

HOME IN SCOTLAND

Draft Minutes of Board Meeting held on 25 January 2023 via Microsoft Teams Meeting

PRESENT

Susan Deacon	Chair
Catherine Wood	Board Member
Gavin MacKenzie	Board Member
Robyn Inglis	Board Member
Grant Campbell	Board Member
Kellie Macleod	Board Member
June Wylie	Board Member
Helen Meehan	Board Member/ Chief Financial Officer

IN ATTENDANCE

Audrey Simpson	Director for Scotland
Charlotte Burnham	Company Secretary
Shona Mitchell	Senior Advisor
Dean McGlynn	Governance Business Partner
Will Gardner	Executive Director of Asset and Development
Chris Hopkins	Director of Financial Planning and Analysis [item 2636]

2623 CHAIR'S OPENING REMARKS AND APOLOGIES

Susan welcomed members to Home in Scotland's first board meeting of 2024.

News of Audrey Simpson's notice of resignation was acknowledged, and Susan confirmed that the regulatory requirements concerning this will be discussed later in the meeting.

It was **NOTED** that apologies were received from Mark Henderson and Gillian Campbell.

2624 DECLARATIONS OF INTEREST

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

2625 MINUTES OF HOME IN SCOTLAND BOARD MEETING HELD ON 3 OCTOBER 2023

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

2626 MINUTES OF HOME IN SCOTLAND BOARD MEETING HELD ON 29 NOVEMBER 2023

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

2627 ACTION POINTS

The Board **NOTED** the current Action Points.

2628 BOARD, COMMITTEES AND COMPANY SECRETARY UPDATE

Charlotte informed the Board of the regulatory requirements regarding Audrey's resignation and that this had been logged with the Scottish Housing Regulator as a notifiable event, in line with their guidance, and that it is recommended that an options appraisal of Home in Scotland's current business plan is not required.

As the Business Plan was recently finalised in 2022 and reviewed in 2023, the Board are currently satisfied with the current strategic direction of the organisation and supported the recommendation that an options appraisal is not required.

Charlotte also provided updates on the ongoing Board Effectiveness Review, Home Group's current In Depth Assessment by the Regulator for Social Housing, a planned joint dinner between Home Group Board and Home in Scotland Board, Customer Board Membership and the response to the Scottish Housing Regulator's Regulatory Framework Consultation.

Charlotte added that a notification had been received that the Scottish Housing Regulator may observe March's Home in Scotland Board meeting.

June reported that the Health and Safety Committee had completed a site visit to a homelessness service ahead of their meeting and shared that this was an impressive service to see in-person and noted the breadth of work that Home Group is doing on staff wellbeing.

The Board **NOTED** the Board, Committees and Company Secretary Report and **AGREED** that an options appraisal of Home in Scotland's business plan is not required.

2629

Q3 KEY PERFORMANCE INDICATORS

Audrey provided an update on the current set of Key Performance Indicators for Home in Scotland. This included:

- (1) **Arrears, Voids and Tenancies** - Audrey reported that there have been ongoing pressures in getting properties handed over from the development team let and that this has resulted in some void loss. There were Mid-Market Rent applicants that didn't attend scheduled sign ups which has resulted in a small loss.

There have also been recruitment issues with the vacant Factoring Officer role remaining unfilled which the Head of Service has had to step in to cover.

There was a member of the Housing team on long term sick leave which impacted the team. They have returned from their absence, but it has had an impact on service delivery.

Audrey confirmed that to try and avoid similar situations in the future, the team are looking to carry out a small restructure to integrate Factoring into the Mid-Market Rent service delivery. This would provide greater cover for each service moving forward.

Audrey added that though arrears have improved they have been impacted by a delay in letting out newly built homes and the continued delays in receiving Universal Credit payments that can run into weeks. This remains a key focus of the team to resolve these issues.

- (2) **Repairs and Maintenance** - Audrey highlighted that the single current compliance issue related to an overdue safety check of a stair lift. This was due to an access issue which has now been resolved.
- (3) **Customer Satisfaction, Complaints and ASB** - Audrey reported that the number of complaints currently received remains low and targets to respond to them are being met. The number of Anti-Social

Behaviour cases being closed was highlighted and it was felt that this method of recording ASB cases did not accurately capture where issues were being resolved meaningfully. This ARC measure will be reviewed when the new Scottish Regulatory Framework is launched following the consultation in November 2023.

Audrey added that there are no concerns and assured the Board members that complex cases are being resolved effectively rather than focusing on closing cases.

