

# Board Meeting Minutes

Minutes of a meeting held at 3.30pm on **Thursday 26 May 2022** via Microsoft Teams

**Present** Gary Devlin (Chair), Ashley Campbell, Adele Erwin, Julia Fitzpatrick, Fraser Mitchell, Geoff Palmer, Louise Reid, James Rowney, Rob Rowe, Alan Stewart

**In attendance** Angela Currie (Chief Executive), Chris Milburn (Director of Customer Services), Joanna Voisey (Director of Asset Management), Wendy Russell (Director of Business Support & Transformation), Mark Scott (Head of Finance)

**Apologies** Donna Henderson (Director of Strategic Finance), Jo Roger, Margaret Whoriskey, Cathie Wyllie

1. **Introduction & Apologies**

The Chair welcomed Board Members to the meeting. All Members were happy for the meeting to be recorded. Apologies were accepted from Donna Henderson, Jo Roger, Margaret Whoriskey and Cathie Wyllie.

Mark Scott, Head of Finance, attended the meeting in place of Donna Henderson.
2. **Declarations of Interest**

None.
3. **Minutes**
  - 3.1 **Board Minutes (BRD8 Mar22)**

**Decision** The Minutes were agreed and **approved** as a correct record and signed by the Chair following the meeting.
  - 3.2 **Audit, Performance & Risk Committee (AUD6 May22)**

The APR Committee had considered and approved the Anti-Fraud Framework, which was part of the suite of documents on the overall Financial Control Framework. Some time had been spent scrutinising the Q4 summary and there had been a particular focus on the Annual Return on the Charter (“ARC”). The ARC had been recommended to the Chair for approval and this had since been actioned. Reasonable assurance had been provided in the TIAA audits. Henderson Loggie had been commissioned to provide a gas safety audit, and this provided appropriate assurance that matters were in hand. The APR Committee Annual Report to the Board had been reviewed and approved, and this formed part of the Governance papers at agenda point 7.3.

For clarity, the report referenced that gas fails were counter to Health & Safety legislation, however, these were also non-compliant to the regulatory framework but were rectified quickly. It was important that this was clear to the Board. This would be picked up in the Assurance Statement, and this would show that once the actions from the external audit were completed, everything would be in order.

**Decision** The Board **noted** the update.

3.3	<b>People Committee Minutes (PPL1 Apr22)</b>	WR
<b>Discussion</b>	<p>This had been the first meeting of the People Committee, who had delegated powers previously held by the Board. The People Committee would make recommendations to the Board, eg on the pay awards. The Chair sought input from Members that they were comfortable with the remit.</p> <p>It was noted that the meeting had not been quorate, although there had been no decision making. Ashley Campbell volunteered to join the Committee if this would assist in quorum for future meetings, and this was welcomed.</p>	WR
	<p>There was a discussion around the recent negotiations with the GMB and the small number of staff that were not paid the Scottish Living Wage. As part of the Pay Review Framework, the Board proposed that the People Committee review Hanover becoming a Scottish Living Wage employer and make appropriate recommendations to the Board.</p>	WR
	<p>Members noted that the remit of the Committee had been discussed and asked that the presentation be forwarded to all Board Members.</p>	WR
<b>Decision</b>	<p>The Board <b>noted</b> the Minutes from the People Committee.</p>	
4.	<b>Matters Arising</b>	
<b>Discussion</b>	<p>The Board were provided with an update on pay negotiations with the GMB. They had been positive about the proposed pay increase but also requested that Hanover recognise the Jubilee Holiday. Their members had voted in favour, and this meant matters were resolved.</p> <p>A tender process was underway for a review of the employee engagement and consultation arrangements, which would include the union recognition arrangements. The successful company would be notified shortly.</p> <p>The Board had previously discussed the energy contract with Gazprom and sought an update. There had been some changes with the shareholding arrangements and Gazprom was now ultimately controlled by the German Government. An update from the energy brokers was awaited. The energy market in the UK was highly regulated so clear processes were in place if a company withdrew from the market. The risk would be that a new price would have to be negotiated. As one of Hanover's energy contracts was due to expire later in the year, the energy brokers were currently looking at what was available. At the moment this would mean around a 100-120% increase in costs. This would continue to be reviewed to ensure the optimum time to move the energy supply was utilised. The Risk Register would be reviewed and updated to reflect the situation.</p>	JV
5.	<b>Strategic Finance</b>	
5.1	<b>2021/22 Year End Results</b>	
<b>Report Summary</b>	<p>This report provided the Board with the Financial Performance Results for the Financial Year to 31 March 2022. This included an explanation on the significant variances between budgeted income and expenditure and actual income and expenditure.</p>	

The report also provided the Board with an update on key Charter trends for the financial year to 31 March 2022 when compared with targets set and prior years results.

