

HOME IN SCOTLAND
Minutes of the Board meeting held on 9 November 2021
at The Apex Hotel, Waterloo Place, Edinburgh

PRESENT

Susan Deacon	Chair (National Member)
Ian Campbell	Board Member (National Member)
Annie Mauger-Thompson	Board Member (National Member)
Catherine Wood	Board Member (National Member)
Julia Cheung-Buchanan	Board Member (National Member)
Ron Bowes	Board Member (National Member)
Mary Finnegan	Board Member (National Member)
Gillian Campbell	Board Member (National Member)
Mark Henderson	Board Member (National Member/Parent Appointee)
John Hudson	Board Member (National Member/Parent Appointee)

IN ATTENDANCE

Sandra Brydon	Director of Scotland
Russell Hall	Group Company Secretary
Matt Forrest	Executive Director – Operations
Joe Cook	Executive Director of Development

2475 ADMINISTRATION: APOLOGIES FOR ABSENCE

Susan welcomed everyone to her first meeting as the new Home Scotland Chair.

It was confirmed there were no apologies.

2476 DECLARATIONS OF CONFLICTS OF INTEREST

Board members were asked if they had any conflict of interests in respect of the agenda items, none were declared.

2477 ACTION POINTS

The Action Points were reviewed with Sandra giving a short update in relation to two of the actions

- Action 2452 – Sandra confirmed that she was working on a calendar of potential visits for the Board over 2022 and this would be shared with the Board once complete
- Action 2439 – Sandra informed the Board that rather than present the “through the Customers eyes” case study at a Board meeting, time would be set aside for this to be incorporated into a more detailed workshop where greater time could be devoted to it, no date was given but it would remain on the Action Points list until complete

The Board reviewed and **NOTED** the Action Points.

2478 DRAFT MINUTES OF THE HOME IN SCOTLAND BOARD MEETING HELD ON 24 AUGUST 2021

The Board **APPROVED** as a true record the minutes of the Board meeting held on 24 August 2021.

2479 DRAFT MINUTES OF THE HOME IN SCOTLAND BOARD SPECIAL GENERAL MEETING HELD ON 24 AUGUST 2021

The Board **APPROVED** as a true record the minutes of the Board Special General meeting held on 24 August 2021.

2480 DRAFT MINUTES OF THE HOME IN SCOTLAND BOARD FIRST MEETING AFTER THE AGM HELD ON 24 AUGUST 2021

The Board **APPROVED** as a true record the minutes of the First Meeting after the AG held on 24 August 2021.

2481 DRAFT MINUTES OF THE HOME IN SCOTLAND BOARD ACTION COMMITTEE HELD ON 16 AUGUST 2021: BOARD APPOINTMENTS

The Board **APPROVED** as a true record the minutes of the Action Committee held on 16 August 2021.

2482 DRAFT MINUTES OF THE HOME IN SCOTLAND BOARD ACTION COMMITTEE HELD ON 21 SEPTEMBER 2021: DEVELOPMENT APPROVALS

The Board **APPROVED** as a true record the minutes of the Action Committee held on 21 September 2021.

2483 DRAFT MINUTES OF THE HOME IN SCOTLAND BOARD ACTION COMMITTEE HELD ON 19 OCTOBER 2021: VARIATION TO RBS £40m LOAN AGREEMENT

The Board **APPROVED** as a true record the minutes of the Action Committee held on 19 October 2021.

2484 DRAFT MINUTES OF THE HOME IN SCOTLAND BOARD ACTION COMMITTEE HELD ON 28 OCTOBER 2021: TREASURY APPROVALS – VARIATION TO LLOYDS LOAN AGREEMENTS

The Board **APPROVED** as a true record the minutes of the Action Committee held on 28 October 2021.

2485 CHAIR'S REPORT

The Chair opened her report by thanking the Board members and other colleagues for the time and support she had received in getting to know Home Scotland since her appointment in August. Susan also thanked Myriam as the outgoing chair for the smooth handover of the Chair's position.

Susan mentioned she had had one to one conversations with Board members and had spent time with all Exec colleagues as well as Sandra and Stuart and other key members of the Home Scotland team. Much of the focus of her thinking had been on how best Home Scotland could engage with, and support the development of, Home Group strategy in Scotland.

The Chair then updated the Home Scotland Board on the matters discussed at Home Group Board, including the Leaseholder Customer session, the Mutual Pay award and the Finance and Committee updates.

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

2486 DIRECTOR'S REPORT

Sandra introduced the report and updated the Board on various activities including:

- Financial inclusion was a key focus, the Board noted that the team were doing a good job helping Customers
- Sandra and the team were continuing to work with Customers at the Holmlea Scheme with a further update to be provided later on the agenda
- Colleague well-being was also a focus, with all colleagues being offered free flu vaccine vouchers and an Inclusivity Week planned at the end of November, however it was also noted that there had been an increase in absence across Home Group due to stress and this was something Home Group was looking to

support colleagues on with wellbeing conversations and the comprehensive wellbeing offer.

