



# **Business Plan 2019-22**

## **Year 2**

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## Foreword by the Chief Executive

Our Business Plan is updated annually and, in line with our policy of undertaking a major review frequently, Hanover considered four key strategic objectives for this Business Plan: Arklet Housing Association; procurement; the hub and spoke project; and SMART Housing. Senior staff met to 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. Talks highlighted a strong synergy of values, ideas and a shared vision for the future. Hanover worked very closely with Arklet in the past when they first developed as a registered social landlord and so we have a shared history on which to build. A formal process of negotiation and due diligence was completed in 2018/19 to ensure that any partnership formed was robust and sustainable. The partnership began in 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<sup>1</sup>.

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 current and future tenants 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 development plans. Hanover will maintain a positive, constructive and close working relationship with the Regulator and supply documentation, information and returns as required. 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.

- **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.

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<sup>1</sup> 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. Consideration was given to the Scottish Housing Regulator's Business Planning: supplementary advice for landlords in response to COVID-19 issued on 31 August 2020.

# Section 1: The Strategy

## Introduction, History and Purpose

2019 was a special year for Hanover Scotland Housing Association as it celebrated turning 40 and continues to provide housing and support services for people right across Scotland.

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 is 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 £42 million, Hanover is one of the largest registered social landlords in Scotland.

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

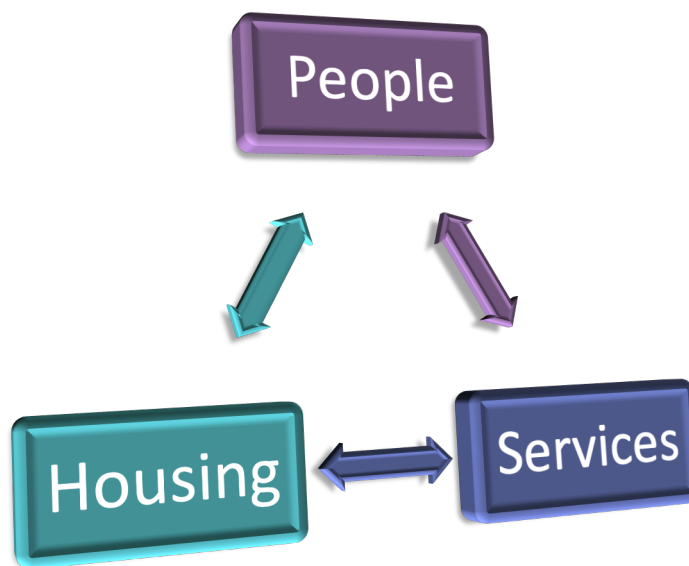
**To help older people feel safe and secure at home and to live fulfilling and independent lives.**

Our purpose is supported by the following 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 personal services that enhance their quality of life; and
- We will be creative and will continually look for new ways of working which add value and develop our people.

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 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 made 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 fit 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 was undertaken 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 was 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 the receipt of a range of necessary consents, positive formal consultation with Arklet tenants and a successful ballot, the new partnership began in 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 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.

### **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 receiving a progress report.

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. In recent years, Hanover has decided 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 2019 survey report a decrease in overall tenant satisfaction from 89.6% to 85.1% and a decrease in overall owner satisfaction from 68.1% to 65.5%. 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.

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.

## 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 returned to the capital markets during 2019/20 to fund the development programme.

### Summary Development Activity at March 2020

Location	Status	Type	Estimated development cost	Site start
<b>New Build</b>				
Elgin, Spynie, Hamilton Gardens	Completion	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	Completion	General needs	£2.457 million	2017/18
Buckie, Highland Yard	On Site	Amenity – general needs	£5.043 million	2019/20

Elgin, Spynie 2	On Site	Amenity general needs	– £8.700 million	2019/20
<b>Asset Management</b>				
Drymen, Conic Way	Site preparation	Amenity	£2.897 million	2020/21
Tarves, New Road	Completion	General needs	£48,000	2019/20

Source: Hanover Scotland Housing Association, 2020.

### **Energy Efficiency Standard for Social Housing (EESH)**

The Scottish Government published on 30 March 2014 the EESH 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 EESH was 31 December 2020.

The purpose of the EESH 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 EESH 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 it 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 2020, the Association had a current EESSH compliance rate of 97.9%. Taking account of exemptions Hanover is entitled to, the maximum level that can be achieved would be around 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 Association's 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 Association's 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 Association's 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 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 registered social landlord 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 (EESH) standard by the 31 December 2020 deadline.

In order to position Hanover to deliver as close to 100% EESH 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 EESH 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 reducing 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 the 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 was held in 2019 to discuss the project and how Hanover would like to take ideas forward. The project team then reported to Hanover's Board 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 during the plan period 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 30<sup>th</sup> 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 three control centres in Edinburgh, Glasgow and Elgin and receives 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 financial plan for Hanover which is produced from the BRIXX financial modelling application. The financial plan period covers the current financial year 2020/21 and the following 29 years to March 2050. Consumer Prices Index (CPI) inflation is assumed at 1.5% for 2021/22 and then 2% per annum (pa) for the remainder of the plan period (in line with Bank of England targets). The baseline plan which is based on historic expenditure patterns incorporates the following key assumptions and development plans: rental growth is set as CPI +0.9% for 2021/22, then CPI +1% for 3 more years then CPI only.