June asked for clarity on an ASB case being resolved and what this means from the organisation's perspective compared to a customer. Audrey clarified that looks this different for each case depending on its nature and type of ASB and confirmed that a case would not be left open without any sort of resolution. June agreed that the existing ARC measure for this could be helpfully amended to give greater insight.

Grant asked if there is a potential link between arrears and ASB cases that might identify actions the organisation can take to potentially support customers and resolve any ASB issues at the same time. Audrey agreed to discuss this with the commercial team to see if they can identify any links between the two figures.

The Board **NOTED** the Director of Scotland Report.

2630 Q3 FINANCE REPORT

Helen presented a report on Home in Scotland's Q3 finances. The positive position with the budget was highlighted. The current forecasted surplus of £4.3m is £1.4m ahead of budget. One of the main reasons for this is an underspend on building safety works, with the works carried out costing less than was planned for.

The other reason for an increased surplus is the rise in interest rates and depreciation being delayed due to the handover of the Glasgow Meat Market homes.

Gavin asked for clarity on the reason for the rise in income for adaptations. Audrey confirmed that the team managed to secure more grant income for adaptations to customers' homes than had been budgeted for.

Gavin also asked how capitalised interest is assessed when approving new developments and how this is assessed for each project. Helen confirmed that any development is appraised before approval, and this will include any and all predicted costs to finance the project. Ongoing costs for the management and maintenance of the development are also factored into this and each scheme must meet a set of criteria in order to be approved.

Grant asked if there were any concerns relating to news of the Scottish Government's cuts to the affordable housing funding. Audrey informed the Board that several housing associations have decided to reduce or withdraw from development in response to the cuts. She added, however, that Home in Scotland is still in a strong position and has capacity to continue delivering homes.

Will added that Home Group's existing partnerships with external funders provides an alternate source of funding from grant funding to enable Home in Scotland developments to continue.

Kellie asked if the collapse of Stewart Milne Group would have any impact on planned developments or the supply chains that Home in Scotland rely on. Will confirmed that Home Group aren't currently working with Stewart Milne Group but that there will be likely adverse impacts on the industry's supply chains. Will added that Home Group is in regular contact with the National House Building Council to understand how the market is performing and identify any potential risks to developments.

The Board **NOTED** the Quarter Three Finance Report.

2631

Q3 COMPLAINTS PERFORMANCE

Audrey presented the Q3 Complaints Performance update to the Board. Home in Scotland continues to perform strongly in complaints handling with 98% of stage 1 and 100% of stage 2 complaints responded to within the SPSO timescales.

Audrey mentioned that Home in Scotland had also received fewer complaints in this quarter – but added that this is usually the case over the Christmas period where customers may be too busy to log a complaint. Audrey confirmed that the main category of complaints continues to be repairs and maintenance.

Susan raised that Home Group's overall management of complaints is being reviewed following the decision to put complaints into special measures in 2023 – this has been reviewed internally and with support from Baringa, a customer service consultancy. Audrey is attending internal reviews on complaints and Scotland has been discussed as an area of best practice in relation to complaints within the organisation.

June welcomed the report and the insights into identifying links between complaints relating to repairs that will allow the Board to examine this in greater detail in the customer satisfaction survey results later in the year.

The Board **NOTED** the Quarter Three Complaints Report.

2632 Q3 DEVELOPMENT PERFORMANCE

Will presented the Quarter Three Development Performance Report and explained that this had been a busy quarter with several schemes completing at the end of 2023 with a further 150 homes forecasted to begin development in this financial year.

Will acknowledged that this put pressure on teams to get homes let as quickly as possible but added that there remains a huge demand for the homes being developed and the amount of time to let homes is shorter compared to other areas.

The news of Merchant Homes Partnership Ltd, a development partner for Pitkerro Road, Dundee, entering administration on 23 December 2023 has delayed the completion of the 4 remaining homes on the site. Home Group acted early to secure the site to ensure it was safe. Will confirmed that development performance bonds are held on this site to give greater assurance. The team is now engaging with existing and potential contractors and sub-contractors to complete the remaining homes. It is currently estimated for this development to be complete by March 2024.

Catherine asked what assurances and checks we have in place to verify development partners' viability and risks associated with partners potentially entering administration. Will detailed that several staff members and a Clerk of Works are in place to verify quality throughout the construction and have confidence in this process. Home Group also carries out a rigorous process of appraising each

development before it is approved to understand the risks associated with each development. Will agreed to circulate an overview of Home Group's current contractors and live development schemes along with a map of Home Group's current homes and locations.

