

Board Meeting Minutes

Minutes of a meeting held at 3.30pm on **Thursday 15 August 2024** via Microsoft Teams.

Present Gary Devlin (Chair), Ashley Campbell, Kathleen McAdams, Fraser Mitchell, Christa Reekie, Rob Rowe, James Rowney, Alan Stewart, Margaret Whoriskey,

In attendance Angela Currie (arrived 3.45pm), (Chief Executive), Donna Henderson (Director of Strategic Finance), Wendy Russell (Director of Business Support & Transformation)

Apologies Adele Erwin, Bryony Willett
Maurissa Fergusson (Director of Asset Management)

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 Adele Erwin, Bryony Willett and Maurissa Fergusson.

2. Declarations of Interest

WR declared an interest on behalf of the following present Board members concerning paper 7.2 Governance Matters (item 3.2): Gary Devlin, Rob Row, Alan Stewart and Ashley Campbell, which outlines the Board members due for re-election at the forthcoming AGM.

3. Minutes

3.1 Board Minutes (BRD21 May 24)

Discussion

The Board discussed Item 5.1 Analogue to Digital with particular emphasis on the procurement process for a new alarm receiving centre (ARC) and ensuring that any potential developments or decisions align with broader strategies and opportunities, particularly in innovation. The Board suggested that the minute should have noted an update regarding concerns about aligning Hanover's direction with the national ARC developments and the suggested SWOT analysis.

DH confirmed that there's a focus on ensuring that Hanover's strategy aligns with national developments and that any risks are mitigated and there continues to be ongoing dialogue with the Digital Office.

DH agreed that the minute would be updated with these considerations before being passed to GD/MW for approval.

The Board agreed that they approved the minutes subject to this amendment.

DH/SO

Decision

The Minutes were updated accordingly (item 5.1) and were agreed and **approved** as a correct record and signed by the Chair.

3.2 People Committee (PPL8 June 24)

Discussion

Kathleen McAdams the Vice Chair of the People Committee provided a summary of the matters discussed at the June 2024 meeting; a copy of the drafted minutes was contained within the board pack issued to Board.

The Board discussed the terminology used when discussing employees who become medically unfit for work and are subsequently dismissed and

whether 'dismissed' is the appropriate term to use in these situations, as it may come across as somewhat harsh.

KM confirmed that, from a legal perspective, terminating employment is classified as a dismissal under employment law, even in cases of ill health. She acknowledged that the term might sound clumsy but explained that it's a "capability dismissal," distinguishing it from dismissal due to poor performance.

The Board expressed concern about the potential stress and strain on the organisation, particularly within the Assets Team, due to staffing shortages. Members enquired if the increased workload due to fewer staff was an issue across the department and whether this risk was reflected in the risk register. WR advised that this issue is captured in the operational risk register, particularly regarding turnover in the Assets team. WR noted the significant efforts by the Assets & HR teams to achieve additional recruitment which has ensured that key projects such as planned maintenance are on track. The recent Head of Repairs & Compliance appointment of Martin Sloan has greatly improved support for Maurissa Fergusson (Director of Asset Management) and the reactive repair team.

Decision

The Board **noted** the update.

3.3

Audit, Performance & Risk Committee (AUD16 July 24)

Discussion

As the Audit, Performance & Risk Committee meeting had only been held the previous week the minute is not available yet. It was agreed that once the draft was ready it would be put on the Board Platform so that others could see. The Chair provided a verbal update from the recent meeting, providing a brief overview of the following:

SO

Financial Statements 23-24 and Associated Matters

AAB, the auditors, confirmed a clean audit for the year, indicating another positive financial year for Hanover. This is an item on the agenda for Members to discuss today.