Day to day maintenance is budgeted at an average of £4.465m pa, including inflation over the plan period. Cyclical and revenue planned expenditure is estimated to average around £3.5m pa including inflation at CPI plus 1% for the first two years of the plan period to reflect Covid-19 impact. Component replacement is estimated to average around £3.3m pa including inflation, over the 30 year period.

All asset management costs for the 30 year plan period have been provided by the Asset Management directorate and are based on the recently completed stock condition survey. Some smoothing of the initial investment programme has been undertaken in order to attempt to achieve covenant compliance. It should be noted that the baseline plan does not fully achieve this.

Repayment of the Scottish Housing Association Pension Scheme past service deficit (PSD) has been included for the next 3 years at £1.44 million.

Repayment of the Lothian Pension Fund past service deficit has also been included at £188k pa.

The new build developments mentioned earlier are fully costed and included in the financial plan.

Further sites are under investigation and may be added to the financial plan following feasibility reviews and subsequent reports to Board for approval where they demonstrate a positive impact for Hanover and fully align with objectives.

The Association has not built into the plan any assumptions around disposals or sales and the 30 year plan does not include any building or development for sale.

The plan includes a voids assumption for current properties of 2.0% for 2021/22 then 1.8% in subsequent years 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 mainly fixed and any additional interest costs incurred as a result of additional borrowing required are included at LIBOR (until this is superseded) plus 1.5% pa over the term of the plan. New borrowing will be required for development activity and is included within this plan for committed projects

A comparison of the Statement of Comprehensive Income outputs for the 30 year plan period for all scenarios tested is included at Appendix 2.

The three key financial targets considered and tested for the 30 year plan period 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 and it is absolutely critical that these covenant targets are met. These are illustrated in the table below and in Appendix 2.

**Key financial information relating to the early years of the plan period is:**

	<b>Actual 2018/19</b>	<b>Actual 2019/20</b>	<b>Revised Budget (Covid- 19) 2020/21</b>	<b>Baseline Budget V14.0 2021/22</b>	<b>Scenario V14.8 2020/21</b>
Turnover	£37.833m	£40.274	£42.603m	£45.207m	£45.207m
Operating Surplus	£2.200m	£3.352m	£3.904m	£4.313m	£4.572m
Surplus for the year after interest and tax	£0.684m	(£2.789m)	£1.887m	£2.179m	£2.441m
Total Comprehensive Income	(£1.336m)	£1.728m	£1.887m	£2.179m	£2.441m
Balance Sheet value - reserves	£38.800m	£40.528m	£43.032m	£45.211m	£45.473m
Closing cash balance	£7.433m	£5.932m	£3.356m	£5.218m	£5.480
% Operating Surplus to Turnover <sup>1</sup>	5.81%	8.32%	9.16%	9.54%	10.11%
Loan drawdown <sup>2</sup>	£8m	£3m	£5m	£15m	£15m
Debt per unit.	£8.3k	£9.9k	£10.0k	£11.8k	£11.8k
Interest Cover – target 110%	130%	226%	274%	130%	142%

## Sensitivity and Scenario Analysis

The key areas of risk to the financial plan are income reduction through voids, the requirement for lower rent increases to ensure affordability and lettability and potentially, further changes to welfare reform that may in addition to the general problems Universal Credit has created for most RSLs, 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 following sensitivities/scenarios have been tested:

Scenario 14.0 – baseline – rent increase at CPI +0.9% for 2021/22 (estimated at 2.4%)

Scenario 14.1 – rent increase in 2021/22 2% i.e. CPI +0.5%

Scenario 14.2 – rent increased by CPI +1% for 30 Years

Scenario 14.3 – rent increased by CPI +1% for 10 years then CPI only

Scenario 14.4 – Voids at 2.5% for 30 years

Scenario 14.5 – All new development with the potential to start in 2020/21 and the associated borrowing required is included

Scenario 14.6 – CPI increases to 3% pa over the plan period.

Scenario 14.7 – Interest rates increased by 1% pa in the first 7 years of the plan

Scenario 14.8 – Overhead costs reduce year on year by £250k pa for 5 years.

Comparisons of the total comprehensive income for each scenario is detailed in Appendix 2.

Comments on the various scenarios are as follows:

Scenario 14.0 – baseline – this is considered to present a prudent, affordable, deliverable financial plan with a key focus of bringing properties up to an acceptable standard and then maintaining them at this level, thus aiding their lettability and minimising void losses. This model currently fails the covenant tests in two years but these could be met with relatively modest re-phasing of some expenditure.

Scenario 14.1 - rent increase in 2021/22 2% i.e. CPI +0.5% - whilst this option could be considered more affordable it would reduce overall income to the association and reduce funds available for investment in the stock and therefore is not considered prudent.

Scenario 14.2 – rent increased by CPI +1% for 30 Years – this option would generate considerable additional sums over the 30 year period, however it is also considered imprudent and unaffordable.

