

CALEDONIA HOUSING ASSOCIATION LTD

MINUTES OF THE MANAGEMENT BOARD MEETING HELD ON TUESDAY 27 MAY 2025 AT 6 PM IN PERSON AT SUITE 4, SALTIRE HOUSE, WHITEFRIARS CRESCENT, PERTH AND VIRTUALLY ON MICROSOFT TEAMS

Present:	Allan Jones	Chair	(SH)
	Derek Robertson	Vice Chair	(SH)
	Katherine Burke		(MT)
	Anne Culley		(SH)
	Gary Grigor		(SH)
	Murdo Mackay		(SH)
	Margaret McLay		(SH)
	Amy Waite		(SH)
Apologies:	Keri-Ann Osfield		
	Douglas McLaren		
In Attendance:	Paul Hillard	Paul Hillard Consulting	(MT)
	Julie Cosgrove	Chief Executive	(SH)
	Peter Fotheringham	Executive Director of Finance	(SH)
	Jill Fraser	Executive Director of Operations	(SH)
	Barry Johnstone	Executive Director of People & Governance	(SH)
	Angela Murphy	Head of Finance	(SH)
	Stuart Robertson	Governance Manager	(SH)
	Jenny Dalton	Governance Officer (Minute Taker)	(SH)

The Chair welcomed Gary Grigor and Amy Waite to their first Board meeting and commented on the number of members who had attended in person. The Chair explained that Paul Hillard was attending the meeting as an observer as part of the Governing Body appraisal process. He then asked everyone present to introduce themselves to Paul Hillard.

31.25 Apologies

Apologies were **NOTED** from Keri-Ann Osfield and Douglas McLaren.

32.25 Declaration of Interest

Katherine Burke declared an interest in Agenda Item 42.25 - Planned Maintenance Progress Report. Members **AGREED** that a decision would be made as to whether Katherine should remain in the meeting if the planned maintenance project in her neighbourhood was discussed.

ITEMS for DISCUSSION and/or APPROVAL

33.25 Draft Minutes of the Management Board Meeting held on 25 February 2025

Board members **AGREED** that the minutes were a true and accurate record of the meeting. **APPROVAL** of the minutes was proposed by Murdo Mackay and seconded by Margaret McLay. The Governance Officer would arrange for the minutes to be signed by the Chair.

34.25 Matters Arising

There were no matters arising.

35.25 Chief Executive's Report

The Chief Executive advised that staff from the Scottish Housing Regulator (SHR) would be observing the August Management Board meeting. The Chief Executive added that this was an annual occurrence as part of the Engagement Plan.

Future Format of Chief Executive's Report

The Chief Executive advised that, in response to feedback from Board members, she had produced two different styles of report. The first was the existing, more detailed narrative and the second an abbreviated slide deck approach. The Chief Executive asked members for their comments and their preference on style of report.

Board members agreed that the slide deck approach was more succinct and engaging; the relevant information for discussion and decision-making being provided in bullet points. Following discussion, it was agreed that future reports should follow the slide deck format with an appropriate audit trail of decision-making, while where more detailed information or reference documents were required, these should be made available on OneAdvanced.

Changes to Charity Law in Scotland

The Office of the Scottish Charity Regulator (OSCR), recently announced that changes were being made to the legislation covering Scottish Charities. From this summer Caledonia would be required to provide OSCR with details about its trustees, including name, home address, email address, telephone number and date of birth. The names of each trustee would be published on the Scottish Charity Register, with OSCR retaining the additional information securely.

Criteria for automatic disqualification of trustees had been expanded to include conviction for bribery, proceeds of crime legislation, perverting the course of justice, terrorism, misconduct or neglect as a public official and sexual offences. This was also likely to be expanded to include those in a senior management function.

Additionally, annual accounts received by OSCR would be publicly available on the Scottish Charity Register for at least five years.

