

**Hillcrest Homes (Scotland) Limited
Governing Body Meeting**

Item 2.1

**Minutes of the meeting held on Tuesday 25th November 2025
at 5.30p.m. on MS Teams/HQ Board Room**

Present:	D. Boyle	(Chair, HQ)
	C. Robertson	(Teams)
	A. Fyfe	(HQ)
	D. Hogg	(Teams)
	P. Shepherd	(HQ)
	M. McMurdo	(HQ)
	A. Gauld	(Teams)
	S. Elder	(Teams)
	B. Matheson	(HQ)
In attendance:	J. Alexander	(Chief Executive, HQ)
	F. Morrison	(Deputy Chief Executive, HQ)
	M. Percival	(Director of Finance, HQ)
	D. Reynolds	(Scottish Housing Regulator, HQ)
	J. Kerr	(Scottish Housing Regulator, HQ)
	M. Booth	(ATFS, Teams)
	J. Thorn	(ATFS, Teams)
	L. Davidson	(Board Services Officer, HQ)

Action by

1. Introduction

The Chair welcomed D. Reynolds and J. Kerr from SHR who attended the meeting as observers, and M. Booth and J. Thorn from ATFS to present agenda items 3.3 and 3.4.

1.1 Apologies for Absence

Apologies for absence were received from E. Jones.

1.2 Declarations of Interest

There were no declarations of interest.

3. **Business Matters and Approvals** (brought forward)

3.3 **Treasury Management Report**

The Director of Finance and Property presented the quarterly report on the current position of the loan portfolio and update on loan covenant discussions with lenders. M. Booth provided an overview of the sector, highlighting that there have been challenges with meeting loan covenants across the sector due to rising costs and impact on borrowing. Many are moving away from net debt per unit covenant to EBITDA MRI.

Discussions are in progress with Lloyds and Barclays regarding a change to the net debt per unit covenant to a gearing covenant. Lloyds have advised of a £21k cost to change the loan covenant. Barclays have advised of a £600k cost to change the loan covenant over the term of the loan maturity, but it was noted that the cost could be higher if Hillcrest were to go to market with a new lender.

The Treasury Management Policy was also presented for approval following review, with the key changes noted in the report.

The Governing Body noted the following:

- *Current position with the loan portfolio.*
- *Loan covenant discussions with lenders.*

The Governing Body approved the Treasury Management Policy.

C. Robertson joined the meeting.

3.4 **Hedging Review and New Funding Proposal**

J. Thorn presented an update to the Governing Body on the hedging review and new funding proposal from ATFS.

J. Thorn noted that the current hedging portfolio is well balanced with a mix of short and long dated fixes. ATFS recommend approaching RBS to discuss breaking the £6m LPI swap and fixing a new swap. ATFS also recommend fixing the remainder of the £25m RBS Facility C subject to rates. A separate meeting will be convened to review and approve the detail of breaking the LPI swap and recommendations for new swap deals.

M. Booth and J. Thorn left the meeting.

The Director of Finance and Property presented the new funding proposal received from ATFS. To fund new developments and cladding remediation works, new funding of £60m was recommended. The proposal was detailed in appendix 2 of the report.

The Governing Body approved the following:

- *ATFS hedging review recommendation to consider breaking the RBS £6M LPI swap and entering into a new swap deal.*
- *ATFS recommendation to consider fixing the remainder of the £25m RBS Facility C.*
- *ATFS new funding proposal.*

The Governing Body noted that ATFS will complete a Treasury Management Strategy review as part of the 2026-27 30 year budget.

2. Minutes and Matters Arising

2.1 Minutes of the Governing Body meeting held on 21 October 2025 and matters arising

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

Matters arising:

Item 3.4 Cladding Update – The additional warden to provide assistance for residents requiring a Personal Emergency Evacuation Plan (PEEP) was clarified. An additional waking watch was required to support the evacuation of PEEPs and when the L1 fire alarm system has been installed, this responsibility will be handed over to the Scottish Fire and Rescue Service.

Item 3.5 Development Update – The units at Victoria Dock have now been handed over.

Item 4.2 Governance Matters – A meeting has been scheduled with the Digital, Data and Technology Manager to discuss Hillcrest email addresses for Board members.