- The Board also noted the challenges for repairs and maintenance services linked to supply chain delays and staffing challenges
- Sandra mentioned the helpful summary report from the SFHA on the Scottish Government's Heat in Buildings Strategy and the UK Government's Heat and Buildings Strategy, it was agreed that a copy of the report would be circulated to all Board members.
- The Board noted that the Scottish Government was developing a new Rented Sector Strategy for the private rented sector (PRS). It was expected the draft strategy would be produced towards the end of 2021. The Board recognised that the scope of that strategy might extend beyond PRS so a close eye would be kept on developments in relation to the strategy.
- Sandra also explained that colleagues were helping Customers with accessing the Covid-19 Tenant Grant Fund where appropriate.
- The Board discussed the challenges facing Customers with the end of the UC uplift, rising living costs and increasing fuel bills. Mark Henderson took the Board through some of the work being done by Home Group on fuel poverty which indicated that circa 70% of Home Group's Customers will suffer some degree of fuel poverty, as a result, Home Group were looking at how they could lessen the impact which ranged from increasing the efficiency of homes to providing cash grants, as well as practical solutions such as drying tents for Customers so they could reduce fuel costs associated with washing and drying laundry. Mark confirmed that depending on the later discussions on the rent settlement, if funds allowed, it was intended to allocate a significant sum of money towards providing dedicated and targeted support to those most in need.

The Board **NOTED** the report.

2487 KEY DISCUSSION/APPROVAL ITEMS: RENT AND SERVICE CHARGE REVIEW PROPOSALS 2022

Sandra presented the report to seek approval on the proposals for Customer consultation on Home Scotland's rent and service charge increase for 2022/23. Sandra explained the process was in line with Regulator expectations and board's favoured approach in recent years. It was proposed that three options would be put forward to Customers as set out in the report.

Sandra referred to the assumptions and long-term financial planning previously agreed by the Board which assumed a rent increase of CPI plus 1%. The September CPI figure was 3.1%, which, following the assumptions, would mean a 4.1% increase. Sandra also

explained the work being done by colleagues to support Customers via the Financial Inclusion offer which tailored support and advice to maximise income levels.

The Board discussed the proposed rent increase and queried how affordable a 4.1% increase would be and what the impact on Customer groups might be, in addition they agreed it was also important to collate data on the potential impact of any rent increase on Home Scotland's financial health, i.e. what would it mean in the context of rising material costs, wages and other operational factors such as potential increasing arrears and voids. Sandra confirmed that Arneil Johnson would be asked to do some work on this and further information on the impact for Customers and Home Scotland would be brought to the February Board to be considered with the outcome report of the Customer consultation.

Whilst recognising that a 4.1% increase could be viewed as a significant increase, particularly given the previously low CPI inflation rates of recent years, the Board agreed that the economic climate was very different now and Home Scotland was experiencing significant increases in material costs, wage inflation and other pressures. The Board recognised that it was important not to damage the ability of the business to deliver and noted that if a rent increase below the CPI plus 1% was agreed that this would have a direct impact on delivering business plan and strategic objectives. John Hudson explained to the Board that many of the increasing costs Home Scotland was experiencing were above the 4.1% being discussed, and there could not be certainty around future grant funding for new homes delivery, so it was important to protect Home Scotland's surplus as far as possible to enable it to invest in existing housing stock, deliver services to Customers and build more affordable homes.

The Board discussed the proposed rent increase at length and queried whether proposing 3 different rent increase figures was the right way forward or whether this could be considered by some Customers to be a vote rather than a consultation. They also considered whether a graduated rent increase based on different property types and individual Customer circumstances was an option. They agreed a graduated rent increase probably was not the way forward and that this was better addressed through the ongoing work on rents affordability being carried out with Arneil Johnson. After due consideration, they also agreed that consulting on one proposed rent increase figure, which was carefully supported with clear narrative on the reasons why that was being proposed and some context on what any reduction in the rent increase meant for the delivery of services to Customers, was the right way forward.

Having decided to consult on one proposed rent figure, alongside carefully considered supporting context, the Board discussed what that figure should be, and, having considered all the information available, agreed to consult on a rent increase figure of CPI plus 1%, (4.1%). They also agreed that as well as the considered reasons why this figure was being proposed, the consultation should explain to Customers the support that was, and would continue to be, provided to help Customers who might find themselves in financial difficulty, particularly given concerns around fuel poverty, and that the level of rent increase being proposed would allow Home Scotland to target more of its Customers who needed that support.