Decarbonisation – Legal and Financial Implications

The Chief Executive advised that there had been a number of recent publications around retrofitting and financing the work. The main themes that emerged were around:

- Understanding that it was unlikely that there would be significant financial capacity for the government to support the retrofit and that in some form the focus would be on blended financing. A report by the Scottish Futures Trust (SFT) had highlighted the financial aggregator model: an SPV part funded by government and private loans, with lower cost funding and easier terms or a loan guarantee scheme to support private finance providing loans guaranteed by the government.
- Place based delivery of clean energy required to work at scale, and more applicable to being led by a local authority to provide anchor demand for clean energy and heat networks supported by other stakeholders in the area.
- The sector having a central body with expertise and skills to support decarbonisation.
- The Scottish Procurement alliance launching a Retrofit and Decarbonisation framework to deliver a full service from feasibility to project delivery, with links to pre-qualified contractors to support decarbonisation.
- Challenges that the sector faced in decarbonising from uncertainty around the standards expected, limited funding and competing investment priorities.

Gary Grigor queried the Association's thoughts on the options being discussed. The Chief Executive advised that until there was a clearer idea of funding, statutory standards and how processes such as procurement could be administered to support decarbonisation, it was not possible to make any conclusions. The Chief Executive added that she was a member of a CEO Group that was looking into collaborative opportunities and potential options.

Scottish Housing Regulator

Annual Risk Assessment

The Chief Executive explained that each year the SHR undertook an annual risk assessment of each social landlord, based on a range of information submitted and knowledge of each RSL. This was used to define the engagement plan and status of each RSL, i.e. compliant, non-compliant or working towards compliance.

The SHR also published the main areas of risk facing the sector, identified as:

- Economic environment
- Investment priorities
- Homelessness – continued rise in homelessness
- Tenant and resident safety – including damp and mould
- Robust governance
- Data accuracy
- Cyber security

Annual Assurance Assessment

For the benefit of the new Board members, the Chief Executive explained that, on an annual basis, SHR required confirmation from social landlords that the governing body was assured that the landlord meets the standards of the regulatory framework, financial management and legislation. Over the past two years, the approach adopted by Caledonia was in two parts; thematic reviews of key areas of risk and a detailed assessment of regulatory compliance that provided a bank of supporting evidence demonstrating compliance. The Chief Executive confirmed that it was proposed to take a similar approach this year. It had been intended that the key thematic risk areas to be reviewed would be tenant and resident safety, group governance and the role of governing bodies, customer engagement, and stock investment and service delivery, however, given the recent cyber security issues experienced by Marks and Spencer and a number of other retailers, the Chief Executive suggested that group governance be replaced by cyber security and this was **AGREED** by members.

As in previous years, it was proposed that a small working group of governing body members would review the evaluation of compliance and the thematic reviews to provide a judgement, recommendations and draft Annual Assurance Statement (AAS) to be considered by the Board at the meeting in October. The working group would meet twice, the first meeting being in July and the second in early September when it would consider the Draft AAS and improvement plan. Both meetings would be online. Board members **AGREED** that the working group would comprise Murdo Mackay and Amy Waite and a Cordale Committee member. If a Cordale Committee member was unable to be represented on the group, then Gary Grigor would join the working group.

Anne Culley commented that the format had been very effective last year. The Chief Executive added that the assessment process would give the new Board members a broad overview of the work of the Association.

Cordale Governance

Urgent Decision and Delegation – Subsidiary Governance

The Chief Executive explained the difficulties facing the Cordale Committee including increasing challenges in attracting and retaining skilled members to fulfil the responsibilities of the governing body, together with the leave of absence of both the Chair and Vice Chair due to health issues. As a result, it had been necessary to seek to appoint an Interim Chair and strengthen membership of Cordale with Caledonia Board members. This was supported by detailed legal advice and the Board was now requested to **HOMOLOGATE** the decision to appoint Margaret McLay as Cordale Interim Chair and appoint Anne Culley and Derek Robertson to the Cordale Committee. The SHR had been notified as a Notifiable Event and were assured with the actions taken.

The external consult, Hillard Consultancy, was due to complete the Cordale Committee member appraisal process this week and a full Committee session was due to take place later in June to discuss the feedback from the appraisal and would also include current governance arrangements, skills and expertise and consider future options to strengthen governance and protect the interests of tenants. A report would be prepared and shared

with Cordale and Caledonia to consider the outcomes of the report and next steps. SHR had asked to be updated post August meeting cycle.

Board members **HOMOLOGATED** the decision by the Chair and Vice Chair to appoint Margaret McLay as the Cordale Interim Chair and appoint Anne Culley and Derek Robertson to the Cordale Committee and thanked these members for agreeing to join the Cordale Committee.

