

CALEDONIA HOUSING ASSOCIATION LTD

MINUTES OF THE MANAGEMENT BOARD MEETING HELD ON TUESDAY 16 DECEMBER 2025 AT 6 P.M. IN PERSON AT SUITE 4, SALTIRE HOUSE, WHITEFRIARS CRESCENT, PERTH AND ON MICROSOFT TEAMS

Present: Margaret McLay (Chair) (MT)
Katherine Burke (MT)
Anne Culley (MT)
Gary Grigor (MT)
Amy Ingham-Waite (MT)
Murdo Mackay (MT)
Douglas McLaren (MT)

Apologies: Allan Jones
Keri-ann Osfield
Derek Robertson

In Attendance: Julie Cosgrove Chief Executive (SH)
Ross Carlin 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)
Jenny Dalton Governance Officer (SH)

91.25 Apologies

Apologies were **NOTED** from Allan Jones, Keri-ann Osfield and Derek Robertson. The Executive Director of People & Governance (EDoPG) explained that as the Chair and Vice Chair had both submitted their apologies, the Vice Chair had suggested that Margaret McLay, who had previously expressed an interest in serving as an office bearer, be approached to establish whether she would Chair the meeting. Margaret McLay had confirmed that she would be happy to Chair the meeting, however, in accordance with Rule 59.8 of the Association's Rules this must be agreed by the Board members present. Board members **AGREED** that Margaret McLay would Chair the meeting.

92.25 Declaration of Interest

Katherine Burke declared an interest in Agenda Item 97.25 – Rent Consultation Proposals 2026/27. It was **AGREED** that Katherine would remain in the meeting whilst the item was discussed as it affected all tenants but would refrain from any discussion.

ITEMS for DISCUSSION and/or APPROVAL

93.25 Draft Minutes of the Management Board Meeting held on Tuesday 28 October 2025

Board members **AGREED** that the minutes were a true and accurate record of the meeting. **APPROVAL** of the minutes was proposed by Gary Grigor and seconded by Amy Ingham-Waite. The Governance Officer would arrange for the minutes to be signed by the Chair.

94.25 Matters Arising

Members **NOTED** that most actions from previous Board meetings had been completed, with only a couple of actions remaining outstanding.

Confidential Item *This section of the minutes is confidential as it is commercially sensitive and publication would harm commercial interests.*
Item 82.25 Matters Arising

Item 83.25 – Chief Executive’s Report The EDoPG explained that Gary Grigor had facilitated an introduction with a colleague who specialised in joint ventures and collaboration and a meeting had been held with her to agree the content of a session to be held for the Executive Management Team (EMT) and other interested parties early in the New Year.

95.25 Chief Executive’s Report

Scottish Housing Regulator – Risk Assessment

The Chief Executive advised that the Scottish Housing Regulator (SHR) had published the core areas of risk they would be focusing on in 2026. The core areas of risk were:

- Performance and Service Delivery to Tenants
- Governance and Financial Health
- Development Plans
- Stock Quality and Tenant and Resident Safety

The Chief Executive explained that all Registered Social Landlords (RSLs) would be assessed on these core areas, with the results used, in conjunction with a host of other data held on each RSL, to produce an Engagement Plan at the end of the financial year.

Public Office Opening Hours – Dundee and Perth

To improve customer service and optimise the effectiveness of the Customer Services Advisors, it was intended to align the office opening hours for Dundee and Perth with the arrangement in place in Cordale. This would mean that the offices would be open to the public Tuesday to Thursday, 9 a.m. to 5 p.m. each week, with appointments by invitation outwith these days.

The changes to the opening hours of the office would now be publicised and the changes implemented in the new year. The Chief Executive added that the position would be reviewed in April 2026.

Board Strategy Day Outcomes

The Chief Executive advised that the report set out the views and feedback from the Board strategy event on 18 November 2025 on the vision and mission of the Group, as well as the three strategic themes.

Vision – the Board felt that this only required minor amendment and it was suggested that the statement be changed from “Homes and Services that make life better” to “Homes and Communities that make lives better” as this was generally considered more inclusive, whilst the reference to “communities” contextualized better Caledonia’s “why” and “what” the Group intended to achieve.

Mission – the Board felt that the mission should align more closely to the vision, clearly defining Caledonia’s core purpose and activities, explaining where Caledonia added value. It was suggested that the current statement “Sustainable homes, flexible services and vibrant communities” should be replaced with “Quality housing, responsive services, strong communities.”

