

# Board Meeting Minutes

Minutes of a meeting held at 10.00am on **Thursday 23 September 2021** via Microsoft Teams

**Present** Mike Martin (Chair), Gary Devlin, Adele Erwin, Julia Fitzpatrick, Louise Reid, Jo Roger, Rob Rowe, Alan Stewart, Cathie Wyllie

**In attendance** Angela Currie (Chief Executive), Donna Henderson (Director of Strategic Finance), Chris Milburn (Director of Customer Services), Joanna Voisey (Director of Asset Management), Wendy Russell (Head of Governance & Transformation), Emma McNeill-McCallum (minute taker)

## 1. Apologies

Apologies were received from Ashley Campbell, Fraser Mitchell, Geoff Palmer, James Rowney and Margaret Whoriskey.

The Chair took the opportunity to welcome Wendy Russell, the new Head of Governance & Transformation, to the Board meeting.

## 2. Declarations of Interest

Mr Rowe declared his interest as a resident of a Hanover owned property.

### 3.1 Board Minutes (BRD4 - 15 July 2021)

There were no questions raised.

**Decision** The Minutes were agreed and approved as a correct record and signed by the Chair.

### 3.2 Audit Minutes (AUD3 - 26 August 2021)

There were no questions raised.

**Decision** Board Members noted the information.

## 4.1 Matters Arising (BRD5/01)

The substance of this report was the negotiations with the GMB. The 12 weeks of “work-to-rule” had commenced but there had been minimal impact on the delivery of services. Although some had alerted their line managers, staff were not obliged to disclose if they were following the “work-to-rule”. Communication with staff had been maintained, and the reasons for not paying the increase had been made clear.

The advice from Hanover’s lawyers, Dentons, was that paying increase without the GMB’s agreement would present a level of risk to Hanover through legal challenge and a possible fine. There was discussion amongst the Board around the likelihood of the GMB taking this matter to a tribunal and the level of risk the posed to the organisation.

The Board stressed that Hanover should not act against the advice of lawyers and should clarify this with the lawyers and/or take a second opinion if required, however, it was felt that Hanover could pay the award, while acknowledging that the dispute with the GMB remained.

It was recognised that the majority of staff were not GMB members and were being disadvantaged by the current negotiations. Although the Board endorsed paying staff the 1% increase at the earliest opportunity, it was agreed that there should be a company-wide communication explaining the decision the Board had taken but recognising the dispute with the GMB and that Hanover looked forward to continuing negotiations.

**Decision** Board Members agreed that, following further legal advice, and if the risk was acceptable, that the pay increase should be paid to staff at the earliest opportunity but that the Board Reference group be used to support the Executive Team to come to a decision.

#### 4.2 **COVID-19 Update (inc. Vaccination & Testing Policy) (BRD5/02)**

The situation was dynamic. At the time the report was written, the nationwide increase in COVID-19 cases was not reflected in an increase of cases at Hanover developments, however, in recent days this had changed. There was a cluster in Cameron Court, Forres (very sheltered) and a similar cluster in Harley Court, Falkirk (sheltered). There was a suggestion that vaccine passports could be used for visitors to developments and that the practicalities of this should be investigated.

CM

With regard to the Vaccination and Testing Policy, the Board noted that if staff refused to be tested then this would be managed through the Disciplinary Policy.

Staff who had been vaccinated early in the vaccination roll out were now receiving notification of booster jabs.

**Decision** Board Members noted the content of the report and status of alert level; and approved the Vaccination & Testing Policy.

#### 5.1 **Budget Review Update 2021/22 (BRD5/03)**

The report provided highlights of the status against budget five months in, showing the key challenges and risks.

The Board noted the projected overspend on reactive repairs, which seemed to have been a recurring theme over the last couple of years. This year's overspend had partly been in respect of on-hold jobs that had been released in the financial year. The majority of development contracts were term which meant fixed costs for certain types of work. Where there were not term contracts, largely in the north, the significant implications of the cost of labour and parts were being seen. The Chair recalled that there had been a term contract in the north previously, but it had proven difficult to sustain and had been terminated. The material costs were expected to settle, but not go down, and the general feeling was that the delivery timescale was a backlog of the pandemic and should settle.

The overspend could be accommodated within the overall Asset Management budget. There was an improvement plan and work was ongoing within the Finance Team to ensure that appropriate controls were in place.

There was a discussion around attracting/retaining staff. It was noted that some organisations were not able to compete or react fast enough to the changes in the market. The Executive Leadership Team ("ELT") were conscious of the pressures and had discussions around staffing levels, terms and conditions offered, and how competitive Hanover was.

*Jo Roger temporarily gave her apologies and would re-join the meeting.*

Board Members raised the recent changes in the energy market and the wholesale price of gas and asked how this would impact. There was concern if the budget would stand the test of time as the cost of repairs and materials seemed to be subject to high levels of inflation. Some works had been pushed back as they had been over costed, but Asset Management would be working within the budget they had for the remainder of the year. The budget for the following year was being prepared and the Asset Management team were doing this in light of the contracts that had come through in the current financial year. It was hoped that this would help account for the worst-case scenario. In terms of energy, this was contracted, and it would be the tail end of 2022-23 before we would need to re-tender. However, it was noted that rising energy costs would impact residents and a fuel poverty campaign was proposed to support those who paid their own fuel bills.