Cordale Covenant Compliance – Technical Breach

The Chief Executive advised that a notifiable event had been reported to the Scottish Housing Regulator (SHR) regarding a technical breach of a banking covenant by Cordale. This was a historical oversight in 2023/24 regarding a loan facility with Virgin Money. It became evident that Cordale narrowly missed compliance with a covenant, specifically that Operating Surplus to Interest Paid would not be less than 150%. Cordale's internal calculations and monitoring had erroneously been assessing the covenant as Earnings before Interest and Tax to Interest, and therefore compliance had been incorrectly monitored. The bank acknowledged this outcome was the result of an oversight and not a performance issue and agreed to grant a waiver. This process was completed by 14 March 2025. Cordale Committee members were informed of the covenant breach at their meeting on 18 February 2025, which was subsequently reported to SHR who closed the notifiable event on 3 April 2025.

Operational Updates

Scottish Home Awards

Caledonia had been shortlisted at the Scottish Home Awards for Community Services and Social Housing Development of the Year (under 100 units). Scottish Home Awards had also advised that, due to the quality of our submissions, we had been shortlisted for the Housing Association of the Year award. The awards ceremony was being held on Thursday 19 June 2025 at the Double Tree by Hilton in Glasgow with the cost of a table for 10 being £1,800. The Chief Executive explained, that in accordance with the Entitlement, Payment and Benefit Policy, the Board was being asked to **APPROVE** the booking of a table.

Board members congratulated the Chief Executive on being shortlisted for these awards and **APPROVED** the booking of a table for 10. Board members also **AGREED** that a maximum of 2 Board members should be invited to attend, with remaining attendees being staff. The Chief Executive asked that members interested in attending the awards contact the Executive Director of People & Governance or the Governance Officer.

Tenders Services – Legal and External Audit

The legal services tender had recently concluded. The tender framework was divided into 3 lots. Lot 1 related to Conveyancing, Contractual and General Legal issues; Lot 2 covered Finance, Governance and Employment matters; and Lot 3 was specifically for Housing and Estate Management issues. The evaluation criteria were 30% price and 70% quality (technical 50% and sustainability 20%).

Harper Macleod were successful in winning Lots 1 and 2, while TC Young were the preferred bidder for Lot 3. The appointments were for a 3 year period, with an option of a 1 year extension.

A tender exercise to appoint external audit services would commence in June with formal notification to our existing auditors, RSM, and would be advertised in July. The intention was to have the preferred provider appointed at the AGM in September. The Chief Executive suggested that a member of the Audit & Risk Management Committee (ARMC) should be part of the evaluation panel. The Vice Chair, as Chair of the ARMC, agreed and advised that it would be discussed at the next ARMC meeting on 10 June.

HR Policies

A review of the Special Leave, Disciplinary, Grievance, and Employee Capability policies had been completed. Changes to the Special Leave Policy included new provisions to support staff who experienced early pregnancy loss. New leave provisions to support staff whose new-born babies required neonatal care were also included. This was a statutory 'day one' right that had come into effect on 5 April 2025. Meanwhile the updated Disciplinary and Grievance policies confirmed staff with a disability-related disadvantage could have a family member present when invited to attend a grievance or disciplinary meeting.

Rosebank Road – Quantity Surveyor (QS) Services

This item is confidential as it is commercially sensitive and publication could harm commercial interests.

36.25 Annual Return on the Charter 2024-25

The Governance Manager (GM) presented the report and explained that the Annual Return on the Charter (ARC) was the main return on performance submitted to the SHR annually. The ARC must be completed and submitted to SHR by 31 May each year.

A copy of the draft ARC for 2024-25 was appended to the report. A summary listing all indicators and corresponding figures for the previous two reporting years was also provided at Appendix 1. The GM pointed out an error at C7 within Appendix 1 where the figures were a percentage and not pounds sterling as shown.

As in previous years, the Governance Team would be undertaking further quality assurance checks of all ARC figures and commentary before submission and the Board would be duly advised of any required changes. Work to compile the associated stock return would also be concluded.

The GM advised that consideration was being given to subjecting the ARC to independent external validation post submission, however as an updated suite of indicators was in place for reporting on in 2025/26, there may be greater value in the external validation focussing on the 2026 ARC pre-submission, with the work being scheduled for April/May 2026. A further update on these proposals would be provided to the Board in due course.