The three strategic themes, namely Strengthening our Services, Building Strategic Partnerships with Purpose and Growing our Impact and Influence” would be expanded on as part of the Business Plan around the activities set out in the report.

Board members discussed the re-wording of the mission statement and questioned whether “strong communities” was too vague and difficult to define. It was **AGREED** that it was important to retain the word “sustainable” in the mission statement and that it should be changed to “Quality housing, responsive services, sustainable communities.”

Cordale – Committee Appraisal and Future Governance

Recruitment of New Committee Members

Following a successful recruitment campaign, Cordale Committee had been asked to approve the appointment of three new Committee members with effect from December. A further Committee appointment would be made subject, to a Caledonia Board member stepping down from the Committee, in January 2026. The Chief Executive advised that the proposed new Committee members had the necessary skills set to support the Committee, with a blend of financial experience, risk management and sustainability, renewable energy expertise and governance, assurance and compliance in the financial services sector.

The Chair advised that the Vice Chair had intimated that he was happy to step down from the Cordale Committee to allow the fourth applicant to be appointed and this was **ACCEPTED** by the Board.

Anne Culley (AC) advised that if all four appointments were successfully progressed, then she too would like to step down at the end of January 2026 and this was also **ACCEPTED** by the Board.

The Board thanked the Vice Chair and AC for supporting the Cordale Committee.

The Chair suggested that the ways the Caledonia Board could continue to support the Cordale Committee should be discussed prior to the review at the end of March 2026.

Committee Learning and Development

An agreed training plan had been developed and the first session on “Roles, Responsibilities and Group Governance” had been delivered by Paul Hillard Consultancy. The session would be repeated for new members in the early part of 2026 with further training planned to support the integration of the new members and development of skills and knowledge throughout the Committee. The Governing Body Induction Plan was also being updated for the new Committee members to incorporate recent guidance from the Scottish Federation of Housing Associations (SFHA).

Policy Review for Information

Code of Conduct for Governing Body Members

Following a review of the Model Code of Conduct for Governing Body Members the SFHA had made some minor amendments to the document. These included clarification on terminology used and other small points. A copy of the document with tracked changes had been uploaded to OneAdvanced for information. The SFHA had also produced supporting Guidance to the Code of Conduct and this guidance had also been uploaded to OneAdvanced for reference. Both documents had been adopted for use by Caledonia.

Group Standing Orders

The Group Standing Orders had been reviewed and updated to reflect changes in the governance structure and arrangements and to capture relevant SFHA guidance, including that relating to Digital Governance.

Group Anti-Social Behaviour Policy

The Group Anti-Social Behaviour Policy had been reviewed with only minor changes required. The changes included updates to staff roles, responsibilities and role titles to reflect current practice and structure.

Decant Policy

The Group Decant Policy had been reviewed with only minor changes required. The changes included updates to staff roles, responsibilities and role titles to reflect current practice and structure and provided clear distinction between planned and emergency decant.

96.25 Draft Budget for the 5 Year Period to 31 March 2031

The Executive Director of Finance (EDoF) noted that the draft budget was being presented to the Board one month ahead of schedule and advised that he proposed to focus on the assumptions and their impact on the 2025/26 budget previously approved by the Board.

The EDoF confirmed that the Association was in a good financial position and would continue to generate surplus over the next five years, however challenges in the cost environment had resulted in reconsideration of several of the five-year plan assumptions previously agreed. The EDoF explained, under the current plan, that gearing would become a challenge in the latter years of the budget and consideration would need to be given to either reviewing the treasury golden rules or curtailing the development programme to ensure covenants were not breached.

Key Business Planning Assumptions

The UK's economic outlook remained uncertain. Inflation stood at 3.6% in October 2025, well above the government's 2.0% target. Interest rates were currently at 4.0%, down from recent highs of 5.25%. However, the pace of reduction had been slower than anticipated due to persistent inflationary pressures.

On a positive note, there were signs of optimism, with the Bank of England expected to implement another base rate cut in December 2025. Consequently, the key assumptions reflected a more gradual decline in interest rates and inflation compared to the projections included in last year's budget.

At the November 2025 strategy day, the Board agreed to model a 5% rent increase for 2026–27, which was 1.5% higher than the previously approved rate. This decision reflected the recognition that in prior years, rent increases were set below prevailing inflation, even as the Association's overheads and investment costs continued to rise above CPI. This approach required savings in other areas and was not sustainable in the long term as it would ultimately compromise the Association's financial viability.