Scenario 14.3 – Rent increase at CPI +1% for 10 years then CPI only – impact as Scenario 14.2 above but to a lesser extent – in the current climate it is inappropriate and high risk to build a plan on such an assumption.

Scenario 14.4 – Voids at 2.5% for 30 years – void loss has the potential to be one of the most significant adverse impacts on our financial plan, a small percentage change in voids has a big financial impact. Reducing voids and re-let times will be a priority

as will investment that can improve lettable as a mitigation for this high risk, high impact factor.

Scenario 14.5 – All new development with the potential to start in 2020/21 and associated borrowing is included. Thorough financial review of any new development will be undertaken prior to commitment to ensure that it makes a positive contribution to Hanover's overall financial strength and that sufficient resources remain available for investment in existing stock. The reviews undertaken will not just look at the new proposal in isolation, but will test the impact of the proposal on the 30 year plan.

Scenario 14.6 – General inflation (CPI) increases to 3% pa over the plan period. – the financial plan is presently structured to reflect a linkage between inflation and costs within the plan, the risk arises that charges become unaffordable if there is a sustained period of cost inflation that is not matched by income inflation for our client group of tenants.

Scenario 14.7 – Interest rates increased by 1% pa in the first 7 years of the plan – this is not something Hanover can control but mitigation can be achieved by having a planned approach to maintaining an appropriate proportion of fixed interest borrowing as detailed in Hanover's Treasury Management Policy.

Scenario 14.8 – Overhead costs reduced year on year by £250k pa for 5 years. This is a scenario that could be attained by improving efficiency and should be pursued. Reducing overhead costs will release funds to increase stock investment, improve front line services and improve affordability. This scenario would also contribute to reducing the percentage of overheads to turnover and to increasing the level of surplus to turnover, both of which are previously approved internal targets.

It is clear from testing the above scenarios that the key area of risk for the association is income reduction, particularly through increased void levels

There is also an additional risk to rental income 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 are risk assessed taking into account the impact of short term revenue commitments (typically 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, direct operating costs 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 those services and how affordable they are for current and prospective tenants and service users. We will ensure that tenants get clear

information about how we calculate rental increases and how rent and other income is spent.

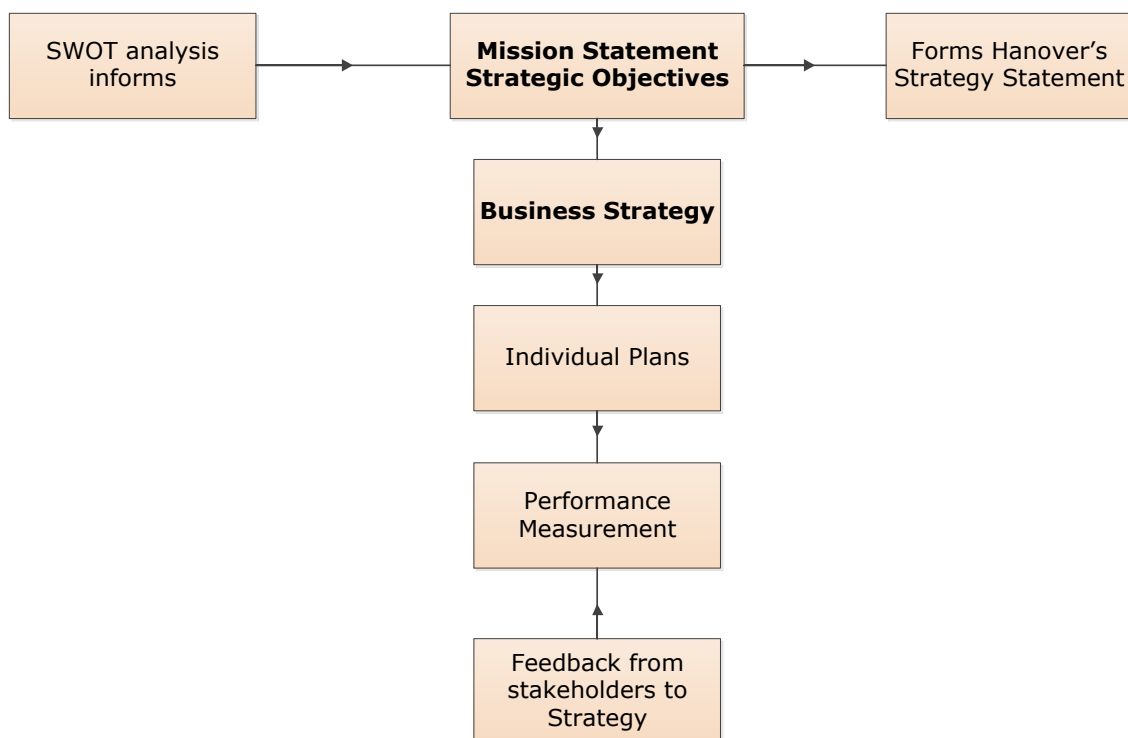
The Association consults with tenants each year on the proposed rent increase and are provided with options to vote for. The implications for voting for the options are provided to tenants. The results of the consultation exercise are fed back to Board before a decision is made on the charges to be applied in the subsequent financial year.