Following a comment from a Board member, it was agreed that the comments for indicator C1.3.1 would be expanded to provide broader context to senior staff turnover. It was also agreed that the Indicator C8 comments should state that the new stock condition survey had commenced.

Management Board members **APPROVED** the ARC and **REMITTED** the Chief Executive to submit the finalised document on behalf of the Association to the SHR by 31 May 2025.

37.25 Business Performance Indicators – Outcome 2024-25 and Target Review 2025-26

The Executive Director of Finance (EDoF) presented the report which, as well as providing an update on progress over the final quarter of 2024-25, also provided an update on progress for the whole year. The current targets had also been reviewed and recommendations to change targets for 2025-26 were provided for consideration by Management Board members. The EDoF highlighted that Appendices 4 to 8 were presented separately at agenda item 43.25.1 for information only.

The EDoF explained that the targets for 2025-26 were relatively unchanged, however it was proposed to add new indicators for damp and mould and EICR requirements and remove the indicator relating to salary costs as percentage of rental income as this was tracked through Management Accounts and reported quarterly. It was also proposed to change the employee absence target from 3.6% to 4.3%, as this was felt to be a more realistic target. The EDoF added that there would be a fuller consideration of staff absences at the June Remuneration Committee meeting.

Murdo Mackay queried whether hybrid working had reduced employee absences. The Executive Director of People & Governance (EDoPG) advised that, following the Covid pandemic and implementation of hybrid working, absence performance had improved; however, absence had increased over the past year. The EDoPG added that in addition to in-depth analysis of absence management in 24/25 being presented to Remuneration Committee, a review of the Agile for Everyone model was being undertaken and led by the Heads of Service, which would review performance in meeting the models key design principles including workforce productivity and provide improvement recommendations.

Board members **APPROVED** the revised KPIs for 2025-26 and **NOTED** the remainder of the report.

POLICIES for DISCUSSION and/or APPROVAL

38.25 Group Disposals and Acquisitions Policy

The Executive Director of Operations (EDoO) advised that this new policy was being presented to the Management Board for consideration and approval. The policy related to all sales, leases, excambions and the granting of servitudes and security over assets, assets covering both domestic and non-domestic properties.

The policy aimed to support the delivery of the Group's strategic objectives through continual and strategic review of existing and available stock to ensure a balanced

portfolio of good quality and safe homes and estates was maintained and to increase the supply of suitable affordable housing to meet a range of housing needs.

The EDoO explained that a business case for each proposed acquisition or disposal would be prepared. This was to protect Caledonia and its stock portfolio from undue risks, be accountable to our current and future tenants and stakeholders and seek value for money outcomes that could be clearly evidenced. Margaret McLay (MMcL) queried whether there would be a threshold for the business case. The EDoO advised that the disposal of the Glenlyon properties would be used as a template.

The Chair referred to the statement within the policy that the price paid for any acquisition would not exceed the valuation unless in exceptional circumstances and in this context Board approval would be sought. The EDoO also advised that in this scenario, guidance would be sought from the Development Committee as to whether there were exceptional circumstances.

Board members **APPROVED** the Group Disposals and Acquisitions Policy.

MMcL queried how the Association demonstrated compliance with its policies. The EDoPG explained that the Association would shortly be introducing a new policy calendar, framework and supporting guidance to support compliance. The EDoPG added that it would be helpful to get members insight regarding the proposed approach and he would discuss this with members of the Audit & Risk Management Committee. The EDoPG advised that the existing policy register was reviewed on a routine basis by EMT (Executive Management Team) and that the internal audit programme also provided assurance on policy implementation and compliance.

39.25 Group Prevention of Sexual Harassment Policy

The EDoPG explained that the purpose of this report was for the Management Board to consider the adoption of this new policy, which was aimed at addressing recent changes to the law made by the Worker Protection (Amendment of Equality Act 2010) Act.

The EMT, Head of Service Group and Employment Law Advisors had reviewed the Policy and comments had been reflected in the version presented to the Board for consideration and approval.

