Business Plan 2019-22

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Section 3: Business and Environmental Analysis

Foreword by the Chief Executive

Our Business Plan is updated annually and, in line with our policy of undertaking a major review frequently, Hanover will hold Strategy Days during 2019 to consider four key strategic objectives for this Business Plan: Arklet Housing Association; procurement; hub and spoke project; and SMART Housing. The Board and senior staff will met and discuss key topics identifying broad concepts and the objectives.

During 2017, Hanover became aware of a new opportunity for further growth. Following a successful bid process, Hanover entered into formal discussions regarding a possible partnership with Arklet Housing Association. Early talks have highlighted a strong synergy of values, ideas and a shared vision for the future. Hanover has worked very closely with Arklet in the past when they first developed as a Housing Association and so we have a shared history which we can build on. A formal and very important process of negotiation and due diligence was completed in 2018/19 to ensure that any partnership formed is robust and sustainable. The partnership is scheduled to begin on 1 November 2019.

We are confident that our strategic planning process is robust and that our understanding of our operating environment will allow us to move our business forward with confidence, enabling Hanover to maintain its very strong position within the market place[1].

Hanover has a strong balance sheet and our overall healthy financial position leaves us well placed to meet future challenges. We will continue to monitor the position very closely and ensure that we are able to deal with any changes that occur. At all times we will ensure that we are accountable to our service users and will safeguard their interests.

At the beginning of the plan period, Hanover received its first Engagement Plan from the Scottish Housing Regulator. The Regulator will engage with Hanover as it is considered a systemically important landlord (due to the level of turnover) and due to the development plans. Hanover will maintain a positive, constructive and close working relationship with the Regulator and supply documentation, information and returns as per the Engagement Plan. Our aim is to continue delivering a strong and robust business and high quality service, whilst ensuring that priority areas of business activity are given the right amount of detailed attention.

The plan has been divided into three sections:

- Section 1 summarises our strategy for 2019-22;
- Section 2 details how we are going to achieve our objectives; and
- Section 3 sets out the analysis that we carried out to develop our strategy and the key factors that are impacting on our work.

[1] The Business Plan has been written with reference to the Scottish Housing Regulator's Business Planning Recommended Practice document issued in December 2015, input from the Board and senior management team and consultation with the Hanover HEART customer panel.

Section 1: The Strategy

Introduction, History and Purpose

2019 is a special year for Hanover Scotland Housing Association as it is turning 40 with Hanover providing housing and support services for people across Scotland over the last four decades.

Hanover Scotland became a legal identity in 1979 when it separated from its parent organisation, Hanover Housing Association based in England. The newly established Association took on management of seven developments which were already in place in Scotland. Within the first year of operation, Hanover Scotland established three new developments, one in Aberdeen, one in Glasgow and one in Edinburgh.

The original objectives of Hanover Scotland were:

"The provision of housing and any associated amenities for people in necessitous circumstances upon terms appropriate to their needs.

The provision of housing and any associated amenities specially designed or adapted to meet the needs and disabilities of the aged."

Today, Hanover Scotland in one of the largest providers of housing and services for older people in Scotland and manages 205 developments, in a range of accommodation including amenity, sheltered, very sheltered and general needs housing, across 24 local authority areas. Hanover houses around 7,000 residents in around 5,500 dwellings in both the rented and owner-occupied sector. Hanover provides a range of services including Telecare which takes 1.5 million calls a year across two Telecare centres and offers support to around 40,000 people across the country, Care at Home, property management and housing support services. With a turnover of £38 million and an operating surplus of £1.6 million, Hanover is one of the largest registered social landlords in Scotland. Hanover continues to maintain a customer satisfaction rate of 90%.

Hanover is a values driven and caring organisation whose objectives have evolved. Today the Association's purpose is:

To help older people feel safe and secure at home and to live fulfilling and independent lives.

Our purpose is supported by six commitments:

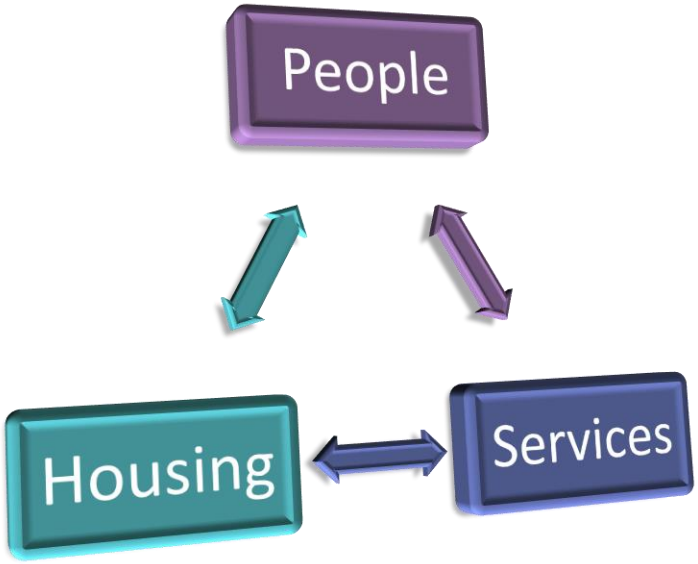
- We will provide well designed, well maintained, affordable, warm and modern housing;

- We will fund simple and practical solutions that make a real difference to the lives of our customers;

- We will build positive and lasting relationships with our customers and stakeholders;
- We will aim to exceed our customers' expectations and to provide high quality personalised services that enhance their quality of life;

- We will be creative and will continually look for new ways of working which add value and develop our people; and

Hanover's core business is to provide affordable, modern and safe housing and support services mainly for older people. This is underpinned by three key strategic objectives:



People

We will help our customers to live the lives they want by providing them with modern and safe accommodation and supporting services. We will promote their wellbeing, enabling them to live as healthy, independent and secure lives as possible and will encourage and assist their participation and involvement as they choose in their communities.

Our **strategic priorities** are:

- Arklet Housing Association (Priority Actions P1-P24);

- Customer Engagement and Scrutiny (Priority Action P25-P27);

- Tenant and Owner Satisfaction (Priority Action P28-P31); and

- Employee Engagement (Priority Actions P32-P35).

Housing

We will provide quality, well maintained, safe, sustainable and affordable housing for people wishing to live in the rented or owner-occupied sectors.

Our **strategic priorities** are:

- SMART Housing (Priority Actions H1-H8);
- New Build (Priority Action H9);
- Energy Efficiency Standard for Social Housing (Priority Actions H10 and H11);
- Asset Management (Priority Action H12);
- Development Strategy (Priority Action H13); and
- Planned Maintenance Strategy (Priority Action H14).

Support Services

We will provide a range of quality, innovative, flexible and affordable support and care services to reflect what customers require, to achieve best value and independent living.

Our **strategic priorities** are:

- Hub and Spoke Project (Priority Actions SS1-SS7);
- Procurement (Priority Actions SS8-SS12); and
- Hanover Telecare (Priority Actions SS13-SS19).

Section 2: Key Priorities for 2019-22

People

Arklet Housing Association

Arklet evolved from the Glasgow Jewish Housing Association which was first registered with the Housing Corporation in 1967. For over 50 years Arklet has been a vital contributor to meeting housing needs, particularly housing with support, in the south of Glasgow, East Renfrewshire and North Lanarkshire. Arklet currently owns 391 homes, factor 41 properties and employs 12 staff, two of whom are part-time, and another three who are filling posts on an interim basis and had a turnover of £2.779 million in 2017/18. It developed a unique sheltered housing development at Barrland Court in Giffnock in the late 1990s to meet the social and cultural needs of the local Jewish community and others and is where its office is now located.

Through new development activity, Arklet has added a range of amenity housing for older people, provision for specific needs including mental health and learning disabilities, as well as mainstream housing, operating to an “access for all” agenda. Its housing is now primarily in the eastern part of East Renfrewshire, with some units in the northern part of South Lanarkshire and some still in south Glasgow.

Following the departure of the Director in March 2016, Arklet undertook a strategic options review. At the same time, concerns were raised with the Regulator regarding governance and financial management matters which led Arklet to have a ‘medium’ level of engagement. These issues were independently investigated where wider concerns around governance, contract management, payment of inappropriate and poor management of its relationship with its subsidiary were highlighted. During January 2017, the Regulator decided to raise the level of engagement to ‘high’ and make a number of statutory appointments.

Arklet produced an Interim Business Plan for 2017/18 where it set out a strategic framework within which it would address and resolve its key governance weaknesses and conclude the options appraisal exercise. At its August 2017 meeting the Arklet board resolved to pursue one of four alternative legal partnerships.

In October 2017, Arklet advertised its interest in entering into a partnership with another housing association and invited potential partner associations to make contact.

Chief Officers considered and agreed that there is a strong compelling argument, motivation and business case for wishing to positively go forward and submit a bid to enter a partnership with Arklet:

- Hanover has a history and been involved with the Glasgow Jewish Housing Association in its early formation;

- The aims and achievements both of Hanover and Arklet are very similar with a strategic focus on delivering quality care and a high customer service;

- The stock profile of Arklet and their residents are very much in line with what Hanover has developed;

- Arklet stock is concentrated in East Renfrewshire where Hanover has recently developed two schemes;

- An initial assessment of Arklet stock suggests that it is of good quality; and

- Arklet have a small number of development opportunities which Hanover could help develop.

Following a successful bid submission, Arklet selected Hanover as its preferred partner in March 2018 as proposals provided solutions to key partnership drivers, because of the quality of Hanover homes and services, and because there was clearly an excellent fir between the two organisations in terms of values, working culture and range and type of housing. Hanover would offer affordable rents and new investment for Arklet tenants. During 2018/19, the formal process of negotiation and due diligence was carried out to consider all partnership options with residents of both organisations being kept advised and engaged throughout.

Formal tenant consultation is scheduled to start in April 2019 with the proposed partnership offering Arklet tenants:

- An immediate £12 a month rent and service charge reduction;

- A review of rents to bring Arklet rents into line with Hanover's, most within 3 years and all within 5 years;

- A new programme of kitchens, bathrooms, heating and windows; and

- Home contents insurance for £2 a month.

Rent reductions and more investment can be offered because the partnership can be more efficient as a combined team. Hanover is a strong organisation and will be building 180 new homes in Scotland every three years, with the finance, human resources and information technology teams can meet Arklet's needs at no extra cost. Arklet can benefit from Hanover's bigger buying power and the in-house expertise in delivering large scale improvement programmes in an efficient and customer focused way.

Hanover will adjust Arklet rents in real terms over five years to be comparable with similar Hanover homes. All rents will get nearer to the lower Hanover rents each year with most reaching parity within three years. At all times, Hanover will ensure that the rents and service charges set meet the cost of services provided plus the maintenance and improvement of homes.

Lower rent increases are possible because Arklet will have fewer Arklet-specific costs such as building insurance and computer systems, with operating costs spread over a much bigger organisation achieving better value for money. The same

applies to service charges as Hanover will be able to reduce some of these costs and the savings will be passed on to tenants.

The partnership proposal is to merge Arklet into Hanover. Arklet will be closed and Hanover will grow by almost 400 homes. The ownership of the properties will transfer to Hanover, along with the obligations attached to them. Hanover will legally become the landlord but Arklet tenant's tenancy agreement, rights and responsibilities remain exactly the same.

Hanover has a well-developed system of tenant involvement and influence. Arklet tenants will be able to join the Hanover HEART panel which scrutinises services to recommend improvements. Others may prefer to attend Focus Groups on specific topics of interest to them.

Arklet has two supported residences where tenants' personal rooms are an older bedsit style. In year one, Hanover will plan modernisations with tenants at Barrland Court and Arnside Court. Hanover recognises that Arklet tenants value the personal service from staff and have promised to keep the current staff to provide tenant services.

Hanover has confirmed that the following will not be changing:

- There will still be a welfare benefits advice service;
- There will still be a tenancy support service;
- The office in Giffnock will remain for at least a year; and
- Current staff will still provide local services.

Following receipt of a range of necessary consents, positive formal consultation with Arklet tenants and a successful ballot, the new partnership is scheduled to begin on 1 November 2019. There will be no changes to the service or staffing at Arklet in the first year of operation. An independent review of Arklet service provision will be undertaken in May 2020 with any proposed changes not be undertaken until May 2021. For at least three years, there will be a Partnership Committee including some current Arklet board members which will oversee and support the partnership implementation process and check that promises are being kept.