The proposed budget assumption for voids and bad debts in 2026/27 was set at 1%, with current performance in 2025/26 tracking comfortably below this level.

The Group Remuneration Committee would consider key changes to salary levels at its forthcoming meeting, and these would be presented to the Management Board at the February 2026 meeting for approval. The proposed recommendation was to apply a 4% annual salary increase, along with adjustments to ensure alignment with real living wage increases for eligible staff. The planned uplift reflected discussions at the Board strategy event in November 2025 and was supported by recent benchmarking, which indicated the Scottish median remained broadly at 4%.

Defined benefit pension deficit contributions and scheme expenses would increase by 3% annually on 1 April, with the first increase effective from 1 April 2027.

Overheads had been budgeted based on prior years' expenditure and anticipated changes in both the internal and external operating environment. Overall, overheads were projected to increase by £1.6m compared to the prior year. Key drivers included:

- Increased insurance costs
- Additional staff costs from functional reviews
- Increased travel costs
- Reintroduction of winter gritting, Faifley grounds maintenance, and SCARF expenditure previously omitted from last year's budget

Financing costs were influenced by interest rates, which were assumed to decline over the budget period, though at a slower pace than previously anticipated, from an average of 4% in 2026/27 to 3.5% by 2030/31.

All proposed development projects had been included when preparing the proposed budget. As in previous years however, measures to mitigate the risk of delays in project delivery and the associated rental income had been considered with a portion of the planned maintenance programme set aside and released only upon successful delivery of the projects

The Association had sufficient capacity under the revised budgeting assumptions to invest £29.8m in its existing homes over the 2026-31 budget period; however, any further increases in planned maintenance spend could only be achieved by funds being diverted from other sources.

Consistent with recent years, there was uncertainty over the level of grant funding available for Stage 3 adaptations in 2026/27. In the proposed budget it had been assumed that the Association would receive grant funding of £315k, with a total spend level to be incurred of £284k. As the Board was aware, in 2025/26 the organisation had allocated an additional £100k of annual funding to address Stage 3 waiting lists and demand. This additional funding will not be required in the 2026/27 budget, as the waiting list has returned to an acceptable level and the extra £100k has been removed from the proposed budget

The proposed budget projected that the Association's funding requirements would continue to be fully met, at least until the third quarter of 2028/29.

Following discussion, Board members noted that a final draft budget would be prepared for approval at the February Board meeting, taking account of the outcome of the forthcoming rent consultation and Board members' feedback.

97.25 Rent Increase Consultation Proposals 2026-2027

The Executive Director of Operations (EDoO) advised that, as outlined in the draft budget, rent increases for 2026-27 were modelled on an increase of a minimum of 5%. This year however it was proposed to consult with tenants on two rent increase options of 5% and 6%. Using the SFHA Rent Affordability Tool, these increases in rent level would be considered affordable as both were below the threshold of 30% average earning for all of properties in each of the Local Authority areas the Group operated in.

Following a query from the Board, the EDoO explained that a rent increase of 5% would allow the Association to continue to invest and improve its homes and communities whilst maintaining current services, whilst an increase of 6% would generate a further £250k that would allow the funding of improvements such as a dedicated welfare rights partnership or further investment in some existing properties.

The EDoO advised that the rent increase proposals would be presented to tenants for consideration and consultation following this Board meeting with the outcome of the consultation exercise reported to the February Management Board meeting, when the budget for 2026/27 and rent increase would be considered and approved.

Board members **APPROVED** the recommendation that the Association should consult with tenants on rent increase options of 5% and 6%. Board members also requested that the report to the February meeting made it clear which option was being recommended for approval by the Board and what the benefits to tenants would be from that increase.

98.25 Schedule of Meetings 2026

The EDoPG explained that the lenders' requirement to receive approved quarterly accounts within 45 days of the period end had required a change to the schedule of meetings and that, at the request of the Management Board, it was intended to move Board and sub-committee meetings from Tuesdays to Thursdays. The EDoPG highlighted several other changes as follows:

- There would be two months in the year (February and August) when the Cordale Committee and the Caledonia Board meet in the same week.
- The traditional January and February meetings would be replaced with a February meeting where the Business Plan, budget and rent increase would be approved.
- A sub-committee or working group would be required to approve the Annual Return on the Charter with the full Return then reported to the next available full Board meeting in August.
- Two full strategy days to be held, one in June and one in November. Both events being held on a Friday.
- The Annual Assurance Statement and Scottish Social Housing Charter Report would be brought forward from October to September.