Gavin asked if the decision on the preferred option for developing Phase 2 of Glasgow Meat Market had been made. Will confirmed that the decision had not yet been made and Home Group are engaging with specialist build-to-rent agents to understand the current market demand. Will added that due to current uncertainty regarding the Scottish Government's approach to rent control, developing more Mid-Market Rent homes on this site might be unfeasible for the moment.

Will also mentioned that there is a renewed focus on stress testing relating to uncertain market conditions for developing new homes and the development team are engaging with Home Group's insurers and warranty providers to assess the risks that need to be considered for future developments.

Catherine asked about the level of demand for homes for affordable and Mid-Market Rent that are being developed. Audrey informed the board that the difference in quality and value of Home Group's developments compared to the private market is significant and that applications for the Meat Market development were closed within 48 hours of opening due to being oversubscribed and this indicates that there remains significant demand for these types of homes.

The Board **NOTED** the development progress report.

Q3 HEALTH AND SAFETY PERFORMANCE

Austin provided an overview of the Q3 Health and Safety Performance report, detailing that there had been no accidents, no near misses and one incident during this quarter. This is due to low-risk work environments during winter. Austin also added that Home Group continue to engage with partners to encourage near miss reporting and provide up to date and relevant information on their safety protocols and practices.

Austin also reported that Gas, Oil and solid fuel, Asbestos and Legionella compliance checks are currently 100% complete. Two of the four lift inspections overdue have been completed and the two outstanding are exempt. Home Group are further considering Asbestos awareness as a whole and intend to focus more on customer safety regarding asbestos awareness. The Board will be provided with a further update on this as it develops via Home Group's Health and Safety Governance committee.

Austin added that all development sites are completing monthly health and safety returns and the one incident reported was investigated by the Principal Contractors and appropriate actions have been taken to prevent any reoccurrence.

Austin informed the Board that the service intends to recruit a new Health and Safety Business Partner to the team to cover Scotland and North of England regions which will mean the team will cover each region of the country together and provide greater oversight and assurance that development partners are accurately reporting accidents and near misses.

June asked what mitigations and actions the organisation has in place to ensure that incidents don't occur, such as the reported fire incident that occurred in a customer's home and resulted in injury. Austin commented that we currently engage with local stakeholders such as local fire rescue services to provide education services on fire safety to customers. Home Group also has a Serious Incident Panel to examine issues such as serious fires and Executive Team members attend this. Austin agreed to share the process of the Serious Incident Panel with the Board.

June also asked if there is any work done to assess if equipment is tamper-proof from children. Austin confirmed that this isn't currently included in the existing approach, but Home Group focuses on ensuring that equipment and

alarms are checked to ensure they operate safety, that customers are aware of equipment in communal areas and suitable alarms are in place to ensure that people will be alerted in the event of a fire.

Austin added that fire door surveys are currently being carried out which will result in a register of approximately 23,000 doors. The team will create a register and a planned programme of works to improve, repair or replace any required. This will take a risk-based approach by beginning with buildings that are 18 metres or above in height.

Susan commented that she had attended a fire risk assessment carried out by the Home in Scotland staff and encouraged Board Members to take up an opportunity to do the same to understand this work if they can.

The Board **NOTED** the Quarter Three Health and Safety Performance Report.

2634 REPAIRS AND MAINTENANCE PERFORMANCE

Paul presented the Repairs and Maintenance Performance report for the Home in Scotland Board. This covered general performance metrics and customer satisfaction and also highlighted several challenges repairs and maintenance services are facing at the moment, including labour shortages and recruitment issues and an increase in demand for the service.

Paul added that a new Head of Maintenance for Scotland is currently being recruited. This will be a dedicated role to work with the Home in Scotland team and work with Home Group's Maintenance Futures teams and understand and design how the organisation's repairs and maintenance services can continue to improve.

Paul also reported on the ongoing engagement with Home in Scotland's primary repairs and maintenance contractor, Novus on the terms of their contract with Home in Scotland and agreed levels of service. In order to manage the current number of jobs, another contractor, Hunters, has been asked to pick up repairs where Novus cannot attend.

The Board discussed Home Group's the repairs and maintenance arrangements outside of Scotland. Paul confirmed that Novus are a primary contractor for a number of other regions Home Group operate across England. Paul also confirmed that Home Group do not currently operate a DLO in Scotland - but the DLO's operations are looking to

expand from the North East of England into other English regions, including the North West, in the near future.

Robyn shared her experience of the repairs service as a customer and fed back from the customer promise assessments she had recently participated in. Routine repairs with first time fixes and keeping appointments were highlighted by customers as their major issues and were scored bronze during the assessments. Robyn added that Novus had also attended a Customer Viewpoint meeting in November to hear customer feedback directly.