The Partnership Risk Register is at Appendix 4, Gantt Chart at Appendix 5 and Priority Actions in Appendix 6.

Customer Engagement and Scrutiny

A new Customer Engagement Strategy has been launched to help engage with our residents in different ways, to help them communicate with us easily and receive the information that they need to make informed choices and to help us develop our policies and practices. It will be supported by an action plan which will detail how the Strategy will be implemented. This will be reviewed annually.

The Strategy will continue to recognise the importance of the Scottish Social Housing Charter. The Charter aims to improve the quality and value of services that social landlords deliver for their tenants and other customers and supports the Scottish Government's strategic objective of a safer and stronger Scotland.

It will do so by:

- Providing tenants and other customers with a clear statement of what they can expect from social landlords and helping them to hold landlords to account;

- Focusing the efforts of social landlords on achieving outcomes that matter to their tenants;

- Providing the basis for the Regulator to assess and report on how well landlords are performing. This will enable the Regulator, tenants, other customers and social landlords to identify areas of strong performance and areas where improvements are needed; and

- Recognising that every tenant has individual needs and should be treated fairly and with respect and receive fair access to housing and housing services.

An objective detailed in the strategy's action plan proposed the development of customer scrutiny initiatives focused on customer journey mapping and a strategy to describe these activities. Customer scrutiny is widely encouraged in the sector with guidance issued by the Scottish Government, Chartered Institute of Housing and HouseMark who articulate the benefits of scrutiny initiatives and outline the steps required to achieve an effective implementation.

Hanover wishes an effective approach to performance and service scrutiny, with customers, staff and our Board working together to improve service delivery and to be at the heart of shaping and driving improvements. Hanover aims to increase the impact of our scrutiny panel by establishing a clear structure and timetable for scrutiny each year. The Panel will consist of recruited residents who will work closely with the Board, Directors and staff to develop and improve the customer experience of Hanover services.

Scrutiny can support effective governance, and customers can play a key role in shaping the strategic direction that Hanover takes. This can help to ensure that there is an appropriate balance between new business aspirations and 'getting the basics right' for existing customers in terms of current service delivery. Hanover will support the Panel to undertake service reviews with sufficient independence to enable a robust review process and outcomes.

In 2017, Hanover HEART was established to influence and monitor how services are delivered by the Association and to make recommendations for change or improvement. Hanover HEART is a customer scrutiny panel and provides the opportunity for Hanover customers to work together with staff. Any recommendations for change or improvement are fed into the senior management

team and Board. Currently there are ten members on the panel, all of whom have undergone rigorous training with an independent expert and signed up to a code of conduct. The members are drawn from all parts of Scotland and are either tenants or owners of Hanover homes.

Recent work of the Hanover HEART panel has been to consider the four strategic objectives of this Business Plan: Arklet Housing Association; SMART Housing; Procurement; and the Hub and Spoke Project. The panel was confident with the strategic direction Hanover was taking and looked forward to a progress report in during 2019.

The panel identified that they would undertake a review of the Communications Strategy and Customer Service Standards in 2019/20.

Tenant and Owner Satisfaction

The Scottish Housing Regulator requires that all Registered Social Landlords undertake a tenant satisfaction survey on at least a three yearly basis. Hanover adhered to this by undertaking satisfaction surveys on a three yearly basis. In recent years, Hanover has decided and committed to carry out tenant and owner surveys on an annual basis so that trends in satisfaction can be more reliably developed and to allow for speedier interventions.

Information from both surveys is submitted to the Scottish Housing Regulator as part of the Annual Return on the Charter in May each year.

Headline results from the 2018 survey report a decrease in overall tenant satisfaction from 92.3% to 89.8% and a decrease in overall owner satisfaction from 70.9% to 68.1%. The main themes and areas for improvement from both the tenants and owners survey included how we communicate with customers, activities on developments, landscaping and car parking.

The themes cover a number of areas within the business, a project group will be formed to work on the development of a Customer Satisfaction Improvement Plan. Work already ongoing includes the implementation of the Customer Engagement Strategy where tenants can become involved with Hanover. The Hanover HEART scrutiny panel is now established and will consider the outcomes of the satisfaction surveys when choosing their scrutiny topics. Development walkabouts will launch in spring 2019 where residents can become involved in monitoring standards on their own developments.

Work to review the structure of the factoring strategic business unit has been carried out and will result in the transition to a Factoring Officer role within the service. This role will work more closely with owners, aligning service provision to the requirements of our customers. The indicators with the highest level of dissatisfaction amongst owners are value for money, communal repairs, maintenance and landscaping.

Progress made with the Customer Satisfaction Improvement Plan will be reported to the Board throughout the Business Plan period.

Employee Engagement

During 2017/18 the Association conducted an employee engagement survey to gather staff opinions on Hanover and how the future and the way we work can be shaped together. The questions covered day to day work, the brand, company practices, insight, leadership, personal development along with areas that staff feel the Association could improve.

Hanover received an overall engagement score of 7.5 out of 10 which provides a strong foundation to build upon. The overall engagement score and subcategory scores compare favourably with other housing sector organisations. A response rate of 56% was achieved with 132 comments and 115 suggestions received. The second highest scoring single survey item related to the question about relationship between the employee and the line-manager. Scoring 8.4 for this question indicates that there is great practice amongst the line-manager population. Further to line-manager/employee relationships, working relationships between all colleagues and teammates was the highest scoring survey question at 8.7 indicating a great sense of team spirit and camaraderie across the organisation. There is a strong sense of purpose across the organisation which is often found in public and not-for-profit sector businesses.

Participation rates in certain areas could be improved with a number of departments coming under 50%. 50% is a positive rate for frequent micro (or pulse) surveys and larger, baseline surveys ran less frequently should aim for around 75-80%. Collaboration between teams was the weakest scoring area on the survey. Leaders also need to be challenged and supported to continuously improve their areas but to do this through collaboration and effective communication with other parts of the business as opposed to operating with, and reinforcing, a silo mentality. A number of comments related to career and skills development, reward and recognition. The Association will reflect on these matters in more detail.

A further baseline survey was conducted in May 2019. The results will be shared with all staff by the mid-June 2019 and the Board will be informed at the earliest opportunity. Teams will hold action planning meetings from which strategic business unit management will produce action plans aimed at sustaining what is going well and improving what is not.

The Association currently holds the Healthy Working Lives bronze award and as part of this actively promotes and encourage wellbeing at work. These initiatives are both information based or actively taking part i.e. step count challenge. The Association is also delivering an in-house mental health awareness training with the goal of braking down the stigma around mental health.

The Association strives to ensure that the safety management system is compliant with legislation and managing the risk at a proportionate level.

Housing

SMART Housing

The concept of future proofing our housing has gained momentum over the last few years as the elderly population continues to grow in Scotland. The commercial demand for more integrated products and services has increased massively as consumers look for further developments in smart technology in the home. These allow for control of multiple home systems ranging from energy and water consumption to entertainment and leisure. Advances in smart housing present massive opportunities to support the health and wellbeing of Scotland's population. A smart home is defined as a home that provides its resident's with comfort, security, energy efficiency and personal convenience. Smart home technology seeks to support users to have a better quality of life and allow for users to live independently in the comfort of their own homes. Hanover is taking initial steps to explore how a smart home could give increased flexibility to tenants.

Hanover recognises that technological changes of the last 20 years have not touched the services our customers receive. SMART Housing is the name that Hanover has applied to the coming revolution (due to artificial intelligence, robotics, digital inclusion, self-service for customers and automation) it envisages to service delivery and on how it works. The Association has identified Heriot-Watt University as the innovative partner that it wishes to collaborate with to shape housing solutions of the future.

With more people living longer, and often in poor health, Hanover's aim is to maximise the benefits that SMART Housing can bring by taking account of tenant needs and putting them, their families or carers at the heart of the design, testing and review of customised services. This will help to enable people to live in their homes safely and independently for as long as possible. In addition, Hanover will work in partnership with customers and others, including health and social care colleagues, to investigate the use of preventative analytics to allow greater opportunity for intervention at an earlier stage, potentially reducing the risk of falls and frailty.

The principles of Hanover SMART Housing will include:

- Clearly defined issues that Hanover faces in meeting customer needs and understanding the opportunities that technology can bring;

- An awareness of solutions that are simple and easy to implement and recognising those that require further development and testing;

- Taking account of customer needs and putting them at the heart of co-design, testing and review of customised services;

- Sharing of ideas with others and collaboratively working with colleagues across the organisation;

- Partnership working with customers and others, including health and social care colleagues to investigate the use of preventative analytics to achieve the greatest impact for vulnerable people; and
- Technology will be used as a key element of service redesign, providing preventative and supportive solutions for existing and future customers, so that better outcomes are produced for individuals and their families.

We see both SMART Housing and the Hub and Spoke project as being major anchors for our operations. SMART Housing will allow Hanover to carry out tasks in a smarter way for residents by looking at both internal and external processes. It is expected that SMART Housing will become the main strategic objective for Hanover over the three year plan period. A management develop day will be held in summer 2019 to brief, energise and inspire staff.

New Build

We have successfully developed a range of housing over the last forty years and this represents the majority of our current housing stock. We will strive to continue the development of new housing in identified strategic priority areas in conjunction with the local authorities and other key partners.

Access and levels of public and private sector finance for new developments has improved. Following our Strategy Conference in February 2016, the Board increased our strategic objective of delivering 60 new units in each and every financial year. The Association is well placed to manage a modest development programme as it retains a positive level of gearing.

A continuing development programme is a key part of Hanover's Business Plan and helps the Association to meet the demands of our customers and reflects the needs of particular client groups. The development programme provides new properties for Hanover with a long lifespan and rental payments for the lifetime of the scheme. Once the finance is repaid new properties come into surplus and contribute to Hanover's overall surplus. Projects and contractors are financially risk assessed prior to presenting proposals to the Board. Risks are minimised by the use of Design and Build contracts. Hanover's reputation is enhanced by joint working with other partners to meet Scottish Government housing and social care objectives. Hanover has a high reputation for the quality and desirability of our housing.

Hanover will return to the capital markets in 2019/20 to borrow up to £30 million to fund the development programme.

Summary Development Activity at March 2019

Location	Status	Type	Estimated development cost	Site start
New Build				
Elgin, Linkwood	Completion	Extra care – dementia	£6.287 million	2015/16

Elgin, Spynie	On site	Amenity - extra care	£9.169 million	2018/19
Ayr, Healthfield Road	Completion	General needs	£1.230 million	2017/18
Ayr, Britannia Place	Completion	General needs	£3.168 million	2017/18
Elgin, Stonecross	On site	General needs	£2.457 million	2017/18
Asset Management				
Elgin, Haugh	Completion	Amenity – general needs	£4.516 million	2016/17
Drymen, Conic Way	Site preparation	Amenity	£2.775 million	2019/20
Tarves, New Road	Tender	General needs	£40,000	2019/20
Jedburgh, Queens Court	Completion	Extra care	£1,000	2018/19
Corpach, Walter Cameron Way	Completion	General needs	£5,000	2018/18
Potential Sites				
Elgin, Spynie 2	Pre-acquisition	Amenity – general needs	£6.791 million	2019/20
Forres, Taigh Farrais	Pre-acquisition	Amenity	£1.276 million	2019/20
Bearsden (Partick HA)	Pre-acquisition	Amenity	£3.542 million	2019/20
Buckie, Highland Yard	Pre-acquisition	Amenity – general needs	£5.043 million	2019/20
Elgin, South Phase 1	Pre-acquisition	TBA	£5.730 million	2020/21
Keith, Banff Road Phase 2	Pre-acquisition	TBA	£4.703 million	2020/21
Forres, Mannachie Road Phase 1	Pre-acquisition	TBA	£3.762 million	2020/21
Elgin, South Phase 2	Pre-acquisition	TBA	£5.730 million	2022/23
Forres, Mannachie Road Phase 2	Pre-acquisition	TBA	£3.762 million	2022/23

Source: Hanover Scotland Housing Association, 2019.

Energy Efficiency Standard for Social Housing (EESSH)

The Scottish Government published on 30 March 2014 the EESSH and sets target energy efficiency standards to be met by all social housing by 2020. Revised guidance issued by the Scottish Government in February 2019 confirmed that the compliance date for EESSH was 31 December 2020.

The purpose of the EESSH is to cut carbon emissions in line with the targets set out in the Climate Change (Scotland) Act, enacted in 2009, and to alleviate the impacts of fuel poverty. The Scottish Government also has a statutory duty to end fuel poverty, as far as practically possible, by 2016. The standards are based on the SAP rating system used to measure the energy efficiency of a property through energy performance certificates, as this system is already used by social landlords when properties are relet.

Modelling by the Scottish Government projects that if the EESSH is met then there will be an average saving of £210 per year on tenants fuel bills and that there should be an aggregate carbon saving of 761 kilotonnes.

The Scottish Government modelled the results of improvements to a range of common Scottish house types, using what it defined as “reasonable measures”. These measures are:

- Condensing boilers;
- Double or secondary glazing;
- Heating controls;
- Storage heaters;
- Loft insulation top up;
- Cavity wall insulation;
- Fluorescent lighting;
- Floor insulation; and
- External solid wall insulation.

The minimum cost of compliance to Hanover with this new standard is estimated at £2.35m.

Two members of staff undertook training to become a Domestic Energy Assessor and are now qualified to carry out EPCs. This has immediately resulted in corrections being made to some EPCs which had wrongly been classified as a fail. In addition, it is now possible to run mock EPCs on properties to assess the sensitivity of different proposals. When an EPC is produced if gives a table of recommendations and the effect of these on the EPC figure. The Association has the ability to look at any recommendation either on its own or combined with other recommendations.

As at 31 March 2019, the Association had a current EESSH compliance rate of 95.06%. Taking account of exemptions Hanover is entitled to, the maximum level that can be achieved would be between 96 and 97%. The Association has a robust plan to meet this objective and is pleased that the progress to date compares favourably against the average compliance rate across all RSLs of 79.9% at 31 March 2018 and the final estimated sector compliance rate of 88%.

An EESSH review to assess progress and consider further milestones beyond 2020 has been carried out by the Scottish Government. The compliance levels for EESSH

version 2, to be effective in two stages in 2025 and 2032, will not now be published until later in 2019. The proposed levels for EESSH version 2 in the 2018 consultation paper are widely considered to be unachievable at reasonable cost. The Association will closely monitor development of the next energy standard with appropriate action being taken to meet future compliance targets.

Asset Management

The Associations asset management ensures that the stock provided by the Association, or planned for the future through acquisition or construction, fully contributes towards the achievement of the Associations strategic objectives.

This can only be achieved if it is affordable, of the right type and location and is of a good standard. Where stock no longer makes this contribution the Association evaluates whether further investment in the stock will solve the problem or whether other options should be considered.

The Asset Management Strategy is closely linked to the Association's strategic and operational plans, setting out the key activities required in order to have the housing stock required to achieve the Associations objectives.

For the Association to deliver good services for customers and provide a solid platform for improvement depends on our ability to make the most of property assets. Financial flows are dominated by income from assets and expenditure to look to look after them. Poor strategic asset management decisions can result in wasted resources and other inefficiencies. The Association recognises that good strategic asset management is core business for the Board responsible for housing.

The Association has a good understanding of who our customers are and what their wants and preferences are. Where possible, the Association will look into the future and use our knowledge of customers to adapt our approach to asset management.

This plan is written at a time when the peak years of Hanover's development is producing a corresponding peak in re-investment needed in our stock. Looking to the recent past, there has been a step change since 2011/12 in the amount of planned and cyclical maintenance investment made. The average annual investment from 2001/02 to 2010/11 was £2.4m. From 2011/12 to 2014/15 the average was £4.8m. These are significant levels of investment planned during the Business Plan period.

Based on expected investment levels for the next 5 years, the annual contribution from each rent to meet this investment is £1,234. This is just above the mid-point of the 'industry' standard which ranges from £1,050 to £1,350 per year.

The core principles of the Strategy take an integrated approach combining the management of the stock with business aims, objectives, customer consultation and feedback and ensure all stock (existing and new), its location, type and condition is what Hanover and our customers need in the future ensuring viability and continuing affordability for our tenants. The Board will assist in this process ensuring that there is a clear direction and path set for the future.

Hanover's asset management strategy will allow the Association to:

- Maintain a strategic approach to asset management that fits with the organisation's corporate objectives;

- Consider that good asset management starts at the design stage;
- Deal with housing stock which gives us cause for concern by taking an active, proportionate and sensible approach to problem solving;

- Extend major asset management work to include environmental and landscape improvements;

- Apply criteria to inform the assessment, including NPV appraisal, local strategic housing plans the new housing contribution statements to inform decision making;

- Annually update the NPV of our developments to show the best and poorest performing developments;

- Consult with customers and incorporate customer feedback into the above appraisals and with regard to replacement programmes;

- Be clear about changing patterns of demand amongst different client groups for our housing and the link this has with asset management appraisals;

- Meet all statutory and regulatory requirements;

- Use the best procurement methods and ensure cost conscious decision making;

- Ensure good quality data is held about our housing stock;

- Ensure that an effective management control and performance management system is in place to control expenditure and risk;

- Develop accurate projections to give a 30 year planned maintenance investment cycle including identifying any under resourced areas of future expenditure;

- Work collaboratively with Strategic Finance to inform our 30 year financial plan and develop five year rolling investment plans, building in strong performance management and flexibility to meet movement in annual plans;

- Meet the very challenging climate targets, complying with EESSH and meeting and actively working to address fuel poverty;

- Creatively use the stock asset base to periodically raise capital borrowed against loan-free stock to part fund new housing;

- Continue the recent trend of developing amenity developments to bring more balance to the stock reflecting extended lifespans and longer retirement years;

- Work collaboratively across all sections of Hanover and with key partners to achieve successful outcomes;

- Ensure that our customers are provided with quality information to help them use, operate and maintain the new appliances with ease;
- Ensure there are adequate staffing resources and expertise in place to deliver the plan; and

- Ensure that our corporate risk register identifies key risks and the methods required to manage these.

Development Strategy

The Association has created a new development strategy replacing the previous version written in 2008. Since then the Scottish Government's funding of development has maintained a public/private funding mix but has gone through several changes in grant level before arriving at the current benchmark fixed rate of £70,000 for a new 3 person property, £72,000 for 'greener' projects and more for larger properties.

The Scottish Government is hoping to deliver at least 50,000 affordable homes over the period 2017-2021 by providing over £3 billion of investment. The target represents a potential 67% increase in affordable housing supply – 35,000 of the 50,000 target will be for social rent, the balance being mid-market rent and shared ownership – both classified as 'affordable'.

Current grant levels are at their highest of the last ten years – in a response to the aftermath of the 2008 financial crisis when grant rates were reduced too much and new building dried up. Tender costs are building up again putting grant levels under pressure. The 2008 financial crisis also saw a big reduction in the number of developing associations. Uncertainty meant the prospect of risks increased. Only larger and financially stronger associations were able to take these on. An increasing number of smaller associations are now borrowing again but using larger associations as developing agents.

In 2018, development risk is still very much a fact of life but government grant levels have stabilised and the private borrowing environment has matured favourably. It means associations need to raise private finance for the balance of new scheme costs carrying the full risk if costs escalate. There is the potential for grant to be uplifted but this is determined on a project by project basis and subject to technical appraisal.

Both the Scottish Government and Scottish Housing Regulator take a close interest in associations with development programmes. Individual scheme and cumulative borrowing risks can produce financial overstretch. When this becomes critical, the financial health of the association can be undermined. Having a fully costed

development strategy with sustainable break-even periods that sets out plans and manages risk is therefore essential if the Association is to continue providing new homes.
Hanover's strategy aims to deliver the following:

- Continue as a developing RSL meeting the current Business Plan target of an average of 60-80 new units a year, increasing this if borrowing facilities permit. Housing for the elderly remains the core objective and new development will be within the current geographical footprint;
- Recognise the strategic role of local authorities and build on existing relationships. The Association will continue the high level of engagement with those local authorities with whom we already have a close relationship and initiating contact with others where a Hanover development would deliver mutual benefit;

- Raise development finance on a sustainable cycle – the size of programme reflecting the rate at which finance can be raised and new-loan free stock being available as security;

- Develop schemes aimed at different client groups avoiding new schemes producing deficit years in the annual accounts. Where appraisals show break-even points beyond year 30, these will need to be supported by a full risk assessment and balanced by schemes correspondingly below year 30 on an 80:20 basis, the ratio based on the private finance invested by Hanover;

- Financially appraise prospective schemes in the most accurate way possible and compare projections to actual figures from a sample that are in management;

- Concentrate on social rent as this best addresses the needs of our core client groups;

- Develop new housing for amenity, general needs and extra care client groups on a basis that meets need and balances capital cost for Hanover;

- Only buy sites with Scottish Government grant support in place unless there are circumstances to clearly justify otherwise;

- Recognise the strategic importance of developing close relationships with larger developers. Hanover will identify key developers with a strategy of site purchase and with whom we have mutual interest;

- View s75 developments and design and build contracts as a positive contribution to our new development and risk management;

- Progressively re-appraise older schemes and those with low demand making proposals to address the issues found;

- Commission schemes that comply with its design brief encouraging innovation where possible;

- Carry out post occupancy evaluations to improve the planning and building of future schemes;
- Ensure the Board are given information required to make an informed decision on whether or not to go ahead with new schemes;

- Use the PCS portal for tendering non-s75 contracts and set up a framework agreement for the appointment of consultants; and
- Ensure staff resources are matched to the level of development undertaken.

Planned Maintenance Strategy

The challenge of delivering year on year planned maintenance programmes has been heightened by the drive to maintain Scottish Housing Quality Standards (SHQS) compliance and to achieve the Energy Efficiency Standard for Social Housing (EESSH) standard by the 31 December 2020 deadline.

In order to position Hanover to deliver as close to 100% EESSH compliance as possible by 2020, the Association is adopting the following approach:

- A strategic realignment of annual spend and delivery programmes for the 3 year budget and works programme;

- Prioritisation of energy efficiency projects, maximizing EESSH compliance and making applications for grants whilst they are available;

- Prioritisation of gas replacements for storage heating in response to overwhelming customer demand and current economic advantages at the maximum rate possible within the programme;

- Batching of complementary contract tenders to reduce workload and achieve efficiencies; and

- Wider use of Framework Agreements to achieve further procurement efficiencies.

The highest priority the Association has over the coming three years is to achieve EESSH compliance by 2020. Other programmes are being assessed as part of the realignment to ensure the Association maintains focus on other compliance and responsive programmes through cyclical maintenance and day to day reactive repairs contracts.

To deliver the strategy, the Association will:

- Continue assessment of the remaining EESSH programme. Prioritisation of the projects needed for December 2020 compliance balancing budget, resources and period available. Firming up on eligible exemptions;

- Annual Planned Maintenance Programmes realigned to favour EESSH compliance projects;

- Deferral of storage heater replacements on compliant EESSH schemes in favour of necessary EESSH work elsewhere;

- Ongoing assessment and delivery of the normal planned maintenance projects such as kitchens, bathrooms, boilers and windows;

- Cyclical programmes such as painting, grounds maintenance tendered to deliver a geographical lot based approach encouraging SMEs and the inclusion of community benefits such as apprentices; and

- Strategic contract review of the day to day reactive repairs to consider the introduction of reward and abatement mechanisms.

Services

Hub and Spoke Project

Hanover has been looking at ways of recuing social isolation and loneliness for our residents by signposting, providing new services and continuously improving current services and policies.

To assist with the project, the Association has been actively building community connections and networks both locally and nationally. A key aim of the work was to provide signposting services to our residents. The project focused on building links with third sector organisations and has been piloted in five strategic pilot areas:

- Badenoch & Strathspey (Aviemore, Grantown-on-Spey, Kingussie and Newtonmore);
- Glasgow (Drumchapel and Patrick);
- Paisley;
- Bishopbriggs; and
- Ochil (Alloa, Alva, Kincardine and Tullibody).

Interviews were held with 70 residents across 21 developments discussing the things that mattered most to them. The methodology used appreciative inquiry based on the Nolan Senses framework with a specific approach using emotional touchpoints with word and picture cards. The emotional and cognitive touchpoints map to Nolan's Senses Framework of security, belonging, continuity, purpose, achievement and significance.

Analysis has been carried out from the interview transcripts to identify trends and to understand they key issues discussed in them. A number of common themes from the research centred on social activities, the new resident experience, improved information and communication, signposting of services and volunteering. A more detailed analysis on each of these areas is currently being carried out.

The project team continue to work with a group of staff to trial a number of improvements. Results so far have been mixed but unsuccessful ideas have provided valuable learning opportunities. A number of longer term ideas are being trialled:

- A digital training and tablet lending library;
- Changes to the resident welcome process;
- A community food project;
- Training residents to lead exercise classes;

- Launching exercise classes;
- Use of Amazon Echo devices; and
- Bi-weekly tea and toast mornings.

A Board strategy event will be held in April 2019 to discuss the project and how Hanover would like to take ideas forward. The project team will then report to Hanover's Board in May 2019 giving a full set of recommendations, lessons learnt and outlining the impact of the pilot project.

Procurement

Hanover completed a review of its procurement function during 2018/19 and decided that a wider strategic approach to procurement was needed to incorporate: added value; cost effectiveness; quality; customer satisfaction; and the need for contractors to embrace Hanover's values in their delivery.

Compliance with new Procurement Regulations and the pace of change was now placing significant demand on the business. Embedded practices within Hanover, which were in place before the current procurement legislation was introduced, are slowly disappearing but the pace of change to improve practice was inadequate. The review found some areas of good practice but also areas that required improvement due to a number of factors:

- An adherence to Hanover's historical procurement culture;
- Functional errors;
- Bureaucracy around procurement processes, templates and guidance that made it difficult for staff to follow; and
- A failure to identify the strategic 'whole system approach' in relation to procurement, which related to an essential continuous improvement cycle.

The review identified that a wider strategic approach that included: added value; cost effectiveness; quality; customer satisfaction; and a need for contractors to embrace Hanover's values in their delivery was required.

The outcome of the review recommended that a centralised procurement team be created and tasked with meeting new high compliance requirements and to deliver procurement in a consistent way across Hanover.

A strategy day will be held in autumn 2019 to discuss and agree an action plan.

Hanover Telecare

Hanover Telecare operates within the Customer Service Centre and has continued to grow successfully. The service provides call monitoring to 'grouped' and 'dispersed' alarm systems to customers in amenity, sheltered and very sheltered

housing developments. Hanover covers Telecare monitoring for the majority of its own housing developments as well as providing the service to other organisations, predominately housing associations and local authorities. In November 2017, Hanover Telecare celebrated its 30th birthday. It began in 1987, working out of a flat in Veitch's Square, Edinburgh providing telecare monitoring services to our own residents. Telecare now has two control centres in Edinburgh and Glasgow and receive over a million calls in a year.

Telecare additionally provides a repairs reporting service. This service is the monitoring of corporate customers out of hours emergency repairs calls, the co-ordination of a response by arranging a contractor to attend where necessary, and subsequent reporting of call activity to customers.

In the future, Telecare would like to provide additional Technology Enabled Care (TEC) services. These services may include:

- Mobile alarms including GPS devices;
- Video conferencing;
- Electronic monitoring of carers – integration of Apps and mobile services;
- Improved integration of SMS and e-mail alerts; and
- Responder, installer, contractor and carer co-ordination.

The Telecare service has its own detailed Business Plan which is updated annually with regular performance reports supplied to the Board. Throughout the period, Telecare continues to focus on maintaining its TSA code accreditation.

Section 3: Business and Environmental analysis

This section sets out the background to the development of our strategy in terms of our operating environment. It also details the steps that we have taken to inform our strategy.

30 Year Financial Plan

The base plan splits opening units between high demand (3,216 units) and low demand (1,009 units) and incorporates the following assumptions and development plans: rental growth is set as 3%; Consumer Prices Index (CPI) inflation at 2%; and Retail Prices Index (RPI) inflation at 3%.

Day to day maintenance is an average of £675 per unit based on historic data. Cyclical and revenue planned expenditure is estimated to be around £1 million per annum at current prices and inflated at RPI plus 1%.

The capitalised maintenance programme was provided by the Asset Management directorate and based over a 30 year period. Figures are subject to change and review on completion of the stock condition survey. The next two years of peak investment, 2019-20 and 2020-21, have been redistributed over a three year period starting from April 2021 and has produced a more equal distribution of capital expenditure.

Repayment of the SHAPS pension past service deficit (PSD) has been included for the next four years at £1.47 million.

Two new development, totalling 52 new homes, at Forres and Elgin will be completed by March 2020. Two further developments in Elgin and Buckie, delivering 68 new homes, are due for completion by December 2020. Further sites are under investigation and will be added to the plan following a feasibility report and approval by the Board.

From year 2022-23 the plan includes the completion of future development, where schemes have not been specifically identified. These have been included at 180 new units over every 3 years split 80/20, based on number of units, between amenity and extra care housing with an eighteen month delivery timescale. These have been included in the plan as 48 new amenity/general needs housing properties per annum and 36 new extra care housing every third year.

General assumptions have been made about cost, grant and rental income for future development. For amenity schemes the total cost per unit is £135,000, the grant rate is £74,000 (55%) and a weekly rent level of £88 (current prices). For extra care schemes the total cost per unit is £210k, the grant rate is £74,000 (35%) and a weekly rent level of £98 (current prices).

The new build programme average maintenance costs are included in the plan of £830 per unit, split as £580 reactive and £250 planned with a five year offset for all new identified and unidentified schemes.

The Association has not built in any assumptions around disposals or sales and does not include any building or development for sale.

The plan includes a voids assumption for current properties of 1.3% on high demand properties, 3% on low demand properties and 1.5% on all new identified and future development schemes.

Non-technical arrears and rent write offs are generally low due the client group and the plan includes a write off assumption of 0.1% which is in line with previous years actuals.

Interest rates on the Association's current borrowing are fixed any additional interest costs incurred as a result of additional borrowing required are included at LIBOR plus 1.5% per annum over the term of the plan. New borrowing will be required for the future development and included within this plan. Treasury Management and future borrowing arrangements will be included in the plan when they have been agreed.

The base plan Statement of Comprehensive Income indicates that the Surplus before Interest and Tax is on average £4.3 million or 9.1% per annum on turnover for the first ten years, against a target of 7% (RPI plus 4%) for the first ten years and averages an 10.8% surplus over turnover for the whole period. Income growth increases by an average 3.7 % per annum over the whole period of the plan and expenditure growth increases by on average 3.3% per annum over the plan.

The Net Assets or value of the organisation increases in real terms by on average 5.2% per annum over the period of the plan. The value of the organisation increases from £46.7 million to £204 million and the value of housing assets based on historical cost, net of depreciation, increases from £184 million to £490 million. This is as a result of both the development programme, increasing the number of units managed by 1,828 and the higher costs in the replacement of capitalised components than the historical cost being written down. All figures have the inflation assumption included.

The Cash Flow Statement shows the required borrowing over 30 years in order to meet an ongoing development programme, with a capital requirement of up to £30m over the next five years. Hanover has agreements in place to provide £8m.

The three key financial targets considered are Operating Margin, Interest Cover and Gearing. These targets give an indication of the financial wellbeing of the business and the latter two are also included in the financial covenants required by current lenders.

Under the current 30 year financial projections the operating margin is marginally below the target in three of the first four years and then above target from year five onwards. The interest cover and the two gearing covenants are met throughout the plan.

Sensitivity and Scenario Analysis

The key areas of risk to the financial plan is income reduction through lower rent increases or changes to welfare reform that may lead to a capping of the rent and service charge for supported long term housing and therefore could lead to an increase in arrears and voids. The other areas considered in the financial planning and risk is redevelopment of existing older stock and the scenario considers loss of income during a redevelopment programme. The last scenario considers what may happen to Housing Association Grant after the 50,000 new homes are delivered. Appendix 2 show the impacts of each scenario on the targets.

Although the current policy states that the rent increase each year will be based on the revised method of generating income to meet the expenditure in the year and the expected operating surplus over a rolling five year period, for the purposes of the 30 year plan the main rent assumptions are as set out above. Actual decisions made on rent increase proposals are then referenced back to the plan to ensure financial viability.

In scenario 1, if the rent in the plan was changed to be linked to CPI only (2% over the length of the plan) instead of 3% this would result in a reduction in turnover of just over £10 million over the first 10 years and £168 million over the period of the plan. The consequence of this is that the net asset value of the organisation falls from £204 million to -£23 million, moving into a deficit position in year 16. Looking at all targets this scenario is untenable and unsustainable.

Scenario 2 considers rent remaining at 3% until 2030 and thereafter 2% throughout the remainder of the plan. This is the same scenario considered as part of the financial business case for the combined organisation. This would result in no change to turnover over the first 10 years and a reduction of £93 million over the remainder of the plan. The consequence of this is that the net asset value of the organisation falls from £204 million to £91 million. In both instances it is as a result of increased borrowing costs. In scenario 1 it would be necessary to borrow to meet operating costs as well as the new build programme. In scenario 2 it would be to increase borrowing to maintain the new build programme instead of part funding from internal resources. Under both scenarios this can be evidenced by the impact on gearing in year 7 under scenario 1 and year 23 in scenario 2. The interest cover covenant is met throughout most of the plan with a small dip in year 26.

It is clear that the association is unable to offer rent increases linked to CPI for the next 10 years however it should be possible to offer this from year 10 of the plan but would require regular monitoring and adjustment to ensure compliance.

Scenarios 3 and 4 consider potential impacts of the new “Sheltered Rent” being proposed by the Westminster government for 2020. It is proposed that the level is regulated with the aim to secure cost control and annual caps to be applied. Whilst this consultation and change proposals are for England, Westminster have stated that the devolved administration will receive a level of funding equivalent to that which would otherwise have been available through the welfare system. Until more information is made available, we will not know what the level of funding will be. If

the rates are capped lower than our current rent and service charges this may impact
on the level of Housing Benefit payments that our residents will receive. Around 55% of our residents are in receipt of full or partial housing benefit.

As a result our rent and service charges may not be affordable to residents who may have to make up the shortfall in housing benefit and this may lead to lower demand for our properties and/or increased arrears and write offs.

Scenario 3 considers voids of 10% and 15% for high and low demand properties and scenario 4 at 5% and 10%. A recent report by HouseMark on the impact of welfare reforms on rent was an increase in staff costs to manage the collection of rent and arrears and an increase in write offs to 0.4% of rent due. These has been included in both scenarios.

Both of these scenarios have a significant negative impact on both the banking covenants of which the interest cover not being met during the first five years and the gearing covenant not being met from year 4 and 5. Turnover income in scenarios 3 and 4 falls though the increased voids by £101 million and £50 million respectively over the life of the plan. Further modelling of these scenarios assuming the impact on voids does of 3% and 5% for high and low demand properties does not occur for the first 3 years of the plan and restricting write offs to 0.2%, has a much smaller impact on all targets, with the gearing target coming back within 30%. It is important that Hanover continue to lobby Scottish Government on the funding of supported housing in order to be able to deliver much needed and wanted services.

Scenario 5 gives consideration to potential changes made to the future level of HAG funding once the 50,000 Scottish Government new build target has been achieved. HAG funding is still at a high of £74,000 per unit, which is 55% and 35% of the new build cost per unit for amenity and extra care housing and set to encourage achievement of the target. Two sensitivity checks were undertaken on the plan for this scenario. If funding fell to £40k per unit then the gearing covenant, due to additional borrowing of private finance would not be achieved beyond year 7. However as can be seen by scenario 5 provided in the pack and graphs if the funding fell to £55,000 per unit although this would increase our gearing level we would still be within the limit.

It is clear from the above scenarios that the key area of risk for the association is income reduction either through lower rent increases, increased void levels through decreased demand and significant reductions in HAG funding. In scenarios 1, 3 and 4 the interest cover target is not met. This is mainly due to the tight budget and high maintenance expenditure over the next 5 years, and the same scenarios also result in the gearing target not being met.

There is an additional risk associated with extra care / very sheltered units around the higher service charge associated with this type of housing provision where changes to government policy and welfare reform can have an impact on affordability. It is imperative that all future development schemes, that have 30 year financing commitments, are risk assessed taking into account the impact of short term revenue commitments (3 years) by social work and Health Boards.

Rent Increase

The key factor in determining our rent policy is the affordability of our properties for tenants and prospective tenants. Rents are set at a level to meet anticipated expenditure on all repairs, loan repayments and overheads. The residual surplus should be sufficient to meet target contribution levels to reserves.

We need to ensure that we achieve a balance between the level of services that we provide, the cost of the services and how far current and prospective tenants and service users can afford to pay for them. We will ensure that tenants get clear information about how we calculate rental increases and how rent and other income is spent.

We are determining annual rent increases using a 'bottom up' approach together with a view to the impact of the 30 year plan. Any required increase in rent levels will be made with reference to the above considerations rather than current or future inflation levels (rates of inflation are used as contextual information).

An independent review of the rent policy was carried out by Newhaven Research during 2016/17 focusing on rents, rent setting and affordability. It was noted that rent levels were considered to be extremely competitive compared to others and that a number of organisations were reducing complexity of their own rent setting policies to be more streamlined and similar to that of Hanover. The current rent policy gave some flexibility for rents to be set differently where a development had a particular or unique feature e.g. high level of energy efficiency such as Passivhaus. The current rent setting structure and policy were working well and that no further action or amendment was required at this time.

The Association consults with tenants each year on the proposed rent increase. During 2018/19 the Association gave tenants an option to vote for either a 3.5% or 3.75% rent increase from April 2019. The implications for voting for either increase were provided to tenants. The results of the consultation exercise were reported back to the Board with a 3.5% rent increase being implemented for 2018/19.

Key financial information[3] relating to the plan period is:

	Actual 2017/18	**Actual 2018/19**	**Budget 2019/20**
Turnover	£36.289m	£37.833m	£39.154m
Operating Surplus	£4.479m	£2.463m	£2.687m
Surplus for the year after interest and tax	£3.312m	£0.801m	£0.785m
Balance Sheet value	£44.341m	£43.363m	£46.693m
Closing cash balance	£1.969m	£7.433m	£2.832m
% surplus of Turnover[1]	12.4%	6.5%	6.9%
Loan drawdown[2]	£0m	£8m	£7m

Gearing	17%	21.6%	19%

1: Following the introduction of the Accounting Standard FRS102 our objective is to have an average return of at least 10% per annum over a five year period. A 10% return (operating surplus as a % of turnover) is not achievable and has not been budgeted for in 2019/20.

2: The £8 million drawdown in 2018/19 is part of the funding facility approved previously.

3: 2018/19 are draft unaudited figures. 2019/20 are from the budget pack.

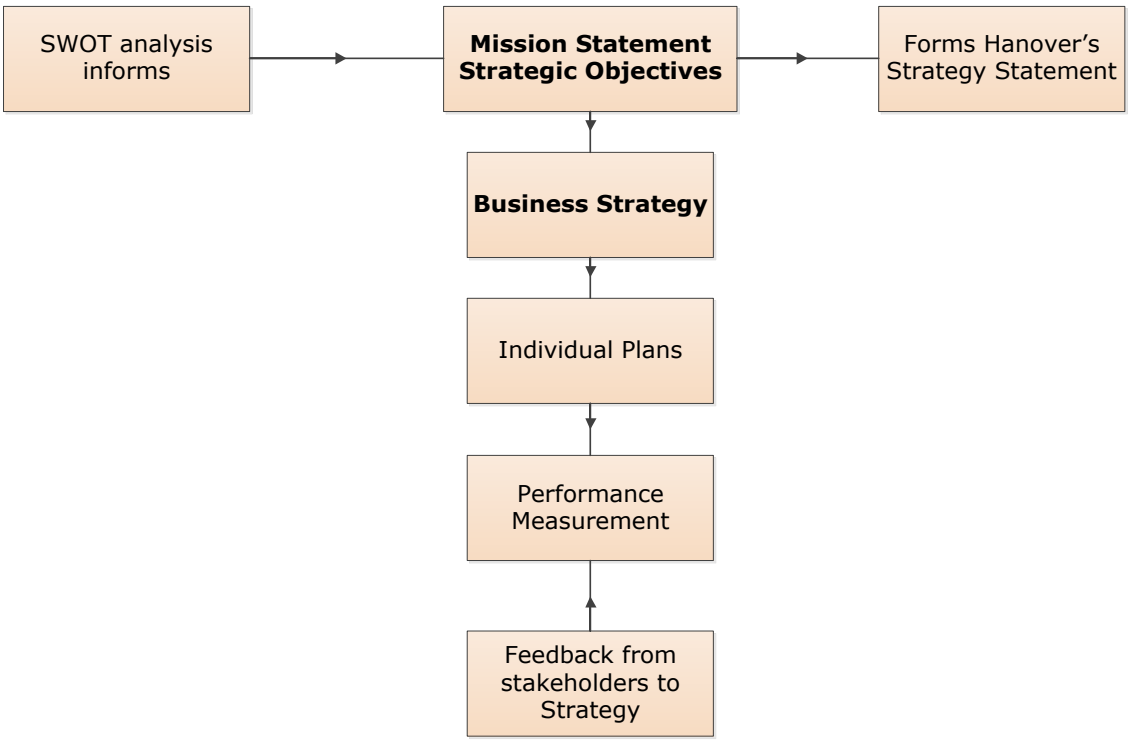
Our target is to keep overheads to 20% or less of our turnover. The approved budget for 2019/20 included overheads at 21% of turnover. More detailed financial projections are given at Appendix 1.

Strategic Management, Implementation and Control

The diagram below demonstrates how our business planning process is conducted.

The Business Planning Process

Strategic Management, Implementation & Control



We commenced our strategic review with a comprehensive analysis of our strengths, weaknesses, opportunities and threats (SWOT).

The results of this analysis are set out as follows:

SWOT Analysis

Strengths	**Weaknesses**
Healthy financial position	Some housing requires upgrading/remodelling
Skilled committed staff	Customer Services
Strong value base	Communication
Good reputation	Marketing
Charitable status	Expert knowledge in emerging fields
Quality and range of services	
Health & Safety management	
Flexibility	
Forward looking	
Property Management	
Expertise in providing housing and services to older people	
Opportunities	**Threats**
Partnership working/shared services	Affordability of increasing costs including energy supply costs
Change Fund	Changing statutory policies
Hanover Telecare	Changing aspirations
Care at Home	Reduced funding and availability of finance
Factoring Service	Increased legislation
Tendering for services	Health and Safety
	Private Sector Competition

This SWOT analysis enabled us to:

- Identify our key strategic priorities and actions, as set out in Section 1; and

- Build on our strengths and reduce our exposure to risk.

Benchmarking and Performance Analysis

The Association is an active member of both Scotland's Housing Network and HouseMark Scotland. This provides Senior Managers with access to comparative and contextual reporting information from a range of housing providers across Scotland. Information provided has been valuable and informative in comparing performance statistics with other organisations.

In November 2018, HouseMark Scotland delivered a performance analysis presentation benchmarking the Association with its peers. This comprises similar

organisations who provide services for older people or other groups with specialist needs or operates across a wide geographic area.

Below is a summary of the HouseMark Scotland findings in relation to the Association's performance:

	Hanover	Peer Median
Overheads overall		
Overheads as % of direct revenue costs	20.6%	32.2%
Major works		
Major works: total cost per property	£1,280	£943
Satisfaction with quality of home	92.6%	88.5%
Cyclical maintenance		
Cyclical maintenance: total cost per property	£244	£272
Gas safety certificates by anniversary	96.8%	100%
Responsive repairs		
Responsive: total cost per property	£710	£513
Average cost of a responsive repair	£149	£115
Satisfaction with last repair	98.7%	93.4%
Average days for non-emergency repairs	4.4	5.1
Void repairs		
Void repairs: total cost per property	£135	£223
Average cost of a void repair	£544	£2,036
Satisfaction with home when moving in	89.2%	89.4%
Properties vacant and unavailable to let	0.86%	0.3%
Housing management: overall		
Direct cost per property	£282	£286
Average pay cost per direct employee	£29,624	£36,368
Staffing (WTE) per 1,000 units	9.3	6.7
Rent collection and arrears management		
Direct cost per property	£50	£94
Rent collected as % rent due	101.54%	99.69%
Current tenant arrears as % rent due	1.7%	2.9%
Evictions due to arrears as % of all tenancies	0.03%	0.29%
Arrears written-off as % of rent due	0.07%	0.56%
Lettings and tenancy management		
Lettings – direct cost per property	£51	£44
Average (standard) re-let days	28	27
Tenancy management – direct cost per property	£37	£72
Void loss as % of rent due	1.93%	0.99%
Tenancy turnover	14.82%	9.1%
Anti-social behaviour		
Direct cost per property	£8	£32
Direct cost per case	£675	£675
New cases per 1,000 properties	13	53
Satisfaction with case handling	76.6%	81.0%
Resident involvement		
Direct cost per property	£136	£35

Satisfaction with being kept informed	89.8%	89.8%
Satisfaction with opportunities to participate	78.5%	82.5%
Estate services		
Direct cost per property	£499	£126
Satisfaction neighbourhood management	85.4%	85.2%
Satisfaction		
Overall satisfaction	92.3%	90.2%
Satisfaction with rent VFM	85.8%	85.7%

Source: HouseMark Scotland, 2018

The Association performs well in relation to providing a service which delivers good value for money and has an excellent record of arrears management. Above average customer satisfaction levels, low rental cost and a below average housing to staff ratio indicates that the Association operates an efficient business.

The analysis has identified learning points and a number of statistical measures that need to be supplied. The Association will identify members in the group who are performing well and actively engage with them to identify best practice. Further KPIs are being developed to monitor and improve on staff absences and costs.

Key performance indicators with closest peer group members are as follows:

2017/18	**Bield**	**Hanover**	**Trust**
Average weekly rent increase	3.0%	3.0%	3.5%
Average weekly rent for 2 apartments	£136.58	£109.46	£126.28
Percentage of tenants satisfied with overall service	84.7%	92.3%	90.6%
Average number of hours to complete emergency repairs	4.4 hours	3.5 hours	4.3 hours
Average number of days to complete non-emergency repairs	4.6 days	4.4 days	6.3 days
Percentage reactive repairs completed right first time	94.0%	95.1%	93.8%
Average days to relet	41.1 days	30.3 days	56.0 days

Source: Scottish Housing Regulator, 2019.

Regulatory Framework

The Scottish Housing Regulator (SHR) launched a new Regulatory Framework and statutory guidance on 1 April 2019. As part of the new Regulatory Framework, Hanover received its first Engagement Plan where the SHR said it was engaging with Hanover as it was systemically important (due to the level of turnover) and is one of the larger developers of new affordable housing in Scotland and receives significant public subsidy to achieve this. The SHR will give Hanover, and all other registered social landlords, a Regulatory Status (either compliant, working towards compliance and statutory action) in March 2010.

The SHR has set out a proposed clear list of regulatory requirements for landlords. The key requirement for Hanover is to focus on:

- Meeting Standards of Governance and Financial Management;
- Achieving the Scottish Social Housing Charter;
- Meeting legal duties in housing and homelessness, including human rights, equalities duties and in tenant safety; and
- The importance of tenant feedback and learning from complaints.

Hanover will be undertaking continuous and a rolling approach to self-assurance during 2019/20 to assure itself, tenants and the SHR that it is doing the right thing by achieving the Charter, managing risk and meeting legal duties. Key areas that Hanover will focus on include:

- Collating evidence to support the Annual Assurance Statement;
- Ensure the whistleblowing policy is up to date;
- Having effective arrangements to learn from complaints;
- Make easily accessible information on the governing body;
- Provide governing body minutes;
- Involve tenants in the preparation and scrutiny of performance information; and
- Have evidence that Hanover considers equality and human rights issues properly when making its decisions.

This will culminate in Hanover submitting its first short and succinct Annual Assurance Statement in October 2019. Hanover will use the Annual Assurance Statement to assure itself that it is focusing on the right things, delivering what tenants want and need, at a price that they can afford to pay. Hanover will continue to actively engage with its tenants and customers to gain an important and objective view of how it is performing against the Charter.

Summary - Statement of Comprehensive Income -Budget 2019-21

Period: 01 April 2019 - 31 March 2049	2020 Forecast	2021 Forecast	2022 Forecast
	£000's	£000's	£000's
Total Turnover	39,168.70	40,785.10	42,425.70
Turnover Growth %	***#DIV/0!***	***4.1%***	***4.0%***
Operating Expenditure	-36,622.90	-38,317.60	-39,073.90
Expenditure Growth %	***#DIV/0!***	***4.6%***	***2.0%***
Other income			
Operating Surplus/(deficit)	**2,545.90**	**2,467.50**	**3,351.80**
Operating Surplus to Turnover %	***6.5%***	***6.1%***	***7.9%***
Gain/(loss) on disposal of fixed asset			
Interest Receivable	18.6	10.3	11.5
Interest and financing costs	-1,789.60	-2,066.20	-2,268.30
Surplus before tax	**774.8**	**411.5**	**1,095.00**
Taxation			
Surplus after tax	**774.8**	**411.5**	**1,095.00**
Actuarial loss/gain in respect of pension schemes			
Surplus/Deficit Adjustments Total			
Comprehensive Income for the year	**774.8**	**411.5**	**1,095.00**

Consolidated Statement of Financial Position -Budget 2019-21

Period: 01 April 2019 - 31 March 2049	2020 Forecast £ 000's	2021 Forecast £ 000's	2022 Forecast £ 000's
Fixed Assets			
Intangible assets and goodwill	187.5	193.1	198.9
Tangible fixed assets	190,166.10	196,943.30	202,264.00
Fixed Assets Total	**190,353.60**	**197,136.40**	**202,462.90**
Current Assets			
Trade and other debtors	1,983.30	1,983.30	1,983.30
Investments CA			
Cash and cash equivalents	2,618.70	2,530.10	2,795.10
Current Assets Total	**4,602.10**	**4,513.40**	**4,778.40**
Less - Creditors - amounts due within 1 year	-8,723.00	-8,723.00	-8,723.00
Net current assets/liabilities	**-4,120.90**	**-4,209.60**	**-3,944.60**
Assets less current liabilities Total	**186,232.60**	**192,926.80**	**198,518.30**
Creditors - amounts due after more than 1 year	-135,506.80	-143,267.50	-149,086.00
Provisions for liabilities			
Pension provisions	-4,043.00	-2,565.00	-1,243.00
Net assets Total	**46,682.80**	**47,094.40**	**48,189.30**
Growth %	***#DIV/0!***	***0.9%***	***2.3%***
Reserves			
Income and Expenditure Reserve	46,682.80	47,094.40	48,189.30
Total reserves	**46,682.80**	**47,094.40**	**48,189.30**

Consolidated Statement of Cash Flow - Budget 2019-21

Period: 01 April 2019 - 31 March 2049	2020 Forecast	2021 Forecast	2022 Forecast
	£000's	£000's	£000's
Total Receipts	36,443.90	38,012.00	39,584.60
Total Payments	-16,749.00	-17,429.10	-17,126.00
Cash Paid To Employees	-15,041.10	-15,492.30	-15,957.10
Cash flow from Operating Activities	**4,653.80**	**5,090.50**	**6,501.50**
Provisions for tax			
Surplus for the year	**4,653.80**	**5,090.50**	**6,501.50**
Net cash generated from operating activities	4,653.80	5,090.50	6,501.50
Cash flow from investing activities			
Purchase of tangible fixed assets	-18,972.20	-13,571.30	-12,482.30
Grants received	5,470.00	2,423.50	4,662.40
Interest Received (cash)	18.6	10.3	11.5
Total Cash flow from investing activities	**-13,483.60**	**-11,137.50**	**-7,808.40**
Cash flow from financing activities			
Interest paid	-1,789.60	-2,120.50	-2,392.20
New secured loans	7,000.00	13,890.90	6,000.00
Repayment of borrowings	-790.9	-5,812.10	-2,035.80
Total Cash flow from financing activities	**4,419.50**	**5,958.30**	**1,572.00**
Cash & cash equivalents at the beginning of year	**7,029.00**	**2,618.70**	**2,530.10**
Net Change in Cash & cash equivalents	**-4,410.30**	**-88.6**	**265**
Cash & cash equivalents at the end of year	**2,618.70**	**2,530.10**	**2,795.10**

KPI's | Budget 2019-21 | Plan

Start date: 01 April 2019 | End date: 31 March 2049

	2020	2021	2022
EBITDA MRI	123%	136%	145%
Gearing Lloyds	19%	23%	25%
Gearing RBS	14%	16%	17%
Debt / Unit	9,695	11,281	12,053
Net Debt / Unit	9,190	10,810	11,527
Borrowings to housing property cost	16%	18%	18%

Sensitivity Analysis

Appendix 2

Hanover Scotland Dashboard May 2019

Description Impact of changes to base plan

Date May-19

Version:

Base Assumptions

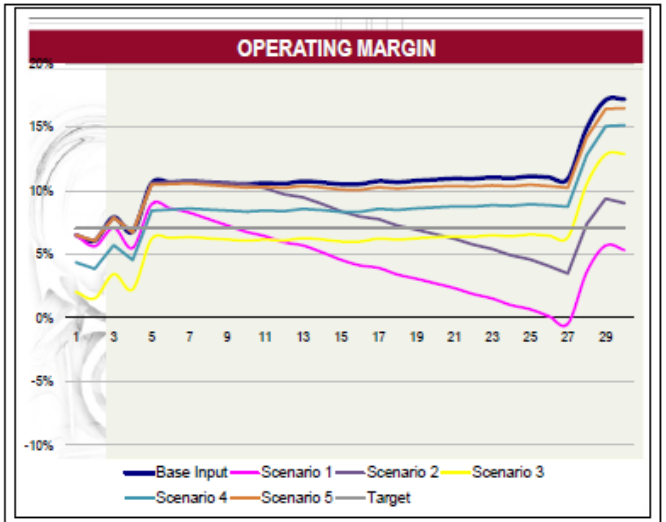
LIBOR	2.48%
Average Interest Rate	3.78%
RPI	2.89%
CPI	1.97%
Real Earnings Inflation	0.00%
Real Lease Charges Inflation	0.00%
Real Supporting People Inflation	0.00%
Real Management Charge Income Inflation	0.00%
Real Repairs And Maintenance Inflation	3.86%
Real Building Costs Inflation	3.8600%
Real Land Costs Inflation	0.00%
Real Property Inflation	0.00%

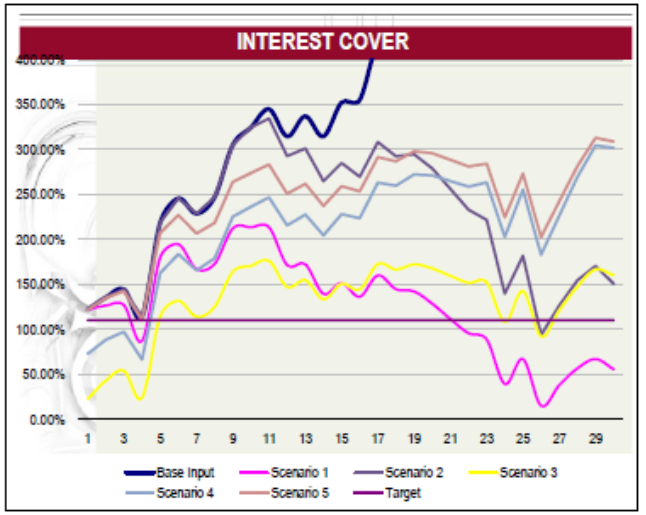
Sensitivities tested

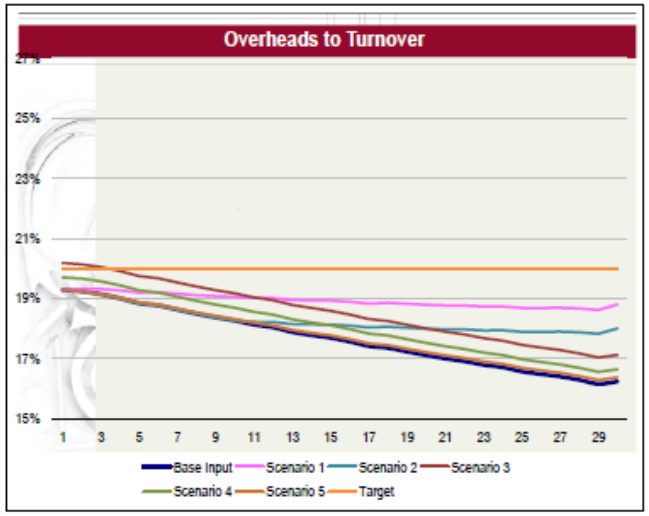
Scenario 1: Rent restrictions - link to CPI []
Scenario 2: Rent increase restricted to CPI for first 5 years then CPI plus 1% []
Scenario 3: Increased voids 10%/15% Write off at 0.4% []
Scenario 4: Increased voids 5%/10% Write offs at 0.4% []
Scenario 5: HAG funding reduced to £55k per unit []
[]

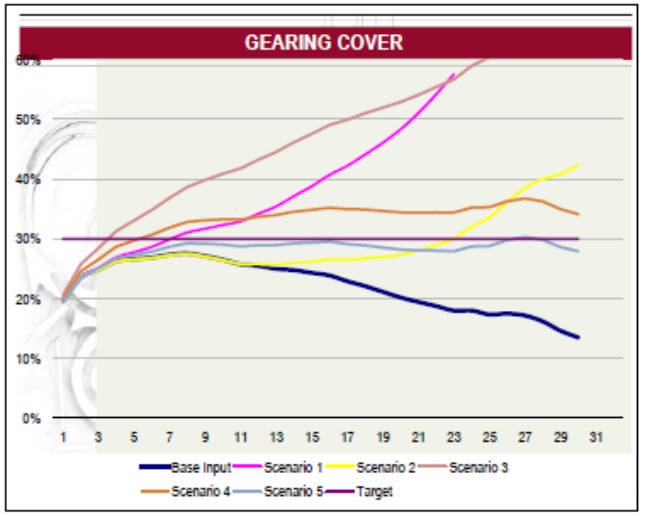
NOTE
The various graphs below present the outputs of each scenario for a variety of KPIs.

TIP!
Selecting Print will print out the full dashboard. To get a single graph printed on a single page, just click on the graph and then select print.









Risk Register – Hanover Scotland Housing Association

Appendix 3

Risk Ref	Risk Event	PESTLE (1)	Within Appetite?	Current Risk Rating	Target Risk Rating	Accountable	Status	Review Date	Date Last Reviewd	Days Overdue
STR0027	If the Safeguarding policies, procedures and any audit recommendations are not in place and adhered to then we may place vulnerable customers at risk	Social / Reputational	No	16	6	Chris Milburn	Treat	04/07/2019	04/04/2019	0
STR0028	If the Association pay structure is not competitive then we may fail to recruit and retain staff which would have a negative impact on service delivery	Economic / Financial	Yes	15	3	Adam Curry	Treat	04/07/2019	04/04/2019	0
STR0023	If funding for supported housing reduces and there is no suitable alternative design, or if the new design involves significant redundancy costs, then the impact could put the Very Sheltered (VS) developments and care services in jeopardy	Economic / Financial	Yes	15	4	Chris Milburn	Treat	04/05/2019	04/04/2019	0
STR0020	If the Association breaches compliance with GDPR then there could be significant reputational and financial implications	Social / Reputational	Yes	12	3	All CO's	Treat	01/07/2019	01/04/2019	0
STR0003	If the Business Continuity Plan does not address the identified key risks throughout the Association then there could be systematic failures across the organisation	Social / Reputational	Yes	12	2	Adam Curry	Treat	04/07/2019	04/04/2019	0
STR0015	If funding for supported housing reduces then the impact on SHELTERED development finances and services would be in jeopardy	Economic / Financial	Yes	9	4	Chris Milburn	Treat	04/07/2019	04/04/2019	0

Risk Register – Hanover Scotland Housing Association

Appendix 3

Risk Ref	Risk Event	PESTLE (1)	Within Appetite?	Current Risk Rating	Target Risk Rating	Accountable	Status	Review Date	Date Last Reviewd	Days Overdue
STR0016	If the Association is victim of Cyber Crime/Ransom-ware then the loss of access to all our systems would mean significant downtime/business interruption	Social / Reputational	Yes	9	4	Chris Milburn	Treat	04/07/2019	04/04/2019	0
STR0014	If the economic circumstances of Brexit impact on the UK Government, then there could be significant impact to the Association in relation to: finances - potentially higher borrowing costs Employment Law	Political	Yes	6	2	Karen McIntosh	Treat	25/08/2019	25/02/2019	0
STR0005	If a contractor (major/long term) is substituted/goes into administration then there is potential significant negative financial/customer/legislative impact to the Association	Social / Reputational	Yes	4	4	Mark Farey	Tolerate	04/10/2019	04/04/2019	0
STR0007	If the Association does not remain financially viable then liabilities would not be paid and it would become insolvent	Economic / Financial	Yes	4	4	Karen McIntosh	Tolerate	22/04/2019	22/10/2018	0
STR0019	If Scotland becomes independent by the end of 2020, then the impact on the financial viability of the Association/covenants is currently unknown	Political	Yes	3	2	All CO's	Tolerate	04/10/2019	04/04/2019	0
STR0024	If the Association was not aware of it's Housing stock materials/build types then we would be unable to report back to Government, providing assurance around legislative compliance	Social / Reputational	Yes	3	3	Mark Farey	Tolerate	04/10/2019	04/04/2019	0

Risk Register – Hanover Scotland Housing Association

Appendix 3

Risk Ref	Risk Event	PESTLE (1)	Within Appetite?	Current Risk Rating	Target Risk Rating	Accountable	Status	Review Date	Date Last Reviewd	Days Overdue
STR0029	If following ONS reclassification dilution of regulator powers is seen as negative by lenders this may lead to increasing lending margins and more costly borrowing.	Economic / Financial	Yes	2	2	Karen McIntosh	Tolerate	04/10/2019	04/04/2019	0
STR0008	If the Association suffers stock deterioration then the cost of maintenance increases, the demand decreases and we are vulnerable to non compliance	Economic / Financial	Yes	1	1	Mark Farey	Tolerate	04/10/2019	04/04/2019	0
STR0032	TO BE INCORPORATED INTO SRR Arklet / Hub & Spoke / Procurement / Smart Housing	Unassigned	Unassigned	0	0	Karen Jamieson	Treat	25/08/2019		0

Risk Register – Arklet-Hanover Partnership

Appendix 4

Risk Ref	Risk Event	PESTLE (1)	Within Appetite?	Current Risk Rating	Target Risk Rating	Accountable	Status	Review Date	Date Last Reviewd	Days Overdue
ARK0022	If the staff consultation and TUPE process and the integration of staff are not managed effectively then this could result in staff departures, potential employment claims and low staff morale which could impact on the partnership process	Legislative	No	20	1	Adam Curry	Treat	11/04/2019	28/03/2019	4
ARK0017	If tenant consultation is not effective then SHR consent will not be achieved and there will be an unsuccessful ballot	Social / Reputational	Yes	12	1	Lynn McCulloch	Treat	28/04/2019	28/03/2019	0
ARK0015	If lender consent results in restrictions to the business I.e. significant costs/changes to the T&Cs then this could compromise the viability of the partnership	Economic / Financial	Yes	9	1	Amy Dougan	Treat	20/04/2019	20/03/2019	0
ARK0019	If there is ineffective consultation and communication with stakeholders which results in negative feedback or resistance to the proposal, then this could affect consent of the business case	Social / Reputational	Yes	9	1	Lynn McCulloch	Treat	28/04/2019	28/03/2019	0
ARK0016	If the business case is not robust enough then the regulator may not permit tenant consultation	Legislative	Yes	8	1	Amy Dougan	Treat	20/05/2019	20/03/2019	0
ARK0012	If insurmountable issues emerge from due diligence and either party withdraws then there would be reputational damage and abortable costs to both parties	Economic / Financial	Yes	8	1	Amy Dougan	Treat	03/04/2019	20/03/2019	12

Risk Register – Arklet-Hanover Partnership

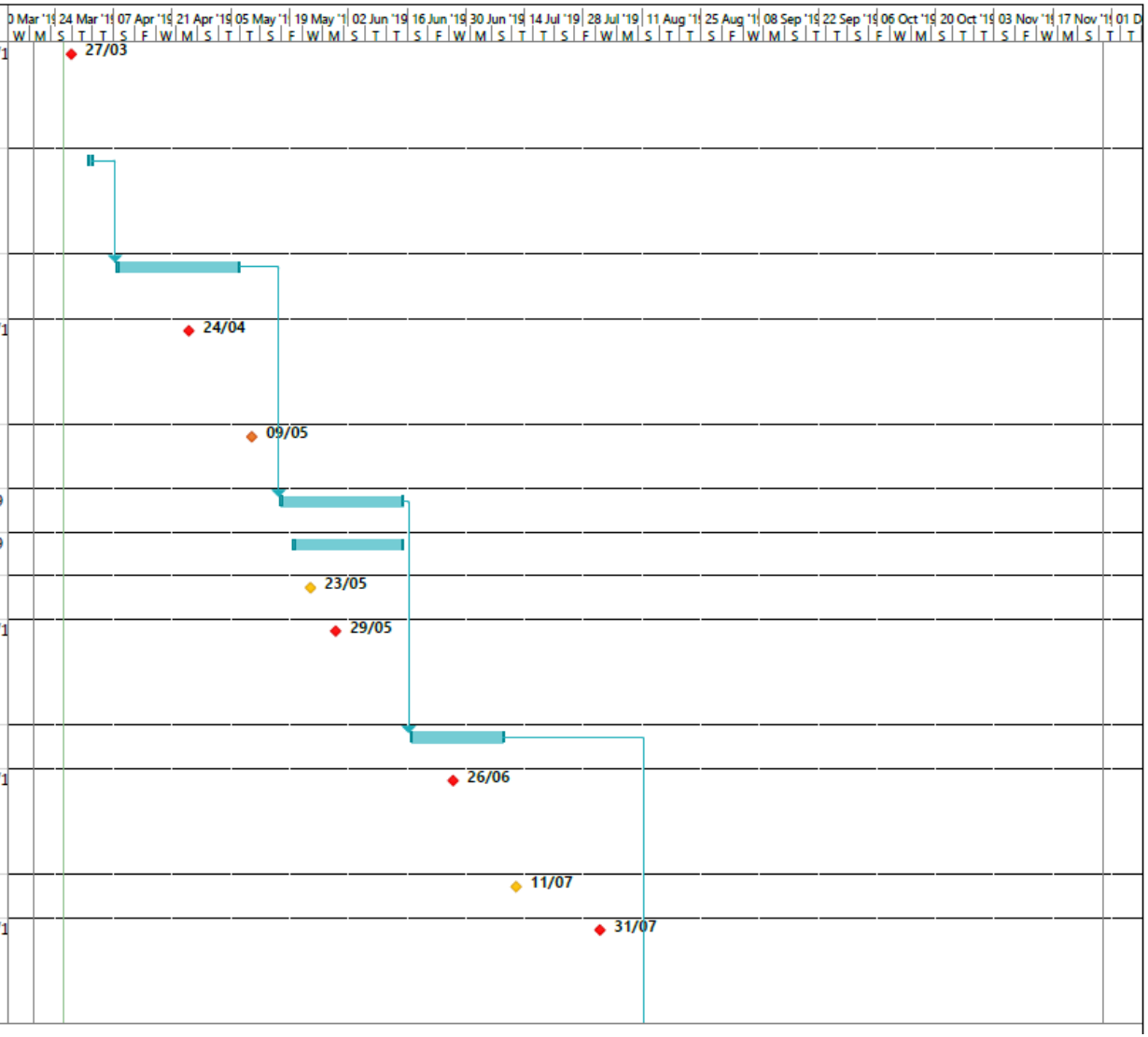
Appendix 4

Risk Ref	Risk Event	PESTLE (1)	Within Appetite?	Current Risk Rating	Target Risk Rating	Accountable	Status	Review Date	Date Last Reviewd	Days Overdue
ARK0018	If there is ineffective communication with members then this would result in failure to achieve consent at the general meetings	Social / Reputational	Yes	8	1	Lynn McCulloch	Treat	04/04/2019	04/02/2019	11
ARK0013	If due diligence highlights a major issue then the offer of HSHA may change, along with the structure which would result in delay to the project	Social / Reputational	Yes	6	1	Amy Dougan	Treat	11/04/2019	28/03/2019	4
ARK0020	If the partnership workload is beyond the capacity of senior management then this could result in damage to the partnership and also failure to achieve other key business objectives	Social / Reputational	Yes	6	1	Amy Dougan	Treat	27/03/2019	20/03/2019	19
ARK0023	If we fail to achieve partnership objectives, as outlined in the business case, then this could result in increased scrutiny from the regulator and stakeholders	Social / Reputational	Yes	4	1	Helen Murdoch	Treat	28/07/2019	28/01/2019	0
ARK0021	If a transfer of engagement is a cessation event, from a pensions perspective, then this will have a negative impact on the immediate business objectives of HSHA	Economic / Financial	Yes	1	1	Karen McIntosh	Treat	18/05/2019	18/03/2019	0

Gantt Chart – Arklet-Hanover Partnership

Appendix 5

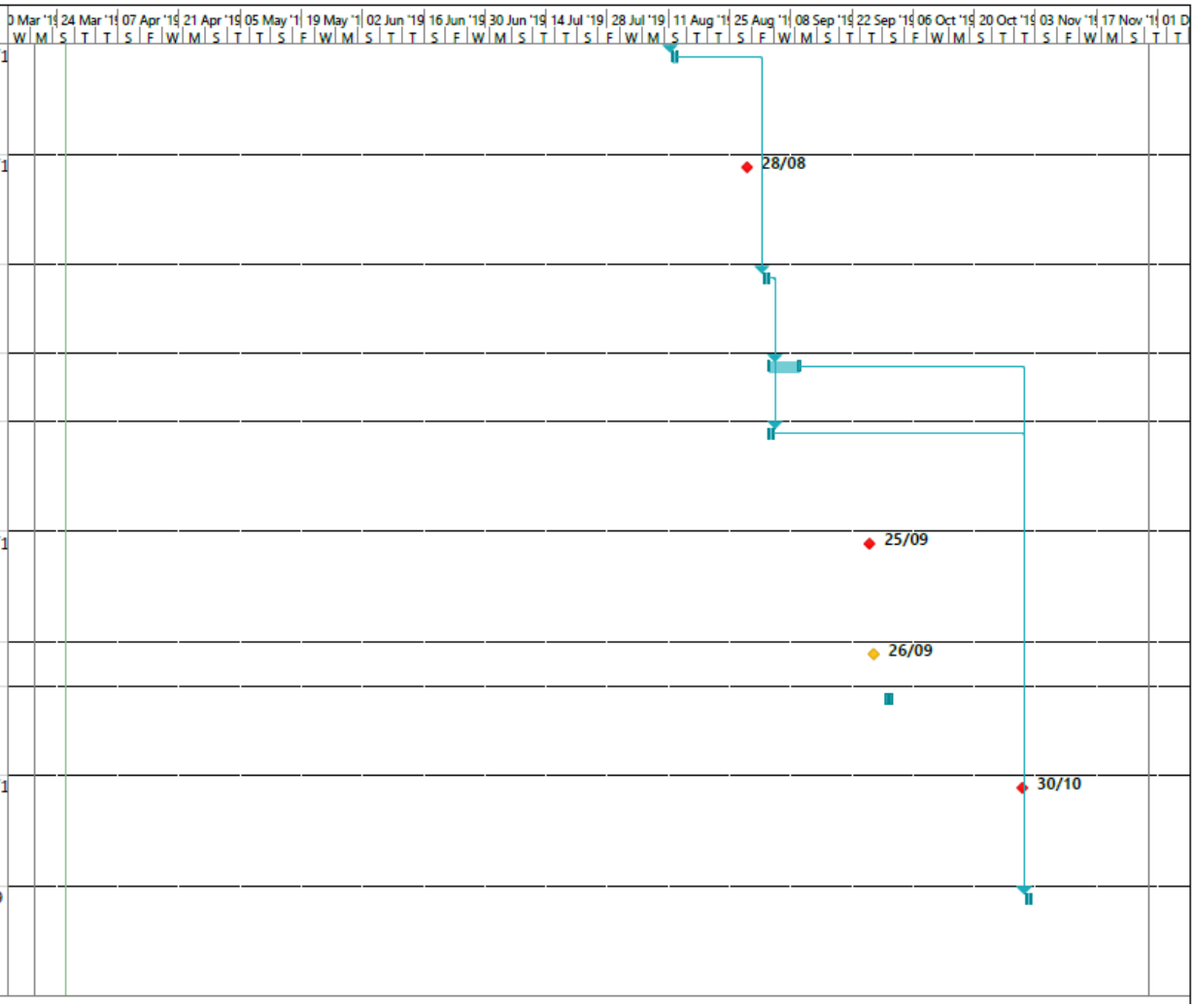
ID		Task Mode	Task Name	Duration	Start	Finish
1			Arklet Board meeting	1 day	Wed 27/03/1	Wed 27/03/1
2			Final submission of business case to SHR (following 27th March Board meetings)	1 day	Mon 01/04/19	Mon 01/04/19
3			1st Tenant Consultation period (28 days)	29 days	Mon 08/04/19	Mon 06/05/19
4			Arklet Board meeting	1 day	Wed 24/04/1	Wed 24/04/1
5			TofE Strategic Steering Group Meeting	1 day	Thu 09/05/19	Thu 09/05/19
6			2nd Tenant Consultation period	29 days	Fri 17/05/19	Fri 14/06/19
7			Arklet Member Consultation	26 days	Mon 20/05/19	Fri 14/06/19
8			Hanover Board meeting	1 day	Thu 23/05/19	Thu 23/05/19
9			Arklet Board meeting	1 day	Wed 29/05/1	Wed 29/05/1
10			Tenant Ballot (minimum 28 days)	22 days	Mon 17/06/19	Mon 08/07/19
11			Arklet Board meeting	1 day	Wed 26/06/1	Wed 26/06/1
12			Hanover Board meeting	1 day	Thu 11/07/19	Thu 11/07/19
13			Arklet Board meeting	1 day	Wed 31/07/1	Wed 31/07/1



Gantt Chart – Arklet-Hanover Partnership

Appendix 5

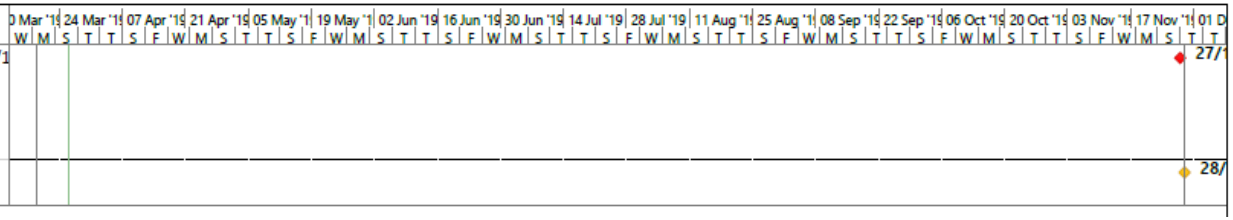
ID		Task Mode	Task Name	Duration	Start	Finish
14			Arklet SGM1	1 day	Mon 12/08/1	Mon 12/08/1
15			Arklet Board meeting	1 day	Wed 28/08/1	Wed 28/08/1
16			Arklet SGM2 (needs to be held at least 14 days & no more than 1 month from SGM1)	1 day	Mon 02/09/19	Mon 02/09/19
17			Notification of SGMs outcome to SHR, FCA & OSCR	7 days	Tue 03/09/19	Mon 09/09/19
18			Application for registration of the resolution to FCA (within 14 days from SGM2)	1 day	Tue 03/09/19	Tue 03/09/19
19			Arklet Board meeting	1 day	Wed 25/09/1	Wed 25/09/1
20			Hanover Board meeting	1 day	Thu 26/09/19	Thu 26/09/19
21			Final consents from all Arklet and Hanover lenders to TofE	1 day	Mon 30/09/19	Mon 30/09/19
22			Arklet Board meeting	1 day	Wed 30/10/1	Wed 30/10/1
23			RSL is deregistered	1 day	Fri 01/11/19	Fri 01/11/19



Gantt Chart – Arklet-Hanover Partnership

Appendix 5

ID		Task Mode	Task Name	Duration	Start	Finish
24			Arklet Board meeting	1 day	Wed 27/11/1	Wed 27/11/1
25			Hanover Board meeting	1 day	Thu 28/11/19	Thu 28/11/19



Priority Actions

Appendix 6

Strategic Objectives	Ref	Priority Actions	Timescale	Lead Director
People				
Arklet Housing Association	P1	Completion of the Implementation Plan.	2019/20	Organisational Services
	P2	Partnership Committee to assess and support partnership implementation process.	2019/20	Chief Executive
	P3	Detailed analysis of Arklet rent and service charge components.	2019/20	Strategic Finance
	P4	Efficiency improvements to offer rent and service charge reduction of between 2% and 5%.	2019/20	Strategic Finance
	P5	Achieve parity with Hanover rents for majority of tenants.	2021/22	Strategic Finance
	P6	Integration of Arklet's stock and produce a combined asset management plan on completion of the full stock condition survey.	2020/21	Asset Management
	P7	Options appraisal for remodelling at Arnside Avenue, Barrland Court and office accommodation.	2020/21	Asset Management
	P8	Independent review of Arklet service provision.	2020/21	Customer Services
	P9	Consider and implement changes to Arklet service provision.	2021/22	Customer Services
	P10	Arklet tenants to have access to Hanover Blether, repairs reporting service, Welfare Rights Officer, volunteer framework, Telecare, Wi-Fi in lounge areas and tenant portal.	2019/20	Customer Services
	P11	Arklet tenants to be offered engagement opportunities including Hanover HEART, focus groups and virtual panels.	2019/20	Customer Services

Strategic Objectives	Ref	Priority Actions	Timescale	Lead Director
	P12	Review development opportunities in Arklet's operating area.	2020/21	Asset Management
	P13	Create specific development strategy for the new partnership identifying potential new housing.	2020/21	Asset Management
	P14	Replacement of Arklet "bought-in" services with Hanover provided services.	2020/21	Chief Executive
	P15	Access to all existing repairs, gas supply, communal electricity, insurance and all other asset management contracts.	2019/20	Asset Management
	P16	Achieve Arklet cost savings of £450,000 per annum through efficiencies and harmonisation.	2021/22	Strategic Finance
	P17	Training and career development opportunities made available to Arklet staff.	2019/20	Organisational Services
	P18	Undertake Arklet staffing review.	2020/21	Organisational Services
	P19	Implement changes to staffing review.	2021/22	Organisational Services
	P20	Achieve integration or parity of terms and conditions of employment over 5 years.	By 2024/25	Organisational Services
	P21	Maintain satisfaction with delivery of services.	2020/21	Customer Services
	P22	Prepare for changes to ICT systems.	2019/20	Customer Services
	P23	Prepare for Arklet to adopt relevant Hanover policies at point of transfer.	2019/20	Customer Services
	P24	Offer home contents insurance to Arklet tenants.	2019/20	Strategic Finance

Strategic Objectives	Ref	Priority Actions	Timescale	Lead Director
Customer Engagement and Scrutiny	P25	Develop a framework for volunteering that support customer engagement and Hub and Spoke service model.	2019/20	Customer Services
	P26	Deliver improved customer engagement and production of financial information with owners,	2019/20	Customer Services
	P27	Hanover HEART customer panel to assess the Communications Strategy and Customer Service Standards.	2019/20	Customer Services
Tenant and Owner Satisfaction	P28	Undertake annual surveys for our tenants and owner occupiers to assess customer service and aim to improve service delivery over the plan period.	2019/20	Customer Services
	P29	Use learning from customer complaints and management of antisocial behaviour to improve performance.	2019/20	Customer Services
	P30	Achieve minimum tenant satisfaction rate of 95% and owner satisfaction rate of 85%.	2019/20	Customer Services
	P31	Develop and implement a Customer Satisfaction Improvement Plan.	2019/20	Customer Services
Employee Engagement	P32	Achieve a minimum response rate of 75% for annual HIVE baseline surveys.	2019/20	Organisational Services
	P33	Undertake pulse surveys and achieve a minimum response rate of 50%.	2019/20	Organisational Services
	P34	Launch Hive Fives and link with staff awards.	2020/21	Organisational Services
	P35	Hold action planning meetings based on survey results, create action plans and departmental posters to communicate key actions.	2019/20	Organisational Services

Strategic Objectives	Ref	Priority Actions	Timescale	Lead Director
Housing				
SMART Housing	H1	Together with Heriot-Watt University, hold strategy day in autumn 2019 to develop 5 year strategy, pilot project and action plan.	2019/20	Chief Executive
	H2	Pilot 'Living Lab' with linkages to Telecare in one of Hanover's properties.	2019/20	Chief Executive
	H3	Research technology that can be used to allow more human contact e.g. monitoring door checks.	2019/20	Chief Executive
	H4	Delivery of improved Wi-Fi connection across Hanover developments to facilitate new initiatives.	2021/22	Customer Services
	H5	Investigate and consider the option of funding an MSc/PhD student to develop SMART Housing.	2019/20	Chief Executive
	H6	Investigate the options for having a SMART Housing showcase flat at Sunnyside.	2020/21	Chief Executive
	H7	Investigate the use of robots within a development to engage with tenants.	2020/21	Chief Executive
	H8	Consider how to collect and assess preventative analytical data to help future tenants.	2020/21	Chief Executive
New Build	H9	Deliver 60-80 new units in each financial year.	2019/20	Asset Management
Energy Efficiency Standard for Social Housing	H10	Achieve Hanover's maximum EESSH compliance rate of 97%.	2020/21	Asset Management
	H11	Monitor and plan for EESSH version 2.	2021/22	Asset Management
Asset Management	H12	Work through and deliver 2016-21 asset management strategy.	2020/21	Asset Management

Strategic Objectives	Ref	Priority Actions	Timescale	Lead Director
Development Strategy	H13	Make proposals on new sites ensuring a cost benefit analysis and due diligence associated with mixed client group schemes are fully accounted for.	2021/22	Asset Management
Planned Maintenance Strategy	H14	Provide value for money by competitively tendering communal gas and electricity supplies every three years.	2019/20	Asset Management

Strategic Objectives	Ref	Priority Actions	Timescale	Lead Director
Support Services				
Hub and Spoke Project	SS1	Together with the International Centre for Integrated Care Scotland, produce and present a research paper on "Co-creating wellbeing and community connections: understanding what matters to older housing residents" at the 19th International Conference on Integrated Care.	2019/20	Chief Executive
	SS2	Develop project strategy and present a paper to the Board giving a full set of recommendations, lessons learnt and outlining the impact of the pilot project.	2019/20	Chief Executive
	SS3	Undertake detailed analysis and provide recommendations of common themes emanating from interviews: social activities; new resident experience; improved information and communication; signposting of services; and volunteering.	2019/20	Chief Executive
	SS4	Build up community and national connections.	2019/20	Chief Executive
	SS5	Seek out and apply for additional funding for more intensive local networking and activity projects.	2019/20	Chief Executive
	SS6	Pilot further ideas from the research process.	2019/20	Chief Executive
	SS7	Build up library of services for staff to use for signposting.	2019/20	Chief Executive
Procurement	SS8	Implement and embed an improved procurement culture and governance across Hanover.	2019/20	Chief Executive
	SS9	Meet high compliance requirements including improved financial budgeting and analysis and feedback and learning from customers and contractors.	2019/20	Chief Executive
	SS10	Manage procurement in a consistent way across Hanover using standardised documentation and templates including specifications, pricing documentation, contract control and post contract assessment.	2020/21	Chief Executive
	SS11	Achieve annual procurement savings to fund Procurement Officer post.	2019/20	Chief Executive

Strategic Objectives	Ref	Priority Actions	Timescale	Lead Director
	SS12	Review effectiveness and future place of Centralised Procurement Team.	2021/22	Chief Executive
Hanover Telecare	SS13	Win at least one new corporate monitoring contract each year.	2019/20	Customer Services
	SS14	Expand operations to deliver commercial services into other parts of the UK.	2019/20	Customer Services
	SS15	Increase the number of repairs reporting connections to Telecare by 10% per annum.	2019/20	Customer Services
	SS16	Increase the number of Telecare customers by 50% per annum.	2019/20	Customer Services
	SS17	Achieve an operating surplus of 4% on expenditure annually.	2019/20	Customer Services
	SS18	Open a third customer service centre in Elgin.	2019/20	Customer Services
	SS19	Retain Telecare Services Association accreditation.	2019/20	Customer Services