#### Discussion

The financial figures were not final and were still subject to final year end and audit adjustments, and a final pension report from Lothian Pension Fund.

Members discussed the underspend in planned and cyclical maintenance and the overspend in reactive maintenance and questioned if less planned and cyclical correlated to more spend in reactive. It was confirmed there had been an overhang from COVID at the beginning of the year, and the budget had been managed to accommodate the overspend. Cyclical was to be reviewed to identify if there were items coming up in reactive that, through a better cyclical programme, could reduce reactive.

The Board were reminded of the plan to set up a Pensions Working Group. The new calculations on the pension schemes had been awaited to allow the group to review fresh data. This would be a small working group, who would have a few meetings to review the pension position.

DH

The Board questioned capital spend and whether it would be possible to catch up on lost ground. There had been a delay in completion of Spynie 2, partly due to COVID and partly difficulty in obtaining parts. Drymen and Village Gardens were now both on site, progressing well and due to complete around September/October 2022. Grant funding was being managed operationally within the programme. The underspend in capital had been expected early in 2021/22 and this had been factored into the cashflow projections within the 2022/23 budget.

There was a discussion around the better than expected cash reserves. Hanover was still governed by its banking covenants and needed to meet the interest cover target. It was not anticipated that anything would change in 2022/23 but paying off the past service deficit would free up more spend in the coming years. *Post Meeting Note: Since the Board meeting, TPT had confirmed that the SHAPS past service deficit contributions would cease from the end of September 2022, six months earlier than budgeted.*

Clarification was sought on Telecare income, although it was acknowledged this had been discussed previously. There was both internal and external income. A review of Telecare pricing was being undertaken and the forward plan proposed to bring a report on this to the Board's August meeting. This would be an annual update but would include the findings from the review.

CM

The ARC results had already been reviewed by the APR Committee and had been approved by the Chair. There had been discussion at the APR Committee on the increase in the total number of office-based staff. As staffing costs were one of the major cost items, it was felt that this should be monitored closely. Hanover was a complex organisation and the way the ARC indicator figure was calculated was quite challenging. Some services expanded and contracted which made it difficult to give an absolute figure that would not change as there were many factors which contributed to this.

The Board discussed the customer satisfaction surveys that formed part of the ARC. Hanover had previously carried out annual large-scale surveys that had focussed on the ARC indicators. A broader look was

now being taken on a slightly reduced frequency, and transactional surveys were being carried out more frequently. Typically, previous surveys had been in-house, but the plan was to outsource the next large-scale survey to be carried out later in the year.

Members were pleased to see that additional adaptations funding had been sourced but questioned the budget for self-funded adaptations. It would be helpful to have additional funding, if possible, to enable adaptations to be fast-tracked. Adaptations were funded from the reactive repairs budget, but it might be possible to expand this. As part of the budget agreement, any additional funds, such as from the sale of scatter properties, were earmarked to go back into the investment programme and the design guide for planned maintenance works would ensure suitable adaptations for Hanover's customers.

As a point to note, the Chair mentioned that a large proportion of funds were sitting with one high street bank and questioned if this exposure could be managed, and it was confirmed that this was being looked at.

DH

**Decision**

The Board:

- **Considered** and **discussed** the content of the report and the appendices.

**5.2****SHR Returns 2021-22****Report Summary**

Hanover was required to provide annual financial returns to the Scottish Housing Regulator (SHR). The financial information in this report helped demonstrate Hanover's financial viability and provided the Board and SHR with assurance that tenants' and others' interests were protected. This paper included the Loan Portfolio Return (LPR) and the Five-Year Financial Projection (FYFP).

**Discussion**

The Board noted that there appeared to be various loans with different providers. It was explained that this had been exacerbated in part by the Transfer of Engagements with Arklet, which had added to the number of separate loans held with different providers. This did make operational management of the loans slightly more problematic but the loan dates were well into the future so this would remain the case for the foreseeable future.

Loans were reviewed with Hanover's treasury advisors every three years to ensure good governance. It was acknowledged that interest rates were increasing but a significant percentage of the loans were on fixed rates. There was a short discussion around bonds, which would mean that repayment would not start for 30 years, and this might be an opportunity to consider at the next review.

**Decision**

The Board:

- **Reviewed** and **approved** the content of the LPR and FYFP for 2021/22, due for submission to the SHR by the end of June and May respectively.
- **Authorised** the submission for the portal and **delegated** authority to the Head of Finance to approve the submission.

**5.3****FCF - Scheme of Authorisation & Approval****Report Summary**

The Financial Control Framework (FCF) was approved in January 2022. This report presented the Scheme of Authorisation and Approval, one of

	<p>the Regulation Documents that together, formed Hanover’s Financial Regulations.</p>	
<b>Discussion</b>	<p>This was the third in the suite of FCF documents. As noted earlier, anti-fraud had been covered at the APR Committee.</p> <p>The Executive Leadership Team (“ELT”) and Senior Management Team (“SMT”) had given this a great deal of scrutiny. It was felt this had been set at the correct level, however, it was acknowledged that this would need to be dynamic and if changes were required then it would be brought back to the Board as required. Members queried section 4.4 on credit card limits. It was explained that the credit cards had an overall set monthly limit. Cards were provided to ELT, some Heads of Service and Development Managers to replace petty cash. This would be reviewed on an ongoing basis to ensure the limits were appropriate.</p> <p>Some minor clarification was required in the Scheme of Authorisation and Approval regarding the credit card limits.</p>	<b>DH</b>
<b>Decision</b>	<p>The Board:</p> <ul style="list-style-type: none"> <li>• <b>Considered, commented, and approved</b> the Draft Financial Regulation document and the attached Appendices.</li> </ul>	
<b>6.</b>	<b>Development &amp; Assets</b>	
<b>6.1</b>	<b>Development &amp; Assets Update</b>	
<b>Report Summary</b>	<p>This report provided the Board with an update on development activity to the end of March 2022; provided the Board with a general update on the reactive, planned and reactive programmes; outlined any disposals requiring approval and finally, provided an update on the Barrland lease negotiations.</p>	
<b>Discussion</b>	<p>Spynie 2, which had been delayed, was now completed. There was no further update on the claim from the contractor discussed with the Board previously, and the final account was at sign off stage.</p> <p>One of the reactive repair contractors (Turners) had tendered their notice. The procurement of the contract had been carried out in partnership with Trust and Bield, who had received similar notices. It appeared that the contractor was winding up this part of their business. There was a Plan B to ensure that there would be reactive repairs cover at all times and this was currently being implemented. The contract was due to end in November 2022, but it might be possible to end earlier. This had been discussed with the SHR and raised as a Notifiable Event.</p> <p>An update on the lease arrangements for Barrland Court was provided to the Board. The Board were conscious that the decision to go down the leasing route had been part of an options appraisal and questioned if it would be worth re-visiting the longer-term viability calculations if this was not going ahead. It was confirmed that this had been discussed by ELT. It was also suggested that it might be appropriate to advise the previous members of the Partnership Committee as this had only recently been dissolved.</p> <p>The proposed sale of Hanover’s 75% share of the shared ownership of the property at 12 South Park, Elgin was outlined, which would enable the owner to market the property as a 100% sale. The property had been</p>	<b>JV</b>

valued since the Board papers were drafted and this had come in at £98k, of which Hanover's share (75%) would be £73.5k.

A further disposal at South Park, Elgin had also come to light. No 5 was put on the market on Friday 20 May 2022 and an offer came in for £120k, of which Hanover's share (75%) would be £90k. In line with the SHR Regulatory Framework, going forward properties would not be marketed without Board approval to disposal.

This development was a small development of 12 properties of which seven were already fully owner occupied.

Hanover's current policy was to market all shared ownership properties that became available at 100%, so Hanover's shares would be sold when the owners wished to put their share on the market. This policy would be reviewed in due course but, in the meantime, Board agreement to proceed with these two disposals was required, leaving three shared ownership properties at the development. Should Hanover's policy change in future, this would be communicated to all shared owners.

## Decision

The Board:

- **Considered and commented on:**
  - Current development activity
  - Updates provided on the planned and reactive programmes specifically in relation to cost increases
  - Any disposals noted in the report
- The current situation with the lease at Barrland Court
- **Agreed** the disposals at South Park, Elgin

## 7.

### Governance

### 7.1

#### Annual Health, Safety & Wellbeing Report 2021-22

#### Report Summary

This report provided the Board with an overview of Health, Safety and Wellbeing performance during 2021/22.

#### Discussion

The Board had received quarterly updates, and this report was a reflection on the previous year. There was no Health, Safety & Wellbeing Plan at present but this was currently being developed and would be incorporated in future reports to measure against.

With the pandemic, the focus had been on Health & Safety for the last couple of years, but it was planned to now focus more on Wellbeing. The Plan would be brought to the Board in August 2022.

A Board Member referred to the Chief Executive's recent presentation at the CIH Conference, which had focussed on the longer-term impact of COVID-19 and asked if this was being monitored. It was confirmed that this was currently managed through absence management, but other approaches would be considered for incorporation into the Plan.

Some Health & Safety training had been delayed due to the pandemic. There was some that could still be carried out through e-learning but more specialised training required to be delivered face-to-face. The Health & Safety part of induction had been carried out successfully through Microsoft Teams.



<b>Decision</b>	<p>The Board:</p> <ul style="list-style-type: none"><li>• <b>Considered</b> and <b>commented</b> on the information provided and the actions required going forward.</li></ul>
<b>7.2</b>	<b>Whistleblowing Update Report</b>
<b>Report Summary</b>	<p>This report provided an update to the Board on Whistleblowing cases, following the report to the Board in November 2021 and following recent discussions with the Scottish Housing Regulator about management of these issues.</p>
<b>Discussion</b>	<p>The SHR had made it clear that they expected whistleblowing cases to be raised with them as soon as they were known. There had been discussions with the SHR, and they wanted the Board to be made aware of what had not been done in terms of comparing the actions with the Regulatory Framework, and this would be reflected in the Assurance Statement evidence that would come to the Board later in the year.</p> <p>The policy was in the process of being reviewed. The procedure had been updated and this had been communicated to all staff to ensure whistleblowing was dealt with consistently.</p> <p>Two of the incidents had been relatively minor but it was the view of the SHR that the finance matter should have had an external appointee for the investigation. The Risk &amp; Assurance Manager, who did not sit in the finance team, had carried out the investigation. The APR Committee members commented that they had spent some time discussing the manner of handling this investigation and they had been satisfied at the time that the Risk &amp; Assurance Manager was sufficiently independent to deal with this.</p> <p>The SHR had requested sight of a copy of the Board report to evidence that the Board had been fully briefed and this would be uploaded to the SHR Portal following the meeting. The Board acknowledged that the approach taken had not been as it should have been but were satisfied that the processes had been reviewed and that Hanover had a clear process in place for handling such matters in the future.</p> <p>The Board discussed the possibility of Board Member whistleblowing champions, who would provide oversight for whistleblowing incidents. It was agreed that, dependent on the severity of the whistleblowing, the policy could reflect that each case should be considered on its merits and Board Members would be notified of any future incidents in line with the Notifiable Events Procedure. Whistleblowing should be a last resort, as a manager should deal with any problem and manage this effectively internally in the first instance. The nature of an incident might warrant a conversation with the Chair and/or the Chair of the APR Committee on how this was being handled, rather than delaying to the next Board meeting.</p> <p>In general terms, from experience, the Board felt that whistleblowing policies and procedures were invoked on very few occasions. It was important to have this in place, and it was acknowledged that the ELT would be aware of the times when it would be appropriate to involve the Chair and/or the Chair of the APR Committee. The APR Committee were kept updated on ongoing investigations and provided with a detailed report on the outcome. This would be discussed further when the revised policy was brought to the Board's August meeting.</p>

WR

<b>Decision</b>	<p>The Board:</p> <ul style="list-style-type: none"> <li>• <b>Considered</b> and <b>commented</b> on the Report.</li> </ul>	
<b>7.3</b>	<b>Governance Matters</b>	
<b>Report Summary</b>	<p>The Governance Matters report set out updates and decisions required on various governance topics now and for the year ahead.</p>	
<b>Discussion</b>	<p>This report was self-explanatory. There were two items for approval, the APR Committee Annual Report and three membership applications.</p> <p>The Board's attention was drawn to the Notifiable Event around an Employment Tribunal, and more detail was provided.</p>	
<b>Decision</b>	<p>The Board:</p> <ul style="list-style-type: none"> <li>• <b>Considered</b> and <b>commented</b> on: <ul style="list-style-type: none"> <li>- The confirmation of Annual Registers sign off by the Chair for 2021-22</li> <li>- Board Member Expenses for 2021-22</li> <li>- Plans for the Board Strategy Day on 23 June 2022</li> <li>- Business Plan 2022-27 Approval by Email</li> <li>- The notification of an Employment Tribunal Claim</li> <li>- The appointment of the Director of Business Support &amp; Transformation and Head of Governance &amp; Transformation</li> <li>- The APR Committee change of meeting date</li> <li>- Hanover's Duty of Candour report for 2021-22</li> </ul> </li> <li>• <b>Approved:</b> <ul style="list-style-type: none"> <li>- The Membership applications for Miss J M Cannon, Mrs B Park &amp; Mrs S M Harper</li> <li>- The APR Committee Annual Report to Board 2021-22</li> </ul> </li> </ul>	
<b>8.</b>	<b>Any Other Competent Business</b>	
	<p>The Chair drew attention to a Non-Executive forum event, aimed at Non-Executives from public bodies, and the next event theme was resilience, rebuild and recovery. There were various speakers, and the Chair welcomed any Member who wished to attend. The event was free and being held on 30 June 2022 at the Scotsman Hotel. The Chair would pass the invitation to the Company Secretary who could forward on to Members.</p>	<b>GD/ WR</b>
	<p>Board Members noted that it would be helpful to begin to reinstate visits to developments where possible. In the past these had proved valuable to Members to allow discussions with staff and residents on challenges and issues. This had been discussed by the Chair and Chief Executive at their regular catch ups. It was acknowledged that some customers might not be ready for this as yet, but Members asked the ELT to give this some thought and report back to the next Board meeting.</p>	<b>WR</b>
	<p>The ELT drew the Board's attention to the planned roadshows to roll out the strategy and business plan. It might be appropriate to open this up to Board Members to attend if this was possible.</p>	<b>WR</b>



There was a brief discussion around the Hanover Blether on Facebook. There had been some quite negative comments recently, especially around complaints. It was confirmed that the Complaints Procedure and leaflet was recently reviewed to ensure that customers knew the correct channel to complain. The Blether was monitored by the Communications Team and, in general terms, members were allowed to post freely, although often the team would intervene and try to direct the person to the appropriate channel for resolution.

The next meeting would be the in-person Strategy Day on 23 June 2022 and the next Board meeting 11 August 2022.

**Chairperson:** Gary Devlin

**Date:**

Meeting Date	Area/ Paper	Action	Internal/ Board	Who	By When	Comments	Status
24.03.22	4. Matters Arising	Keep Board updated on GMB Ballot progress and ensure we set a deadline if we have had no response by end of month.	Board	CM	08/04/2022	Negotiations ongoing with GMB. ELT brought an update to Board on 26 <sup>th</sup> May concluding the negotiations for 2022-23	Completed
		The Board proposed that the People Committee review Hanover becoming a Scottish Living Wage employer and make appropriate recommendations to the Board.		WR	2022-23	Will be considered alongside the Pay Review Project	To be started
26.05.22	4. Matters Arising	The Risk Register would be reviewed and updated to reflect the situation with the energy contracts.		JV	31/8/22		In Progress
26.05.22	5.1 2021/22 Year End Results	The Board were reminded of the plan to set up a Pensions Working Group. This would be a small working group, who would have a few meetings to review the pension position.		DH	31/12/22	As soon as the SHAPS triennial valuation results become available a meeting with the working group. The result are expected in the next four to six weeks	To be started
		A review of Telecare pricing was being undertaken and the forward plan proposed to bring a report on this to the Board's August meeting. This would be an annual update but would include the findings from the review.		CM	11/8/22		In Progress
26.05.22	6.1 Development & Assets Update	It was suggested it might be appropriate to provide an update on the lease arrangements for Barrland		JV	31/7/22		To be started

Meeting Date	Area/ Paper	Action	Internal/ Board	Who	By When	Comments	Status
		Court to the previous members of the Partnership Committee as this had only recently been dissolved.					
26.05.22	8. AOCB	The Chair drew attention to a Non-Executive forum event to be held on 30 June 2022 at the Scotsman Hotel. The Chair would pass the invitation to the Company Secretary who could forward on to Members.		GD/WR			Complete
		Board Members noted that it would be helpful to begin to reinstate visits to developments where possible. Members asked the ELT to give this some thought and report back to the next Board meeting.		WR		Invitations sent out to Board members to come forward to EMM if they want to individually visit developments or come along to the Customer Strategy Roadshows.	In Progress