

HOME IN SCOTLAND
Minutes of the Board meeting held on 24 August 2021
at Home Group's Edinburgh office and by video conference call

PRESENT

Myriam Madden*	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)
Mark Henderson	Board Member (National Member/Parent Appointee)

IN ATTENDANCE

Sandra Brydon*	Director of Scotland
Russell Hall*	Group Company Secretary
Callum Foster	Head of Finance
Chris Hopkins	Head of Financial Planning and Financial Reporting
Matt Forrest	Executive Director – Operations
Joe Cook	Executive Director of Development
Bruce Blaney	Customer [Item 2452]
Lesley Simpson	Customer [Item 2452]
Maureen Wallace	Customer [Item 2452]
Janet MacKenzie	Customer [Item 2452]
Donna Milton	Arneil-Johnston [Item 2453]
Paul Walker	Director of Maintenance [Item 2460]
Irusha Hewawasamge	Head of Health and Safety [Item 2466]

*Myriam Madden, Sandra Brydon and Russ Hall met in person at the Edinburgh office, with the remaining board members and guests joining via a Microsoft Teams video call

2450 APOLOGIES FOR ABSENCE

There were apologies from Mary Finnegan, Gillian Campbell and John Hudson and also from Stuart Dixon and Laura Alexander.

2451 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 but Myriam noted

that her role as the Chair of the Audit Committee and member of the Board of the Traverse Theatre had come to an end.

2452 CUSTOMER FOCUS: VIEWPOINT TEAM FEEDBACK AND PRIORITIES SESSION

Sandra introduced Bruce, Lesley, Maureen and Janet, members of the Viewpoint Team, who provided a presentation which reflected on the work they had done during the last 12 months and set out their future priorities.

The Customers focused initially on the work they had been involved in with procuring the new repairs and maintenance contracts and explained how important it was to hold the contractors to account particularly around performance against KPI's. In response Sandra confirmed that monitoring performance was a key consideration in the maintenance performance reports which would be coming to each Board meeting.

The Customers also explained that one of their priorities, as the Covid restrictions were eased, was to return to face to face meetings and to hold more events in person whilst also not losing the benefits which had been gained from virtual meetings and contact. The Customers also encouraged the Board members to try to visit some of the communities and estates, particularly older more established communities when the time was right and that Board members could be accompanied by Customers who could share their experiences of living there. The Chair agreed that this was a good idea and an action should be captured to re-introduce those estate visits.

Myriam thanked all the Customers for joining the meeting and for all their hard work and their continued engagement with the Viewpoint Team which was so valuable for the Board.

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

2453 RENT AFFORDABILITY PROJECT UPDATE: PRESENTATION FROM ARNEIL-JOHNSTON

Sandra introduced Donna Milton from Arneil-Johnston to the Board again and Donna introduced the report, taking the Board through a presentation which summarised the outcomes from the project to date.

Donna informed the Board of the work that had been done following the Customer consultation which concentrated on understanding Customer views, looking at affordability and starting to establish a draft rent setting structure. The Board heard how the model had

been designed with a base rent and then a criteria scoring system was overlaid which took various factors into account which influenced the overall rent including the size of the property, the number of bedrooms, type of heating etc. Customers had been involved in shaping the model and financial planning colleagues had also been involved in the design of the model. Customers also noted that whilst service charges were important, they should be separate to the rent to ensure that Customers could test and challenge quality and value for money.

When applying the model to Home Scotland rents, it reduced the number of rent levels from the current 592 to 21, making rent setting more transparent and consistent but importantly affordable. Donna explained how applying the model did deliver a slightly higher rental income of around 0.3%, with about 53% of Customers seeing some increase and 47% seeing a decrease. The Board recognised that any implementation of a new rent setting model would need to be carefully managed and a harmonisation strategy would be developed to deliver more gradual change and ensure no compromise of rental affordability.

In response to questions from the Customers attending the Board, Donna confirmed that when testing the model it was important to look at the impact on Customers and she explained more about how the harmonisation strategy might work to phase implementation and maintain affordability. Donna also confirmed that as they had developed the model, they had sense checked and benchmarked against other local RSL's.

The Board set out that when the journey started on this project it was to ensure rent affordability, in particular to analyse pressures for certain Customers including single person households and seeing how the model delivered for these households was important. They also discussed the use of bedrooms on a straight-line within the scoring system and noted that whilst family income is generally from 1 or 2 people within the family unit, people with larger families requiring more bedrooms for children would not be earning more to cover the cost of the extra bedrooms so the model might need to be nuanced to reflect this.