In concluding their discussions, the Board agreed that it was critical that attention was given to how this was explained and communicated to Customers and that any final draft was considered by Mary, as a Home Scotland Customer Board member before being circulated to Customers in November.

The Board **APPROVED** the proposals to consult Customers on a rent and service charge increase for 2022/23 and **AGREED** that the figure to be consulted on should be the September CPI figure plus 1% (4.1%), with carefully considered supporting information for Customers.

2488 HEALTH AND SAFETY PERFORMANCE

The report was presented by Matt for the period 1 July to 30 September 2021 and the key highlights were:

- There were zero accidents, zero incidents and zero near misses logged during the period. There was a recognition that on the face of it that whilst 0 reporting was good, additional training would be introduced to ensure individuals were continuing to report correctly
- The FRA programme was being reviewed with good progress reported.
- It was confirmed that all HRB1 buildings had an up to date FRA.
- All H&S forms were being completed on development sites.
- A targeted health and safety inspection programme would be introduced towards the end of the year.
- Further clarity from the Government was expected regarding expectations around high rise building safety.

The Board asked for clarity on the comments made in the report which suggested access to properties was problematic for FRA

assessors. Matt explained some of the difficulties but confirmed work was ongoing to explore opportunities to improve access issues, including earlier engagement with Customers.

The Board noted the emerging risks identified in the report and in response to questions, Matt confirmed there would be differences between the guidance for Scotland and England and that the intention for Home Group would generally be to adopt whichever standard was higher but that further information on any differences between the two countries and their respective standards, and any decisions on adopting the appropriate standards would come back to this Board and the Health and Safety Governance Committee.

In concluding the discussions on Health and Safety reporting, the Board recognised the importance of good assurance on this area and, whilst it was regularly reported to the Board, the Chair suggested that Ian Campbell, as the Home Scotland representative on the Health and Safety Committee, meet up with Matt Forrest to discuss the current reporting and whether any changes needed to be considered to ensure Home Scotland got the level of assurance it required on Health and Safety matters.

The Board **NOTED** the update.

2489 DELIVERY AND DEVELOPMENT PROGRESS REPORT

Joe introduced the report and highlighted three key areas

- Joe highlighted the delays which were outwith our control for the commencement of the cladding work at Linthouse. The project would not start on site during the current financial year due to the outstanding building warrant approval and delays to aluminium cladding supplies. These issues had now been resolved but, as it would not be in the best interests of the Customers to commence the works during the winter, the work would commence in the Spring of 2022.
- Potential options were being reviewed regarding performance of the building at Holmlea and issues with high energy costs affecting some residents. Progress was being made including a possible gas solution, with gas being the preferred option of the Customers. In the meantime, engagement with all parties including Customers, was continuing and Home Group had, as a gesture of goodwill made a payment of £1300 to all Holmlea Customers towards their heating costs. In response to a query from the Board, Joe confirmed that a "lessons learned" paper would come back to the Board once a solution had been identified and installed at Holmlea.

- An update was provided on Home Scotland's five-year Development Programme which remained at circa 1000 new build homes, with 89 new build homes aimed to be delivered this financial year. Joe confirmed that because of earlier Scottish Government delays around the grant moratorium and because of the issues the industry was experiencing with materials and labour, there had been some delays in delivery timescales.

The Board **DISCUSSED** and **NOTED** the report.

2490 MAINTENANCE PERFORMANCE

Matt provided an update on how the implementation of the new maintenance arrangements in Scotland was progressing with Board noting some good progress. A number of external risks were being managed with regards to resources, materials and other short-term impacts. Matt took the Board through some of the initiatives which were being implemented to improve maintenance and confirmed that he expected the progress to continue into the reporting at the next Board meeting.

The Customer Board members fed back that in their experience, whilst Customers appreciated new processes and contracts were in place, the pace at which positive changes were being seen by Customers was not as quick as expected, and that in some cases sub-contractors were still being used on repairs and maintenance work. In response Matt explained that there was a "learning period" where the new processes and practices needed to be enshrined but also confirmed that there were material and labour shortages within the sector which were impacting on delivery. The point on material and labour shortages was supported by Ian Campbell who explained his organisation was experiencing similar issues and confirmed, by way of example, that in his experience and under the current circumstances, a KPI showing 85% of jobs completed within 14 days was a good outcome.

In concluding discussions, the Board recognised that they expected to see reporting on the qualitative KPI's under the new contracts, Matt confirmed that this was being collated and would be reported from the next Board meeting in February.

The Board **NOTED** the report.