CM

**Decision** Board Members approved the proposal for Option A to remain in place for the remainder of the financial year and approved the additional capital investment of £550k in smoke detectors.

## 5.2 **Budget & Business Plan Assumptions (BRD5/04)**

The economic environment was extremely volatile, with many items, such as the rise in National Insurance, being out with Hanover's control. The Board were asked to approve the initial assumptions to allow work to start on budgets. The assumptions would be changed as required and would be brought back to the Board when necessary.

Members felt the assumption on the rent increase should be reflected on as a Board and consideration should be given to a higher inflation assumption of around 2.5% for 2022/23, which would be more realistic. The Board welcomed the scope for more flexibility, particularly given the current uncertainties. A further update report would be provided to the next Board meeting, adopting the higher inflation assumption.

DH

**Decision** Board Members approved the initial assumptions outlined in the report, noting the higher inflation assumption.

## 5.3 **Annual Procurement Report to Scottish Government (BRD5/05)**

Hanover met the Scottish Government threshold for such reports and, as this would be published, it had been felt that the Board should have sight of it. There were some initial outline plans included for the proposed route, but more information would be brought to the Board.

It was acknowledged that the report was rich in information, and it was felt that this should be analysed further to make it meaningful.

Board Members questioned the Arnold Clark entry, and it was confirmed that this was for leased company vehicles with a report having been brought to the Board the previous year. Leases were not being renewed and it was planned to conduct a review of company vehicles in future. The Board encouraged a move towards greener vehicles to fit in with strategy.

**Decision** Board Members noted the report, which would be submitted to the Scottish Government.

## 5.4 **Finance Team Restructure (BRD5/06)**

This report was fairly straightforward and provided the background on the review process undertaken. The proposals were geared towards an increased

financial awareness and management across Hanover, and what the requirement would be of the Finance Team to deliver that.

There was a proposal to revise the Redundancy Policy, but the Board were wary of doing this at the same time as a restructure, where there would be potential redundancies, as this may add to tensions. It was clarified that the current Redundancy Policy would apply to this restructure and then, with Board approval, a revised Policy would apply to any future redundancy situations.

**Decision** Board Members reviewed the planned action and timeline for the Finance Team Restructure and approved the proposal for the ELT to carry out a review of the current Redundancy Policy, which would be brought back to the Board for discussion and approval.

#### 6.1 **Development Activity Update (BRD5/07)**

This was a verbal update as there had not been significant change since the last meeting. Spynie 2 was on site, with handovers due between October 2021 and January 2022. Drymen would start preliminary works on 27 September 2021, and in earnest on 25 October 2021. It would be on site for about a year. Discussions with Historic Scotland were ongoing in respect of Bearsden.

**Decision** Board Members noted the information.

#### 6.2 **Village Garden, Elgin - Tender Approval (BRD5/08)**

This is a new build project of 25 general needs/amenity units. It had initially been brought to Hanover by Moray Council in 2019, so it has been on the speculative project list for some time. It is considered high priority in meeting rural housing needs by both the Scottish Government and Moray Council.

The project fits with the existing development strategy, but JV noted that discussions were still ongoing regarding the emerging strategy, and this might head in a slightly different direction. As the transition from one strategy to the next happens, the speculative projects would still need to be managed.

The Village Garden project was well developed. It was the affordable housing part of a wider development by Springfield. Most of the substructure work had been done on the private housing and the developer had hoped to move on to the social housing element seamlessly but this had been held up due to our approvals process.

JV noted that this was a challenging project to achieve financial viability (as measured by the Net Present Value (NPV) model. An additional £100k from the Scottish Government had been attracted, which was testament to how they saw the project as high priority. The Net Present Value (NPV) analysis has been signed off DH and confirmed that the Business Plan could support it.

In terms of the rent comparable data has been used and this was outlined in the report. An appropriate rent, which would not impact on demand for the property, had been set. A review of the Rent Setting methodology has been identified as an action to improve future processes and will be brought back to Board in due course.

Approval was sought to enter into a design and build contract, which meant Hanover would buy the land from Springfield and enter into a contract for them to develop the land. The site was valued at £200k and the contract £3.6m.

The Board expressed some concern that the breakeven point was just before year 30. However, as a general point, Members noted that this had been

useful as it had illustrated the need for the new approach to Development approved by Board in July 2021. It was not uncommon for there to be a challenge in achieving a positive NPV when rents are set at affordable levels.

**Decision** Board Members approved the acquisition of the site at Village Garden, Elgin and entering into a contract with Springfield to deliver 25 general needs and amenity units and acknowledged the need to update our Rent Policy and assumptions.

