CALEDONIA HOUSING ASSOCIATION LTD

**MINUTES OF THE MANAGEMENT BOARD MEETING
HELD ON THURSDAY 14 MAY 2026 AT 6 PM
IN PERSON AT SUITE 4, SALTIRE HOUSE, WHITEFRIARS CRESCENT, PERTH
AND VIRTUALLY ON MICROSOFT TEAMS**

Present:	Allan Jones	Chair	(MT)
	Derek Robertson	Vice Chair (until 7 p.m.)	(MT)
	Anne Culley		(MT)
	Gary Grigor		(MT)
	Amy Ingham-Waite		(MT)
	Murdo Mackay		(MT)
	Douglas McLaren		(SH)
	Margaret McLay		(SH)
	Keri-ann Osfield		(MT)
Apologies:	Katherine Burke		
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)
	Matt Lock	Head of Frontline Services	(SH)
	Cameron Lyall	Head of Finance	(SH)
	Stuart Robertson	Governance Manager	(SH)
	Jenny Dalton	Governance Officer (Minute Taker)	(SH)

20.26 Apologies

Apologies were **NOTED** for Katherine Burke. Derek Robertson advised that he would have to leave at 7 p.m. due to a prior commitment.

21.26 Declaration of Interest

The Chief Executive declared an interest in Agenda Item 34.26 – Reactive Repairs Contract as one of the contractors tendering for the contract sub-contract periodic work to her husband.

<u>ITEMS for DISCUSSION and/or APPROVAL</u>

22.26 Draft Minutes of the Management Board Meeting held on 12 February 2026

Board Members **AGREED** that the minutes were a true and accurate record of the meeting. **APPROVAL** of the minutes was proposed by Margaret McLay and seconded by Douglas McLaren. The Governance Officer (GO) would arrange for the minutes to be signed by the Chair.

23.26 Matters Arising

The Executive Director of People & Governance (EDoPG) advised that updated Terms of Reference for the Remuneration Committee had been prepared following feedback from Remuneration Committee members but were inadvertently omitted from the Agenda. Members **AGREED** that the Terms of Reference would be circulated electronically post-meeting and formally approved at the next Board meeting.

Following a query from a Board member, the Chief Executive confirmed that the Northwood Charitable Trust had agreed to the disposal of Northwood Cottage, Broughty Ferry.

The Executive Director of Operations (EDoO) confirmed that it was intended to submit an insurance claim for the flood damage to six properties in Ballinluig once costs had been finalised.

24.26 Draft Minutes of the Special Board Meeting held on 27 February 2026

Board Members **AGREED** that the minutes were a true and accurate record of the meeting. **APPROVAL** of the minutes was proposed by Derek Robertson and seconded by Amy Ingham-Waite. The Governance Officer (GO) would arrange for the minutes to be signed by the Chair.

25.26 Matter Arising

There were no matters arising.

26.26 Chief Executive's Report

<u>Scottish Government – Election, Polling and Manifestos</u>

The Chief Executive noted that the election had now taken place and that initial indications were that the SNP government would operate as a minority administration, working with other parties on a case-by-case basis. It was anticipated that further clarity on the government's position, particularly in the context of national housing policy, would be provided by Richard Meade at the upcoming strategy session.

The Chief Executive added that the results of focus groups with voters on housing held by Diffley Partnership, presented at a recent CEO housing event, were encouraging as they showed that increasing social housing provision ranked highly among the public's priorities.

<u>Rosebank Road</u>

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

Cyber Security Breach – Update

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

Scottish Home Awards 2026

The Chief Executive advised that the Group had been shortlisted for four Scottish Home Awards, with three nominations for Caledonia and one for Cordale. This was a strong achievement, and the Board recorded its congratulations to everyone involved.

