

Board Meeting Minutes

Minutes of a meeting held at 3.30pm on **Thursday 25 May 2023** via Microsoft Teams

Present	Gary Devlin (Chair), Ashley Campbell, Adele Erwin, Rob Rowe, James Rowney, Alan Stewart, Margaret Whoriskey
In attendance	Angela Currie (Chief Executive), Donna Henderson (Director of Strategic Finance), Chris Milburn (Director of Customer Services), Wendy Russell (Director of Business Support & Transformation)
Invited	Joyce Stewart (Regulation Manager, SHR) and Paula Thomson (Regulation Analyst, SHR)
Apologies	Julia Fitzpatrick, Fraser Mitchell, Louise Reid, Jo Roger (absence approved by Board), Cathie Wyllie (leave of absence)

1.	<p>Introduction & Apologies</p> <p>The Chair welcomed Board Members to the meeting. All Members were happy for the meeting to be recorded. Apologies were accepted from Julia Fitzpatrick, Fraser Mitchell, Louise Reid and Jo Roger.</p>
2.	<p>Declarations of Interest</p> <p>All ELT present declared their interest in item 8.1 Pay Review Update as they are all affected by the Pay Review.</p> <p>MW declared interest depending on what was being fed back from the Audit, Risk and Performance Committee item 3.2 as she has responsibility for the national Telecare policy and program as part of her employment.</p> <p>GD noted that his employer (Azets) has a number of housing associations as clients. This does not create a conflict of interest but is noted for completeness.</p>
3.	<p>Minutes</p>
3.1	<p>Board Minutes (BRD14 March 23)</p>
Discussion	<p>MW noted that she attended this meeting but was reported as not attended.</p> <p>Post Meeting Note: Minute has been amended accordingly.</p>
Decision	<p>The Minutes were agreed and approved as a correct record and signed by the Chair following the meeting.</p>
3.2	<p>Audit, Performance & Risk Committee (AUD11 May 23)</p>
Discussion	<p>Due to the timescales from the Audit, Performance & Risk Committee meeting to mailing of Board papers the minute is not available yet. JR was able to provide a verbal update from the recent meeting, providing a brief overview of the following:</p>

- Quarter 4 Management Accounts – there was an overall surplus of £1,388k, being £510k higher than the budgeted surplus of £879k for the year.
- Annual Return of the Charter (ARC) due for submission next week.
- Quarter 4 Performance – decline in time to complete emergency repairs due to a higher number of urgent repairs carried out, mainly due to the weather (burst pipes).
- Internal Audit - The Budgetary Control audit received an assurance level of “substantial” from TIAA, and the Complaints Management audit was awarded an assurance level of “reasonable”.
- New Internal Auditor - Henderson Loggie attended meeting and will provide a 3-year plan at the meeting in July.
- Strategic Risk Register – One risk identified as out with appetite due to the financial climate, coinciding with the increases in rents and service charges.
- Whistleblowing Report- pleased to note that all the allegations were unfounded.
- Customer Safety Compliance – Continue to be compliant in all of the Big 6 areas.

AC

JR noted that the Audit, Performance and Risk Committee were concerned about the decline in performance in Telecare and noted that a paper would be coming to the Board meeting in August.

Decision

The Board **noted** the update.

4

Matters Arising

WR advised that the **Hanover Blether** had been updated since the last meeting which discussed the service charges and remains closely monitored and any queries continue to have a prompt response although comments regarding service charges have greatly reduced.

DH has emailed the **overheads update** to all Board members.

WR provided feedback regarding the **support that employees received during this cost-of-living crisis** and noted that employees are signposted to relevant support such as financial advice and funding available. Also, a new Health Cash Plan benefit has been introduced to all employees which offers services such as a financial budget tool and various discount schemes. Information of the plan was detailed in the ‘It’s Good to Know’ paper (item 4.1).

WR noted that CM had provided an update regarding the support for customers after the last Board meeting and provided a learning and development session prior to the meeting today on **service charges**.

4.1

It’s Good to Know

Report Summary

This provided Board with an update on key issues happening in Hanover that are not included in Board papers through the formal Board or Committee meeting cycle.

Discussion

The Board acknowledged the update.

4.2

Board Action Plan

Decision

The Board **noted** the update.

5.

