

**Hillcrest Homes (Scotland) Limited
Audit & General Purposes Sub-Committee**

Item 3

**Minute of the meeting held on Tuesday 3rd December 2024
at 5.30 p.m. in HQ / MS Teams**

Present:

A. Fyfe	(Convenor, HQ)
D. Boyle	(HQ)
S. Elder	(HQ)
B. Matheson	(Teams)

In attendance:

L. Don	(Director of Corporate Services, HQ)
E. Tilley	(Henderson Loggie, Teams)
B. Harris	(Head of Innovation & Improvement, HQ)
L. Davidson	(Board Services Officer, HQ)

Action by

1. Apologies for Absence

Apologies for absence were received from D. Hogg.

2. Declarations of Interest

There were no declarations of interest.

3. Minutes of the meeting held on 17 September 2024 and matters arising

The minutes were approved as an accurate record of the meeting.

Matters arising:

Item 6 Terrorism cover – the Director of Corporate Services has confirmed with the insurance broker that there are no specific exclusions in relation to this cover but a limit of £500k is applicable for chemical, biological and nuclear terrorism and sabotage.

Item 11 Settlement Agreement Protocol – a post meeting note was added to the minutes that a minor change has been made to the wording in the Entitlements, Payments and Benefits Policy.

4. Internal Audit Report

Anti-Social Behaviour Complaints

The Internal Auditor presented the internal audit report on Anti-Social Behaviour (ASB) Complaints. The scope of this audit was to review the systems in place for the receipt, processing, communication and reporting of concerns and complaints relating to anti-social behaviour for both Homes and Enterprises. The overall performance in this area was 'Good' meaning that in respect of overall assurance levels, the current system meets control objectives.

The main areas of strength were highlighted:

- Demonstration of a culture of continuous improvement in ASB case management.
- Improved guidance for staff and tenants with a published ASB toolkit on the website and app to provide guidance for all types of non-ASB and ASB incidents. The self-service guidance includes signposting to relevant external services and agencies.

The Internal Auditor commented on the overall positive performance in this area and that learnings will be taken from this audit for other RSLs. The Sub Committee noted that there were no weaknesses or recommendations identified and congratulated the team on the good performance in this area.

E. Tilley left the meeting.

Follow Up Review

The Director of Corporate Services presented the progress made against previous recommendations to date. There are two outstanding internal audit recommendations relating to the Digital Strategy. Work will commence on this in January 2025 and revised dates are in place.

In respect of the recommendations from the current 2024/25 audit plan that were due for completion by now, all four are progressing but have revised completion dates. All other actions are either completed or have not yet reached the original implementation date.

D. Boyle asked if the work on the technology and data architectures are progressing to support the direction of the Digital Strategy. The work on the Digital Strategy was paused to undertake the comprehensive work required for the Corporate Strategy. Discussions have commenced to start work on the Digital Strategy.

D. Boyle noted that there will be a change in leadership with the retirement of the current Chief Executive and asked if the Corporate Strategy should be delayed until the new postholder is in place. The Director of Corporate Services explained that there are no changes in the Corporate Strategy on what we currently do, with the objectives and goals remain the same. There has been a lot of work carried out on

this strategy, and it was agreed that the roll out of the Corporate Strategy should not be delayed.

S. Elder noted the significant work required on the Digital Strategy and asked if this will be carried out internally or if any works will be outsourced. The Head of Innovation and Improvements highlighted that a review will be carried out on a case-by-case basis of work required, with a balance on cost versus time to determine if works will be carried out in-house. A review of the IT team structure is underway, with some upskilling opportunities for some works to be carried out internally. There was a discussion around staff upskilling and staff retention. A full review of staff benefits is underway.

Board Effectiveness Review Action Plan

The recommendations from the Board Effectiveness Review have been considered and the accepted recommendations were presented in the action plan with timescales for approval.

The Sub Committee:

- *Approved the internal audit management responses and timescales.*
- *Noted the 6 month review progress update.*
- *Approved the Board Effectiveness Review Action Plan and timescales.*

5. Risk Management

5.1 Report and Register

There are currently seventeen risks on the risk register, four of these risks are red risks with an adverse variance to the risk appetite level set:

- HH38 – financial risk due to the delays in contract handover of new developments.
- HH49 – financial impact due to increase in interest rates.
- HH56 – reduction in affordable housing supply programme.
- HH58 – loss of knowledge and experience due to the retiral of Chief Executive (new risk).

