Hillcrest Homes

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

Item 2.2

Minute of the meeting held on Tuesday 26th May 2026
at 5.30 p.m. in HQ / MS Teams

Present:	A. Fyfe	(Convenor, HQ)
	D. Boyle	(HQ)
	S. Elder	(HQ)
	A. Gauld	(HQ)

In attendance:	L. Don	(Director of Corporate Services, HQ)
	B. Harris	(Head of Innovation & Improvement, HQ)
	S. McNaught	(Henderson Loggie, Teams)
	L. Davidson	(Board Services Officer, HQ)

Action by

1. **Apologies for Absence**

Apologies for absence were received from B. Matheson.

2. **Declarations of Interest**

There were no declarations of interest.

3. **Minutes of the meeting held on 24 February 2026 and matters arising**

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

There were no matters arising.

4. **Internal Audit Report**

IT Network Arrangements

The scope of the audit was to review the internal controls in place which ensure that the security of the IT network, configuration of key elements of the IT infrastructure which protect access to data, plus the policies and procedures giving guidance as to how security should be managed by both the IT/systems team and users in line with the NSCS 10 Steps to Cyber Security guidance. The overall performance in this area of activity is satisfactory.

There were eight grade 3 recommendations which relate to opportunities for improvement and strengthening rather than significant control failures. The audit confirmed that Hillcrest has implemented a number of good practice controls as highlighted in the report under strengths.

S. Elder noted that the incident management refers to an incident response plan. It was highlighted that an incident response retainer could be included to ensure that a dedicated team is deployed in the event of a cyber security attack to ensure appropriate action is taken to reduce the risk across other areas of the organisation. This was previously raised by the Sub Committee and the Director of Corporate Services confirmed that this is included in the existing insurance cover. It was noted that this will also be reviewed as part of the insurance renewal process to ensure that sufficient cover is in place.

Annual Internal Report

The Internal Auditor presented the annual report, confirming that they have provided an independent internal audit service. The Internal Auditors have carried out their work in line with the requirements of the Global Internal Audit Standard. A summary of the internal audit work performed during 2025/26, including the results and conclusions for each area of the audits were also presented in the report. There were no issues identifying any major internal control weaknesses.

Internal Audit Plan 2026/27

The annual plan for 2026/27 is as agreed in the 3 year strategic plan. An additional review has been added in respect of the internal process for any choking risk. The Sub Committee asked if an audit on choking risk is broad enough. The scope for this audit will be discussed and agreed in collaboration with Hillcrest Futures and will also include care plans.

Business Continuity

The scope of the audit was the review of the non-IT business continuity planning arrangements to consider whether there are adequate plans in place to minimise disruption to operations in the event of a disaster. The overall performance in this activity is good.

There were a number of strengths highlighted in the audit report, with opportunities to share good practice with other RSLs identified.

The Sub Committee congratulated staff on the positive outcome of this audit report and welcomed the opportunity to collaborate with other RSLs as part of ongoing work to build on a suite of scenarios.

L. Don and B. Harris left the meeting.

Staff members left the meeting to provide the Sub Committee with an opportunity to discuss any issues with the Internal Auditor. The Internal Auditor confirmed that whilst there were some changes to some key roles over the last year, there has been a good transition and there were no areas of concerns highlighted.

A. Fyfe asked if risks have been adequately identified when carrying out internal audits. The Internal Auditor highlighted that all reports have been graded satisfactory with scope for improvement highlighted in recommendations however, there were no significant control weaknesses identified. The audits confirm that the controls in place are robust and well managed.

The Sub Committee:

- *Approved the internal audit management responses and timescales.*
- *Approved the annual report and the annual operating plan.*

L. Don and B. Harris joined the meeting.

5. **Risk Management**

The Director of Corporate Services presented the risk register which currently has 13 risks.

There is one red risk with an adverse variance to the risk appetite level set – HH62 impact of increasing financial pressures on costs and rent levels, reducing financial headroom for loan covenants. Discussions and agreement have been made with lenders and once all loan documentation has been amended, financial headroom will improve and risk will be reduced.

HH38 – financial risk due to delays in contract handover of new developments – this risk has reduced as projects delayed are due to contractor administration. The remainder of the on-site projects are progressing according to contract.

The following risks have been archived:

- HH36 – materials on exterior of the building at Colonsay View no longer regarded as compliant in terms of combustibility. Replaced with risk HH65.
- HH55 – inability of Hillcrest Futures to deliver services within budget. Replaced with risk HH64.
- HH58 – loss of knowledge and experience due to retiral of Chief Executive.

D. Boyle noted that as the Governing Body sets the risk appetite for Homes, should the risks out with appetite be shared with them. The Director of Corporate Services explained that the Audit and General Purposes Sub Committee have delegated authority to review the risk register and to ensure relevant actions and mitigating measures are taken. It was agreed that the introduction of an annual or bi-annual report will be shared with the Governing Body on risks out with of appetite. LD

The Sub Committee:

- *Approved the risk scores attached to each risk.*

- *Approved the amendments made to the risk register.*

6. **Gender Pay Gap Report**

The Director of Corporate Services presented the Gender Pay Gap report for Homes and Futures.

For Homes, the gender pay gap remains in favour of males. Analysis shows that 43% of all males employed by Homes are represented in the top two quartiles, in comparison, females account for 44%. This and the significant number of females represented in the middle quartiles may be responsible for the gender pay gap remaining in favour of males.

For Futures, the gender pay gap remains in favour of males compared to females, although the overall differences remain minimal. The difficulty in recruiting male workers into social care roles was highlighted, with 77% of the workforce being female.

