the quality of homes and repairs where other organisations might try and cut back on this to save money.

Grant also asked if there is a route where Home in Scotland's financial trajectory gets into a difficult place and how this is reported and monitored. June added that it is important the Board

understand this and how to balance this consideration with the organisation's strategic priorities.

Callum commented that the Finance Team monitor the organisation's cost base and maintain headroom with grant rates and income sources to aim to build resilience in case of any further external changes, such as investment required in Net Zero requirements, capital investment and stock condition survey results.

Susan thanked Callum for the report and informed the Board that, following feedback from Board Members, the team will look to arrange briefing sessions for Board Members, and finance will be a topic included in this.

The Board **APPROVED** the proposed budget for 2024/25.

2632 FUNDING UPDATE

Callum outlined Home in Scotland's current funding outlook and informed the Board of negotiations with RBS to extend the £40m Revolving Credit Facility, which is due to expire in August 2025 as was assumed in the Five-Year Financial Plan approved in May 2023.

Callum added that extending this facility provides more certainty for the organisation and enables better financial planning. The terms received from RBS are competitive and proposals will be brought to the Home in Scotland Board for approval.

Susan welcomed the report and noted this demonstrated the benefits of Home in Scotland being a part of Home Group, in terms of its ability to borrow at favourable rates compared to other organisations in Scotland.

Callum agreed and added that an organisation the size of Home in Scotland benefits from a centralised Treasury team that builds and maintains excellent relationships with lenders.

The Board **NOTED** the report.

2633 ASSURANCE SERVICES PROGRESS REPORT

Helen Young dialled in via Microsoft Teams and outlined the Assurance Services Progress report. She highlighted that one Home in Scotland audit and a further five Group-wide audits that are relevant to Home in Scotland have been completed from the 2023/24 plan.

Helen added that of the ten audit actions raised in the Home in Scotland 2023/24 audit, one action has been completed by management and the nine others are not due for completion yet.

Helen also informed the Board that there are no new cases of alleged fraud, theft, bribery or tenancy fraud to report.

Helen added that the higher risks are issues that affect the whole of Home Group. She concluded that the proposed areas for inclusion in the 2024/25 Annual Assurance Plan have been proposed based on strategic risks specific to Home in Scotland and the wider organisation.

Grant asked if there are any areas that have been de-prioritised or not included due to capacity in the organisation. Helen confirmed that she and the team are satisfied with the current proposed plan including Scotland-specific areas, such as factoring.

June asked if the two medium-level findings regarding tenancy sustainment had been surprising to find. Audrey commented that this had not come as a surprise and the team were already working to reintroduce some training that had been identified for colleagues and an action plan is in place to improve this.

June asked how tenant engagement and customer experience fits into the audit plan. Helen confirmed that the customer journey would be looked at and key customer touch points analysed, including engagement activity.

Susan asked how regeneration within Scotland is audited and how the Board can have assurance that the processes and management of regeneration projects are appropriate. Helen commented that the team look at the overall governance and management of regeneration projects. This includes engaging with customers, approvals and site management. The team also spend time to meet with relevant management and review processes in place to narrow down the scope and understand how effective the process is end to end.

Susan asked if the digital switchover had been included in the assurance plan. Helen confirmed that the team are analysing how this may potentially impact services and the potential scope of the impact on customers and services.

Susan also asked for clarity on the process in which early warning signs are picked up on and then reported back into the organisation. Helen confirmed that findings are regularly reported to senior management and relevant management colleagues. She added that the team are looking to expand this further to Senior Management Team and Business Management Team members to build more understanding in the organisation about common themes in audits so they can take key messages back to their teams.

The Board **NOTED** the report and **AGREED** to receive a six-monthly update on the progress of this Assurance Plan.

2634 DEVELOPMENT PERFORMANCE

Will dialled in via Microsoft Teams to report the latest progress on Home in Scotland's development of homes. Will informed the Board that they still expect to start 150 homes this financial year, complete 475 homes this financial year and are currently forecasting to complete 1,127 homes over the course of the 2021-26 business plan.

Will commented that the most significant concern the development team has is uncertainty regarding the future availability of grants, with recent meetings with the Scottish Government and Local Authorities in Edinburgh and West Lothian highlighting potential risks to the programme from the reduction in grants being considered by the Scottish Government for 2024/25. Will added that the team's current understanding is that grant levels are likely to remain at similar levels but with reduced housing outputs. As a result of this, the development team are working towards pursuing Section 75 projects to manage this risk.

Catherine commented that the news of cuts to funding for affordable housing is disappointing while housing needs continue to increase, and that Section 75 developments will be key to Home in Scotland continuing to deliver more homes and to extract as much value as possible while possible. She added that it will be important for house builders to be tied-in to completing affordable homes on a site first to ensure their delivery. Will agreed to provide more modelling on the longer-term outlook for Home in Scotland's development pipeline based on the current situation with funding.

Will reported that there had been delays to in-year starts, including at East Balornock. There have also been delays in Dundee, where the city is signing off on Home in Scotland's development scheme. Will added that all of the homes at Glasgow Meat Market had now been handed over.

Catherine asked if Phase 2 of the Glasgow Meat Market scheme was going ahead. Will confirmed that it was agreed to maintain Home in Scotland's preferred bidder position and the development team are speaking to others about options for this site but with no firm commitments to the Council. Will added that any decision resulting in changes to this would come back to the Board for approval.

Catherine asked how any decision by the Scottish Government to change the classification of mid-market rented homes out of the private rented sector for introducing rent controls would impact the development. Will commented that this might lead to a decision being required to build more flatted homes on this site if the opportunity arose. Will also confirmed that a very limited amount of money is being spent on the site, with some reports being done to inform any decisions on the next phase of this project.

Will informed the Board that the East Balornock development required a redesign of the next phase, and this would need a new planning application. Will added that this was a long running programme and an additional planning application had been planned for.

Susan and Catherine asked about the future of developing homes as a social landlord in Scotland if the current operating environment continues. Will commented that Home in Scotland are in a strong position with named schemes in the pipeline and the ability to take advantage of Section 75 opportunities. Beyond this it is less certain, and it will be important to balance development capacity and grant availability with Home in Scotland's appetite for risk.

Susan thanked Will for the report and added that a follow up discussion at the next Board meeting would be beneficial to understand what actions Home in Scotland can take to utilise current grant levels before funding is reduced and development capacity is potentially impacted.

The Board **NOTED** the report and **AGREED** to receive further update on development at the next Board meeting.

2637 **PROGRAMME OF BUSINESS 2024**

The Board **NOTED** its Programme of Business for 2024.

2638 **ANY OTHER BUSINESS**

Susan noted that some Board members will visit Home Group's Head Office at One Strawberry Lane next week followed by a joint Board dinner later that day.

2639 **DATE OF NEXT MEETING**

21 May 2024



Susan Deacon 21.05.2024
Chair