There are a further two new risks identified:

- HH60 – unable to carry out adaptations to properties due to cuts in government funding.
- HH61 – risk of being unable to cover the cost of National Insurance increases via increase in rental income. The additional NI cost across all Hillcrest companies is £1m.

As previously discussed, HH32 – cyber security risk has been updated and separated into ‘people’ and ‘technology.’

D. Boyle noted in relation to HH38 that there are other emerging risks in relation to contractors, particularly where a contractor is working on more than one Hillcrest project. This was highlighted at the Operations Sub Committee meeting where there was a request for an additional payment made to one of the main development contractors due to increase in material and labour costs. The loss of key contractors is also highlighted in risk HH54 and it was agreed that these two risks will be reviewed to more accurately reflect the risk posed by contractors.

LD

The Sub Committee approved the risk scores attached to each risk and approved the amendments made to the risk register.

6. Activity Plan Update

The Director of Corporate Services presented the update on the progress made against the activity plan for Q2. There are four objectives with two complete. The Head of Innovation and Improvements explained that the new Net Zero Strategy is progressing well and will be presented for approval in 2025.

The sustainability accreditation will commence in Q4. The external assessment of the ESG performance has been carried out and it was highlighted that ESG categorisation will be added to the existing register to help achieve exemplary accreditation in this area.

The Sub Committee noted the report.

7. Policy Review Report

The Director of Corporate Services presented the following Policy documents which have been revised:

Removal and Relocation Policy

The principles have been updated and the policy now covers all roles (previously senior roles). The main change is the increase in the relocation expenses to reflect the cost-of-living price increases.

D. Boyle noted that within the principles, it states that '*discretion may be required in the case of Executive Leadership Team posts, the appropriate member of the Executive Leadership Team will seek authority from the relevant Board to increase relocation cost.*' D. Boyle noted that this should be expanded to apply to all roles, and these should be referred to the appropriate Board for approval.

LD

Retirement Policy

The previous policy was heavily focused on pension provisions and these elements are now included as appendices. The main change is in relation to the contribution levels for retirement gift values.

D. Boyle noted that death in service benefit is provided to all employees under the age of 75. This is highlighted to staff who are aged 75 and over and that this benefit is not available to staff over this age.

Paternity, Parental and Shared Parental Leave Policy

The Paternity and Parental Leave Policy and Shared Parental Leave Policy have been combined to produce this policy. The general principles of the policy have remained the same.

Customer Feedback Policy

The policy and procedure have been updated to include the CX Feedback platform used to send digital surveys via text and emails and sets out the key roles and responsibilities for managing this.

Business Continuity Policy

This has been reviewed as part of the ongoing review of the processes and plans to ensure that the organisation remains equipped to deal with a major incident.

The Sub Committee:

- *Approved the general amendments to the policy documents.*
- *Approved the increase to the financial costs claimable for removal and relocation expenses.*
- *Approved the increase to the organisational contribution towards a retirement gift.*

8. Communications and Fundraising Report

The development of the Communications Strategy is underway to improve internal communications and enhance our public profile.

Following the Staff Conference, a survey was shared with staff to consult on the format and purpose of the conference. It was recommended that the conference is held every two years rather than 18 months with adjustments to the structure and format. A hybrid model was suggested to expand access for staff who are unable to attend the conference in person.

There have been three staff fundraising events to raise funds for the Foundation – Banchory Beast, HQ quiz night and Kiltwalk, Dundee. Hillcrest Futures also hosted the Catwalk for a Cause event, raising almost £13k.

The analytics for the No Wrong Path campaign were also presented to the Sub Committee. The campaign was to raise awareness of career opportunities and progression at Hillcrest.

The Sub Committee noted the report.

9. Business Transformation and IT Update Report

The Head of Innovation and Improvement presented the bi-annual update on the key areas of work of the IT and Business Transformation teams.

The following areas of work were highlighted for the IT team:

- Core system upgrades
- Anti-Social Behaviour process improvement
- Tenancy pack automation
- Enhanced integration between DM/QL
- Digital gas appointment reminders

The key areas of work for the Business Transformation team were also highlighted, including work across the Hillcrest companies and the corporate strategy.

The Sub Committee noted the positive work being carried out by the teams.

The Sub Committee noted the report.

10. Procurement Update

The report on the procurement activity over the last quarter and activities that will be completed in the current quarter was presented to the Sub Committee for information.

The Sub Committee noted the report.

11. A.O.C.B.

There was no other competent business.

12. Date of Next Meeting

Tuesday 18th March 2025

There being no other business the Chairperson thanked members for their attendance and closed the meeting.

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