In summarising the discussion on the rent affordability project, Myriam thanked the input received from the Viewpoint Customers, noting the good progress made but the model was not yet implementation ready and confirmed the Board looked forward to the next update in November.

The Board **NOTED** the report and supplementary information provided in the presentation at the meeting.

2454 CHAIR'S REPORT

The Chairman opened her report by thanking Board members for their input since the last meeting with attendance on a number of Action Committees and interview panels. Myriam confirmed that she had attended the Home Group Audit Committee, subsequent audit action committee to approve late changes to the draft Group financial statements and a meeting with finance colleagues and Sandra to review the draft Home Scotland annual report and accounts.

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

2455 DIRECTOR'S REPORT

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

- Open Housing was now live and was going well.
- The Home Group Fund had helped in the region of 130 Customers, with positive feedback and media coverage on the fuel support fund too.
- A comprehensive update was provided in relation to the Holmlea development with the Board noting the ongoing work with Carbon Futures and the comprehensive Customer involvement and consultation. The general consensus from Customers is that they did not favour a storage heating solution but would prefer a gas heating solution, this presented challenges, but colleagues were working hard to find a solution. Joe Cook also provided further update confirming that this had been a difficult and complex project within a grade 2 listed building and on reflection Home Scotland would have to think very hard before considering another similar project. Joe also addressed the concerns which had been raised by some Customers around draughty windows, confirming there was ongoing work with thermal imaging and that secondary glazing may be considered, but that it was important to await the full final report from Carbon Futures.

In discussing the Holmlea update, the Board recognised that there were some important lessons to learn but it was very important to put the Customer at the centre of any longer-term solutions. Joe responded to queries about the contractor confirming that the relationship with them was good and that they were still engaged in trying to find solutions in partnership. Once all the investigations, and the work with Carbon Futures was completed, Home Scotland would be in a better position to discuss where liabilities sat in terms of the cost of works to

address the heating issues and responsibilities in terms of impacts on the future pipeline of developments.

Sandra confirmed to the Board that the communications handling strategies were now working well and relations with Customers had improved, with regular update meetings taking place. Sandra also confirmed that some compensation had already been paid to a number of Customers via the contractor and compensation and subsidising the fuel bills for some customers would be considered again as the winter approached.

The Board agreed that as the Holmlea scheme had attracted some wider media attention, it was important that they were kept up to date on any adverse media, findings from reports and retrospective reviews or if there were any significant changes in strategy. Sandra agreed that would happen and confirmed that the Scottish Housing Regulator had also been kept apprised of the developments at the scheme.

The Board **NOTED** the report.

2456 DELIVERY AND DEVELOPMENT REPORT

Joe introduced the report and the key highlights were:

- There were no development approval requests being brought to the meeting.
- Home Scotland's five-year Development Programme remained at circa 1000 new build homes, with circa 95 new build homes this financial year however, this may be impacted due to the issues the industry was experiencing with materials and labour.
- Work on several opportunities across our Glasgow, Edinburgh and Dundee regions was continuing with potential further new developments in Calderwood and also in Fife region.

Regarding the Linthouse re-cladding, building warrant approval was awaited and it was noted that material delays were likely to affect work starting on site. The Board discussed pausing the planned works to Linthouse given the difficulties in obtaining materials and that those shortages were driving prices up, however, it was agreed that the right thing to do was not to pause and carry on to complete the works.

The Board asked for further information regarding comments within the report that development colleagues were exploring the potential to enter the outright sale market as part of cross subsidised mixed tenure schemes along with the possibility of entering into Joint

Venture arrangements. Joe responded by confirming that this was very early work being undertaken looking at potential scenarios should there be reductions in grant levels in Scotland and how Home Scotland would continue to develop, and one option could be cross subsidising mixed tenure. Board noted this was very early “pre-work” and that if any change in strategy was proposed it would come back to Board for discussion and approval.

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

2457 ANNUAL REPORT AND FINANCIAL STATEMENTS

Callum presented the report to the Board which provided information on Home Group’s strategy, achievements and performance in the past year, all of which had been audited by Deloitte. The key highlights from the financial results were:

- A surplus before tax of £4.8m (2019: £6.9m) was reported and net assets of £60.3m (2019: £55.5m).
- The annual report was in a similar format to the prior year.
- Deloitte were expected to issue an unmodified opinion (i.e. a clean opinion) and no Home Scotland specific control mechanisms had been raised.
- Subject to the Board approving the accounts, they would be submitted to the SHR before 30 September 2021 and to the Financial Conduct Authority (FCA) by 31 October 2021.