Paul recognised these issues and that Novus' work on emergency repairs and void properties was performing well with high satisfaction but that issues were emerging with routine repairs and keeping to appointments. The customer promise has been amended to create longer delivery times for routine and planned works and create clearer expectations for customers that Home in Scotland can deliver against.

Grant asked for the reason for increased reports of damp and mould from customers and if this is related to the age or condition of Home in Scotland's homes. Paul confirmed that any report of damp and mould from customers is included in the data to ensure that the organisation has a full overview of the number of reports and to ensure that they are seriously investigated and resolved. The result of this is a large increase in the number of reported cases.

The Board discussed potential challenges of establishing a DLO in Scotland, including the various geographic and scaling issues that would need to be overcome. Gavin commented that if this becomes a preferred model then this should be focused on how this meets customers' expectations and positive outcomes. June commented that any decision on this should be based on the feasibility of a service and comparative data between the types of repairs services that can be delivered and how they can develop over time.

Paul outlined that Home Group continue to test service delivery models in order to achieve the best balance between value for money and service standards. This includes working with contractors and expanding Home Group's Direct Labour Organisation (DLO).

Paul agreed to provide a high-level appraisal on feasibility of a DLO in Scotland and give an overview of potential options

based on the existing geography and supply chains in Scotland and measure this against potential costs to set up a new service. This would be benchmarked against Home in Scotland's peers and include where partnerships with other organisations may be possible.

The Board **NOTED** the repairs and maintenance performance report and **AGREED** to receive a high-level appraisal on the feasibility of a DLO in Scotland from Paul.

2635

DIRECTOR OF SCOTLAND REPORT

Audrey presented the latest Director of Scotland report, providing updates on several key areas including a strong performance on voids, an improvement in gross arrears, the continued allocations of new build homes in the Meat Market, Orr Street, Kennyhill Square and Pitkerro Road. Audrey also detailed ongoing engagement with Novus to improve the responsive repairs service and working to ensure that the Merchant Homes administration has minimal impact on the organisation.

Audrey added that the customer satisfaction survey had been completed, with 902 customer interviews completed. Overall satisfaction has decreased from 80% to 77%, which is in line with current sector trends. Audrey has arranged a Home in Scotland staff day in Glasgow on 31 January 2024 to discuss the results with colleagues and identify ways to improve the service and customer satisfaction, examining specifically how repairs and customer service can be improved. A full report on the customer satisfaction survey results will be presented at March's Home in Scotland Board meeting.

The Board discussed the disappointment with the outcome of the recent Scottish budget's cuts to funding for affordable housing. Especially as this followed on from some Local Authorities declaring housing emergencies in recent months. Audrey added that Home in Scotland remains in a strong position to work with partners to deliver homes.

The cuts to funding for adaptations to homes was also discussed. Audrey detailed that Home in Scotland has a strong track record of delivering adaptations to customer's homes. The team are not expecting any immediate reduction in grant funding for adaptations but will continue to engage with Local Authorities to secure grant funding to carry out works to ensure that homes meet our customers' needs and requirements.

The Board **NOTED** the Director of Scotland's report.

2636 FIVE YEAR FINANCIAL PLAN ASSUMPTIONS

Chris Hopkins presented the report on Home in Scotland's 5-year financial plan assumptions and highlighted that interest rates remain high at 5% and are forecasted to remain this way for the immediate future.

In stress-testing plans, Chris confirmed that in the latest analysis Home in Scotland currently meet those stresses. The mitigations have changed for this year to include greater emphasis on how things might impact customers in each scenario and the mitigations in place to support customers during scenarios to ensure their safety and maintaining minimum service standards.

Gavin asked about the data that the forecasts had been based on, with different bodies forecasting different interest rates in the future. Chris commented that we currently receive advice from Centrus and benchmark this with other partners and bodies, such as Allier, and that this is underpinned by risk management process to understand the impact if any forecasts change.

Susan asked for clarity in approving the 5-year financial plan before the discussion and decision on rent levels at the next Board meeting. Helen confirmed that the financial plan is based on carrying forward the proposed figure of a 7.7% increase in rents. However, if the Board decide on a different figure this plan will be amended to suit this.

The Board **APPROVED** the proposed 5-year financial plan assumptions and **AGREED** that any proposed change to the rent level at the next Board meeting will be reflected in this plan.

2637 PROGRAMME OF BUSINESS 2024

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

2638 ANY OTHER BUSINESS

None.

2639 DATE OF NEXT MEETING

7 February 2024 to discuss the outcome of the rent consultation and rent setting proposal for 2024-25.