Strategy Spotlight

5.1

Introduction to SHR

Report
Summary
(Verbal)

Joyce Stewart, Regulation Manager from Scottish Housing Regulator (SHR), supported by Paula Thompson (Regulation Analyst) were present at the meeting to observe, and Hanover had asked that they gave a short update on an overview of the role of the SHR. Joyce gave a brief introduction and highlighted that:

- Their Statutory objective is to safeguard and promote the interests of tenants and others who use the services of social landlords.
- They Monitor, assess and report on all landlord's performance on housing activities and the financial wellbeing and standards of governance of registered social landlords (RSL).
- There are currently 32 local authority and 155 RSLs in Scotland.
- Risk Assessment considers how landlords deliver certain services to all service users. Annual Assessment (done in November) will identify key risks to be looked at and the Engagement Plan for each landlord is published in March.
- The Engagement Plan will be reassessed if there are any issues identified during the year (Similar to the Hanover experience earlier in the year regarding the customer safety compliance).

Discussion

The Board noted that it would be beneficial to have examples of good practices from other housing associations shared and Paula Thomson (Regulation Analyst, SHR) advised that the SHR have a programme of thematic study which identifies an area that gets looked at and good practices are published.

PT noted, with regard to notifiable events, that the sharing of Board minutes and reports is very important as it allows the SHR to see the information that is being presented to the Board for notifiable events to be signed off.

The Board queried if there were any comments that the SHR could give on how Hanover operates or any guidance for improvement. JS noted that due to the size of Hanover and level of turnover that Hanover is systemically important. JS noted that the SHR views of Hanover are reflected in the Engagement Plan.

AC advised that SHR have re-established a regular forum for Chief Executives and would be attending a forum in the next couple of weeks for systemically important RSLs, which is another way to discuss key strategic issues with the Regulator.

JS advised that there will be a review of the Regulatory Framework, with a discussion paper being issued next month and encouraged all to feedback any ideas or views. Formal consultations will be over the summer with an aim of the new Regulatory Framework being published in April 2024.

The Chair thanked both JS and PT for their time and noted that they are welcome to attend any future Board meetings. JS confirmed that it is in the Engagement Plan to attend meetings, so they will confirm if/when they want to attend in future.

JS and PT remained to observe the meeting.

5.2

Treasury Management Policy & Plan

Report Summary

This paper introduces the updated Treasury Management Framework to allow Board to consider the content and the new approach to managing the Treasury Risks.

Discussion

DH explained that the SFHA issued new Treasury Management Guidance in February 2022. The review is timely for Hanover, as we look to consider the long-term treasury plans to support the implementation of five-year Strategy launched last year and future plans for the Hanover regarding investment, development and achieving net zero.

DH advised that the Treasury Management Plan details the areas that may be considered this year, noting that in conjunction with our Treasury Advisors (ATFS) we want to look at various areas such as the loan portfolio, refinancing and potentially private placements, noting that now is a good time to look at a total refresh and a report is planned to be brought to Board, later in the year.

DH noted that the guidance provided a more cohesive approach to treasury management. The Treasury risk scoring and adding the risks to JCAD will be completed by June 2023 and reported to the next APR Committee in July.

Board members queried if it was sensible to put a significant amount of funds into a single institution (Canada Life), suggesting that it would be prudent to perhaps have set limits split amongst several institutions. DH advised that she liaise with our Treasury Advisors (ATFS) regarding this and report back at a later date.

DH

The Board discussed ethical lending and sustainable investment; DH advised that this should have been added to the paper as this is something that is planned to be looked at.

Post Meeting Note:

The Treasury Management Plan has been updated accordingly.

The Board noted that this was a very detailed plan with various appendices and suggested that going forward if the presentation could be summarised. DH advised that everything presented is in accordance with the Regulator’s recommendations. Going forward, once the Board platform is introduced, this will be easier for presenting such detailed presentations.

DH

A Board member noted that in the Treasury Management Practices (Exposure section) stated “if balances exceed £105m” appeared to be incorrect. DH advised that this was an error and should read “if balances exceed £10m”.

DH

Post Meeting Note:

The Treasury Management Practices has been updated accordingly.

Decision

The Board:

- **Approved** and **discussed** the Treasury Management Policy and the Treasury Management Practices contained in Appendix 1.
- **Approved and discussed** the Treasury Rules that have been proposed.
- **Approved and discussed** the Treasury Plan for 2023/24, including the action plan that will ensure sufficient resources are in place to deliver the strategy and the objectives within the delivery plans.

5.2

Business Plan 2023-24 and SHR Five Year Financial Projections

Report Summary

This report provides Board with details on the Business Plan which incorporates our 5-Year & 30-year financial plans that support our Strategy.

The 5-Year and 30-Year Plan are updated following the setting of the budget for the current financial year and include sensitivity testing of a number of scenarios that may occur and would have a significant impact on the organisation's finances.

Discussion

DH gave an overview of the Business plan 2023-24 and SHR Five Year Financial Projections, highlighting:

- The key assumptions within the plans were approved by the Board at the October 2022 meeting and were updated at the January 2023 meeting.
- The baseline Plan A includes the catch up planned and capital investment that could not be undertaken due to COVID-19 restrictions. Baseline Plan A ensures we are compliant with our lender covenants through the 30 years although further smoothing may be required where there is limited headroom on our tightest banking covenants.
- The 5 and 30-Year Plans assume a void level of 3% for 2023/25 falling back to 2.5% for the rest of the plan. This is not yet at pre COVID-19 void levels but is a significant improvement. Void levels have a significant impact on the financial position and voids will need to be closely monitored through 2023/24.
- The proposal for the new pay framework has been fully costed and is provided for within the 5 and 30-Year Plans, although the proposal has yet to be agreed by our recognised union.
- The Digital Plan which the Board approved at the beginning of the year has been costed and is included in the Business Plan.
- A range of scenarios have been tested and note the long-term impact they would have, if they materialised.
- We will continue to model and review our assumptions on quarterly basis to reflect the changing economic environment.

The Board queried the costings of the Digital Plan (£2.5m), DH advised that as they are looking at core systems replacements first, therefore the investment will increase as the plan evolves.

DH advised that, at present, there is only one development being planned but a full development plan will be led by our Head of

Development and Sustainability and that will be factored into the Business Plan.

Board members queried why Hanover were planning to hold £54m of reserves by the end of year five. DH noted that the plan is constructed to ensure that we are maximising our investment whilst meeting our covenants, which require a surplus of 110% of interest paid to be generated each year. This restricts our ability to access those reserves.

The Board noted that the purpose for carrying over reserves should be clear. DH agreed to review the Reserves Policy and noted that the updated investment plan will be coming to Board later this year which will then allow us to look at starting to revise the long-term Business Plan.

Board members discussed void levels and DH advised that the assumption of 2.5% was not unreasonable, noting that we tend to have higher void levels in the winter months, and the voids group are working hard to reduce void levels which has included the remodelling and repurposing some properties.

Decision

The Board:

- **Approved** the Business Plan for 2023/24 and **considered and discussed** the 30 Year Projections contained in Appendix 2.
- **Considered** the range of scenarios contained in the sensitivity analysis and **noted** the potential impact of these.
- **Approved** the Five-Year Financial Projections (FYFP) to be submitted to the SHR. (Appendix 3)

6.

Happy Customers

6.1

Rent and Service Charge Policy

Report Summary

This report introduces an updated version of our Rent and Service Charge Policy for approval.

Discussion

CM explained that originally the policies were two separate policies but after a recent review they have been combined into one.

The Board noted that an Equality Impact Assessment (EIA) would be relevant to this policy and queried if it had been undertaken? WR advised that there had been an EIA carried for this policy earlier this year so the final policy will be updated to reflect that and advised that we have just introduced a new EIA process for all new projects, new system introductions and all new policy reviews.

The Board queried the principles section of the policy and discussed affordability to tenants, CM advised that we will be engaging with SFHA over the summer on the affordability toolkits seeking to gain a better understanding of it especially for older people. The Board noted that this can be discussed once the review of overheads managements costs is brought back later in the year.

Decision

The Board:

- **Considered and discussed** the Rent & Service Charge Policy.
- **Approved** the updated Rent & Service Charge Policy.

7.	Desirable Homes
7.1	Development & Assets Update
Report Summary	This report provides the Board with an update on current new build and remodelling activity and risks. It also provides information on the key work underway within the Assets service.
Discussion	<p>AC firstly advised of the successful recruitment to the post of Director of Asset Management - to Maurissa Ferguson –she will join Hanover later in August.</p> <p>AC gave a brief overview of the Development & Assets update and noted that progress was being made with procurement of a new reactive repairs contract and an open space contract and advised members that approval would be sought for contracts sign off in-between Board meetings to allow compliance of deadlines.</p> <p>The Board agreed that they are happy to enable management decisions out with Board Meetings and an update could be provided at the next Board Meeting in August.</p>
Decision	<p>The Board reviewed, approved and commented on the:</p> <ul style="list-style-type: none"> • Current development & Remodelling activity, including an update on the claim by Robertsons. <p>The Board approved:</p> <ul style="list-style-type: none"> • To proceed with asbestos works at New Scone • Remodelling works and void moratorium position. • Position with our Reactive and Landscaping contracts. • Update on progress within customer safety service. • Update on damp and mould cases.
8.	Resilient Organisation
8.1	Pay Review Update
Report Summary	This paper provides an update on the progress of the Pay Framework Review which was last reported to Board at the March 2023 meeting. At that meeting the Board approved a number of proposals to modernise our pay framework, subject to GMB approval.
Discussion	<p>WR provided an update noting that members of GMB, our recognised trade union, rejected the pay review offer. It was disappointing as GMB had been supportive of the approach that had been taken. Discussions with GMB have taken place and they have provided feedback from surveying their members and we have held meetings with employees - the main issues are the car allowance and flexi time elements of the proposal.</p> <p>Communication to all employees across the organisation is continuing to ensure that they are kept well informed, and we are currently preparing a response to take back to GMB regarding their counter proposal.</p> <p>WR noted that as negotiations would take place out with Board meetings, we would be looking for delegated authority to the People Committee and an update would be provided at the next Board Meeting in August.</p> <p>The Board noted their concern that the low numbers of GMB members that voted have turned down the offer for all employees and would like a future paper regarding future employee engagement and how to ensure that the views of the majority of our employees are held, rather than the minority.</p>
Decision	<p>The Board:</p> <ul style="list-style-type: none"> • Noted the update and approve the draft Pay Policy

- **Approved** the delegation of the Pay Review negotiations to the People Committee out with the Board Meeting cycle.

8.2 Health Safety & Wellbeing Report – Q4

Report Summary

This report provides an update to the Board on all Health Safety and Wellbeing (HSW) reporting since April 2022 and an update on the progress of the Health, Safety and Wellbeing Plan. The report also includes specific information on Accidents, Incidents and Near Misses for Quarter 4.

Discussion

WR provided an update on the Health Safety & Wellbeing Report for Quarter 4 and noted that going forward 'near misses' would be included in an area on the H & S Statistics.

The Board discussed if there was a possibility that incidents that needed detailed consideration could go to the Audit, Performance & Risk Committee.

WR advised that there would be an annual Health, Safety & Wellbeing report for the Board at the August meeting and we are currently developing the next Health Safety & Wellbeing Plan which will go to Board in March 2024.

Decision

The Board **considered and commented on:**

- The current stats and performance levels around Health Safety and Wellbeing (HSW)
- The progress on the deliverables contained within the Health, Safety and Wellbeing plan.

WR/AC

8.3 Entitlements Payments & Benefits Policy

Report Summary

This report sets out a revised Entitlements, Payments and Benefits Policy, highlighting the main changes following a review.

Discussion

WR provided an overview of the revised Entitlements, Payments and Benefits Policy which was updated to reflect the requirements of the SHR Regulatory Framework and is based on the SFHA model policy.

Decision

The Board:

- **Approved** the Entitlements, Payments and Benefits Policy.

8.4 Governance Matters

Report Summary

The Governance Matters paper sets out updates and decisions required on various governance topics now and for the year ahead.

Discussion

The Board discussed the wider Scatter Flats disposal programme and WR advised that a monthly report is issued to SHR to allow them to keep up to date with the disposal programme.

AC advised that after a successful Board recruitment campaign we now have three stand out candidates joining the Board now and another later in the year.

Decision

The Board:

Commented on:

- The confirmation of Annual Registers sign off by the Chair for 2022-23
- Board Member Expenses for 2022-23
- Plans for the Board Strategy Day on 23 June 2022-23

Approved:

- The Membership application for Mr J Crawford
- APR Committee Annual Report to Board 2022-23
- Co-option of 3 new Board Members - Kathleen McAdams, Christa Reekie and Donald Taylor

Homologated:

- The decision made by the Chair to sell a property in Glasgow as part of the wider Scatter Flats disposal programme.

**9.
Discussion**

AOCB

The Board noted that at the last Board meeting members had suggested that going forward that papers have an area to consider how sustainability is impacted. WR advised that currently the templates are being redesigned and will be used at the next Board meeting in August.

Discussions took place regarding media coverage of a Glasgow Housing Association that was evicting the husband of a deceased tenant as he was not on the tenancy. Members asked if Hanover has experienced situations like this - AC confirmed that she cannot recall any recent situations like this being dealt with, but an empathetic approach would be used in this scenario.

The Board thanked the SHR representatives for attending the meeting.

Chairperson: Gary Devlin

Date: 10th August 2023