**Board Meeting Minutes**

**Minutes** of a meeting held at 3.30pm on **Thursday 21 November 2024** in our Glasgowoffice andvia Microsoft Teams.

**Present (In Person)** Gary Devlin (Chair), Ashley Campbell, Adele Erwin, Christa Reekie, Rob Rowe, James Rowney, Alan Stewart, Bryony Willett

**Present (MS Teams)** Kathleen McAdams, Fraser Mitchell, Margaret Whoriskey

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

**Apologies**  Maurissa Fergusson (Director of Asset Management)

**Observing** Joyce Stewart (SHR), Paula Thomson (SHR)

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| **1.** | **Introduction & Apologies** |  |
|  | The Chair welcomed Board Members to the meeting. All Members were  happy for the meeting to be recorded. The Chair welcomed Joyce Stewart  and Paula Thomson from the Scottish Housing Regulator who were  observing the meeting. |  |
| **2.** | **Declarations of Interest** |  |
|  | None. |  |
| **3.** | **Minutes** |  |
| **3.1** | **Board Minutes** (BRD22 Aug 24) & Board **Minutes** (BRD23 Sep 24) |  |
| **Decision** | The Board Minutes (BRD22 Aug 24) and (BRD23 Sep 24) were agreed and **approved** as a correct record and signed by the Chair following the meeting. |  |
| **3.2** | **Audit, Performance & Risk Committee** (AUD17 Nov24) |  |
| **Discussion** | As the Audit, Performance & Risk Committee meeting had only been held the previous week the minute is not available yet. The Chair provided a verbal update from the recent meeting, providing a brief overview of the following:  **Q2 Performance Report 24-25**   * 2 Gas Fails happened in the Quarter – ELT have already reviewed an investigation report into how this happened / how we prevent in future. * Percentage of planned capital projects delivered as scheduled – at 14% - however there is a report on the Board agenda today which provides a further update that for planned works 87% of budget is either committed or spent. * Average time to complete medical adaptations – has declined from 47 to 67 days since last quarter. * Committee discussed that Scottish Government took an extraordinarily long time to issue their funding this year – almost 6 months through the financial year. We requested approx. £1m of funding and this year were given approx. £250k. * Committee asked that a short paper be prepared on funding over the last few years, trends of the types of adaptations done and also what are the options open to customers who are on the waiting list, what impact will this have for them.  This will be prepared for Committee for early December. * Telecare response within 60 seconds – score has again improved month on month and during November, we had the highest ever weekly score of over 98% - great to see. * Employee Turnover is high at the mid-year point, and we will be out with target by the end of the year – the Assets Restructure and the Factoring withdrawal will have had a significant impact on this. * There were some questions raised about our attrition rate for employees leaving within the first 6 months to 1 year. Committee asked for a double check on the figure which was 8% at Q2 – more information will be provided to clarify this for Committee.   ***Internal Audit Reports – Service Charge Setting***   * Overall rating of Good was given for this recent audit which means system meets control objectives. * No actions arising from the audit. * Committee also reviewed the outstanding Audit Actions and noted good progress on closing those down. * The remainder of 24-25 audits will be brought back to Committee in February for review.   **Risk Management Progress**   * Committee discussed the regular Strategic Risk Register Update * Some questions were raised on how the target scores were set. * WR confirmed the process for reviewing the Strategic Risk scores on a quarterly basis with ELT. * Committee discussed that there hadn’t been much of a shift in terms of scores moving towards their target scores over the last 6 months.  The Internal Auditor who was present confirmed that this was a common picture across the RSL sector, with many of the strategic risks being impacted by the economic crisis, and that Committee should not be unduly worried about this. * ELT will review the target scores again ahead of the February update and report back.   The Board discussed the timing of committee meetings in relation to the Board only receiving verbal updates during meetings, with formal minutes delayed until the following Board meeting.  **Post Meeting Note:**  Draft minutes will be published onto the Board platform as soon as they are available, and we will aim to have them ahead of each Board meeting. |  |
