

Minutes of a board meeting of Castle Rock Edinvar Housing Association Limited t/as Places for People Scotland ('PfPS' / 'CRE') held at 4pm on Wednesday 13 November at 1-2 St Andrew Square, Edinburgh, EH2 2BD and via Microsoft Teams

Present: Pamela Scott (PS - Chair)
Euan Campbell (EC)
Kenny Fraser (KF)
Janet Hamblin (JH)
Moira Sibbald (MS)
Katie Smart (KS - Managing Director PfPS)
Andrew Winstanley (AW – Group CFO)

In Attendance: Kate Alsop (KA – Group Company Secretary)
Abbie Robinson (AR – Group Assistant Company Secretary)
Jon Durham (JD – Head of Finance Business Partnering)
Paula Goodacre (PG – Finance Director, Homes Plus)
Lisa Livingstone (LL - Director of Field Services)
Branwen Evans (BE – Group Director of Sustainability & Policy)
Sam Jenkins (SJ – Group Senior ESG Manager)
Rachael Deeming (RD – Group Senior Environmental Sustainability Manager)
Rachel Crownshaw (RC - Group MD of Communities)

Actions

1. APOLOGIES

Apologies for absence had been received from Heather Claridge and Bryan Sherriff.

2. DECLARATION OF INTERESTS

2.1 PS declared that she had been appointed as Chair of Scotland Food & Drink effective from 1 November 2024. **AR undertook to update PS's directors' interest list.**

AR

2.2 EC declared his conflict of interest, as the Finance Director for Murray Estates, in the Edinburgh Garden District development project which was being considered by Places for People Scotland Limited and would require approvals from the CRE Board.

3. CHAIR'S INTRODUCTION

[REDACTED]

4. MINUTES AND ACTIONS FROM PREVIOUS MEETINGS

4.1 The minutes from the meeting held on 20 August 2024 were **APPROVED**.

4.1.1 The redacted minutes from the meeting held on 20 August 2024 to be published on the public domain were **APPROVED**, [REDACTED]

AR

[REDACTED]

4.2 The actions list outlining updates on actions from previous meetings was reviewed. It was agreed that all completed actions could be removed from the list.

4.3 *Ratification of decisions taken between meetings*

4.3.1

[REDACTED]

5. CURRENT PERFORMANCE ON THIS YEAR'S ACTIVITIES

5.1 *Directors' Report*

KS presented the Directors' Update paper at Item 5.1. It had been a challenging quarter which the Board had been made aware of through the weekly 515 reports.

The challenges with District Heating continued following the price changes in April 2024. CRE ended the price freeze at the end of August following a comprehensive review of procurement processes and allocation of cost to the customer. CRE would be reprocurring in quarter 3 and communicating with customers the prices for 1st April 2025. The letter to customers would be shared with the Board in the next 515 report for the Board's information.

One of the key priorities for management would be progressing the customer consultation in relation to the proposed changes to the rent and service charge policy (subject to the Board's approval at Item 6).

A discussion followed on the policies and procedures that were in place to support customers and colleagues when dealing with difficult incidents like anti-social behaviour. KS reported that management was working on an activist and protests framework to incorporate lessons learnt from previous

incidents and to give colleagues a framework to follow with useful resources/services for signposting to customers. All colleagues had access to the Employee Assistance Programme which provided them with mental health support. RC added that the Group had recruited a dedicated Wellbeing Manager who was developing a wellbeing strategy which would support the wellbeing of frontline colleagues.

5.2 Strategy summary

KS presented the Strategy paper at Item 5.2. Following the Board's strategy session on 30th September, KS had summarised the proposed strategy for CRE and presented its 'strategy on a page' which was appended to the paper. It was noted that KPIs would be developed to measure the progress made against the six strategic focus areas (below) and these would be incorporated into management's objectives:

- Continue delivering CRE's technology roadmap which included customer portal and improved visibility and data of the housing team case load and customer demand
- Working with Developments and wider colleagues to explore options for funding alternatives, leveraging the strength of the Group and connections/relationships across Scotland
- Continuing to build CRE's brand strength and connections in the network and exploring opportunities for growth in other ways
- Ensuring customer feedback and insight was top of the agenda and technology was utilised to survey customers at key touch points
- Establishing a framework for 'what good looks like' that can be applied across communities and within roles to embed community-based housing whilst also challenging ourselves to do better
- Revisit the asset strategy including disposal of assets

5.3 Operational performance report

The Board noted the Operational Performance Report at Item 5.3.