2491 ASSET MANAGEMENT ACTION PLAN PERFORMANCE

Joe introduced the report to update the Board on progress against the action plan. Good progress had been made and included

strategic areas such as the Energy Efficiency Standard for Social Housing (EESH) and Higher Risk Buildings, as well as other tactical areas. 21 out of the 29 actions in the Action Plan were now complete and there were none overdue.

Board noted the update on the options available regarding the long-term void properties in Dumfries and Galloway. In relation to the Dundee tenement review, they also noted the data collection and mapping work, which was being carried out to find potential solutions, which would be shared at a future board meeting.

The Board **NOTED** the report.

2492 FINANCE AND PERFORMANCE REPORT, INCLUDING MANAGEMENT ACCOUNTS Q2

John Hudson presented the results and took the Board through some of the key points including,

- Voids continued to reduce.
- Surplus Before Tax was £0.7m ahead of budget and was mainly due to delay to the previously discussed delays to works at Linthouse (£0.5m budgeted).
- For the reasons discussed earlier in the meeting, development handovers had fallen behind, which may have an impact on rental income.
- Arrears were slightly above target and may increase due to the reduction in Universal Credit and an increase in fuel prices.
- Materials shortages and price increases were affecting repairs and planned maintenance, which again may further impact the new homes target.

Responding to a request from the Board, additional context was provided on the KPI's which were being reported as red, the Chair then asked the Board whether the overall report provided the information and assurance which the Board required and the Board confirmed that it did.

The Board **NOTED** the report.

2493 TREASURY REPORT

John provided a six-monthly update and advised that the main focus had been on the LIBOR (London Inter-Bank Offered Rate) transition exercise affecting all the Group's floating rate loans. John confirmed that some security charged to Lloyds had been released, meaning that Home Scotland had circa £120m of unsecured stock. The Board asked whether it would be helpful if the Dundee

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tenement stock could be released from security and John Hudson informed the Board he was not sure whether that was a possibility but agreed to look at that and report back to the next Board meeting.

The Board noted the revaluation of the RBS £40m loan security had taken place and The Housing Finance Corporation (THFC) Sinking Fund Trust Deed had been executed, which had been approved by the Board in August. Finally, Board noted that the profiling of Home Scotland's future funding requirements would be carried out over the coming months.

The Board **NOTED** the update.

2494 ANNUAL RETURN ON THE CHARTER (ARC) – KEY INDICATOR BENCHMARKING

Sandra introduced the report which followed on from the ARC submission approved by the Board in May. An overview of the benchmarking information and averages received from the SHR was provided at Appendix 1. Sandra took the board through the outcomes in more detail and an overview of progress in delivering the Operational Plan was provided at Appendix 2.

Sandra confirmed that she was looking at the process for next year's AAS submission and whether it would be possible to phase the process over the year rather than compressing it into approval at one Board meeting, this was work in progress with the Chair and Russ.

The Board **NOTED** the performance and benchmarking relating to the ARC and that actions were included in the Operational Plan addressing areas where improvement was needed.

2495 RISK UPDATE

John gave an update on the 7 risks on the Home Scotland Risk Register, at Appendix 1, and advised that action plans were in place to address and manage the level of risk, which would be closely monitored. The Board noted the slight increase in the score on service delivery and noted the emerging risks reported in the paper.

The Chair reminded the Board that a review of risk and the Board's appetite to risk would be taking place in early 2022 at a Board risk workshop.

The Board **NOTED** the report.

2496 COMPLAINTS REPORT FOR JUNE 2021 TO SEPTEMBER 2021

Sandra provided an update and confirmed that 97% of Stage 1 complaints had been responded to within 5 days and 100% of Stage 2 complaints within the 20-day timescale. The main driver for complaints was repairs and maintenance and a small number regarding service delivery. Sandra confirmed that the weekly calls with representatives from Service Delivery, Maintenance and the Complaints team were continuing which included reviewing lessons learned.

Responding to a comment from the Board around whether it would be better to measure resolving rather than responding to a complaint, Matt confirmed that regulatory obligations in reporting concerned responding to complaints but alongside that Home Scotland was always striving to resolve complaints as effectively as possible.

The Board **NOTED** the complaints performance.

2497 ANY OTHER BUSINESS

Under AOB the Chair raised the need for there to be a Home Scotland representative on the Home Group Audit Committee and also that there was a position of Vice Chair of Home Scotland Board which needed to be considered. She asked that if any Board member was interested they should contact the Chair to discuss further. The Chair also mentioned she would discuss future meeting agendas and timings with both Sandra and Russ and would give further consideration to how technology could be embraced to make meetings of the Board more effective and ensure a more efficient use of time. There being no other business, the Chair declared the meeting closed.

2498 DATE OF NEXT MEETING

Tuesday 15 February 2022 (although a strategy session will be held on Monday 24 January).

Signed Date