Q1 Performance Report 24-25

- Available Homes: Efforts to improve re-letting times have yielded some progress in Q1, though targets have not yet been fully met.
- Telecare Call Answering: Performance dipped slightly in Q1 due to high short-term absences but has improved at the start of Q2. Recruitment efforts have strengthened the operator pool, and ongoing monitoring will continue.
- Reactive Repairs Target Timescales: The target for non-emergency repairs has been updated to 7 days, aligning with customer-approved expectations during the contractor procurement process.
- Complaints Handling: Stage 1 Complaints: Performance has improved to 92% of responses on time in Q1, up from 78%. Stage 2 Complaints: Issues remain and are being addressed through team training on complaints handling.

Overspends, Tender Exceptions and Write Offs

- Reactive Maintenance Overspends: The Director of Asset Management is analysing the top ten developments with the highest reactive spend to determine the best course of action. This will be informed by the RAG rating from the recent Stock Condition Survey.

Internal Audit Action Progress

- There have been no new internal audits completed since the last committee – all audits have been scheduled for 24-25 during Q2-4.
- Nine actions have been closed off since the last Committee meeting – so good progress have been made – in particular in Cyber Security, Voids and Medication Management.

Risk Management Progress

- Strategic Risks: All 10 strategic risks are score with the board's risk appetite. Notable progress includes a risk decrease due to the reinstatement of TSA Accreditation for Telecare. The risk around the Analogue to digital has diminished, with the deadline for the switch now moving to January 2027 – however this does not alter Hanover's priority to move to a new digital Alarm Receiving Centre.

(AC joined the meeting at 15:45)

Decision

The Board **noted** the update.

4

Matters Arising

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

WR provided an update on the Edinburgh and Elgin offices and noted the positive impact the office refurbishment has had on the office culture.

Decision

The Board acknowledged the update and confirmed that this summary of other matters is really useful to keep members updated.

4.2

Board Actions – There was no Board Actions

5.

Strategy Spotlight

5.1

Financial Statements 2023-24 & Associated Matters

Report Summary

This report provided the Board with an opportunity to review the audited financial statements for the year ended 31 March 2024 and to consider the contents of the auditor's Audit Results Report.

Discussion

DH provided a brief overview of the

- Turnover for the year was £52.9m, an increase of £6.8m on the previous year actual (15%)
- Operating costs increased by £7.5m to £49.7m (17.9%)
- The operating surplus of £1.3m as a percentage of turnover is 2.62% (2023: 8.56%) mainly due to the increased costs and a successful effort to spend close to the asset management budget, which had been a challenge in prior years.
- Rent arrears net of provision have increased (£197k). Service charge balances in deficit have increased this year (£328k) and as such the bad debt provision has been increased to provide for future write offs (34k), in response to the financial difficulties experienced by some residents.
- Creditors due in less than one year of £14.1m are less than last year by £115k. This movement is mainly due to accruals and deferred income and trade creditors. Long creditors due after more than one year of £138.6m are less than the previous year by £5.1m mainly due to the repayment of loans (£1.3m)

- The level of cash balances at the end of 2023-24 of £3.6m is a decrease in March 2023 of £1.48m, which was expected due to the increased investment expenditures.
- Fixed Assets of £192.9m are down on the previous year by £2.83m. The slight decrease in asset values was attributed to depreciation.

The Board queried the status of rental voids, asking if there had been any material improvement over the past year. DH advised that there was slight improvement toward the end of year end. However, noted that there had been a recent dip in performance during the first quarter of the year. The Assets Team, had been facing challenges related to resources and as previously mentioned Martin Sloan (Head of Repairs & Compliance), has recently taken on the key role in addressing voids and reactive performance and spend. DH noted this focus would contribute positively to improving the situation.

The Board discussed future funding challenges, particularly in light of potential tighter budgets from the UK and Scottish governments. The Board expressed interest in exploring options for Hanover's development plan, emphasising the need for flexibility in the accounts to accommodate various options.

DH highlighted the importance of meeting banking covenants, which restrict access to reserves and impact flexibility and noted that Hanover is working with Altair Treasury & Finance Solutions (formerly ATFS) to review and potentially adjust these covenants to provide more leeway for development and investment. DH explained that an external review could offer valuable reassurance and insights supporting Hanover's decision-making process and ensure compliance with regulatory standards. DH noted that internal meetings are in progress to plan the programme now the covenant relaxation has been approved.

DH advised that a proposal will be presented at the next board meeting to consider the covenants and shifting from a model that deducts major repairs investments to one based on earnings before interest, taxes, depreciation and amortisation (EBITDA). This change is intended to simplify access to reserves and improve Hanover's financial flexibility.

DH

The Board noted the Pension Fund Deficit had increased. DH explained that whilst there are currently no past service deficit payments, there may be the need to reintroduce following the next triennial valuation, attributing some of the challenges to issues with cash hedging, which impacted the pension scheme's performance. DH acknowledged that the protection measures post the cleared deficit had not been fully effective and noted that robust discussions are taking place within the pension committee to address these issues as they approach the next valuation.

The Board commended the Finance Team for a strong external audit result, noting that the external audit report was overwhelmingly positive, with no significant issues raised.

DH noted that she would address a few typos and figures in the accounts that have been highlighted.

DH

Post Meeting Note:

All relevant details have been updated accordingly.

The Board discussed the design and layout for future publications and DH agreed that this can be looked at for Financial Statements 2024-25.

DH

Decision

The Board:

- **Approved the Financial Statements and recommended** they are presented to the members at the Annual General Meeting on the 19 September 2024.
- **Considered and discussed** the content of the auditor Anderson, Anderson and Brown’s (AAB) Final Audit Findings Report.
- **Approved** the letter of representation.

5.2

Q1 Management Accounts 2024-25

Report Summary

This report presented our finance update to the Board for Quarter 1 in 2024-25.

Appendix 1 provided Management Accounts to 30 June 2024.

Appendix 2 provided the Treasury Report to 30 June 2024.

Discussion

The Board discussed the financial implications of voids, specifically focusing on Council Tax costs during periods when properties are vacant and sought clarity on how much Council tax is incurred due to voids, DH noted that although specific figures were not immediately available, she would share this data to offer a clearer understanding of the financial impact.

Post Meeting Note:

Susan Owens (Executive Business Officer) shared the relevant Council tax information to Board via email.

DH discussed the ongoing Treasury review, presenting two potential approaches for Board involvement. The first approach involved following the usual process, where she would provide the Board with papers and supporting evidence from Altair Treasury & Finance Solutions. The second approach was more focused, involving a smaller group of interested Board members.

The Board agreed that a specialised group might be more effective, as not all Board members might be equally interested in treasury management. DH agreed and noted that she would be looking to engage volunteers, Gary Devlin and James Rowney offered their support. DH expressed her appreciation and noted that she was planning to coordinate with Altair Treasury & Finance Solutions to schedule the necessary meetings and would be in touch in due course.

DH

Decision

The Board:

- **Considered and discussed** each of the Appendices 1 & 2.
- **Considered and discussed** the initial plans for the Treasury Review.
- **Approved** the changes to the Component Replacement Budget, with further update to be provided at the next Board meeting.

5.3

Annual Procurement Report 2023-24

Report Summary

The Procurement Reform (Scotland) Act 2014 requires RSLs with a qualifying annual spend of £5 million review their procurement strategy (now called Corporate Procurement Plan) on an annual basis and publish an Annual Procurement report.

Discussion

DH provided a brief overview of the Annual Procurement Report 2023-24, and the Board discussed the timely payment of invoices within 30 days, an issue that was discussed last year and the impact that this may have on smaller businesses which could potentially discourage them from tendering

in the future. DH acknowledged the ongoing challenges, attributing them to employee changes and insuring invoices are directed to the Finance Team and noted that the issues were being addressed and advised that a system overhaul was planned, which could improve this process.

DH agreed a further detailed approach to this was required and was already being considered and that it would be helpful to confirm to her team that Board members had raised this issue.

DH

The Board queried if checks that contractors are Scottish living wage employers is part of the procurement process and DH confirmed that this is actively pursued, while they cannot force contractors to comply, but we make it clear that this is an ongoing expectation.

The Board discussed cyber security standards especially in projects involving sensitive data, DH noted that when they undertake procurement, especially for digital projects like the recent ARC project, compliance with cyber security standards is essential. DH further explained that there are further requirements relating to GDPR and other regulations as part of the Contract Operating Manual.

There was a discussion on how to balance sustainability goals with practical procurement requirements, particularly in driving net-zero ambitions and the challenges this may pose especially with small or local contractors. DH confirmed that the Sustainability Plan has consideration on how to integrate more sustainability requirements noting the importance of local contractors and a focus on community benefits from contractors while maintain a good relationship and avoiding overly burdensome requirements.

Decision

The Board:

- **Considered** and **discussed** the Annual Procurement Report for 2023/24 prior to its submission to the Scottish Government.
- **Considered** and **discussed** the progress of the Procurement Action Plan now incorporated into section 3 of the Annual Procurement Report.

6.

Desirable Homes

6.1

Assets Performance & Update

Report Summary

This report provided an update on all activities and functions within Asset Management.

Discussion

The Board discussed the implications of the reduced Scottish Government budget and the challenges in confirming allocations and the impact on completing certain adaptations, which could impact people’s ability to live safely in their homes, particularly after being discharged from the hospital, suggesting diving deeper into this issue and considering contingencies, especially if additional funds are required.

AC agreed, noting that they might need to address this issue outside the regular board paper cycle, depending on how quickly they receive updates.

AC

AC explained that ELT have discussed contingency plans, and DH explained that they requested more funds in the covenant relaxation than they likely needed to ensure some flexibility. As a result, we have the capacity to spend more this year if necessary.

The Board discussed the Capital Planned programme update and queried if this needed to be reviewed given current challenges. DH advised that there will be a thorough review at the six-month point and will bring back any findings to Board, noting priorities may shift and discussed challenges with tendering and some flexibility in timelines.

DH

WR

The Board discussed the Balanced Scorecard Dashboard and noted the importance of consistency across different parts of the dashboard and that the dashboard initially appears to show everything is on target, but there are known issues, such as voids being slightly behind target.

AC agreed that the dashboard needs further refinement and welcomed any additional feedback to improve it. This will be considered alongside the development of the Strategic KPI Dashboard for Board Strategy.

Decision

The Board **considered** and **commented** on the:

- Update on the Capital Investment Activities
- Progress of the Stock Transfer Project
- Update on Operational Services
- **Reviewed** the new balanced score card dashboard and provided **feedback** on how this first version helps and how it can be improved.

7

Resilient Organisation

7.1

Annual Assurance Statement 2024**Report Summary**

This paper sets out the process by which Hanover has assessed its compliance and assurance against the SHR Regulatory Framework. The paper confirms that we comply with all of the Regulatory Framework and recommend its submission.

Discussion

WR provided a brief overview of the process and noted the intention to move the approval of the Annual Assurance Statement to May 2025 to align with the end of the financial year and to align with our other reporting period.

The Board members involved in the review of the Assurance Framework Management Team evidence bank, acknowledged the comprehensive piece of work that the team have undertaken and confirmed the approval for submission.

Decision

The Board:

- **Reviewed** and **discussed** the progress made to date on the Assurance Framework.
- **Agreed** that, based on the completed toolkit and supporting evidence, our assessment for all areas of the Framework is that we are compliant.
- **Approved** the Annual Assurance Statement for 2024 for submission.

7.2

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

WR provided a brief overview of the paper and noted that the Scottish Housing Regulator has requested to observe a Board meeting which we have suggested the in-person meeting on 21 November 2024 in our Glasgow office.

AC reminded the Board to contact Susan Owens (Executive Business Officer) if assistance is needed for travel and accommodation.

Decision

The Board **commented** on the:

- Notifiable Events Update
- Board Strategy Day Summary – June 2024
- Plans for the AGM & Short Board Meeting 19th September 2024
- Plans for the Board meeting in November 2024 to be held in Glasgow
- Compliance with Rule 68
- Confirmation of CEO Performance Management Process Approval

The Board **approved** the:

<p>7.3 Report Summary Discussion</p>	<ul style="list-style-type: none"> • People Committee Annual Report to Board 2023-24 • Modern Slavery & Human Trafficking Statement 2024-25 <p>Health Safety & Wellbeing Q1 – 2024-25</p> <p>This report provided an update on all Health Safety and Wellbeing (HSW) reporting for Quarter 1.</p> <p>The Board discussed the trips and falls data and on the limitations of current data figures WR acknowledged the difficulty in benchmarking slips, trips and falls data, noting that obtaining comparative data from our peers is challenging and confirmed that there is ongoing exploration within the Health, Safety & Wellbeing Plan into collaborative initiatives and data sharing to enhance understanding and management of slips, trips, and falls.</p> <p>WR noted that many incidents occur within individuals’ homes and discussed efforts to increase awareness. MW mentioned an innovative project in Lanarkshire, “No Need to Fall” which involves smart technology to assess risks and offered to connect AC with the project to explore potential collaboration.</p> <p>The Board agreed on the importance of both prevention and timely response to falls and noted that while incidents have increased, the report lacks details on response times, which could be a crucial metric to improve outcomes. WR acknowledged the point and agreed to consider incorporating response time data into accident reporting.</p>	<p>MW/AC</p> <p>WR</p>
<p>Decision</p> <p>8. Discussion</p>	<p>The Board considered and commented on:</p> <ul style="list-style-type: none"> • The current data and performance levels around Health Safety and Wellbeing (HSWB) and the progress on the HSWB Plan 2024-27. <p>AOCB</p> <p>The Chair commented on the recent Board appraisals noting positive feedback regarding governance, interactions with the Executive Leadership Team and the quality of board papers and discussions. Board also expressed uncertainty about whether the current process for assessing board effectiveness is truly comprehensive, noting some repetition in the process and suggested refining the approach going forward.</p> <p>WR suggested that one option for improving the process would involve engaging an external governance organisation who could work with the Board to review and potentially enhance the evaluation process. The Chair agreed that this idea may be a good way forward but also mentioned that the internal audit team might have relevant expertise to contribute to this review process. WR will explore options ahead of 2025 Appraisals and share options with the Board.</p> <p>The Board discussed the concerns regarding the high number of breakdowns in the lift in Bridge of Dee Court, Aberdeen and queried if this has significantly impacted the customers’ quality of life. AC provided background information regarding the lift including that parts needed for repairs are no longer available. AC noted that the housing team quickly implemented support measures to assist customers.</p> <p>DH highlighted the developments building’s insurance now carries a £50,000 excess, likely due to the recurring impact of flooding on the lift and expressed optimism that replacing the lift would help minimize the risk of future flood damage, particularly to the lift's machinery. This proactive step is expected to lower the insurance excess over time, thereby alleviating some of the financial burden associated with the building's insurance premiums.</p> <p>Ashley Campbell informed the Board about the CIH Scottish Housing Day, scheduled for the 18th of September, with this year's focus on "Homes for</p>	<p>WR</p>

Life." The theme emphasises accessibility and support for people throughout their lives, particularly in older age. Hanover has been actively involved in developing the campaign, which will cover topics such as investment in adaptations, preventative spending, and improved partnership working with health and social care sector.

There would be a free event on Scottish Housing Day at the University of Stirling's Dementia Services Development Unit, noting that the Housing Minister would attend, offering a valuable opportunity to discuss key issues like adaptations and investment and Members were welcome.

Post Meeting Note:

Ashley Campbell shared the event link for any Board member interested in attending.

The Board discussed the forthcoming AGM, Post AGM meeting and office launch and WR provided a timeline of the day, noting that details will be issued to Board members in due course.

Chairperson: Gary Devlin

Date: 21/11/24