In line with the terms of the Group Entitlements, Payments and Benefits Policy, the Board **APPROVED** the request to purchase a table of 12 at the awards ceremony. The Board also **APPROVED** the request that the Chief Executive attend the event as part of the judging panel table and that the Executive Director of Finance (EDoF) accept an invitation from Lloyds to attend the ceremony as their guest.

The Board agreed that table places should be allocated across the organisation in the usual way and that any Board member wishing to attend should notify the Governance Officer (GO) within the next week.

It was noted that the award ceremony was on the same day as the next Group Audit & Risk Management Committee (ARMC) meeting. The Chair of the ARMC therefore agreed that the meeting should be rescheduled and would liaise with the EDoPG for an alternative.

Annual Assurance Statement 2026

The Chief Executive advised that the annual assurance review process was due to begin, with the Annual Assurance Statement requiring Board approval prior to submission to the Regulator at the end of October.

As in previous years, a risk-based approach was proposed with this year's review comprising:

- a comprehensive review of compliance with the Regulatory Standards;
- a review of the evidence bank, particularly to ensure it was fully up to date; and
- focused thematic reviews aligned to the regulator's priority risk areas.

It was also proposed to introduce a rolling programme of assurance for future years, overseen by the ARMC.

As in previous years, a small Working Group was proposed, comprising members of the Caledonia Board and Cordale Committee, to review the information and support preparation of the Annual Assurance Statement.

Following discussion, the Management Board **APPROVED** all proposals and **AGREED** that Caledonia membership of the Working Group would comprise Amy Ingham-Waite, Dougie McLaren and Murdo Mackay.

27.26 Quarterly Business Performance Reporting

The EDoF presented the Performance Report covering Quarter 4 and year-end results alongside proposed Key Performance Indicators (KPI's) for the coming year for Board approval.

Four quarterly indicators were reported as below target, representing an increase on the previous quarter. Positive progress was noted in damp and mould performance, which had returned to target. Average re-let times and void rent loss remained below target for the second consecutive quarter with two additional indicators, namely tenancies sustained and sickness absence, also below target.

Eight annual indicators were reported as below target, including health and safety KPI's relating to Electrical Installation Condition Reports (EICR) and fire detection systems.

The Executive Director of Operations (EDoO) explained that the EICR technical guidance had changed this year with "no access" now being treated as a failure. The Group's EICR procedure would be amended to align with the Gas Inspection procedure with 3 notifications being sent to tenants before forced access was required.

The EDoO advised that the following actions were in progress:

- All outstanding cases would be resolved by the end of Q1.
- Contractors had been engaged to complete inspections.
- Asset compliance team roles were being reviewed.
- Performance management arrangements were being strengthened.

The EDoO noted that the issue could constitute a Notifiable Event and that a rectification plan would be submitted to the Regulator if required.

A Board member queried whether the issue should be included in the Annual Assurance Statement. The Chief Executive suggested that this was a valid observation and would be considered by the AAS Working Group.

Following discussion, the Board requested that a progress report on safety compliance be reported to the next meeting.

The EDoF proposed the following KPI changes for 2026/27:

- First time repair completion rate target to be increased to ≥95% from 88%
- Staff turnover target to be revised from <14% from ≥10%, reflecting workforce changes due to digital transformation.

The proposed changes were **APPROVED** by the Board.

28.26 Very sheltered Housing Review Outcomes

This item is confidential as it is commercially sensitive and publication would harm commercial interestde

DR left the meeting at this point.

29.26 Lisden Court, Kirriemuir

The EDoO referred to the October 2025 Board meeting when members approved the recommendation that the Association enter into discussions on a proposal to lease Lisden Court, a former sheltered housing property in Kirriemuir, to Scottish and Southern Electricity Networks (SSEN). Discussions had now progressed, and the purpose of this report was to ask members to review the final draft versions of both the works funding agreement and the lease, note the key terms and approve entering into both the funding agreement and the lease with SSEN.