All staff, including managers and senior staff, would participate in mandatory e-learning training, covering the following areas:

- what sexual harassment in the workplace looks like;
- what to do if they experience or witness it; and
- how to handle any complaints of harassment

The Vice Chair raised the issue of unfounded or malicious allegations and suggested that this should be covered in the policy. Members noted that paragraph 9.3 in the policy dealt with this issue but agreed that it could be expanded upon, while it would also be beneficial to highlight the purpose of the Whistleblowing Policy as a confidential reporting channel.

Murdo Mackay also suggested that appropriate training for investigators should be provided and the potential value of male and female staff outwith the People Team providing advice, information and support. The EDoPG advised that the HR Partners were already trained and experienced with investigator responsibilities, while consideration would be given as part of the mental health first aid forum regarding how they can promote psychological safety and indirectly support the policy aims.

Following a query from the Chair, the EDoPG confirmed that the policy applied to governing body members as well as staff.

Board members **APPROVED** the Group Prevention of Sexual Harassment Policy.

ITEMS for INFORMATION

40.25 ICT Update Report

The EDoF presented this report, which provided members with an update on the implementation of the Group Information and Communication Technology (ICT) Strategy over the course of 2024-25 and advised on future ambition for ICT related matters.

The EDoF referred to the 2024-25 roadmap actions at Appendix 1 and advised that the majority of actions were either complete or partially complete, however, due to the changes within the EMT and senior leadership of the ICT function, progress on longer term strategic direction actions had been delayed due to resource constraints and also in order to provide sufficient time to review the future long term ambition. All core operational actions had been completed and significant resource during 2024/25 had been dedicated to these activities to support enhanced security and resilience of our ICT arrangements.

The EDoF advised that the ARMC would receive a more detailed update on the ICT roadmap actions and future strategic direction at its June meeting.

Following a query from Murdo Mackay as to the appointment of a new Head of ICT, the EDoF advised that the recruitment process had recently been concluded and the formalisation of an appointment was imminent.

Members **NOTED** the report.

41.25 Group Insurance Renewal

The EDoF advised that, given the very significant increases in premiums and the challenging market, discussions had been held directly with Zurich (who do not quote through a broker) and with another broker (AJ Gallagher). Different options for insuring housing stock outside of traditional insurance policies were also investigated, however none of these options were considered to be viable alternatives and it was clear that there was no suitable alternative at this time.

Improved terms for a rate guarantee had been negotiated and the premium would not increase in the next 3 years should claims not exceed £1.7m per year. Premiums would decrease should claims be less than £341k. This would require a critical level of focus

on losses during the year and a more robust approach taken before claims were submitted for low level damages.

Members **NOTED** the report.

42.25 Planned Maintenance Progress Report

The EDoO presented the report, which provided a summary of the planned and cyclical maintenance programme and spend in 2024/25, and the forecasted programme and spend in 2025/26.

Planned and Cyclical Maintenance Programme 2024/25

The planned maintenance programme for the year (all budget headings) was £4,459,600 however this was dependent on an additional contingency of £321,300, which was not available. Actual budget was therefore £4,138,300. The provisional actual spend as at 31 March 2025 was £3,369,482, therefore there was a forecasted planned maintenance underspend, subject to year-end spend verification and sign-off, of £768,818. The reasons for the underspend were revised budget forecasting, delays with procurement and lack of sign up for mixed tenure investment.

The cyclical maintenance budget for 2024/25 was underspent by £350,880, subject to year-end spend verification and sign-off. Significantly less works than planned and favourable rates for painter work in Failley were the main contributors to the forecasted 2024/25 underspend. There was £100,000 (Climate change budget) also made available late in the last quarter for other cyclical works however timing resulted in it being too late to complete these within the financial year. The allowances made for new domestic gas servicing contracts were higher than the tender value therefore resulting in a further underspend.

The EDoO advised that the Assets and Finance Teams were working on ways to prevent underspend in these budgets going forward. This included producing “live” PowerBi reports to track spend and establishing more pipeline projects so that if a project did not proceed, there was another to take its place.

Board members stressed the importance of regular reporting to the Management Board and Development Committee to allow consideration of steps to be taken to avoid underspend occurring in future.

Members **NOTED** the remainder of the report.

43.25 Quarterly Business Performance Reporting

43.25.1 Business Performance Report (Quarter 4 2024/25)

As previously advised, Appendices 4 to 8 of the Business Performance Report were presented for information only and were **NOTED** by the Board.