It will be proposed to the Board that Scenario 14.8 become the new baseline for 2021/22 onwards. This will create a plan which incorporates the necessary investment in stock to improve lettable and minimize void losses. This plan also meets the essential covenant targets and supports progress towards achieving the internal targets for reducing overhead costs to below 20% and to increasing operating margin above 10%.

### 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

<b>Strengths</b>	<b>Weaknesses</b>
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	
<b>Opportunities</b>	<b>Threats</b>
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 and provides 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 2019, 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.

The Association performs well in relation to providing a service which delivers good value for money and has an excellent record of arrears management. 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:

<b>2018/19</b>	<b>Bield</b>	<b>Hanover</b>	<b>Trust</b>
Average weekly rent increase	2.5%	3.5%	2.9%
Average weekly rent for 2 apartments	£139.21	£115.38	£128.65
Percentage of tenants satisfied with overall service	84.7%	89.6%	91.9%
Average number of hours to complete emergency repairs	4.3 hours	3.6 hours	4.8 hours
Average number of days to complete non-emergency repairs	5.2 days	5.2 days	7.3 days
Percentage reactive repairs completed right first time	91.6%	96.4%	90.6%
Average days to relet	55.6 days	36.0 days	55.9 days

Source: Scottish Housing Regulator, 2020.

## **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 2020.

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 and beyond 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 culminated 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.

## Statement of Comprehensive Income

Period: 01 April 2020 - 31 March 2050	2020	2021	2022
	Actual	Forecast	Forecast
	£000's	£000's	£000's
<b>Total Turnover</b>	40,274	42,603	45,207
<i>Turnover growth %</i>		5.78%	6.11%
<b>Operating Expenditure</b>	36,922	38,699	40,894
<i>Expenditure growth %</i>		5%	6%
<b>Operating Surplus</b>	3,352	3,904	4,314
<i>Operating surplus as a % of turnover</i>	8.32%	9.16%	9.54%
<b>Excess of fair value of liabilities over fair value of assets acquired</b>	-4223	0	0
<b>Interest Receivable</b>	28	11	11
<b>Interest and financing costs</b>	-1945	-2028	-2145
<b>Surplus before tax</b>	-2788	1887	2180
<b>Tax</b>	-1	0	0
<b>Surplus after tax</b>	-2789	1887	2180
<b>Actuarial gain/loss in respect of pension scheme</b>	4517	0	0
<b>Comprehensive Income for the years</b>	1728	1887	2180

## Statement of Financial Position

<b>Period: 01 April 2020 - 31 March 2050</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
	<b>£000's</b>	<b>£ 000's</b>	<b>£ 000's</b>
<b>Fixed Assets Total</b>	193,479	197,044	208,423
<b>Current Assets Total</b>	8,153	3,361	5,224
<b>Less - Creditors - amounts due within 1 year</b>	11,931	13	16
<b>Net current assets/liabilities</b>	-3,778	3,349	5,209
<b>Assets less current liabilities Total</b>	189,701	200,393	213,632
<b>Creditors - amounts due after more than 1 year</b>	-146,840	-155,028	-166,087
<b>Provisions for liabilities</b>	-2,301	-2,301	-2,301
<b>Pension provisions</b>	-32	-32	-32
<b>Net assets Total</b>	40,528	43,032	45,211
<b>Growth %</b>	0	6.18%	5.06%
<b>Reserves</b>			
<b>Income and Expenditure Reserve</b>	40528	43032	45211

**Statement of Cashflow**

<b>Period: 01 April 2020 - 31 March 2050</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
	£000's	£000's	£000's
<b>Net cash generated from operating activities</b>	3824	3,365	8,859
<b>Total Cash flow from investing activities</b>	-5319	-4,941	-15,122
<b>Total Cash flow from financing activities</b>	-6	-1,620	8,125
<b>Cash &amp; cash equivalents at the beginning of year</b>	7433	6,552	3,357
<b>Net Change in Cash &amp; cash equivalents</b>	-1501	-3,195	1,862
<b>Cash &amp; cash equivalents at the end of year</b>	5932	3,357	5,219