The EDoO explained that the works funding agreement provided for SSEN to fund the works needed to accommodate SSEN employees. This included upgrading, repairing, and making good the building to our standard, together with some additional requirements requested by SSEN. The EDoO highlighted some of the main risks relating to the works funding agreement.

Under the lease, SSEN would use Lisden Court as accommodation for key workers and associated personnel. SSEN currently anticipated using the property for around five years. At the end of that period, the property would return to Caledonia and could be brought back into social use. The EDoO added that the lease allowed for a maximum term of seven years, however the expected term was five years.

The EDoO advised that the arrangement would be reported to the Regulator as a notifiable event. It had already been discussed with them over recent months and would be treated as a temporary disposal rather than a permanent disposal. The Regulator had indicated that this was the appropriate way to manage the matter.

The EDoO added that, should the Board not approve the documents, it was likely that SSEN would withdraw its interest in the property. In this scenario, the property would remain empty, and the required upgrades would be funded by the Association at a later stage.

Members queried whether, once the anticipated five-year term ended and the property was handed back, the intention was for Lisden Court to return to mainstream housing use. The EDoO confirmed that this was the plan.

A further question was raised about the status of SSEN's wider infrastructure project, which was currently subject to appeal to the Scottish Government, and whether an unsuccessful outcome could affect SSEN's intention to proceed. The EDoO advised that discussions with SSEN indicated strong confidence that the necessary approvals would be secured. SSEN had already made a significant commitment to the area, including working with other housing associations, and there was no indication that it intended to withdraw. The EDoO added that the agreement could be terminated on mutually agreed terms and that, if this occurred for reasons outwith our control under the funding agreement, we would not be exposed to a loss. On that basis, the recommendation remained to proceed with the funding agreement, complete the works, and allow SSEN to meet the associated costs.

No further questions were raised, and members **APPROVED** the Executive Team's execution of the works funding agreement and the lease.

POLICIES for DISCUSSION and/or APPROVAL

30.26 Group Artificial Intelligence (AI) Adoption and Use Policy

The EDoF presented the AI Policy and advised that the policy was presented as a first but robust step to support the safe and accountable use of AI across Caledonia, in line with a cautious to moderate operational risk appetite.

The EDoF outlined the key features of the policy, namely:

- Clear guiding principles for staff using AI, with emphasis on human oversight, accountability, transparency, and informed decision-making.
- A data classification matrix setting out what information could or could not be entered into AI tools.
- An AI register to record approved AI tools and agreed internal use cases across the Caledonia Group.
- An implementation plan covering timescales, training, data governance, assurance, and validation.

Board members welcomed the policy's accessible style and raised the following points for clarification and strengthening:

- **Human oversight:** It was suggested that the policy should state clearly that all AI-generated output required human oversight, rather than limiting this to output affecting tenants and staff.
- **Definition of oversight:** Members noted that the policy referred to human oversight frequently and would benefit from a clearer explanation of what that meant in practice.
- **Employment decisions:** It was suggested that the policy should be more explicit about the use of AI in employment-related decisions.
- **Approval process:** Members asked for greater clarity on how new AI tools or use cases would be approved, including who would approve them and at what level.

The EDoF confirmed that the intent of the policy was for human oversight to apply to all AI-generated output and agreed that the wording would be refined to make this clearer. The EDoF also confirmed that:

- The newly formed Change Assurance Committee would oversee the approval and ongoing review of AI tools and their use.
- The organisation was not seeking to move into autonomous decision-making in HR.

- Further guidance on what effective oversight looked like could be incorporated into the AI risk register for different use cases.

Board members **APPROVED** the AI Policy, subject to the points raised during discussions being reflected as the document developed.

ITEMS for INFORMATION

31.26 Group Insurance Renewal

The EDoF presented the report and noted that the 2026/27 insurance premium of £2.8 million was a significant cost pressure. The renewal was however £197,000 below budget, reflecting the benefit of the three-year premium arrangement negotiated in 2025, which capped increases.