43.25.2 Management Accounts to 31 March 2025

The Head of Finance (HoF) presented the management accounts to 31 March 2025 and advised that they were subject to finalisation of accounting adjustments for depreciation on component replacements and any final audit adjustments that may be required. The final position would be subject to approval at the Audit & Risk Management Committee meeting on 12 August 2025.

The Association achieved an operating surplus for the year of £7.2m (year to 31st March 2024 - £5.4m). The increase was mainly attributed to a rise in rental income offset by a reduction in planned operating costs due to planned maintenance not being progressed as planned, as previously highlighted. However, these underspends were offset against significant overspends on reactive maintenance and service charge maintenance.

Interest payable for the year was £5,861k, which was £393k higher than in 2023-24. All financial covenants were met comfortably with significant headroom.

The increase in housing assets during the year was as a result of adjustments for property depreciation, additions and disposals. As at 31 March 2025 net current liabilities stood at £1.5m.

Rental income was closely aligned to budget. Void losses saw a positive variance of £50k. The underlying void level for the year was 0.80% compared to a budgeted loss of 1%.

Service charge income showed a positive variance to budget of £160k. Service charge expenditure for the year showed a £639k negative variance to budget. Work was currently being undertaken to review service charges.

Mortgage interest showed an adverse variance to budget of £238k. This variance was due to interest rate cuts being slower than previously anticipated in the first half of the financial year.

Actual spend on reactive repairs and re-let repairs was circa £370k (15%) and £103k (14%) over budget. The overspend in reactive maintenance was in part as a result of increasing costs of repairs as well as delays in component replacements resulting in asset lifecycles being stretched and an increased number of reactive repair orders raised. Spend in these areas would continue to be monitored closely against budget in the coming year.

Actual spend on major repairs/planned maintenance in the year amounted to £3,369,482 compared to a budget of £4138k. The planned spend for the year was fully reviewed and some work that was originally planned for 2024/25 was reprofiled. Spend was previously projected to be under budget for the year in order to offset some of the overspend in other areas of repair spend.

Actual spend on cyclical repairs in the year amounted to £1,183,207 compared to a budget of £1,534,087. Spend was previously projected to be under budget for the year in order to offset some of the overspend detailed above.

Bad debts performance for the year showed a favourable variance to budget and was around 0.87% of relevant income, below the budgeted 1%. Bad debt performance would continue to be monitored closely in the coming year.

Board members **NOTED** the report.

44.25 Annual Employee and Building Safety Report

The EDoPG advised that the purpose of this report was to provide a bi-annual review of health, safety and wellbeing performance. The report provided information on the measures taken to strengthen the health & safety policy framework, communications, learning and wellbeing initiatives, an analysis of recorded incidents, and a review of key areas of focus integral to maintaining strong building and employee safety standards.

The EDoPG highlighted a year on year reduction in reported incidents, with 182 reported during 2024/25 compared to 197 in 2023/24.

The EDoPG outlined the monitoring framework in place for play parks following a discussion at the Health, Safety and Wellbeing Committee.

Board members **NOTED** the report.

45.25 Minutes of the Cordale HA Committee Meeting held on Tuesday 18 February 2025

The minutes were **NOTED** by the Board.

46.25 Draft Minutes of the Group Audit & Risk Management Committee Meeting held on Tuesday 11 March 2025

The Vice Chair as Chair of the ARMC advised that the next meeting of the Committee would be on Tuesday 10 June 2025 and that he would be meeting with the EDoPG shortly to agree the Agenda.

The minutes were **NOTED** by the Board.

47.25 Draft Minutes of the Health, Safety and Wellbeing Committee Meeting held on Wednesday 30 April 2025

The minutes were **NOTED** by the Board.

48.25 Any Other Competent Business

The Chair advised that some Board members were finding it difficult to attend Board and Committee meetings on Tuesday evenings and suggested the need to be flexible and review. He also suggested that meeting dates should remain as they were for the remainder of 2025, however a more flexible approach to be implemented in 2026 would be discussed at the strategy session in November 2025.

The Chair also referred to the online Strategy Session scheduled for Tuesday 17 June 2025 and proposed bringing the start time forward from 6 p.m. to 5.30 p.m. This was **AGREED** by members.

There being no other competent business, the meeting concluded at 8.05 p.m.

Chair's Signature:

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