## Detailed Consolidated Statement of Comprehensive Income | Budget 2020 - 2050 | Plan

Period: 01 April 2020 - 31 March 2050	2021	2022
	£000's	£000's
<b>Total comprehensive income</b>		
<b>Scenario V14.0 Baseline</b>	<b>1,887.10</b>	<b>2,179.50</b>
<b>Scenario V14.1 21/22 rent @2% in 2021/22</b>	<b>1,887.10</b>	<b>2,093.70</b>
<b>Scenario V14.2 rent @1% pa</b>	<b>1,887.10</b>	<b>2,179.50</b>
<b>Scenario V14.3 rent @1% to year 10</b>	<b>1,887.10</b>	<b>2,179.50</b>
<b>Scenario V14.4 Voids @ 2.5% 30 years</b>	<b>1,887.10</b>	<b>2,071.30</b>
<b>Scenario V14.5 New Development &amp; loans</b>	<b>1,921.40</b>	<b>2,193.10</b>
<b>Scenario V14.6 CPI@3%</b>	<b>1,887.10</b>	<b>2,312.90</b>
<b>Scenario V14.7 Higher interest for 7 years</b>	<b>1,887.10</b>	<b>2,077.10</b>
<b>Scenario V14.8 Reduce overheads £250k pa for 5 years</b>	<b>1,887.10</b>	<b>2,441.50</b>
<b>Internal Financial Target - Operating Margin - Target 10% minimum</b>		
<b>Scenario V14.0 Baseline</b>	<b>9.16%</b>	<b>9.54%</b>
<b>Scenario V14.8 Reduce overheads £250k pa for 5 years</b>	<b>9.16%</b>	<b>10.11%</b>
<b>Covenant calculations Scenario 14.0 Baseline</b>		
<b>Interest Cover - Target 110% minimum</b>	<b>312%</b>	<b>130%</b>
<b>RBS Gearing Ratio (Max 23%)</b>	<b>15%</b>	<b>17%</b>
<b>Lloyds Gearing Ratio (Max 30%)</b>	<b>20%</b>	<b>24%</b>
<b>Covenant calculations Scenario 14.8 with efficiency savings</b>		
<b>Interest Cover - Target 110% minimum</b>	<b>312%</b>	<b>142%</b>
<b>Gearing Ratio</b>		
<b>RBS Gearing Ratio (Max 23%)</b>	<b>15%</b>	<b>17%</b>
<b>Lloyds Gearing Ratio (Max 30%)</b>	<b>20%</b>	<b>24%</b>

## 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
STR0038	If the Association cannot contain the current claim to the staff group affected then a potential and substantial claim for overtime may follow from a wider staff group, resulting in financial detriment to the Association	Economic / Financial	No	20	1	Adam Curry	Treat	06/04/2020
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	No	20	13	Adam Curry	Treat	06/04/2020
STR0035	If we fail to adequately staff the Telecare service then there is a risk of service failure, loss of TSA accreditation and loss of corporate customers	Social / Reputational	No	20	13	Chris Milburn	Treat	06/04/2020
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	No	17	13	Chris Milburn	Treat	06/04/2020
STR0039	If the Association fails to effectively respond to a COVID-19 outbreak then the effect to residents and staff and therefore the business overall would be severely negatively impacted	Environmental	Yes	14	10	All CO's	Treat	06/06/2020

## 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
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	13	9	Adam Curry	Treat	06/06/2020
STR0020	If the Association breaches compliance with GDPR then there could be significant reputational and financial implications	Social / Reputational	Yes	9	6	All CO's	Treat	06/08/2020
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	Yes	9	6	Chris Milburn	Treat	06/09/2020
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	8	5	Chris Milburn	Treat	06/09/2020
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	8	5	Donna Henderson	Treat	06/09/2020
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	6	6	All CO's	Tolerate	14/11/2020
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	6	6	Mark Farey	Tolerate	14/11/2020

## 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
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	5	5	Mark Farey	Tolerate	14/11/2020
STR0007	If the Association does not remain financially viable then liabilities would not be paid and it would become insolvent	Economic / Financial	Yes	5	5	Donna Henderson	Tolerate	14/11/2020
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	14/11/2020



## Priority Actions

## Appendix 4

Strategic Objectives	Ref	Priority Actions	Timescale	Lead Director
<b>People</b>				
<b>Arklet Housing Association</b>	P1	Completion of the Implementation Plan.  March 2020 update: In progress.	2019/20	Organisational Services
	P2	Partnership Committee to assess and support partnership implementation process.  March 2020 update: Due to the coronavirus crisis, future partnership implementation work will be prioritised.	2019/20	Chief Executive
	P3	Detailed analysis of Arklet rent and service charge components.  March 2020 update: Due to significant changes in staff and complications around the transfer, production of the accounts and the delay in the transfer this task has not yet been completed it will be undertaken in the July and August of 2020/21.	2019/20	Strategic Finance
	P4	Efficiency improvements to offer rent and service charge reduction of between 2% and 5%.  March 2020 update: A rent reduction of £12 was achieved from 1 April 2020, services charge levels have been maintained, once current Arklet contracts expire and are transferred over to Hanover contracts a review will be undertaken.	2019/20	Strategic Finance
	P5	Achieve parity with Hanover rents for majority of tenants.  March 2020 update: Arklet properties received a reduction of £12, the majority will be frozen 2021/22 a small number will get an increase to bring them into line with similar Hanover properties.	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.  March 2020 update: A full revision of Hanover's 30 Year Plan is nearing completion. Arklet data created from the 2018 sample surveys will then be added.	2020/21	Asset Management
	P7	Options appraisal for remodelling at Arnside Avenue, Barriland Court and office accommodation.  March 2020 update: A project team will meet on 19 May 2020 – the first year of transfer.	2020/21	Asset Management
	P8	Independent review of Arklet service provision.  March 2020 update: To be considered later in 2020/21, once the current focus on addressing the operational challenges of COVID-19 reduce.	2020/21	Customer Services