The EDoF advised that insurance remained a strategic issue for the Group due to the scale of the premium and this was reflected in the Group Risk Register. The Group was working with its broker, Marsh, to review options for mitigating flood damage risk and a proactive review of cyber risk was under way to assess risk exposure, existing controls and whether the current £5 million level of cover remained appropriate.

In conclusion, the EDoF advised that a review of broker services was planned and a re-tender process would be undertaken within the next 12 months.

A Board member queried whether the insurance arrangements had been cross-checked against bank lending agreements to ensure all required components of cover were in place. The EDoF advised that this work was still in progress, as the organisation continued to review the detail of its lending agreements.

32.26 Development Programme Update

The EDoO provided the development programme update for information. A key point highlighted for members was the total government grant funding drawdown in the last financial year. This was noted as a significant achievement for the Group, the team, the Board and the Development Committee, reflecting strong delivery across a number of projects.

Members acknowledged the significant amount of work involved in preparing and progressing the development programme and welcomed the progress made. Members also noted that the format of the update was easy to follow, succinct and clear.

33.26 Planned & Cyclical Investment Update

The EDoO presented the update on the planned and cyclical investment programme. The total planned investment spend in 2025/26 was £7.7 million, supported by an additional £2.5 million in external funding. Throughout the year, planned maintenance and component replacement works were carried out to more than 1,213 homes, enhancing living conditions, improving energy efficiency and upgrading the overall appearance of the properties. The scale of energy efficiency improvements delivered through the window, doors and heating upgrade programmes during 2025/26 would help support Caledonia's carbon reduction and net zero ambitions.

The planned investment programme for 2026/27 was currently being finalised and details would be presented to the next Board meeting.

34.26 Reactive Repairs Contract

The EDoO advised that the reactive repairs contract procurement exercise was nearing completion, with recommendations being finalised for Executive Team approval.

The EDoO explained that the contract award would be structured into four lots. Lot 5 (specialist works) had not attracted sufficient compliant responses and therefore these works would be incorporated within the scope of the other four lots.

The procurement process had been highly positive with 11 compliant tender submissions received, representing a significant improvement compared to previous exercises. The improved response was attributed to:

- Revised contract structure
- More effective packaging of works
- Enhanced market engagement

Specialist procurement support had been engaged throughout the process to ensure full regulatory and procedural compliance, effective market engagement and communication and robust evaluation methodology. The EDoO confirmed that the tender evaluation process had been conducted independently of the Executive Team.

Financial checks had identified red flags in one contractor's submission and, following a detailed review, the contractor was excluded from progressing further. This demonstrated the effectiveness of the due diligence process as well as strong governance risk controls.

Board members **NOTED** the earlier declaration of interest made by the Chief Executive and acknowledged that this protected the individuals involved, whilst providing assurance to the Regulator.

Board members **NOTED** the progress of the reactive repairs procurement process and that the new contracts were expected to commence in June.

35.26 Management Accounts for the 12 Month Period to 31 March 2026

The HoF presented the Management Accounts advising that the Association was in a strong financial position and had delivered a strong set of financial results. He highlighted the change in the allocation of insurance costs between Caledonia to a more proportionate approach based on both number of units and claims history.

A Board member noted the strength of the year-end results and the balance sheet position, before raising a query about the reported breach of the Treasury golden rules in relation to the year-end cash position. She asked whether this arose from a cash flow forecasting issue or from a decision not to mitigate the position. The HoF explained that the position was largely driven by timing factors rather than poor forecasting. In November 2025, the organisation took a planned drawdown that had been scheduled for several years. At that stage, all facilities that could be repaid had already been repaid. He added that sufficient funds were required to accommodate projected payments for the BISF works and that the issue only existed for a short period around the year end. Following a further query from the Board member, the HoF outlined the mitigating actions that had been taken.

The Board member advised that she welcomed the planned refresh of the Treasury Policy and noted a longstanding concern about concentration and counterparty risk from holding too much with the Royal Bank of Scotland. She added that greater diversification would be welcome.

