

## Hillcrest Homes (Scotland) Limited Governing Body Meeting

## Item 2.1

Minutes of the meeting held on Tuesday 20<sup>th</sup> May 2025  
at 5.30p.m. on MS Teams/HQ Board Room

<b>Present:</b>	D. Boyle	(Chair, HQ)
	P. Shepherd	(HQ)
	C. Robertson	(Teams)
	A. Fyfe	(HQ)
	D. Hogg	(Teams)
	M. McMurdo	(HQ)
	R. Burnett	(Teams)
	E. Jones	(Teams)
	B. Matheson	(Teams)
<b>In attendance:</b>	A. Linton	(Chief Executive, HQ)
	F. Morrison	(Deputy Chief Executive, HQ)
	M. Percival	(Director of Finance, HQ)
	L. Don	(Director of Corporate Services, HQ)
	J. Alexander	(Observer, HQ)
	L. Davidson	(Board Services Officer, HQ)

### Action by

#### 1. **Introduction**

The Chair welcomed J. Alexander to the meeting who will be the incoming Chief Executive and was attending the meeting as an observer. Introductions were made by the Governing Body and staff members.

##### 1.1 **Apologies for Absence**

Apologies for absence were received from S. Qadar and S. Elder.

##### 1.2 **Declarations of Interest**

There was one declaration of interest from A. Linton for Item 5.3.

The Governing Body discussed if an interest should be declared for the Chair and Convenors for Item 5.2. As these positions will be up for re-election after the AGM, it was agreed that no declaration of interest is required for this agenda item.

## **2. Minutes and Matters Arising**

### **2.1 Minutes of the Governing Body meeting held on 27 February 2025 and matters arising**

*The Governing Body approved the minutes as an accurate record of the meeting.*

There were no matters arising.

### **2.2 Minutes of the Audit & General Purposes Sub Committee meeting held on 25 March 2025**

*The Governing Body noted the minutes.*

### **2.3 Minutes of the Operations Sub Committee meeting held on 13 May 2025**

The Sub Committee meeting scheduled for 13<sup>th</sup> May 2025 did not have the required number of members to make up the quorum of three. The Convenor and one other Sub Committee member agreed to proceed with discussions and recommend any items for approval to the Governing Body on 20<sup>th</sup> May 2025.

The Governing Body noted that the items for approval were Development Assumptions and Domestic Abuse Policy. There was also a report considered at the Sub Committee meeting relating to land disposals. As this had a low monetary value, the Sub Committee agreed that officers could progress with these sales, and this would be approved by the Governing Body.

*The Governing Body approved the following:*

- *Development assumptions used for appraising potential projects*
- *Domestic Abuse Policy*
- *Land Sales*

**E. Jones joined the meeting.**

## **3. Business Matters and Approvals**

### **3.1 Management Accounts to 31 March 2025**

The Director of Finance presented the financial results for the 12-month period to 31 March 2025. The Q4 results show a surplus of £1,612k against a budgeted surplus of £834k, an overall £778k favourable variance. The key variances were detailed in the report. The main variance to note was the additional income from the Ferry House property.

D. Boyle noted the favourable variance in relation to void loss but the average cost per void was higher than budget. A large amount of void works was outsourced to external contractors to reduce void days which has increased the average cost per void. This is a key management objective and a new average void cost KPI has been introduced for 2025-26 and will be reported to the Maintenance Board.

*The Governing Body:*

- *Approved the management accounts to 31 March 2025.*
- *Noted the loan covenant figure at 31 March 2025.*
- *Noted the 12-month cashflow forecast.*

### **3.2 Annual Treasury Management Report**

The annual report was presented to the Governing Body on the position with regards to Treasury Management activities in the following areas:

- Loan portfolio
- Derivatives
- Mark to market exposure
- Security
- Investments and monies on deposit
- Valuations

*The Governing Body noted the report.*

### **3.3 Treasury Management Strategy 2025/26**

The Chief Executive presented the annual Treasury Management Strategy for the year to 31 March 2026. The strategy ensures the financial requirements are in place to meet the business objectives set.