Strategic Objectives	Ref	Priority Actions	Timescale	Lead Director
	P9	<p>Consider and implement changes to Arklet service provision.</p> <p>March 2020 update: Changes to the Arklet service provision are well underway to bring their operating procedures in line with Hanover's standards and service delivery. This includes options appraisals on some of the services Arklet operated.</p>	2021/22	Customer Services
	P10	<p>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.</p> <p>March 2020 update: All aspects of this objective have been completed other than the installation of WiFi in lounges.</p>	2019/20	Customer Services
	P11	<p>Arklet tenants to be offered engagement opportunities including Hanover HEART, focus groups and virtual panels.</p> <p>March 2020 update: Completed.</p>	2019/20	Customer Services
	P12	<p>Review development opportunities in Arklet's operating area.</p> <p>March 2020 update: Hanover has re-engaged with the Housing Strategy Team at East Renfrewshire. No opportunities have been identified so far.</p>	2020/21	Asset Management
	P13	<p>Create specific development strategy for the new partnership identifying potential new housing.</p> <p>March 2020 update: The Development Strategy was updated for 2021-2024 and approved by the Board during March 2020.</p>	2020/21	Asset Management
	P14	<p>Replacement of Arklet "bought-in" services with Hanover provided services.</p> <p>March 2020 update: To be reviewed and progressed in October 2020 by the Director of Customer Services.</p>	2020/21	Chief Executive
	P15	<p>Access to all existing repairs, gas supply, communal electricity, insurance and all other asset management contracts.</p> <p>March 2020 update: Arklet schemes are progressively getting the benefit of Hanover contracts and contractors.</p>	2019/20	Asset Management
	P16	<p>Achieve Arklet cost savings of £450,000 per annum through efficiencies and harmonisation.</p> <p>March 2020 update: A quantification of the savings to date will be detailed in July and August 2020 and monitoring will be ongoing.</p>	2021/22	Strategic Finance
	P17	<p>Training and career development opportunities made available to Arklet staff.</p> <p>March 2020 update: Arklet staff have been working with the Enhanced Housing Manager, the Workforce Development Manager and the Senior Organisational Services Administrator to assess immediate needs in relation to adopting Hanover processes and procedures. Two ex-Arklet staff members have transferred in to Hanover posts.</p>	2019/20	Organisational Services

<b>Strategic Objectives</b>	<b>Ref</b>	<b>Priority Actions</b>	<b>Timescale</b>	<b>Lead Director</b>
	P18	Undertake Arklet staffing review.  March 2020 update: The staffing review is not due to take place until the service review is conducted after November 2020.	2020/21	Organisational Services
	P19	Implement changes to staffing review.  March 2020 update: The staffing review is not due to take place until the service review is conducted after November 2020.	2021/22	Organisational Services
	P20	Achieve integration or parity of terms and conditions of employment over 5 years.  March 2020 update: Two ex-Arklet staff members have transferred to Hanover posts and assumed Hanover terms and conditions.	By 2024/25	Organisational Services
	P21	Maintain satisfaction with delivery of services.  March 2020 update: In the customer satisfaction survey undertaken in November 2019 the ex-Arklet respondents returned an overall satisfaction level of 79.5%. The target incorporated into the promises we made to Arklet during the merger was to achieve 89%. Progress on achieving this will be assessed via this year's customer satisfaction survey to be undertaken in October 2020.	2020/21	Customer Services
	P22	Prepare for changes to ICT systems.  March 2020 update: Completed.	2019/20	Customer Services
	P23	Prepare for Arklet to adopt relevant Hanover policies at point of transfer.  March 2020 update: Completed.	2019/20	Customer Services
	P24	Offer home contents insurance to Arklet tenants.  March 2020 update: Home contents insurance has been offered to all Arklet tenants.	2019/20	Strategic Finance
<b>Customer Engagement and Scrutiny</b>	P25	Develop a framework for volunteering that support customer engagement and Hub and Spoke service model.  March 2020 update: A Volunteering Plan with links to our Community Connections activities is in development. A great deal of staff 'stepping up' has been developed as part of the response to COVID-19 the momentum from which we will look to carry forward into our operations post-COVID.	2019/20	Customer Services
	P26	Deliver improved customer engagement and production of financial information with owners,  March 2020 update: Completed.	2019/20	Customer Services

<b>Strategic Objectives</b>	<b>Ref</b>	<b>Priority Actions</b>	<b>Timescale</b>	<b>Lead Director</b>
	P27	Hanover HEART customer panel to assess the Communications Strategy and Customer Service Standards.  March 2020 update: Completed.	2019/20	Customer Services
<b>Tenant and Owner Satisfaction</b>	P28	Undertake annual surveys for our tenants and owner occupiers to assess customer service and aim to improve service delivery over the plan period.  March 2020 update: Completed.	2019/20	Customer Services
	P29	Use learning from customer complaints and management of antisocial behaviour to improve performance.  March 2020 update: Learning from complaints and ASB cases has been incorporated into the Customer Feedback Improvement Plan which is being finalised and will be launched fully post COVID.	2019/20	Customer Services
	P30	Achieve minimum tenant satisfaction rate of 95% and owner satisfaction rate of 85%.  March 2020 update: Not achieved. The rates returned from the 2019 surveys are Tenants: 85.1% and Owners: 65.4%. The Customer Feedback Improvement Plan which is being finalised is designed to focus Hanover's activities on improving customer satisfaction. It will be fully implemented later this year, post COVID.	2019/20	Customer Services
	P31	Develop and implement a Customer Satisfaction Improvement Plan.  March 2020 update: The Customer Feedback Improvement Plan is being finalised and will be launched fully later in 2020 post COVID.	2019/20	Customer Services
<b>Employee Engagement</b>	P32	Achieve a minimum response rate of 75% for annual HIVE baseline surveys.  March 2020 update: As a result of Coronavirus, the 2020 staff survey will be reduced to a series of 'pulse' surveys, the first of which will be a wellbeing survey, aimed at understanding the impact current circumstances are having on mental wellbeing.	2019/20	Organisational Services
	P33	Undertake pulse surveys and achieve a minimum response rate of 50%.  March 2020 update: The first pulse survey will be conducted in May 2020.	2019/20	Organisational Services
	P34	Launch Hive Fives and link with staff awards.  March 2020 update: Hive Fives were successfully launched just before Christmas 2019. To date, 496 messages of appreciation and recognition have been received, much of these recognise the efforts individuals have made related to the Coronavirus response. The Staff Awards working group is currently assessing options for incorporating Hive Fives into the awards process.	2020/21	Organisational Services

Strategic Objectives	Ref	Priority Actions	Timescale	Lead Director
	P35	<p>Hold action planning meetings based on survey results, create action plans and departmental posters to communicate key actions.</p> <p>March 2020 update: This was achieved for some departments during 2019/20, others, who found that the posters did not work well for them used different methods of relating the issues and improvements to the department. For example, posters have been used again for Enhanced Housing teams, whereas a small working group has been the approach used by Organisational Services. Again, however, Coronavirus has interrupted progress.</p>	2019/20	Organisational Services

Strategic Objectives	Ref	Priority Actions	Timescale	Lead Director
<b>Housing</b>				
<b>SMART Housing</b>	H1	Together with Heriot-Watt University, hold strategy day in autumn 2019 to develop 5 year strategy, pilot project and action plan.  March 2020 update: Deferred until April 2021 for review.	2019/20	Chief Executive
	H2	Pilot 'Living Lab' with linkages to Telecare in one of Hanover's properties.  March 2020 update: Deferred until April 2021 for review.	2019/20	Chief Executive
	H3	Research technology that can be used to allow more human contact e.g. monitoring door checks.  March 2020 update: Deferred until April 2021 for review.	2019/20	Chief Executive
	H4	Delivery of improved Wi-Fi connection across Hanover developments to facilitate new initiatives.  March 2020 update: Despite some initial disruption related to asbestos on developments and latterly in relation to COVID this objective is progressing and is on target to be completed within the specified time frame.	2021/22	Customer Services
	H5	Investigate and consider the option of funding an MSc/PhD student to develop SMART Housing.  March 2020 update: Deferred until April 2021 for review.	2019/20	Chief Executive
	H6	Investigate the options for having a SMART Housing showcase flat at Sunnyside.  March 2020 update: Deferred until April 2021 for review.	2020/21	Chief Executive
	H7	Investigate the use of robots within a development to engage with tenants.  March 2020 update: Deferred until April 2021 for review.	2020/21	Chief Executive
	H8	Consider how to collect and assess preventative analytical data to help future tenants.  March 2020 update: Deferred until April 2021 for review.	2020/21	Chief Executive
<b>New Build</b>	H9	Deliver 60-80 new units in each financial year.  March 2020 update: 31 units at Highland Yard, Buckie and 45 units at Spynie 2, Elgin started on site in 2019/20.	2019/20	Asset Management
<b>Energy Efficiency Standard for Social Housing</b>	H10	Achieve Hanover's maximum EESSH compliance rate of 97%.  March 2020 update: As at 31 March 2020, Hanover as a 97.9% EESSH compliance rate.	2020/21	Asset Management
	H11	Monitor and plan for EESSH version 2.  March 2020 update: Compliance requirements are now known. Planning can begin.	2021/22	Asset Management

<b>Strategic Objectives</b>	<b>Ref</b>	<b>Priority Actions</b>	<b>Timescale</b>	<b>Lead Director</b>
<b>Asset Management</b>	H12	<p>Work through and deliver 2016-21 asset management strategy.</p> <p>March 2020 update: All strategies are in play; some completed. The outturns for 2016-21 document will be reported to the Board in early 2021 with a new 2021-2016 strategy presented.</p>	2020/21	Asset Management
<b>Development Strategy</b>	H13	<p>Make proposals on new sites ensuring a cost benefit analysis and due diligence associated with mixed client group schemes are fully accounted for.</p> <p>March 2020 update: This is always carried out for prospective new projects.</p>	2021/22	Asset Management
<b>Planned Maintenance Strategy</b>	H14	<p>Provide value for money by competitively tendering communal gas and electricity supplies every three years.</p> <p>March 2020 update: This is always carried out. The last tenders for both were undertaken in spring 2019 for implementation between October 2019 and April 2020.</p>	2019/20	Asset Management

Strategic Objectives	Ref	Priority Actions	Timescale	Lead Director
<b>Support Services</b>				
<b>Hub and Spoke Project</b>	SS1	<p>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 19<sup>th</sup> International Conference on Integrated Care.</p> <p>March 2020 update: We successfully presented the paper and this was followed up by the publication of our Connecting Communities document in November 2019. There is an opportunity for further study to be undertaken but that is not within the current scope of the project.</p>	2019/20	Chief Executive
	SS2	<p>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.</p> <p>March 2020 update: We held a strategy day with Board members in April 2019 and agreed to continue to develop the Community Connections project. The project was extended until March 2021.</p>	2019/20	Chief Executive
	SS3	<p>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.</p> <p>March 2020 update: Information from the resident interviews was used as part of the Community Connections document. We also continue to use this information to help us develop and target new service trials for residents through the Community Connections project.</p>	2019/20	Chief Executive
	SS4	<p>Build up community and national connections.</p> <p>March 2020 update: We continue to work on building a Scotland wide network and have shown some notable successes so far. In particular we have an excellent connection through SCVO with the digital motivators in housing of which the Community Engagement manager is a part.</p>	2019/20	Chief Executive
	SS5	<p>Seek out and apply for additional funding for more intensive local networking and activity projects.</p> <p>March 2020 update: We have only done limited work on funding so far but the intention is to agree and submit a large funding application to the Community Fund of the Lottery during 2020, this has been delayed by the covid-19 situation. We have also carried out extensive research on other funding options open to the organisation, we hope to build a projects library so that if funding becomes available we have a suitable proposal already drafted.</p>	2019/20	Chief Executive



<b>Strategic Objectives</b>	Ref	Priority Actions	Timescale	Lead Director
	SS6	Pilot further ideas from the research process.  March 2020 update: The key focus has been on digital activities thanks to our successful grant application to the SCVO one digital fund. This work has been combined with support for the Hanover wi-fi roll out project which is needed to allow us to move forwards with our digital work.	2019/20	Chief Executive
	SS7	Build up library of services for staff to use for signposting.  March 2020 update: We have worked with staff members in Renfrewshire to share information captured from our local networks. There is a huge range of information available and this has highlighted the scale of the task for building a Scotland wide library, membership of local Third Sector interfaces has been identified as an ideal way of supporting this work.	2019/20	Chief Executive
<b>Procurement</b>	SS8	Implement and embed an improved procurement culture and governance across Hanover.  March 2020 update: Significant strides have been made to implement new practices. Culture change is expected to take 3-5 years due to complexity.	2019/20	Chief Executive
	SS9	Meet high compliance requirements including improved financial budgeting and analysis and feedback and learning from customers and contractors.  March 2020 update: Due to improved staff engagement and knowledge sharing compliance and budgeting have been central to the Procurement team. Listening to a Customers and Suppliers has helped shape the processes we now use.	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.  March 2020 update: Standard templates and documentation have been put in place to support Contract Managers through the Procurement journey. Training has been rolled out to all departments to ensure they are confident with the process.	2020/21	Chief Executive
	SS11	Achieve annual procurement savings to fund Procurement Officer post.  March 2020 update: Significant savings have been made to cover this post and we will continue to improve processes to ensure savings are maintained.	2019/20	Chief Executive
	SS12	Review effectiveness and future place of Centralised Procurement Team.  March 2020 update: In progress.	2021/22	Chief Executive
<b>Hanover Telecare</b>	SS13	Win at least one new corporate monitoring contract each year.  March 2020 update: In October 2019, a new Telecare and Repairs Reporting contract was won with Scottish Borders Housing Association (SBHA). Also in October 2019, a new Repairs Reporting contract was won with Umega Lettings.	2019/20	Customer Services

Strategic Objectives	Ref	Priority Actions	Timescale	Lead Director
	SS14	Expand operations to deliver commercial services into other parts of the UK.  March 2020 update: Consideration will be given when the Hanover Commercial Business Plan is updated later in 2020 to the desirability of a strategy to expand operations to England.	2019/20	Customer Services
	SS15	Increase the number of repairs reporting connections to Telecare by 10% per annum.  March 2020 update: Repairs reporting connections increased by 36.5% in 2019/20 due to new contracts as well as existing customers expanding their stock.	2019/20	Customer Services
	SS16	Increase the number of Telecare customers by 50% per annum.  March 2020 update: Unfortunately we have actually experienced an erosion of Telecare 'private clients' (referred to in this Priority Action), however the numbers of these customer has always been small in comparison to other Telecare activities. With the proposed re-branding of Telecare as Hanover Connect and the associated marketing drive we hope to increase the profile of the service and increase private client connections.	2019/20	Customer Services
	SS17	Achieve an operating surplus of 4% on expenditure annually.  March 2020 update: Achieved.	2019/20	Customer Services
	SS18	Open a third customer service centre in Elgin.  March 2020 update: Completed.	2019/20	Customer Services
	SS19	Retain Telecare Services Association accreditation.  March 2020 update: We have worked closely with the TSA to retain accreditation, and this has been achieved. However, Telecare performance fell below the expected level during 2019/20 and further work (specifically on recruitment) is underway to achieve a full staff compliment and improve response times.	2019/20	Customer Services