Following a suggestion from the Chair, it was **AGREED** that the early February Development Committee meeting would be re-scheduled to later in the month. The EDoPG advised that the Group Health & Safety and Wellbeing Committee meeting would also be re-scheduled to avoid there being too many meetings at the beginning of February.

Board members also suggested that it would be helpful if at the beginning of the year it could be made clear which meetings should be attended in person and which could be confined to Teams. The EDoPG agreed to raise this with the Chair on his return from holiday.

Board members then **APPROVED** the schedule of meetings for 2026, subject to the suggested amendments and the Chair's agreement.

The EDoO asked whether Board members would be happy for site visits to be included in the June Strategy Session. Board members questioned whether there would be sufficient time in one day for both strategic discussion and site visits to take place and suggested a two-day strategy event in June. It was **AGREED** that this would be given further consideration.

ITEMS for INFORMATION

99.25 Draft Minutes of the Group Development Committee Meeting held on Tuesday 7 November 2025

The minutes were **NOTED**.

100.25 Minutes of the Cordale HA Management Committee Meeting held on Tuesday 21 October 2025

The minutes were **NOTED**.

101.25 Quarterly Business Performance Reporting – Quarter 2

101.25.1 Business Performance 2025-26 – Quarter 2 Update

The EDoF presented the report and advised that 16 of the 20 (80%) of the Quarter 2 measures were on target, with mitigations and actions in place to address the areas that were not meeting targets.

The Board queried the high absence rate within Operations. The EDoPG advised that most of the workforce worked within this directorate, many of them in frontline positions. The EDoPG added that the increase in aggressive incidents from tenants towards frontline staff as detailed in the Employee and Building Safety Report later on the agenda had been identified as a key factor affecting staff wellbeing, although most personal stress issues were not related to work. The EDoPG also outlined the actions that had been taken to support staff wellbeing as well as future planned actions.

Board members **NOTED** the Business Performance 2025-26 Quarter 2 Update.

101.25.2 Management Accounts for the Six-Month Period Ended 30 September 2025

The Head of Finance (HoF) advised that the Association achieved an operating surplus for the period of £2.9m (period to 30 September 2024 - £5.4m). While turnover for the period had increased by £345k, mainly driven by the rental increase of 4%, operating costs had also increased by £2.76m due to increased insurance costs of £300k and increased repairs and planned maintenance spend of £1.65m. Total investment on all repairs and maintenance activities, inclusive of capital expenditure, was £4.2m (period to 30 September 2024 - £2.6m). This increase was due to timing of works in planned maintenance and reactive work during the first half of the year.

Board members **NOTED** the Management Accounts for the six-month period ended 30 September 2025.

102.25 Employee and Building Safety Bi-annual Report

The EDoPG referred to a query raised by Anne Culley at the last Group Health & Safety and Wellbeing Committee in relation to play parks. The EDoPG advised that he could now respond to the query and explained that Cordale Housing Association owned and managed nine play parks, three of which were currently closed for maintenance. The three closed play parks were secure and routinely inspected. Cordale's maintenance budget was very tight and there was not the capacity to carry out the necessary improvements at this moment in the financial year, and staff were actively working to engage with contractors to see whether the improvement could be funded through community benefit. Should this be unsuccessful, consideration would have to be given in the next financial year to undertaking the work within the existing Cordale budget.

Following a comment from a Board member, the EDoPG explained that e-learning was used to provide foundational training to all staff and that classroom-based training was provided to specific members of staff as and when required.

Board members **NOTED** the Employee and Building Safety Bi-annual Report

103.25 Development Programme Update

Board members **NOTED** the Development Programme Update.

104.25 Planned Maintenance Update

The EDoO presented the report and highlighted the following key points:

- The investment programme had been established, with procurement routes identified to ensure compliance and enable timely delivery.
- To date, 86% of all identified planned and cyclical projects for the year had been procured.
- Most of the remaining unprocured project work related to the 5-year kitchen and bathroom contract; however, the procurement exercise was well underway.
- Due to projected overspend against the reactive and relet budgets, the planned and cyclical maintenance programme had been reduced to ensure all asset spend was within budget and was value for money for tenants and the organisation.

Following a query from a Board member, the EDoO confirmed that the planned maintenance allowance for Faifley was included within the overall budget.

105.25 Any Other Competent Business

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

Chair's Signature: