CALEDONIA HOUSING ASSOCIATION LTD

MINUTES OF THE SPECIAL MANAGEMENT BOARD MEETING
HELD ON FRIDAY 27 FEBRUARY 2026 AT 9AM
VIRTUALLY ON MICROSOFT TEAMS

Present:	Derek Robertson	Vice Chair
	Anne Culley	
	Gary Grigor	
	Amy Ingham-Waite	
	Douglas McLaren	
	Margaret McLay	
Apologies:	Allan Jones	
	Murdo Mackay	
	Katherine Burke	
	Keri-ann Osfield	
In Attendance:	Julie Cosgrove	Chief Executive
	Jill Fraser	Executive Director of Operations
	Barry Johnstone	Executive Director of People & Governance

In the absence of Allan Jones, Chair who was on leave it was agreed Derek Robertson, Vice Chair would chair the meeting. DR welcomed everyone to the Special Board meeting.

DR explained it was a single agenda meeting, and the purpose was to consider the recommendations from the Development Committee regarding proposals relating to Phase 2 of the Bellsmyre regeneration. The Development Committee had met on 26 February 2026.

17.26 Apologies

Apologies were **NOTED** for Allan Jones, Murdo Mackay, Keri-ann Osfield and Katherine Burke.

18.26 Declaration of Interest

There were no declarations of interest.

ITEMS for DISCUSSION and/or APPROVAL

19.26 Bellsmyre Phase 2 Tender Funding Options

DR provided an overview of the report that had been presented to the members in advance of the meeting. He outlined the comparatively high unit costs associated with the Bellsmyre Phase 2 development, Caledonia's long-standing commitment to deliver the regeneration programme, and the importance of the Board understanding the financial implications of Phase 2 and what proceeding would mean for the wider new build programme outlined in the Business Plan and five-year Budget.

DR asked the Executive Director of Operations (EDO) to summarise the report and then Anne Culley, Chair of the Development Committee would outline the Committee's recommendations.

The EDO explained the importance of meeting the request of the Scottish Government to submit a grant application by 2 March 2026. This would support the Scottish Governments spend in the current financial year, while importantly helping to ensure funding for Phase 2 was prioritised in the new financial year, April 2026 - March 2027. The EDO also highlighted that the current tender price, provided by CCG the contractor who completed Phase 1 of the Bellsmyre regeneration, was time limited and expired on 12 March 2026.

The EDO summarised the overall Phase 2 costs. This included the cost of building the 33 new homes on a brownfield site, significant costs unique to a regeneration programme (including buy-backs, decants and demolition) and the wider regeneration masterplan costs (which included landscaping and infrastructure) which sit within the Phase 2 development. The EDO advised that, when removing the regeneration and masterplan costs, the construction costs were relatively comparable to Bellsmyre Phase 1 and other new build projects currently being progressed.

The EDO outlined the different scenarios and implications relating to private finance provision considered in the context of Scottish Government funding, which included receiving Scottish Government benchmark funding, receiving 5% or 10% above benchmarking funding, and the Scottish Government bridging the full funding gap.

Finally, the EDO highlighted what the impact of proceeding with Phase 2 would mean for the wider development programme. An approximate estimation based on a projected median cost for future Caledonia developments, which considered the additional private finance that would be necessary for Phase 2, would result in 29 less units being built over the next 5 years.

DR asked AC to provide comment.

AC confirmed the Development Committee considered the report in detail to understand the costs of Phase 2, which involved reviewing the different funding scenarios and what proceeding with Phase 2 would mean for the broader development programme. The Development Committee acknowledged the commitment provided to stakeholders and particularly Bellsmyre residents to complete the regeneration. The Committee were assured that financial capacity existed to deliver Phase 2, the costs presented were considered realistic for a regeneration site and the Committee were unanimous in their recommendation to the Board that Phase 2 should proceed.

A Board member asked if new private finance would be required to deliver Phase 2. The EDO advised there had been no formal discussion as the Phase 2 funding requirements were within the current private finance facilities available. Once the Scottish Government confirmed the grant to be provided, the Executive Director of Finance would assess what this meant in terms of future treasury management requirements.

A Board member asked if the EDO had been provided with any indication of the likelihood of above benchmark Government funding. The EDO advised that frequent, constructive discussions with the Scottish Government had taken place regarding funding, with the Government fully briefed by Caledonia and aware of the higher costs associated with a regeneration programme. The Government understood the cost position but could not provide a commitment prior to the grant application being submitted.

A Board member on the Development Committee highlighted that the Committee had considered the risk of the costs of Phase 2 potentially reducing the overall number of new homes planned to be built over the next 5 years. It was considered a risk that should be accepted, as funding was available, and we were in a position now to increase the supply of affordable homes. Once the Scottish Government had clarified the grant position, we could review what this meant for the wider new build programme over the next 5 years.

A Board member asked what the timeline would be for proceeding with the development and what due diligence would be considered. The EDO confirmed that if the Board approved proceeding with Phase 2, the grant application would be submitted to the Scottish Government and we would engage the contractor, CCG, on the basis of their submitted tender price, to commence work. The contractor delivered Phase 1 of the Regeneration programme and had remained on site, while approximately £200-300k of work could be spent in March before the end of the financial year. Proceeding with the work would not impact the contract price, what was unknown was what level of Scottish Government grant we would receive.

The CEO highlighted that as Caledonia owned the site of Phase 2 there would be a cost to secure and maintain the site, if a decision was made not to proceed with the development. Once the grant award had been confirmed by the Scottish Government, an update would be provided to the Board outlining what this meant in terms of private finance and the impact on the wider 5-year new build programme. Moreover, the Bellsmyre regeneration programme had a further 3 phases, which presented opportunities to change the housing mix and increase density to reduce future unit costs.

DR acknowledged that a detailed paper had been presented and the Development Committee had applied significant rigour in examining the costs, options and risks. He highlighted the financial capacity was in place, the Bellsmyre regeneration was an important commitment, while ownership of the site required a decision now on how to proceed. An evident risk was that proceeding with Phase 2 may reduce the number of homes built over the next 5 years. However it was a risk that had been properly considered and a risk the Board appear prepared to accept.

DR asked that the members confirm they accept the Development Committee's recommendation and approve Phase 2 of the Bellsmyre regeneration, including submitting the grant application to the Scottish Government and accepting the contractors' tender.

The Board confirmed **ACCEPTANCE** of the recommendation.

As this was a single agenda item meeting, there was no other business and DR thanked the staff who had prepared the paper, the Development Committee who had considered the report in detail and the Board members for attending the Special meeting.

The meeting concluded at 9.50 am.

Chair's Signature: ....