

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

**Item 2.2**

**Minutes of the Governing Body meeting held on Tuesday 20<sup>th</sup> January 2026  
at 5.30p.m. in HQ Board Room**

<b>Present:</b>	D. Boyle	(Chair)
	P. Shepherd	
	A. Fyfe	
	R. Burnett	
	B. Matheson	
	A. Gauld	
	M. McMurdo	
	S. Elder	
<b>In attendance:</b>	J. Alexander	(Chief Executive)
	F. Morrison	(Deputy Chief Executive)
	M. Percival	(Director of Finance)
	L. Don	(Director of Corporate Services)
	A. Moir	(Head of Finance)
	L. Davidson	(Board Services Officer)

***Action by***

**1. Introduction**

**1.1 Apologies for Absence**

Apologies for absence were received from C. Robertson, D. Hogg, E. Jones and S. Qadar

**1.2 Declarations of Interest**

There were declarations of interest received for Item 3.1.2:

- J. Alexander
- F. Morrison
- M. Percival
- L. Don
- A. Moir
- L. Davidson

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

### **2.1 Minutes of the Governing Body meeting held on 25 November 2025 and matters arising**

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

Matters arising:

Item 2.1 Hillcrest email addresses – D. Boyle and E. Jones have met with the Digital, Data and Technology Manager and a pathway to solution is in progress to address the concerns raised by Board members.

The Governing Body also asked for an update on the HQ solar panels. D. Boyle and A. Fyfe have met with the Sustainability Manager and a formal offer of funding has been received for HQ. A similar offer has also been received for Tom Johnstone Road and South Ward Road.

### **2.2 Minutes of the Operations Sub Committee meeting held on 18 November 2025**

*The Governing Body noted the minutes*

### **2.3 Minutes of the Audit & General Purposes Sub Committee meeting held on 2 December 2025**

*The Governing Body noted the minutes.*

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

### **3.1 Financial Overview**

#### **3.1.1 Rent Increase**

The Deputy Chief Executive presented the report on the outcome of the rent review tenant consultation exercise. This year's proposed rent increase is 5.8% for all Hillcrest Homes tenants. This increase is in line with other RSLs and below the average increase for local authorities in our geographical areas of operation. The Governing Body noted that as part of the transfer agreement, Hunters Hall tenants rent increase will not increase above inflation from the date of transfer. A rent increase of 3.8% is proposed for these tenants.

M. McMurdo noted the response rate for this year's consultation and that it would be useful to include the response rate for the previous 5 years for comparison. This will be included in future reporting.

A. Fyfe noted the tight financial headroom with the proposed 5.8% increase and noted that Hillcrest remains one of the lowest average weekly rents in comparison with other RSLs and local authorities in our main areas of operation. A further analysis of average weekly rents is required but it was noted that a number of Hillcrest properties are smaller, e.g. bedsits, and other RSL's properties are located in higher rent areas.

In May 2019, the Governing Body approved a rent harmonisation process ensuring properties of the same size, type and location are charged the same level of rent. This was paused in 2023/24, 2024/25 and 2025/26 due to the cost of living increases after Covid and rent increase restrictions imposed by the Scottish Government. It was proposed to recommence this process again from 2026/27.

*The Governing Body approved the following:*

- *A rent increase of 5.8% for all tenants (other than those living at Hunters Hall, Niddrie).*
- *A rent increase of 3.8% for tenants living at Hunters Hall, Niddrie.*
- *Recommencement of the rent harmonisation process in 2026/27.*

### **3.1.2 Cost of Living Award and Pension Changes**

The Director of Corporate Services presented the report on the cost of living award and pension changes for Hillcrest Homes employees for 2026/27.

A review of the suite of benefits was undertaken and benchmarking specific to pension contributions was carried out as this was an area identified where Hillcrest is not as competitive as peer organisations. A series of options were considered by the Audit and General Purposes Sub Committee at their meeting on 2 December 2025. The introduction of a tiered approach was preferred, to enable staff to have choice of how much to contribute to their pension fund. The proposed changes will include an increase to the employer contribution level from 1 October 2026. A pension salary sacrifice scheme will also be introduced prior to this and will provide National Insurance savings for both Homes and staff.

The recommended cost of living increase of 3.8% was proposed, this being the September 2025 CPI inflation rate.

*The Governing Body:*

- *Noted the review of the employee benefits that has recently concluded.*

- *Approved the change in pension contributions for both employer and employee from 1 October 2026 at a net cost of £50k.*
- *Approved a 3.8% cost of living award for all staff from 1 April 2026 at a cost of £400k.*

### 3.1.3 3 Year Budgets

The Director of Finance and Property delivered a presentation on the 2026-27 3 year budget for Hillcrest Homes. A loan covenant headroom is included in the budget, above the requirements set out by the lenders, to ensure that this continues to be met if costs increase, or income reduces. Negotiations are underway with lenders to move away from the EBITDA-MRI calculation to standard EBITDA calculation to improve headroom.

The Head of Finance provided an overview of the main headlines from the 3 year budget:

- Rent increase – 5.8%
- Cost of living increase – 3.8%
- Additional staffing - £355k
- Maintenance increase in line with inflation.
- Windows, doors and roof replacements will be capitalised – this has been discussed and approved by the auditors.
- Development – 250 units in years 2 and 3.
- Loan covenant golden rule of 5% met each year however, the trigger level of 10% is breached in each year. Loan covenants are currently being renegotiated with lenders.

*The Governing Body approved the following:*

- *3 Year Revenue Budget*
- *3 Year Capital Budget*
- *3 Year Balance Sheet*
- *3 Year Budget Assumptions*
- *2026-27 budget of £355k for additional staffing costs across the business.*

*The Governing Body noted the following:*

- *2026-27 3 year budget includes new handovers from the current development programme and placeholders for years 2 and 3.*
- *2026-27 inter-company charges from Homes to subsidiaries requires approval by the retrospective Boards.*
- *30 Year revenue and capital budget along with stress testing will be presented at the March meeting as part of the financial modelling work being undertaken by Arneil Johnston.*

## 4. **Governance Matters**

### 4.1 **Governance Matters**

*The Governing Body noted the update on the following:*

- *Scottish Housing Regulator feedback.*
- *Board member resignation and recruitment.*
- *Board members event.*

### 4.2 **CAIR (Scotland) Ltd**

The Head of Finance presented the report on the position with CAIR (Scotland). The recommendation is for the Cairn Centre and Canmore Street properties to be transferred to Homes. It was also recommended that Homes reimburse Futures for the repayment of the loan on both properties. The resource implications for Homes are an overall net loss of £39k. Homes will benefit in future years from the income from the Cairn Centre once it is developed into residential properties.

*The Governing Body accepted financial responsibility for the assets being transferred to Hillcrest Homes and approved the following:*

- *To accept the transfer of assets from CAIR (Scotland) to Hillcrest Homes.*
- *The financial implications of the assets, transfer from CAIR (Scotland) to Hillcrest Homes.*

## 5. **Other Issues**

### 5.1 **Training/Conference Opportunities**

None for this period.

### 5.2 **A.O.C.B.**

There was no other competent business.

## 6. **Date of Next Meeting**

Tuesday 10<sup>th</sup> March 2026

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

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