Myriam confirmed that she had spent some time going through the Annual Report and Financial Statements with Callum and other finance colleagues and was happy to recommend for approval.

The Board **APPROVED** the Annual Report and Financial Statements, along with Deloitte’s letter of representation included in Appendix 4 of the Reading Room Documents and agreed to delegate the signing of this letter, (in person or electronically), to the Company Secretary and two Board Members.

2458 FINANCE AND PERFORMANCE REPORT

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

- There had been an increase in the number of repairs reported, however delivery had not been affected.
- Voids were reducing.
- Surplus Before Tax was £0.1m behind budget as existing property sales were £0.9m behind and sales budgeted to take place in May had been delayed.

- Cost Per Property on general needs properties had increased due to additional disabled adaptations work being carried out and was higher than budgeted.
- Targeted improvements in voids and arrears may be impacted by a number of colleague vacancies.
- Materials shortages and price increases were affecting repairs and planned maintenance, which may further impact the new homes target.
- 88% of stage 1 complaints were responded to within 5 days and 89% of stage 2 complaints were within the 20-day timescale, with the main drivers being repairs and maintenance.

The Board **NOTED** the report.

2459 TREASURY APPROVALS

John presented the report and requested approval to execute the Sinking Fund Trust Deed associated with one of HS's external loans and to also amend the floating interest rate related terms within the two HGL/HS intercompany loan agreements. The Housing Finance Corporation (THFC) £20m loan had been completed in August 2010 but the document had been missed from the suite of documents that were signed at the time, which had only come to light very recently.

The Board **APPROVED**:

- Entering into the THFC Finance Documents and to pass the resolutions set out in paragraph 5 of the extract of the minutes attached at **Appendix 3 in the Reading Room**.
- The two intercompany amendment agreements at **Appendix 4 and 5 in the Reading Room** incorporating the changes needed to replace references to LIBOR with SONIA, subject to approval of the lender (HGL) at its Board meeting in September.

2460 MAINTENANCE PERFORMANCE

Paul Walker provided an update and advised current performance was good against KPI's and the backlogs due to Covid-19 had been cleared. 4 new contracts were now in place and live with Novus for customers in Dundee, Glasgow and the central belt. Novus continued to provide maintenance services to customers in Dumfries and Galloway, however, from mid-August a more improved service would be provided by DGHP (Dumfries and Galloway Housing Partnership). Matt Forrest provided the Board with an update in relation to the new "putting US into Customers" initiative, which aimed to view improve ways of working and view performance

through a more Customer centric lens. In response to a query from the Board, Matt also provided some wider context in relation to the 30 reported jobs that had been outstanding for more than 30 days.

The Board noted the procurement process would commence regarding new cleaning and grounds maintenance contracts in Scotland as current arrangements were due to expire in March 2022. A short-term extension would be put in place and new services procured from September 2022.

The Board again noted the challenges which the materials shortages were having on completion of maintenance work.

The Board **NOTED** the report.

2461 REGULATORY COMPLIANCE REPORT

Sandra introduced the report which provided the Board with assurance of our on-going compliance with the Scottish Housing Regulators (SHR) regulatory framework standards.

It was noted that a robust process had been developed to monitor compliance and no areas of non-compliance had been identified in the annual gap analysis, there were no significant risks and customer views and feedback was reported to the board to help shape service delivery and improve quality.

Sandra outlined the action plan and approach being taken around ED&I and Human Rights, including how the earlier work with Shelter was still relevant. The Board also noted that a slightly different approach might be taken to this work next year, where Board may be provided with key documents on a rolling basis throughout the year rather than receiving all the documents in one go for approval.

The Board **NOTED** and **DISCUSSED** the report as part of this year's Annual Assurance Process and **APPROVED** the revised Home Scotland Operational Manual at **Appendix 5 in the Reading Room**.

2462 ANNUAL ASSURANCE STATEMENT 2021

Sandra introduced the AAS report, which required Board approval. The improvements, actions and evidence were discussed, as set out in the appendix to the report.

All improvements set out in the 2019 and 2020 AAS plan had been completed, apart from Human Rights which had been paused due to the Covid-19 pandemic, however, evidence could be provided that new processes and monitoring were effective. Covid-19 had not

affected compliance. As discussed under the previous agenda item, the Board noted appropriate action plans were being developed to implement an effective approach to the collection of equalities information and how a human rights approach to our work would be adopted.

The Board **DISCUSSED** and **APPROVED** the draft AAS for submission to the SHR before the deadline of 31 October 2021.

2463 ASSURANCE SERVICES ANNUAL REPORT

The Board were provided with an update on the audit reviews completed in 2020/21, which included:

- 25 audits had been completed, including 2 in relation to Home Scotland and 14 group-wide audits.
- Substantial and full assurance ratings had been given for the 2 Home Scotland reviews, i.e. Homelessness and Maintenance.
- There were no cases of theft and no cases of unlawful subletting or tenancy fraud cases.
- The 2021/22 audit plan included 4 reviews that were specific to Scotland.

The Board did raise a query regarding one of the high rated findings reported around health and safety of colleagues and requested confirmation whether any of the 3 locations tested where a Covid-19 Risk Assessment was not in place were located in Scotland.

In response to an additional query from the Board around the number of repairs which had not been assigned the correct "priority" level, Sandra confirmed that remedial action had been taken, including additional training for colleagues in the CSC team.

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

2464 COMPANY SECRETARY'S REPORT

Russ presented the report and as part of the annual requirement, he confirmed that Home Scotland's Rules had been followed and measures were in place in relation to the minutes of the meeting, the seal, registers, the use of the registered name and documentation. It was confirmed that Rules 62 and 67 had been followed in all material respects.

The Board **NOTED** the report.

2465 SAFEGUARDING REPORT

Matt and Sandra provided a summary of safeguarding issues from April 2020 to March 2021. An increase in safeguarding incidents was noted, from 26 in 2019 to 47 in 2020, linked to Covid lockdown restrictions, with increases in neglect, physical abuse, psychological or emotional abuse and in self harm. It was explained that the safeguarding panel met quarterly to review the data themes and the AIMs system had improved reporting.

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

2466 HEALTH AND SAFETY PERFORMANCE

The report was presented by Irusha for the period 1 April to 30 June and the key highlights were:

- One accident had been reported as detailed in the report. There had been no near misses.
- Appliance and statutory compliance remained at a high compliance level.
- All H&S forms were being completed on development sites.
- For the 7th consecutive year, Home Group had been awarded Gold Award for health and safety.
- The Head of Health and Safety was reviewing Home Scotland's detailed and ambitious Health, Safety and Fire Plan for 2021.

Ian Campbell, as the Home Scotland representative on the Health and Safety Committee gave a brief update from the last Committee meeting drawing the Boards attention to the change in reporting to include "observations" alongside Accidents, Incidents and Near Misses.

The Board also agreed the following actions:

- That when H&S was reported to Board it should be moved up the Agenda
- Now that the C-19 restrictions were easing Irusha should liaise with Board members who were interested in carrying out safety walks with Home Scotland colleagues
- The Board would like, as well as the regular reporting to have Health and Safety as a focus item at least once a year and this should be added to the programme of business

The Board **NOTED** the update.

2467 POLICY UPDATE

Sandra advised that the suite of Treasury Policies had been approved by Home Board since the last policy update, and that there had been a minor change to the Complaints Policy. It was noted that Board members could view all the current policies which were stored on the reference shelf in Board Intelligence. Sandra also referred the Board to upcoming policy reviews should they be interested in getting involved more closely on any review.

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

2468 ADMINISTRATION: ACTION POINTS

The Actions Points were reviewed with no additional matters arising from the actions.

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

2469 DRAFT MINUTES OF THE HOME IN SCOTLAND BOARD MEETING HELD ON 18 MAY 2021

The Board **APPROVED** as a true record the minutes of the Board meeting held on 18 May 2021.

2470 DRAFT MINUTES OF THE HOME IN SCOTLAND BOARD ACTION COMMITTEE HELD ON 27 MAY 2021: ARC SUBMISSION

The Board **APPROVED** as a true record the minutes of the Action Committee held on 27 May 2021.

2471 DRAFT MINUTES OF THE HOME IN SCOTLAND BOARD ACTION COMMITTEE HELD ON 6 JULY 2021: HOME SCOTLAND RULE CHANGE

The Board **APPROVED** as a true record the minutes of the Action Committee held on 6 July 2021.

2472 ANY OTHER BUSINESS

There being no other business, the Chair declared the meeting closed.

2473 NON-EXECUTIVE MEETING REVIEW

The Chair and the non-executive Board members then moved into a short meeting review.

2474 DATE OF NEXT MEETING

Tuesday 9 November 2021.

Signed Date