*The Governing Body noted the report.*

### **3.4 Loan Portfolio Return**

The Director of Finance presented the current portfolio of loans to be submitted to the Scottish Housing Regulator.

*The Governing Body approved the loan portfolio return.*

### **3.5 Business Plan and Corporate Strategy**

The finalised version of the business plan for 2025/26-2026/27 and amended corporate strategy was presented to the Governing Body for approval. The business plan was presented to the subsidiary Boards for approval with minor wording changes highlighted. The other amendments were detailed in the report.

The corporate strategy within the 'Missons and Values' page has been updated to align the objectives with the key pillars and the key priorities were presented in the action plan for approval.

*The Governing Body approved the following:*

- *Final version of the business plan.*
- *Amendment to the corporate strategy and the wording of the objectives.*

### **3.6 Pre-Audit Update**

The Director of Finance presented the report on the progress made on the audit points raised in last year's audit and the areas that may be raised as part of the current year audit.

B. Matheson noted the reference made to the changes within the Finance team in the last quarter of the year and asked if consideration should be given to seek additional support from the auditors for the areas highlighted. The Audit and General Purposes Sub Committee had previously approved additional staffing resource for the Finance team required to meet business needs. An external consultant was also appointed to support the budgeting work. The Sub Committee also requested that an additional internal audit is carried out on the financial areas due to the increased challenging external environment.

*The Governing Body:*

- *Noted the management letter points from last year and progress made against these.*
- *Noted the areas where improvements are required and will be worked on in the current financial year.*

### **3.7 Equality, Diversity & Inclusion Update**

The annual summary of actions taken across Hillcrest to improve equality, diversity and inclusion was presented to the Governing Body for information. The Deputy Chief Executive highlighted the following:

- An internal audit on equalities was undertaken. The audit report highlighted many strengths and while there were no recommendations, opportunities to

improve will continue to be looked at.

- A new Equality, Diversity and Inclusion Officer has been recruited and will provide additional resource to support and progress EDI related objectives.
- There has been good tenant engagement through the Feedback Forum with feedback provided from this group on a range of strategic documents. The recommendations put forward by our tenants for improvement have now been implemented.

M. McMurdo noted the positive work being undertaken in equality, diversity and inclusion for tenants and staff, and asked if this will include Board members. Board member training will be taken forward by the new Equality, Diversity and Inclusion Officer.

*The Governing Body noted the report.*

#### **4. Performance Monitoring**

##### **4.1 Annual Report on Objectives**

There were 16 key objectives set, and a summary of the progress made against each objective was detailed in the report.

*The Governing Body noted the performance against objectives for 2024/25.*

##### **4.2 Annual Return on the Charter 2024/25**

The Deputy Chief Executive presented the Annual Return on the Charter for submission to the Scottish Regulator. The key performance areas were highlighted in the report.

M. McMurdo noted the indicator in relation to the number of tenancy offers refused at 31.67% and whilst this is slight improvement to last year's performance (32.5%), this remains high. This is a key objective for the housing team, with surveys being issued to tenants on reasons for refusals. Further analysis on the data available will be carried out to identify trends.

The Governing Body thanked the staff for their work in completing the return.

*The Governing Body approved the submission of the ARC for financial year 2024/25.*

#### **5. Briefing/Information/Governance Matters**

##### **5.1 Governance Matters**

The Director of Corporate Services presented an update on the following governance

matters:

- Board member recruitment update
- Board timetable to August 2026
- Feedback from the Group Board Members Event
- Board drop-in session
- Scottish Housing Regulator Engagement Plan
- Board member resignation

*The Governing Body:*

- *Noted the information in the report.*
- *Approved the draft Board calendar to August 2026.*

## **5.2 Remuneration for Board Members**

The Director of Corporate Services presented the report for Governing Body members to consider the introduction of payment for Board members who hold Chair or Convenor positions across Hillcrest and the subsidiary companies.

Hillcrest recognises that more time is being asked of some Board members, particularly those who hold office bearer roles. The proposal to introduce payment is also considered to ensure we can retain postholders and continue to attract postholders required.

**A. Linton, F. Morrison, L. Don, M. Percival and J. Alexander left the meeting.**

The Governing Body discussed the 3 options presented:

- Option 1 – no remuneration for any office bearers.
- Option 2 – remuneration of the Hillcrest Homes Chair.
- Option 3 – remuneration of the Hillcrest Homes Chair, 2 Sub Committee Convenors and 3 subsidiary company Chairs.

The Governing Body were supportive of option 3 as they recognise that whilst these roles are voluntary, these roles have additional responsibilities, and remuneration is becoming more common in the RSL sector.

The proposal states that office bearers can decline the remuneration on offer and the payment can be donated to the Hillcrest Foundation or a charitable entity of the members choice. The Governing Body were in agreement that where a Board member is receipt of remuneration, it is the member's decision whether to accept payment or covenant payment to a charitable entity and that this should not be recorded or reported. The Governing Body requested that the policy and service agreement is updated to reflect this. The reference to Homes should also be updated to reflect the full name of the association, Hillcrest Homes (Scotland)

LD

Limited.

*The Governing Body:*

- *Approved the draft Board Remuneration Policy, subject to the changes above.*
- *Approved the draft services agreement, subject to the changes above,*
- *Agreed that Board members with Chair or Convenor positions should be remunerated, as detailed in option 3.*
- *Agreed the implementation of payment and associated documentation to be effective from the date of election after the AGM.*

### **5.3 Chief Executive Appraisal**

The Chair explained that as the Chief Executive will be retiring in June 2025, the appraisal this year was an informal reflection of their achievements over the last year. It was noted that the Chief Executive has delivered all the objectives set for 2024/25. The Governing Body thanked the Chief Executive for her contributions over the last year.

*The Governing Body noted the update on the Chief Executive appraisal.*

**A. Linton, F. Morrison, L. Don, M. Percival and J. Alexander joined the meeting.**

### **5.4 Review of Service Level Agreement**

The Service Level Agreement between Hillcrest Homes and each of the subsidiaries is currently reviewed every 3 years and the latest review was presented by the Deputy Chief Executive. There were limited changes made to the body of the document in appendix 1, with an updated appendix 2 outlining the process for setting intercompany charges.

The charges are set taking an estimated time from staff in Homes Corporate Services, IT and Finance teams. For Enterprises, this is calculated as part of the 'lease' cost, including the loan interest payment.

For Hillcrest Futures, Homes make an 'in kind' contribution to enable Futures to provide much needed support to allow people to remain in their own homes, a key objective for Homes. The Governing Body discussed the level of contribution to Futures.

A. Fyfe noted the positive contribution of the work carried out by Futures and the benefit of shared knowledge across the organisation and was supportive of the contribution made to Futures and noted that a financial improvement plan is underway.

B. Matheson noted the current challenges in the external environment affecting

Futures and asked if a review of the level of contribution to Futures should be carried out on a regular basis. The Governing Body noted that a quarterly subsidiary update is currently presented but requested that further detail is included to review the contribution level in October/November. The Governing Body also requested that the Futures contribution is included in the budget assumptions to confirm the level of contribution in the 2026/27 financial year.

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The Service Level Agreement will be presented to the subsidiary Boards at their next meeting for approval.

*The Governing Body:*

- *Approved the revised Service Level Agreement.*
- *Noted the inter-company charges and level of contribution.*

## **5.5 Membership Applications**

The Governing Body considered the application for membership of the association which has been received following the recent Board member recruitment exercise.

*The Governing Body approved the application for membership of the association.*

## **6. Other Issues**

### **6.1 Training/Conference Opportunities**

None for this period.

### **6.2 A.O.C.B.**

There was no other competent business.

## **7. Date of Next Meeting**

Tuesday 15<sup>th</sup> July 2025

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

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