

ANNUAL REPORT 2021/22

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Comments from the Chair

Gary Devlin



Having taken over the role of Chair at last year's AGM I have enjoyed supporting the production of a new vision and strategy for such a great organisation in this new phase of the organisation's history. Having served on the Board for several years it has been refreshing to work with a new leadership team and continue to develop our strong governance approach.

The challenges for Hanover such as supporting tenants through the cost of living increases; keeping rents affordable; and rewarding employees with decent pay increases are only going to intensify. But we have a highly skilled Board, and will work closely with tenants to get through these difficult decisions.

As a systemically important specialist landlord in Scotland we are firmly focused on developing our services to support older people in Scotland and to meet the growing demand for social housing. Work is now underway on developing our sustainability plans to help navigate the path to net zero while balancing the needs of our ageing stock. New technology will play a big part in this work and we will work with others across the sector to develop and test new approaches for our specialist housing models.

I'm looking forward to the year ahead, despite the challenges and supporting the organisation to continue to modernise and evolve on this next part of the Hanover journey.

Introduction by Chief Executive Angela Currie



**Welcome to the
2021/2022 Annual Report
for Hanover Scotland.**

This report provides an overview of our activities in the previous year and how well we performed.

In March 2022, Hanover's Board approved a new Strategy & Business Plan that sets out our vision for the next five years.

Underpinning this are the 5 and 30-Year Financial Plans which provide the resourcing plans that are aligned with our three key strategic objectives.

The process of putting together this strategy was comprehensive and was undertaken throughout the year. We involved customers, employees and key stakeholders to provide clear evidence to set out new direction. Our newly refreshed values underpin the continued drive to grow a caring customer focused organisation with three new strategic goals.

**HAPPY
CUSTOMERS**

**DESIRABLE
HOMES**

**RESILIENT
ORGANISATION**

Managing COVID-19

Covid-19 continued to impact on Hanover and this was felt acutely in letting out properties with higher levels of empty properties and longer re-let times. Restrictions on the level of repairs and maintenance we could carry out were tough, but a more normal operating level was adopted in the latter part of the year, allowing most services to return to a high degree of normality.

We focused our priorities on agile management of services during Covid to reflect an ever-changing picture. We have successfully introduced a new model of hybrid working allowing many employees to balance working from home with working from the office. This will continue to be refined to reflect the lessons learned since the pandemic struck in March 2020. This new approach has helped us embrace more efficient ways of working, including greater use of digital technology.

We have started to develop aspects of our new People Plan and set out the key people projects we will focus on in the year ahead to ensure Hanover is an employer of choice. It is helping us focus on ensuring we have modern and progressive employment policies and practices in place, and that we have the right capacity

and capability across all teams to deliver our new strategy. This work is being scrutinised by the new People Committee and will lead to the production of a new People Strategy next year.

Arklet Integration Success

Following the transfer of engagements with the former Arklet Housing Association in 2019, a huge effort has gone into fully integrating the organisation. This work is now complete and a review of progress highlighted the significant work that had been undertaken to complete this. The review praised the employees and Board members for their efforts. We continue to work on preserving the Jewish culture and have commissioned a project that documents the history of Arklet HA as part of the Jewish culture in Scotland.

Having worked with Hanover for over a year – most of my early months were during lockdown – it has been great to finally get out to our developments and meet our teams and our customers. Our recent programme of Strategy Roadshows has highlighted even more, the value of face to face interactions and the joy that social gatherings can bring.

Customer Engagement & Support

HEART – scrutiny panel

The HEART scrutiny panel continued to meet online as meeting in person wasn't possible for most of the year. Virtual meetings can be a challenge, but HEART managed to continue their work. They carried out scrutiny of performance information and through this decided they would focus on how Hanover deal with properties when they become void and the standard of a property when it is relet. HEART also considered the approach Hanover has taken to preparing the Annual Assurance Statement and how performance information should be provided to customers.

Survey for strategy development

In the Autumn of 2021, Hanover teamed up with research company Knowledge Partnership to survey our tenants on what services are important to them. We had a great response with 1,771 tenants providing their views. As well as the survey, 38 tenants joined us at online focus groups to help us understand what is important to them. We have used all the feedback from the survey and the workshops to help inform the development of the new five year strategy.

Volunteering

Where possible, volunteering continued during the year. However, the number of volunteers reduced in size during the course of the pandemic. We continued with the buddy call service where customers received calls from volunteers.