The Sub Committee approved the Gender Pay Gap report.

7. **Annual Reports**

7.1 **Gifts and Hospitality Report**

The value of gifts and hospitality received in 2025/26 showed a slight increase compared to the previous year. There were no concerns raised over the gifts and hospitality accepted. There is an internal focus to ensure that staff declare any gifts or hospitality accepted or declined.

The Sub Committee:

- *Reviewed and approved the gifts and hospitality register.*
- *The Convenor of the Sub Committee signed the register as being a true and accurate record for audit purposes.*

7.2 **Compliance Report**

The annual report on the summary of compliance matters was presented to the Sub Committee on information governance, policy and procedure, whistleblowing and fraud and bribery.

The Sub Committee noted the increased rate of information requests received, mainly in relation to subject access requests. Requests have also increased in complexity which is impacting the resources available to work on other objectives.

A. Gauld noted that the majority of data breaches are incurred by Homes and asked if there are any trends identified. A slight majority of breaches were email related and down to human error through invoices and raising works orders. The nature of these breaches poses a minimal risk; however, reminders are shared with staff of their responsibilities in this area.

The Sub Committee thanked staff for their work in achieving the target of 80% of policies and procedures in-date.

The Sub Committee noted the report.

7.3 **Annual Procurement Report**

The annual procurement report detailed the performance and achievements in delivering on the Procurement Strategy. The report will be published in order to comply with the Procurement Reform (Scotland) Act 2014.

A. Gauld noted the Community Benefits information contained the report and suggested that other aspects of social value could also be included, for example working with SMEs and employability skills. This will be included in the quarterly procurement report. LD

The Sub Committee approved the report.

7.4 **BCMS Report**

The Director of Corporate Services presented the report, providing an overview of the BCMS activities undertaken during the year. BCMS remains a key area of focus with testing programme in place to ensure our plans remain fit for purpose.

The Sub Committee noted the report.

7.5 **Social Value Report**

The summary report on the social value activities within Hillcrest was presented to the Sub Committee for information. The Director of Corporate Services explained that a new social value framework is being developed to allow a more strategic approach to embed the measurement of social value into core activities, projects and activity plans.

A. Gauld highlighted that the social value generated are indicative figures and suggested that case studies could be included to form the wider strategy. S. Elder, Chair of the Hillcrest Foundation, also highlighted that outcomes/outputs of funded projects are also requested and could be used to inform case studies.

The Sub Committee noted the report.

8. **Policy Review**

During the 2024/25 audit, it was identified that a formal Capitalisation and Depreciation Policy was not in place covering both housing and non-housing assets.

This new policy was presented to the Sub Committee, detailing the approach to capitalisation of components and other fixed assets.

The Sub Committee highlighted the following:

- Computer software depreciation is over 10 years – questioned whether this should be less than 10 years due to advancement in software and technology. BH
- Solar PV – depreciation period to be included. BH

With the above clarifications, the Sub Committee approved the Capitalisation and Depreciation Policy.

9. **Communications and Fundraising Report**

An update on the work carried out by the Communications and Fundraising Team was presented to the Sub Committee for information.

The Sub Committee noted the report.

10. **Digital, Data & Technology and Business Transformation Update**

The Head of Innovation and Improvement presented the bi-annual update on the key areas of work of the Digital, Data and Technology Team and Business Transformation Team.

The Sub Committee acknowledged the breadth of work being undertaken by both teams.

The Sub Committee noted the report.

11. **Quarterly Procurement Report**

The procurement activities over the last quarter and activities to be completed in the current quarter was presented to the Sub Committee for information. Additional information has been included following Hillcrest's completion of the CIPP assessment with Scotland Excel.

The Sub Committee noted the report.

12. **Celebrating Success**

The Director of Corporate Services presented the report with a recommendation that the celebrating success event is replaced with certificate of recognition and a £20 gift card. This is following the recent event which was cancelled due to low uptake and anecdotal feedback suggesting that staff do not want to attend an external event in their own time and that events are held sometime after they have achieved their qualification.

The Sub Committee were supportive of the recommendation but asked if £20 is a sufficient amount. The Sub Committee provided delegated authority to the Director of Corporate Services to consider the amount to be awarded.

The Sub Committee:

- *Approved the inclusion of celebrating success in the revised Reward and Recognition Policy.*
- *Approved the issuing of vouchers in recognition of achievements to outstanding staff.*
- *Provided delegated authority to the Director of Corporate Services to consider the amount to be awarded.*

13. **Staffing Request**

The report was presented to the Sub Committee to seek approval for an additional Contract Manager post within the Property Department, Asset Management Team. This post will strengthen service resilience, improve performance and put the Asset Management function in the best possible position to meet future demands.

The Sub Committee approved the request for an additional Contract Manager post.

14. **A.O.C.B.**

The Director of Corporate Services highlighted that the HMRC mileage rates have increased form 45p to 55p per mile from 6 April 2026. A temporary increase was applied in March 2026 to all staff due to rising fuel costs following the impact of the Middle East conflict. It was recommended that the Sub Committee approve the new HMRC mileage rate, back dated to 6 April 2026.

It was noted that the Mileage, Subsistence and Other Expenses policy and procedure will be updated to reflect this. The Sub Committee noted that as detailed in the policy *'reimbursement of expenses is regulated by the rules set out by HMRC'* and therefore members agreed that this amendment to the policy ad procedure can be applied.

The Sub Committee approved the new HMRC mileage rate, back dated to 6 April 2026 and changes to be made to the Mileage, Subsistence and Other Expenses policy and procedure to reflect this.

15. **Date of Next Meeting**

Tuesday 15th September 2026

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

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