5.4 Assets & Investments Update (including damp & mould)

LL presented the Assets & Investments update at Item 5.4. The damp and mould paper previously reported to the Board had been expanded to provide updates on the condition of homes in Scotland (including damp and mould), repairs service performance and progress made against the capital investment programme in Scotland.

Following the success of the Customer Condition Survey trial in April 2024, this survey had been issued to more customers to gain further customer insights on the condition of homes. A new damp and mould triage system had been introduced to prioritise cases based on customer vulnerability and the severity of the issue. Home surveys could now be carried out using video technology (where appropriate) instead of physical at home surveys - this would facilitate quicker repairs. Additionally, a new process had been

launched to assess the quality of homes serviced only by electricity which were not currently assessed through the 'Healthy Homes Form' process.

[REDACTED]

[REDACTED]

[REDACTED]

LL presented additional PowerPoint slides to the Board which outlined the Group's assets and investments strategy. EC sought assurance that

[REDACTED]

PS thanked LL for her presentation and commended the Group's focus around improving its assets and investments. However, the data showed that significant improvements were needed to improve the repairs service for customers and this had been a longstanding issue which was frustrating for the Board. The Board requested to see more customer focused data on repairs, such as the number of appointments missed. It was agreed that customer focused data on repairs would be included in the Board's 515 report.

LL/KS

The Board also requested that a benchmarking exercise be carried out to compare CRE's repairs service with other housing associations.

LL

5.5 Financial Performance Report

JD presented the Financial Performance Report at Item 5.5. CRE's financial performance was positive, [REDACTED] The forecast on the sale of fixed assets was not included within the report but this information would be included in future reports.

EC noted the financial challenges faced by the Group (as reported at the CRE Audit & Risk Committee meeting on 28 October) and asked what the impact would be on CRE. AW confirmed that there should be no financial impact on CRE and that the financial challenges of the Group were being managed.



JD/KS

BE, SJ and RD joined the meeting.

6 ANNUAL REVIEW OF RENT/SERVICE CHARGE POLICY

6.1 KS presented the Annual Review of PFPS Rent/Service Charge Policy paper at Item 6.

6.2 Base rent calculation

As of 1st April 2024, CRE no longer used the 'points based' system to calculate service charges. Service charges were now apportioned based on the costs of the services that customers received. The Board's approval was sought today to replace the 'points based' calculation for the base rent with the rent calculation provided by the regulator of registered provider landlords in England. This method of rent calculation provided a fair and transparent calculation of rent, considering the specifics relating to the property and local authority, and removed the subjectivity of the 'points based' calculation of rent.

6.2.1 Legal counsel had been engaged and were supportive of the proposed new rent calculation. The Scottish Housing Regulator had also been consulted and they were indifferent as to the method used to calculate base rent, so long as it was justifiable and monitored within the affordability criteria.

6.2.2 The rent calculation would only apply to new properties and relets therefore there would be no changes to the rent of current tenancies. However, all customers would need to be notified because the change of rent calculation would change the Rent Policy. It was recognised that the letter sent to customers would need to be worded clearly to communicate

whether the changes would impact the customer. The letter would also be reviewed by the National Customer Group.

6.2.3 The Board **APPROVED** the change to the base rent calculation which, subject to customer consultation, would be implemented from 1st April 2024.

6.3 **Affordability calculation**

Currently, CRE used the most simplistic approach provided by the Scottish Federation of Housing Associations (“SFHA”) to calculate affordability. This simplistic affordability calculation made certain assumptions such as the tenant having a single person income, regardless of property type or size. The Board’s approval was sought to change the affordability calculation to utilise more complex datasets from the SFHA which assumed the following:

- 1 bed properties = single person income
- 2 bed properties = couple, 1 x Full Time & 1 Part Time
- 3+ bed properties = small family income (2 children)
- Lower income earners in the 20th percentile

6.3.1 This would provide a more accurate affordability based on property type and demographic. If CRE used the proposed new rent calculation and new affordability calculation, the average affordability would be reduced from 29.9% to 23.45% across all local authorities.