Zoom chat

Our weekly Resident Zoom Chat which began during 2020 continued to meet every Tuesday morning at 10am. During lockdown the Resident Zoom Chat was a great way to meet and chat to others (albeit virtually) but as we ease back to normality, we all still enjoy our weekly catch up.

Customers join us from many developments around Scotland; some on a regular basis but others may join whenever they can.

Our chat is very informal; we tend to chat about everyday topics and often discuss past experiences. We have enjoyed poetry recitals and little sing songs – laughter is never far away!

AGM/Customer Event

We held a hybrid online event for the AGM this year, combining events in some developments with others attending online. This allowed those who were not confident joining online to take part in the event. As well as the usual AGM business, we had a performance from Red Note Ensemble who performed a musical piece while we all took the opportunity to reflect on the year gone past. Following some Q&As with the Directors, we boogied to a performance by Sam Bailie (X-Factor).

Festive Extravaganza

Customers and employees joined together to enjoy some festive cheer in December. The afternoon featured music, poetry and of course some cracker jokes! We all joined in with a Christmas quiz and learned some new festive facts.

Digital roll out

Throughout the year we continued to roll out wi-fi in the communal areas of our developments. We were successful in our bid to Connecting Scotland and secured tablets and online access for 36 of our customers. This was followed up with training sessions on how to use the tablets. The project was a success with some of those who benefitted now regularly join in with our online activities.

Scottish Federation of Housing Associations (SFHA) Winter Fuel Fund

We were successful in securing £15,000 of funding from the SFHA Winter Fuel Fund to support our customers through the winter months with their fuel bills. We did this through providing vouchers that could be used to purchase fuel. Hanover matched this funding to create a fund that customers can access when they need extra financial support.

Performance Report Card

Performance Management

Hanover closely monitors key performance indicators including those required by the Scottish Housing Regulator to show we are meeting the requirements of the Scottish Social Housing Charter. We also scrutinise key financial indicators.

We review our performance through:

- Monthly management reports reviewed by the Senior Management Team
- Quarterly reports to the Audit, Performance and Risk Committee

Performance over the last two years has been directly impacted by Covid-19. Key areas that have been affected are:

- Reactive repairs
- Planned maintenance
- Allocation of properties
- Employee absence

Despite this, the summary table below shows relatively strong performance across key areas of the business.

We expect Covid-19 to continue to have an impact on 2022-23 in both performance and

financial terms and have budgeted based on our knowledge and understanding at the time. We will carefully monitor our position and introduce quarterly reforecasting to ensure we fully understand the impact and adapt our operating systems as required through the year.

Our reported satisfaction levels have remained static as we won't repeat our large scale survey until 2023. In general, we have seen a fall in customer satisfaction levels over the past 3 years. We have introduced transactional surveys and they show strong results on a day to day basis.

Now that Covid restrictions have significantly eased we are pressing ahead with our improvement plan to focus on greater transactional surveying and increasing satisfaction.

In the year ahead we will refresh our Customer Engagement Plan with an emphasis on reinvigorating the methods of engagement to increase levels of participation and scrutiny. We will utilise the technology now available in our communal lounges to encourage and support this as well as support more traditional methods of participation.

Report Card

This is Hanover's Performance Report Card for the period April 2021 to March 2022.

This information is from our Annual Return on the Charter (ARC). This is data all social landlords are required to provide to the Scottish Housing Regulator annually. The Scottish Average figures are from the ARC data published by the Regulator.

Benchmarking

These figures are provided by Scotland's Housing Network. Hanover is included in the Specialist group who are similar landlords. They are:

- Abbeyfield Scotland
- Ark Housing Association
- Barony Housing Association
- Bield Housing & Care
- Blackwood
- Blue Triangle Housing Association
- Key Housing Association
- Loretto Housing Association
- Scottish Veterans Housing Association
- Trust Housing Association
- Viewpoint Housing Association.

Housing stock and average weekly rents

Average Weekly Rents				
Size of home	Numbers owned	Hanover's Rent	Scottish Average*	Difference from Scottish Average
Bedsit / Studio	26	£107.69	£75.95	41.8%
1 Bedroom	3,441	£125.15	£81.32	53.9%
2 Bedroom	774	£131.20	£84.18	55.9%
3 Bedroom	176	£117.94	£91.48	28.9%
4+ Bedroom	27	£126.69	£100.74	25.8%

**Peer group average is not available for this indicator.*

Getting Good Value	2019-20	2020-21	2021-22	Peer Group Av.	Scottish Av.
Rent Arrears and Collection					
Rent collected from current and former tenants as a percentage of rent due	100.04%	100.29%	100.37%	98.88%	99.28%
Rent arrears of current and former tenants as a percentage of rent due (excluding voids)	1.23%	1.05%	1.35%	2.18%	6.34%
Rent arrears of current and former tenants written off as a percentage of former tenant arrears	58.75%	38.34%	53.52%	42.83%	27.57%

We continue to perform well in rent collection and management of arrears, better than the peer group average and the Scottish average. We focus on catching arrears early and providing support to customers who are finding it difficult to pay their rent. With our dedicated Welfare Rights Officer, we can and have assisted with claims for Housing and other benefits as well as referring customers to local support agencies and services.

	2019-20	2020-21	2021-22	Peer Group Av.	Scottish Av.
Void Works and Lettings					
Average re-let times in days (standard re-lets)	41.48	95.59	67.01	81.73	51.57
Percentage of tenancy offers refused during the year	29.48%	36.72%	37.92%	21.69%	32.93%
Percentage of lettable self-contained houses that became vacant in the last year	14.16%	12.88%	14.51%	13.27%	7.76%
Rent loss (£000's) due to empty properties (voids)	£696,874	£1,192,915	£1,147,243	NA	NA
Rent loss due to empty properties (voids) as a percentage of rent due	2.19%	3.62%	3.42%	4.21%	1.43%

Housing Management

The pandemic continued to have a significant impact on the average void re-let period this year at 67 days. This is an improvement on last year and below our peer group average. Void rent and service charge loss reduced slightly but remain a challenge for 2022-23. We have a Strategic Voids Group who are focused on reducing void numbers for the long and short term. The group have worked together to make sure properties are let as quickly as possible. They do this through regular meetings between teams and monitoring performance closely. The group are also updating how we market properties and how we make them attractive to prospective customers.

Housing Quality and Maintenance	2019-20	2020-21	2021-22	Peer Group Av.	Scottish Av.
Major Works and Cyclical Maintenance					
Hanover homes meeting the Scottish Housing Quality Standard (SHQS)	98.93%	98.93%	97.50%	80.55%	74.57%
Hanover homes meeting the Energy Efficiency Standards for Social Housing (EESH)	97.75%	96.54%	83.96%	92.80%	87.56%
The number of times Hanover did not meet its statutory duty to complete a gas safety check.	68	103	46	54	3028

The majority of our properties are between 25 and 35 years old and have reached an age that now requires significant investment to maintain them to modern standards. Within the next five years it is anticipated that we will invest in the region of £31.8m into kitchens, bathrooms, roofs, heating and other things that increase the value or efficiency of our properties.

Over the next five years a programme of cyclical repairs and planned maintenance of £19.6m are planned. This programme includes works required by legislation, such as the Energy Efficiency Standards for Social Housing (EESH). Currently 84% of properties comply with EESH, this is a little behind the full sector where on average 87.6% of landlords' stock meets EESH.

	2019-20	2020-21	2021-22	Peer Group Av.	Scottish Av.
Responsive Repairs					
Average length of time taken to complete emergency repairs (hours)	3.72	3.97	3.42	4.10	4.16
Average number of working days taken to complete non-emergency repairs (urgent and routine)	5.88	6.45	5.70	6.52	8.87
Percentage of repairs completed right first time	95.76%	97.36%	92.59%	89.76%	88.27%

Response times to emergency and non-emergency repairs are well below both the peer group and the Scottish average.

We continue to prioritise day to day repairs and reactive maintenance is carried out in accordance with our published response targets. There were 18,842 reactive repairs carried out in the year with 92.6% completed right first time.

	2019-20	2020-21	2021-22	Peer Group Av.	Scottish Av.
Adaptations					
Average time to complete adaptations (days)	126.79	98.10	116.75	77.33	54.35

We received Scottish Government grants of £427,000 for the adaptation of 167 properties to meet the needs of tenants as they become increasingly frail. Hanover has identified where we can make the process better and we have a plan to reduce the time taken to complete adaptations. We expect to see improvements in the coming year.

Neighbourhood and Community	2019-20	2020-21	2021-22	Peer Group Av.	Scottish Av.
Managing Tenancies					
Percentage of anti-social behaviour cases reported in the last year which were resolved	93.48%	95.95%	88.68%	96.59%	94.67%

We continue to respond to cases of antisocial behaviour and neighbour nuisance. Over the last few years we've seen an upward trend in the number of cases reported. Some have been quite complex and therefore have taken longer to resolve. The number of cases have peaked and we see them returning to pre-covid levels.

Corporate Health	2019-20	2020-21	2021-22	Peer Group Av.	Scottish Av.
Corporate Health					
Percentage of employee turnover in year	12.36%	11.55%	12.74%	21.31%	NA
Percentage of working days lost through staff sickness	4.99%	5.75%	6.08%	6.49%	NA

Covid continued to affect employee sickness with it accounting for 9% of all absences. In the coming year we will introduce a new Maximising Attendance Policy and Procedure to ensure that managers are supported in managing absences effectively.

Satisfaction	2019-20	2020-21	2021-22	Peer Group Av.	Scottish Av.
Tenant and Resident Satisfaction					
Percentage of tenants satisfied with the overall service provided by Hanover	85.12%	81.54%	81.54%	85.55%	87.74%
Percentage of tenants satisfied Hanover is good at keeping them informed about services and decisions	83.66%	81.73%	81.73%	84.05%	91.15%
Percentage of tenants satisfied with the opportunities to participate in Hanover's decision making processes	73.85%	64.87%	64.87%	73.95%	86.81%
Percentage of tenants satisfied with the quality of their home	88.45%	85.13%	85.13%	88.47%	85.44%
Percentage of tenants satisfied with repairs and maintenance carried out in the last year	88.57%	85.62%	85.62%	85.98%	88.01%
Percentage of tenants satisfied with Hanover's management of the neighbourhood	73.79%	75.04%	75.04%	77.79%	85.09%
Percentage of tenants who think Hanover rent is represents good value for money	82.86%	76.48%	76.48%	78.37%	82.51%
Percentage of tenants satisfied with the landscape maintenance at your development (new in 2019-20)	68.22%	74.34%	74.34%	N/A	N/A

Complaints	2019-20	2020-21	2021-22	Peer Group Av.	Scottish Av.
Complaints					
Average time in working days for a full response for all stage 1 complaints (new in 2019-20)	3.41	3.52	4.10	4.05	5.76
Average time in working days for a full response for all stage 2 complaints (new in 2019-20)	17.53	16.36	17.70	18.02	27.44

Telecare

Customer Satisfaction

Telecare conducts a customer service survey every year. This year was one of the largest we have performed. We sent out surveys to over 800 Hanover properties with just over a third of those returning a completed form. This enabled us to gain valuable feedback and gives us the ability to determine the areas of improvement we need to take. It also provides valuable insight to understanding the changing needs of customers. These are the initial results we have received so far this year.

They will also be used to communicate changes to customers, like when they may require the emergency services or other supportive services. We have provided further details below.

In the first quarter of 2021, our alarm receiving centre took a combined total of 434,277 calls. That is an average of 144,759 calls per month, from both Hanover's developments and other external customers.



Analogue to Digital

In December 2020, Hanover was awarded funding from the Scottish Government's Digital Office to help us make the transition from relying on obsolescent analogue telephone lines to using future-ready digital IP (Internet Protocol) services. Part of this funding is being used to expand the capability and capacity of our call handling platform's digital environment, to allow for the testing and deployment of digital telecare products using different communication, signalling and security methods. This work is essential in getting Hanover's Alarm Receiving Centre digitally ready, so that we can support the new and emerging technologies out there.

We are committed to our Alarm Receiving Centre being fully digitally enabled in 2022/2023 and are currently in the testing phase of this work.

Assisted Living Project Officer

In November 2021, Hanover secured funding from the Scottish Government's Digital Office to help fund a two-year fixed term post for an Assisted Living Project Officer. This member of staff will project manage Hanover's programme

of digital upgrades of the telecare equipment at our housing developments, ensuring that we are prepared for the Analogue to Digital switchover. An internal candidate was recently appointed to the role and began on 1st August 2022.

Proactive Calling

In November 2021, Hanover was awarded funding from the Scottish Government's Digital Office to recruit a member of staff on a six-month basis to help us to build a business case for a proactive calling service. We believe that many of Hanover's customers would benefit from a phone or video call where the operator has time to listen and chat, provide reminders, signpost to other services and escalate concerns if necessary. We also think that there may be a market for such a service; either commissioned by Health and Social Care Partnerships as part of a social care package or potentially via family or friends of an individual who would feel this service would provide them with reassurance and peace of mind.

We are now 5 months into this project and, following the completion of a business case, we may look to launch a 'Test of Change' pilot which will provide us with valuable data and test our assumptions of such a service.

New Developments

We continue to consider development opportunities on a case by case basis where there are strong strategic links underpinned by a robust business plan. A key issue for the viability and sustainability of individual development opportunities remains the availability and level of capital grant funding.

We are well placed to manage a modest development programme and over the course of the year, we have completed a number of properties including houses on West Covesea Road in Elgin, Greenfield Circle and Greenfield Wynd in Elgin (part of the much larger Spynie housing development) and Highland Yard on Highland Way in Buckie (pictured).



Finance & Governance

Financial Performance

The purpose of this section is to provide an appropriate assessment of the performance of Hanover during 2021-22. The key strategic financial objectives include remaining financially viable, delivering value for money, and achieving a financial surplus to meet our long term commitments.

The Board is pleased to report, that despite the current economic challenges and the ongoing impact of Covid-19, Hanover's performance remained strong and returned an operating surplus for the year of £4.5m (2021: £5.9m).

Gross income from rent and service charges increased by 1.6%, and turnover by 3.2% to £44.1m and operating costs increased by 7.4% to £39.6m. Operating costs include expenditure on care of £2.4m, and reactive maintenance of our properties of £3.9m. High maintenance costs in 2021-22 again impacted on planned and cyclical investment with costs of £2.2m incurred which was less than had been provided for in the investment plan.

Hanover has considerable financial resources together with long-term income from its customers, and the Board believe that Hanover is well placed to manage its business risks successfully despite the current uncertain economic outlook. The impact of COVID-19 and the high levels of inflation being experienced will be continuously monitored and plans in the short and long term will be adapted to recognise any financial implications.

The Board has a reasonable expectation that Hanover has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

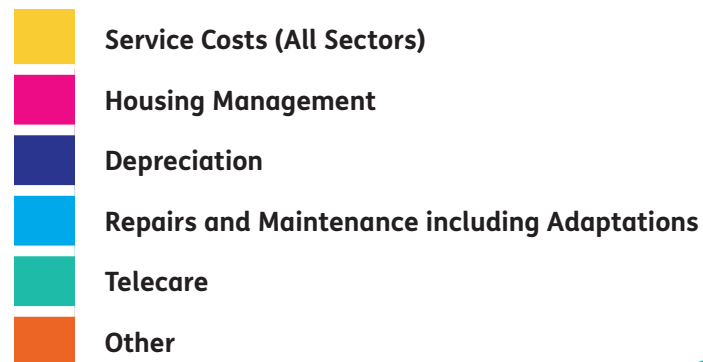
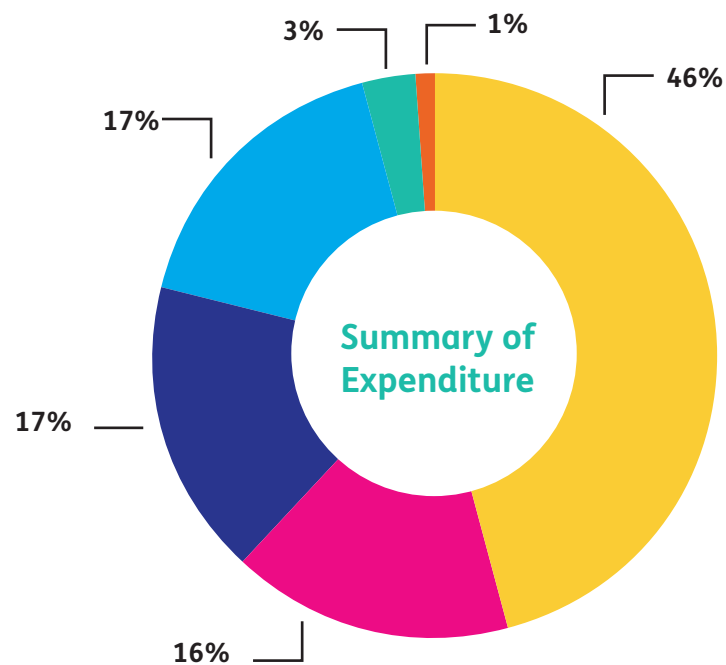
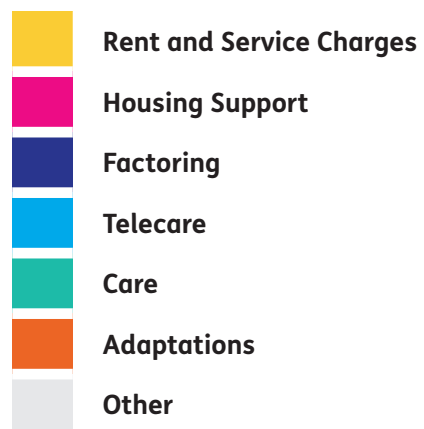
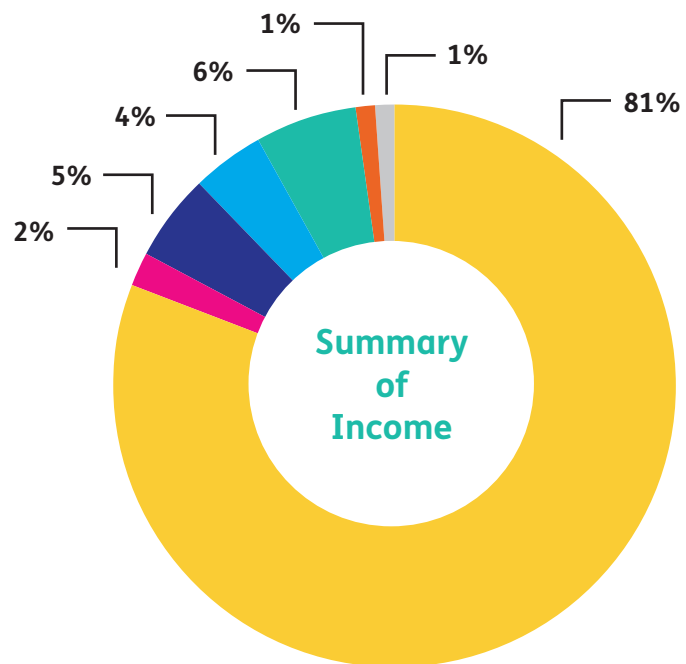
Outlook

Hanover continues to meet the challenges of Covid-19 and the economic uncertainty, in the context of reductions in public sector spending, and remains committed to investment in the maintenance and upgrading of our customers' homes. On the basis of the assumptions used in the projections of income and expenditure, longer term plans over the next 30 years offer a satisfactory picture of viability.

Statement of Comprehensive Income

For the year ended 31 March 2022

	2022	2021
	£'000	£'000
Turnover	43,838	42,700
Less: Operating Costs	(39,600)	(36,859)
Gain on disposal of housing property	280	42
Operating surplus	4,518	5,883
Interest receivable and other income	-	3
Interest payable and financing costs	(1,922)	(1,963)
Surplus before taxation	2,596	3,923
Taxation	(12)	(5)
Surplus for the year	2,584	3,918
Actuarial Gain / (Loss) on pension obligations	2,677	(5,502)
Total comprehensive income for the year	5,261	(1,584)



List of Board Members & Officers

Board Members

Gary Devlin ACA CPFA (Chairperson)
Julia Fitzpatrick MA (Hons) FCIH
Fraser Mitchell
Prof Sir Geoffrey Palmer Kt OBE DSc
Joanne Roger
James Rowney MCIBS MBA MRICS
Margaret Whoriskey MBE PhD MPhil BA (Hons)
Catherine Wyllie BA CA
Dr Louise Reid MA (Hons) MSc (Vice Chairperson)
Alan Stewart
Adele Erwin
Ashley Campbell CIHCM
Rob Rowe
Mike Martin (Chairperson resigned in September 2021)

More details about our current board members can be found on our website:

<https://www.Hanover.Scot/about/our-people/meet-our-board>

Officers

Angela Currie CIHCM
Chief Executive

Adam Curry BA (Hons) ACIPD
Director of Organisational Services
(resigned 22 September 2021)

Joanna Voisey
Director of Asset Management

Donna Henderson
Director of Strategic Finance

Christopher Milburn MBA MBCS
Director of Customer Services





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Hanover (Scotland) Housing Association Ltd - a Scottish charity no.
SC014738 and Registered Property Factor no. PF000140