Board members then discussed the wider economic risks that could affect the Group. The EDoF confirmed that the market remained uncertain, but that a prudent approach had been taken in the budget, including an inflation assumption of 3.8% and a full set of sensitivity analyses. He advised that the Group remained in a robust financial position, with significant headroom to absorb future interest rate increases.

Board members **NOTED** the Management Accounts to 31 March 2026.

The Chair noted that, despite running slightly over time, the number of agenda items made this understandable and confirmed that members were content to continue with the remaining agenda items.

36.26 Annual Employee and Building Safety Report

The EDoPG highlighted an emerging employee safety risk relating to aggressive and abusive behaviour towards staff, with Incidents having increased by 40% over the last year. This was presented as a significant concern for the governing body, alongside previously acknowledged building safety risks.

The EDoPG advised that, in mitigation, support was being strengthened for managers and their teams through conflict management and personal safety training. The Lone Working Policy and procedure had also been reviewed and an enhanced unacceptable behaviour toolkit adopted. The Health, Safety and Wellbeing Committee had also discussed lone working, risks to tenants, and the rise in aggressive behaviour from tenants, with a focus on further mitigation.

The EDoPG advised that the issue should remain visible to the Board as an emerging risk and confirmed that action was being taken to support colleagues affected by these incidents. The Chair agreed that this reflected a wider pattern of increasingly aggressive public behaviour and welcomed the close attention being given to the issue, including updates to relevant policies and procedures.

Board members noted that it was important they remain informed and visibly engaged in these issues to help reassure staff that their wellbeing was being taken seriously at the highest level. Members also welcomed the operational response already under way, including follow-up arising from a serious lone working incident and concluded that the report provided a strong and necessary account of the challenges staff were dealing with and the support required to help them carry out their roles safely.

37.26 Group Policy Review

The EDoPG advised that the Group Bullying and Harassment Policy had been reviewed to reflect additional legal responsibilities as an employer. The policy framework had also been strengthened to recognise the risk to the Caledonia workforce from bullying and harassment by third parties, including tenants and to support a responsible and effective response. Managers would be supported to apply the policy consistently.

Board members welcomed the changes to this policy and also **NOTED** that the following policies had been reviewed with only minor amendments made:

Adverse Weather Policy
Agile Working Policy
Childbirth and Adoption Policy
Employee Reference Policy
Recruitment and Selection Policy

Business Continuity Policy
Conflict of Interest Policy
Governing Body Membership Policy

Care & Repair Policy
CDM
Contractors Insolvency Policy

Delegated Authority Policy
Financial Regulations Policy

38.26 Minutes of the Cordale Management Committee Meeting held on Tuesday 10 February 2026

The Board's representative on the Cordale Management Committee advised that engagement was improving and that discussions were shifting to strategic considerations and implications.

Board members **NOTED** the minutes.

39.26 Draft Minutes of the Group Health, Safety and Wellbeing Committee Meeting held on Wednesday 25 February 2026

The minutes were **NOTED**.

40.26 Draft Minutes of the Group Development Committee Meeting held on Thursday 26 February 2026

The minutes were **NOTED**.

41.26 Draft Minutes of the Group Audit & Risk Management Committee Meeting held on Thursday 12 March 2026 and Group Risk Map

Following a query from the Board, the EDoPG advised that he would clarify whether the Equality & Diversity internal audit would now be held in 2027/28.

The minutes were **NOTED**.

42.26 Any Other Competent Business

The Chair confirmed that he had completed the Board member's appraisals. He advised that several members had still to confirm that they were happy with his comments and asked that they do so as soon as possible to allow him to send the completed forms to the EDoPG.

Members **NOTED** that an information session on Equalities and Human Rights in Housing would be held on Friday 5 June at 12 p.m.

There being no other competent business, the meeting concluded at 8.15 p.m.

Chair's Signature: ....