| **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 overview and highlighted that Hanover had won a Well-being Award from the HR Network. KM noted that this is a significant recognition since it’s one of Scotland’s top HR awards, competing with larger companies. The award is great for our employer brand and reflects the success of initiatives for staff.  The Board discussed the Appello Digital ARC installation and DH noted that it is progressing well.  ACa explained that Chartered Institute of Housing (CIH) are addressing aging population challenges and following up on Scottish Housing Day actions, focusing on adaptations funding noting that new research by CIH, SFHA, and Stirling University will assess future demand and funding gaps. ACa noted that Hanover is helping keep older people’s housing on the public agenda. |  |
| **Decision** | The Board acknowledged the update. |  |
| **4.2** | **Board Actions** |  |
| **Discussion** | This provided Board with an update on outstanding Board Actions. The Board discussed the status categorisation, particularly the use of the "amber" status which can be misinterpreted as signalling a problem even when actions are within the due date. WR agreed to amend for future meetings.  DH noted that there was a delay in progress on the Treasury Management action due to awaiting proposals from Altair Treasury & Finance Solutions. | **WR** |
| **Decision** | The Board acknowledged the update. |  |
| **5.** | **Strategy Spotlight** |  |
| **5.1** | **Budget & Business Plan Assumptions 2025/26, Management Accounts & Budget Review 2024/2025** |  |
| **Report Summary** | This report presents our finance update to the Board for Quarter 2 in 2024-25.   Management Accounts to 30 September 2024 are set in in Appendix 1.   An updated Treasury Report for the same period is provided in Appendix 2. Appendix 3 goes on to provide the Budget and Business Plan Assumptions and economic context for next year.   To support understanding of this, appendix 4 provides the high-level modelling of the assumptions used for next year’s budget. |  |
| **Discussion** | A slide presentation was presented to Board highlighting the main areas of the Budget & Business Plan Assumptions 2025/26, Management Accounts & Budget Review 2024/25 paper.  Following a lengthy discussion, the following key areas were discussed:  **Void Rates**   * High void rates leading to overspend and income loss. * Long-term voids and areas of low demand as persistent challenges. * Initiatives to streamline processes and improve turnaround times. * Strategic review needed to align void management with future organisational goals.   **Repairs and Maintenance**   * Overspend linked to increased costs especially void works and delayed cyclical maintenance. * Concerns about ageing stock requiring more reactive repairs. * The need to better manage contractors and optimise the reactive repairs process.   **Budgeting and Financial Forecasting**:   * Impact of inflation and National Insurance changes driving the need for a 5% rent increase. * Balancing operational costs, staff salaries, and service levels. * Discussion on appropriate levels of operating surplus and headroom for banking covenants linked to Treasury review.   **Staffing and Salaries**   * Considerations for salary increases amid cost-of-living challenges. * Efforts to manage agency costs and staff efficiencies. * Focus on ensuring fairness and transparency in salary adjustments.   **Consultation and Customer Engagement**:   * Importance of meaningful tenant consultations regarding rent increases and service priorities. * Proposal to present multiple rent increase scenarios to tenants for feedback.   **Strategic and Long-term Planning**   * Shift towards a three-year rolling budgeting framework. * Upcoming implementation of new housing and finance management systems to enhance data-driven decisions.   **Risks and Contingencies**   * Uncertainty around local authority withdrawals, inflation impacts, and future demand. * The importance of maintaining financial flexibility to navigate unforeseen challenges.   The Board discussed the proposed 5% rent increase and approved this level to allow the tenant consultation to commence. Board noted that due to rising costs (inflation and National Insurance) and the challenges of balancing income, employer salaries and service levels, this was a higher level than had been assumed. DH agreed to provide salary increase breakdown to Board prior to the next Board Meeting in January 2025 when the Annual Rent Increase 202-26 paper will be presented.  ***Post Meeting Note:***  DH issued salary increase breakdowns to Board members via email and addressed all comments arising. | **DH** |
| **Decision** | The Board:   * **Considered** and **discussed** the Management Accounts and **Appendix 1** and **Appendix 2**. * **Considered,** **discussed** and **approved** the Economic Report and Budget and Business Plan Assumptions. * **Approved** the proposal for rent consultation and salary envelope * **Reviewed** and **considered** the high-level modelling of the assumptions |  |
| **6.** | **Happy Customer** |  |
| **6.1** | **Happy Customer Update** |  |
| **Report Summary** | This report provided an overview of key areas of strategic operational focus in the care and support function of the Customer Services directorate. |  |
| **Discussion** | EW provided a brief overview and highlighted strategic and operational priorities for care and support, focusing on care quality, inspection outcomes, and at-risk contracts.  The Board discussed concerns raised about local authorities’ tight budgets and the potential impact on Hanover, with funding decisions expected between November and January. |  |
| **Decision** | The Board **considered** and **commented** on the priorities and risks identified. |  |
| **6.2** | **Factoring Withdrawal Update** |  |
| **Report Summary** | This report provided Board with an update on the status and outcomes regarding key areas of the Factoring Exit Project. |  |
| **Discussion** | DH provided a brief update on the Factoring Withdrawal process and the Board sought assurance on the transition from having a factoring team especially with operational requirements of the remaining factored properties still have to be managed.  DH confirmed that a robust recently developed process is in place to ensure all remaining governance requirements are managed, as well as any operational matters being managed by the Housing Team. There is further training planned for the Housing team, covering both factoring and trust tenure responsibilities prior to Ashley Milan (Interim Factoring Manager) leaving. |  |
| **Decision** | The Board **considered** and **discussed** the progress of the Factoring Exit. |  |
| **7** | **Desirable Homes** |  |
| **7.1** | **Development Assets Update** |  |
| **Report Summary** | This report provided an update on all functions within Asset Management. |  |
| **Discussion** | The Board discussed the significant decrease in the Scottish Government adaptations grant funding and the time taken to process requests, where these cannot be funded. AC advised that we are supporting tenants on waiting lists with packages and exploring other options. We are also monitoring monthly management accounts to identify budget capacity for additional support. AC noted that we are sharing evidence with Scottish Federation of Housing Associations (SFHA) and others to influence ministers and advocate for better funding decisions, using the recent windfall in Scotland.  Board confirmed they were happy with the dashboard approach to this paper and acknowledged that this will mature over time. |  |
| **Decision** | The Board **considered** and **commented** on:   * Current development update * Update on progress within the customer safety compliance service. * Update on Planned Maintenance & Capital Programme * Update on Net Zero & Sustainability * Update on Reactive Repairs, Available Homes & Adaptations |  |
| **7.2** | **​​Stock Disposals​** |  |
| **Report Summary** | This report is seeking approval to dispose of 1 development and provide an update on another development which is currently sitting empty. |  |
| **Discussion** | The Board discussed the maintenance costs and lease terms at Cherry Tree Court and agreed that this property was not aligned with our future plans. |  |
| **Decision** | The Board **approved** the disposal of Cherry Tree Court and **noted** the Dewar House update.  WR confirmed that following this decision a Notifiable Event will be raised with SHR on the disposal and updates will be provided through the regular Governance Matters report. | **WR** |
| **8.1** | **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 along with the Code of Conduct changes contained within the paper there will be a new protocol for Dealing with an Alleged Breach of the Code of Conduct which will be brought to Board in January 2025.  The Board discussed Board recruitment and WR advised that a detail plan will be presented to Board in January 2025. Board discussed that it will be important for us to consider as part of this plan ensuring that the Board recruitment process is open to Tenants, and that we should consider Equality Diversity and Inclusion, in terms of the demographic of future Board Members. We will also include the Chair recruitment for commencing in September 2025 in our plans. | **WR**  **WR** |
| **Decision** | The Board **commented** on the:   * Notifiable Events Update * Board Strategy Day Summary – October 2024 * Board Recruitment update   The Board **approved** the:   * Schedule of Meetings 2025-26 * Code of Conduct for Board Members |  |
| **8.2** | **Board Member Annual Appraisal 2024** |  |
| **Report Summary** | This report provided a consolidated view from the Board during their Annual appraisal process about the governance and progress made in Hanover over the last year. The report contained in Appendix 1 written by the Chair and Vice Chair set out the recommendations from the Board. The cover paper sets out the Executive Teams response to the report and details an action plan to take forward in the coming year. |  |
| **Discussion** | The Board discussed the Board Appraisal process and noted that they felt that it was clunky and discussed the different options that could be explored such as using external advisors for Board appraisals. WR suggested that with a new chair in September 2025 to consider commissioning external appraisal support in 2026 for a fresh perspective.  The Board discussed how Board Governance has changed over the last few years and noted the importance to conduct a review process well in advance to plan the transition effectively and with the current chair’s tenure ending in September 2025 this should be factored into planning to coincide with appointing a new chair. WR agreed to look at how we might use June 2025 strategy day to have a focus on Governance and she will look at options for who might undertake that externally. | **WR** |
|  | Board members also discussed the facilitation of Board Strategy Days, and whether we should consider other approaches to this – WR will include this in the scope of the Governance Review as per above. | **WR** |
| **Decision** | The Board **considered** and **commented** on the consolidated report on the Annual Appraisal process and feedback on the action plan and process for implementing recommendations. |  |
| **8.3** | **Stock Transfer Approval** |  |
| **Report Summary** | This paper set out the process we have undergone to consider a stock transfer of 3 tenanted properties to Barrhead Housing Association, and requests Board approval for the same.  The paper also provides a short update on the wider scatter flat disposal programme. |  |
| **Discussion** | WR noted the process for the Scatter Flats disposal has been completed according to regulatory guidelines. SHR are kept updated monthly and all tenants are kept well informed too by our Housing Team.  Board confirmed that it was the right decision to transfer these 3 properties. |  |
| **Decision** | The Board **approved** the stock transfer of 3 tenanted properties to Barrhead Housing Association. |  |
| **8.4** | **Health Safety & Wellbeing Q2 – 2024-25** |  |
| **Report Summary** | This report provided an update on all Health Safety and Wellbeing (HSW) reporting for Quarter 2. |  |
| **Discussion** | WR noted that there has been an increase in slips, trips and falls incidents within customer’s own homes. Introducing a new awareness campaign for this in 2025 is part of the Health, Safety, and Well-being plan and we will involve customer groups in the discussion. |  |
| **Decision** | The Board **considered and commented on:**   * The current data and performance levels around Health Safety and Wellbeing (HSWB) and the progress on the HSWB Plan 2024-27. |  |
| **8.5** | **Financial Control Framework – Scheme of Authorisation & Approval** |  |
| **Report Summary** | The Financial Control Framework (FCF) was approved in November 2021. This report presented the amendments to the Scheme of Authorisation and Approval, one of the Regulation Documents that together, form Hanover’s Financial Regulations. |  |
| **Discussion** | DH explained that there are some small changes to the document that align with service reviews and title changes, and approval is sought for these changes in the second appendix.  The Board discussed credit card limits and DH clarified that the limits are sufficient with a well-managed process. DH confirmed that there is a plan to extend the use of credit cards to the senior management team and other key managers in the coming months.  The Board noted that the non-budgeted expenditure limits being set at £100k for both CEO and Director of Strategic Finance required consideration as the Board felt that this was set too low. DH agreed to look at this. | **DH** |
| **Decision** | The Board **considered**, **commented and approved** the amendments to the Scheme of Authorisation & Approval. |  |
| **9.** | **AOCB** |  |
| **Discussion** | The Board queried if Hanover had any properties that had been identified as containing Reinforced Autoclaved Aerated Concrete (RAAC), WR confirmed that there are no such properties in Hanover’s stock. |  |
|  | **Chairperson**: Gary Devlin  **Date: 23/01/2025** |  |