3. Business Matters and Approvals (continued)

3.1 Management Accounts to 30 September 2025

The results for the 6 months to 30 September 2025 was £881k surplus against a £361k budget surplus, an overall favourable variance of £520k. The key variances were detailed in the report.

The Governing Body:

- *Approved the management accounts to 30 September 2025.*
- *Noted the forecast loan covenant position to 31 March 2026.*
- *Noted the cashflow forecast to 31 March 2026.*

- *Noted the 2025-26 6+6 forecast.*

3.2 Budget Assumptions 2026-27

The budget assumptions to be used for the 2026-27 30 year budget was presented to the Governing Body for approval.

Two rent increase options of 5.8% and 6.8% for tenant consultation were presented for approval. This is higher than the September 2025 CPI and the Chief Executive explained that this increase is to cover higher loan interest to fund new borrowing for cladding works, progress net zero works, and to cover increasing costs and ensure loan covenants are met. The Chair highlighted that the Operations Sub Committee approved the consultation document at their meeting on 18 November 2025. The Governing Body requested that the finalised copy of the tenant consultation letter is shared with the Governing Body for information.

JA/LD

S. Elder left the meeting.

The Governing Body noted that the budget will be presented for review and discussion at the meeting on 20 January 2026 and will include budget scenarios and assumptions. As part of the 2026-27 budget setting process, Arneil Johnston will support the implementation and roll out of the budget modelling tool. Arneil Johnston will also provide an overview of the Homes 30 year budgets at the March 2026 meeting.

The Governing Body approved the following:

- *Assumptions to be used for the 2026-27 30 year budget.*
- *Two rent increase options of 5.8% and 6.8% for tenant consultation.*

S. Elder joined the meeting.

3.5 Financial and General Regulations

The Director of Finance and Property presented the updated Financial and General Regulations. There are no material changes made to the Financial and General Regulations. The Financial Regulations include further detail regarding some budgeting and approval processes to provide further guidance to staff.

The Governing Body approved the updated Financial and General Regulations.

4. Strategic Issues

4.1 Confidential Item

This minute has been redacted due to commercially sensitive information.

4.2 Hillcrest Enterprises and Hillcrest Maintenance Merger

An update was presented to the Board on the merger of Enterprises and Maintenance into one subsidiary organisation. An informal event has been arranged for members of the current Enterprises and Maintenance Boards to meet prior to the completion of the merger, followed by a joint business planning session in February 2026. The formal staff consultation process has now commenced, and plans are in place for key external stakeholders to be contacted about the merger nearer the completion date.

Branding considerations were discussed at the Shadow Board meeting in October 2025, and a range of options will be developed by the Communications and Marketing team for consideration at the HE/HM business planning session.

The Governing Body noted the progress update on the merger project.

5. Governance Matters

5.1 Governance Matters

The Governing Body noted the report.

5.2 Standing Orders

The Chief Executive presented the amended Standing Orders which have been reviewed in line with operational changes. There were no changes recommended to the policy document.

The Governing Body approved the Standing Orders.

5.3 Subsidiary Report

An update on the key matters within the 3 subsidiary companies was presented to the Governing Body for information.

The Chair noted that for Hillcrest Futures, the repayment of the outstanding holiday pay was considered but not included in the risk register until further information was realised and if this should be added. The Chief Executive will discuss this risk with the Director of Futures for adding to the risk register.

The Chair congratulated Hillcrest Futures on the Care Inspectorate gradings which

average at 4.5 of the 10 services inspected during the year from March 2025. The Chief Executive also highlighted that an additional inspection has been completed recently with a grade 5, reflecting the hard work and dedication of staff.

The Governing Body noted the subsidiary reports.

5.4 Equality, Diversity and Inclusion Update

A report on the progress update on the actions across Hillcrest to improve Equality, Diversity and Inclusion was presented to the Governing Body for information.

The Governing Body noted the report.

6. Other Issues

6.1 Training/Conference Opportunities

SFHA Demystifying Net Zero webinar will take place online on 9 December and Governing Body Members to contact the Board Services Officer if they are interested in attending the event.

6.2 A.O.C.B.

There was no other competent business.

7. Date of Next Meeting

Tuesday 20th January 2026

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

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