*Jo Roger re-joined the meeting.*

### 7.1 Annual Assurance Statement (BRD5/09)

The Annual Assurance Statement (“AAS”) was due to be submitted to the Scottish Housing Regulator (“SHR”) by 31 October 2021. The Board had been provided with access to a Microsoft Teams site containing the background information. A few Members had struggled to access, and this would need to be followed up.

DH

There were no material gaps. There were improvements to be made, primarily in customer engagement, governance, and equalities. An action plan had been developed.

The AAS had been reviewed by the Audit Committee, and they had been content that it provided an accurate summary that would withstand scrutiny. The Portfolio Lead Member had also had a detailed look at the background information, action plan, where the gap analysis emerged from, and was of the view that the process was robust.

**Decision** Board Members agreed there were no areas of material non-compliance and approved the draft Annual Assurance Statement.

### 7.2 Election of New Board Members (BRD5/10)

This was straightforward. All relevant Members were aware of their re-election or election and had signed the relevant forms. This would be approved at the AGM.

**Decision** Board Members approved the proposal to elect Ashley Campbell; Adele Erwin; Rob Rowe; and Alan Stewart; and re-elect Cathie Wyllie and Gary Devlin as Board Members at the AGM 2021.

### 7.3 2020/21 Board Member Annual Appraisal (BRD5/11)

The Chair thanked all Members for taking time out to speak with either him or the Vice Chair. He hoped that his report reflected the tone and outcome of those conversations. All Members had felt the appraisal process had been much improved, and the Chair specifically thanked the Members and the Business Improvement Manager who had worked together to refine the process.

The report had been welcomed by the ELT and it had been straightforward to put together an Action Plan. Some items could be dealt with quickly, but some would be into the following year. One of the bigger items was the Scheme of Delegation and the Board Committees. A report would be brought to the November Board on this.

WR

**Decision** Board Members noted the information.

**7.4 Governance Matters (BRD5/12)**

This was an ongoing report, summarising all governance matters in one place, and would be brought to each meeting.

Approval was sought for a Treasury Administrative Change regarding the Restatement Agreements with RBS and NatWest for the £20m revolving credit facility.

The proposed schedule of meetings had been included and took account of the Board's wish to move towards a People Committee. The key governance matters had been highlighted to show the logic behind the dates suggested.

**Decision** Board Members approved:

- the revised Amendment and Restatement Agreements for NatWest and RBS, and delegated approval for sign-off.
- the appointment of Gary Devlin, Cathie Wyllie, and Julia Fitzpatrick as Directors of the dormant Arklet subsidiary; and
- the Board and Committee schedule of meetings for 2022-23.

**8. Any Other Competent Business**

An update was provided on the recent fraud investigation. Three amounts of £80 had been withdrawn from a cash machine. The card should not have allowed this, the bank had apologised, and refunded the money. It was thought that this had been carried out by a member of staff who was working their notice. The police had investigated but they were not able to charge the individual as there was no CCTV evidence. Processes had been reviewed but no changes were required. The SHR and the Scottish Social Services Council had been notified.

Recognising that this would be his last Board meeting as Chair, on behalf of all the Board and ELT, AC took the opportunity to formally thank Mike Martin for 16 years of service to the Hanover Board, with six years as Chair and wished him well for his retirement.

**Decision** Board Members noted the information.

*The meeting adjourned at 11.40am and reconvened following the Annual General Meeting*

**9. Post AGM Business****9.1 Appointment of Office Bearers & Committees 2021-22 (BRD5/13)**

**Appointment of Chair & Vice Chair** - The Chair formally indicated his retirement and asked the Board to endorse Gary Devlin as Chair. Louise Reid was proposed as Vice Chair. The Board approved both appointments.

**Appointment of Membership & Office Bearers for Committees**

Gary Devlin stood down as Chair of the Audit Committee, and Julia Fitzpatrick was proposed and approved as the new Chair. Cathie Wyllie would also join the Audit Committee and the Audit Committee members were approved as per the Board report.

Jo Roger was re-appointed Chair of the Remuneration Committee (which would change to the People Committee). The Committee members were approved as per the Board Report. Additional members were requested for

this Committee, and this would be brought back to the next Board meeting as part of the Governance Matters paper.

WR

Gary Devlin was appointed as Chair of the Partnership Committee and the Committee members were approved as per the Board report.

[Appointment of Company Secretary](#) - Wendy Russell, Head of Governance & Transformation, was proposed as the Company Secretary and the Board approved this appointment.

**Decision** The Board approved the proposals for Chair & Vice Chair of the Board and Chairs and Committee members of the Audit, People and Partnership Committees, including co-opted members. The Board also approved the appointment of the Company Secretary.

**10. Date of Next Meeting**

The next meeting was scheduled for Thursday 25 November 2021 as follows:

- 13:30 2 Year Partnership Anniversary Event
- 14:30 Break or Pre-Meeting (if required)
- 15:00 Board Meeting

**Chairperson:**

**Date:**