6.3.2 PG explained that there was a risk that the rent for relets might increase for some tenants but decrease for other tenants, following the adjustments made to the affordability calculation, but this would be monitored and reviewed by management to ensure the appropriate rent had been calculated.

6.3.3 JH highlighted that the recalculation of affordability would result in a significant change to the affordability of the Aberdeenshire local authority (shown in Appendix 2). **JD undertook to find out why the recalculation of affordability would result in a significant change to the affordability of the Aberdeenshire local authority**

JD

6.3.4 MS highlighted that the new affordability calculation assumed that a 2 bed property had 2 incomes, but this wouldn’t be the case for single parent families. **KS undertook to check the demographics of tenants to understand whether single parent families were a key demographic and would report back to the Board at its next rent setting meeting.**

KS

6.3.5 The Board **APPROVED** for management to consult with customers on the proposed change to the affordability calculation, and asked management to report back to the Board in December on the above actions.

6.4 Rent increase 2025/26

Given the above proposals and the assumptions in the business plan, management was proposing the following rent increase which would address the pressures on the business plan, affordability and customer impact:

- Apply a rent increase of 2.7% (ie CPI+1%). Where this increase breached the 30% affordability measure rents would be capped to limit affordability to 30%
- Continue with the previously agreed approach and move to a full recovery of service charges by 26/27
- Carry out a customer level affordability assessment

6.4.1 MS questioned whether the cost of the Group's acquisition of two housing associations during the year had contributed to CRE's increased costs. PG confirmed that the recent acquisitions in the Group had no impact on how CRE charged its customers and that the Group was working with the two housing associations to reduce their costs. RC added that CRE must maintain its costs to serve customers; the Group was investing in improving the efficiency of customer service as well as defining the role/responsibility of Housing Officers and informing frontline colleagues of relevant services and resources to signpost customers to.

6.4.2 The Board **APPROVED** the rent increase of 2.7% (CPI+1%).

7 **UPDATE ON ESG STRATEGY**

7.1 BE, SJ and RD presented the ESG Strategy update paper at Item 7 and additional PowerPoint slides were presented.

7.2 The ESG strategy would be published in the 2024/25 Group Annual Report and was based around the Group's strategy to create and support thriving communities by managing communities, developing communities, and helping communities. The ESG priorities included:

- *Environmental*: mitigating and adapting to the threats posed by a changing climate, reducing carbon dioxide emissions and using the Group's resources sustainably.
- *Social*: tackling the housing crisis, in terms of affordability and access to safe, secure and decent housing, and supporting the health and wellbeing of the communities the Group operated in.
- *Governance*: maintaining and growing a culture of strong governance and doing the right thing, utilising sustainable finance to support the Group's environmental and social aspirations.

7.3 The Group had the most work to do for the environmental priorities and the ESG targets reflected this. SJ confirmed to PS that the Group followed the Sustainability Reporting Standard (SRS) for Housing Associations.

7.4 KS confirmed to the Board that she reviewed the ESG metrics so she could ensure that any differences between the position in England and Scotland were considered.

8 GOVERNANCE

8.1 Standing Items Report

KA presented the Standing Items Report at Item 8.1. This report had been broadened to include details of any ongoing legal disputes/litigations against CRE. It was noted that the new Rules for CRE had been registered by the FCA and were available on the public register.

8.2 [REDACTED]

8.3 [REDACTED]

8.4 [REDACTED]

8.5 [REDACTED]

9. ANY OTHER BUSINESS

9.1 Fire Incident Report 2023 – for noting

The Board noted the Fire Incident Report at Item 9.1 which outlined the lessons that had been learnt from three fire incidents that had taken place in 2023. **KS undertook to find out whether customers would be issued with additional fire safety awareness communications before the Christmas period.** KS

9.2 New legislation

MS expressed concern over incoming legislation which would impose additional duties on directors for failing to prevent fraud and sexual harassment. **KA undertook to investigate and report back.** KA

10 DATES OF NEXT MEETINGS AND PLAN OF WORK

10.1 *18 December (rent setting)*

10.2 *Plan of work for next meeting*

The Board noted the plan of work for the next quarterly meeting on 5 February 2024 at Item 10.2. **PS requested that the plan of work be updated to include feedback from any Group board meetings and the CRE Audit & Risk Committee meetings since the previous meeting.** AR