

# Board Meeting Minutes

**Minutes** of a meeting held at 3.30pm on **Thursday 20 March 2025** via Microsoft Teams.

**Present** Gary Devlin (Chair), Ashley Campbell, Adele Erwin, Fraser Mitchell, Rob Rowe, James Rowney (in Head Office), Margaret Whoriskey, Bryony Willett

**In attendance** Angela Currie (Chief Executive), Wendy Russell (Director of Business Support & Transformation), Esther Wilson (Director of Customer Services), Donna Henderson (Director of Strategic Finance), Steven Good (Interim Director of Asset Management).

**Apologies** Kathleen McAdams, Christa Reekie, Alan Stewart

1.	<b>Introduction &amp; Apologies</b> <p>The Chair welcomed Board Members to the meeting. The Chair welcomed Steven Good our new Director of Asset Management to the meeting.  All Members were happy for the meeting to be recorded.</p>	
2.	<b>Declarations of Interest</b> <p>JR for completeness noted that he is an employee of Royal Bank of Scotland/NatWest and therefore has a DOI in the Treasury piece, although he is not directly involved with Hanover account.</p>	
3.	<b>Minutes</b>	
3.1	<b>Board Minutes (BRD25 Jan 25)</b>	
<b>Discussion</b>	<p>The Board discussed the Board Minutes (BRD25 Jan25) and the Board noted an error on the time when a board member joined and left the meeting.</p>	<b>SO</b>
<b>Decision</b>	<p>The Board Minutes (BRD25 Jan 25) subject to changes made as noted above were agreed and <b>approved</b> as a correct record and signed by the Chair following the meeting.</p> <p><b>Post Meeting Note:</b></p> <p>The Board Minutes (BRD25 Jan 25) were amended accordingly.</p>	
3.2	<b>Audit, Performance &amp; Risk Committee (AUD18 Feb 25)</b>	
<b>Discussion</b>	<p>The Chair provided an update from the recent meeting.</p> <p>Draft minutes were available to view on the Board Platform.</p> <p>The Board queried if Care Inspectorate actions were being combined with internal actions as planned and WR confirmed that a separate care update paper is being prepared, this will cover care ratings and outstanding recommendations. This will sit alongside the internal audit report. This format was already agreed by the Audit, Risk &amp; Performance Committee</p>	<b>WR</b>
<b>Decision</b>	<p>The Board <b>noted</b> the update.</p>	
3.3	<b>People Committee (PPL10 Mar 25)</b>	
<b>Discussion</b>	<p>As both the Chair and Vice Chair had sent apologies, Ashley Campbell provided a verbal update from the recent meeting.</p>	

	Draft minutes were available to view on the Board Platform.	
	The Board noted that reflecting on the feedback from APR committee on people-related indicators like turnover rates and sickness absence The picture seems mixed: On one hand, there's positive staff engagement and good survey results. On the other, the people metrics suggest there's still work to do. AC suggested the variation might be due to differences across parts of the organisation	
<b>Decision</b>	The Board <b>noted</b> the update.	
<b>4</b>	<b>Matters Arising</b>	
<b>4.1</b>	<b>It's Good to Know</b>	
<b>Report Summary</b>	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.	
<b>Discussion</b>	The Board expressed their appreciation for the work being done by the Executive Leadership Team raising the organisations profile by engaging in key activities like attending conferences and contributing to discussions on housing issues, especially for older people.	
<b>Decision</b>	The Board acknowledged the update.	
<b>4.2</b>	<b>Board Actions</b>	
<b>Report Summary</b>	This provided Board with an update on outstanding Board Actions.	
<b>Discussion</b>	WR provided a brief overview and noted that an update on all the Strategic Plans that will come as part of the new suite of Strategic Key Performance Indicators (KPIs) and the updated Delivery Plan, will be provided at the Board Strategy Day in June (19 <sup>th</sup> June 2025).	
	The Board discussed the delay in the SWOT analysis item relating to the Digital ARC and noted that it has been extended for another four months. DH provided an update, noting that the project was delayed due to licensing negotiations between Tunstall and Appello over STMF protocols. With the license now granted, testing is nearly complete. A soft launch is planned in a few weeks, with a full go-live on April 26th. There are ongoing discussions about next steps with Appello and the Digital Office.	
	The Board suggested that if there was a delay in an action, that a clear explanation in the commentary could be provided, detailing why the delay occurred and what impact it may have, or if there's no impact at all.	<b>SO</b>
	The Board noted that an action regarding to include non-budgeted expenditure limit for consideration had not been added although the minutes had been updated accordingly to include the action.	<b>SO</b>
	<b>Post Meeting Note:</b> Board Actions have now been updated accordingly.	
<b>Decision</b>	The Board acknowledged the update.	
<b>5.</b>	<b>Strategy Spotlight</b>	
<b>5.1</b>	<b>Annual Budget &amp; Business Plan 2025/26</b>	

**Report  
Summary**

The purpose of this report is to present Board with the forecast out-turn for 2024/25 as well as the proposed budget for 2025/26. There is a base budget proposal with various scenarios modelled for consideration.

Also included is the updated Business Plan including the Five-Year and Thirty-Year plan to allow the Board to assess the medium- and long-term impact on the business.

**Discussion**

DH provided a brief overview of the key challenges faced when producing the budget this year. The budget shows an overall surplus of just over £1 million, with Budget Option A being proposed for approval today.

**Budget Option A**

Challenges:

- National Insurance Increase: This was a bigger challenge than initially anticipated, impacting the budget by £549K.
- Salary Increase: Initially, a 1.5% salary increase was planned, but feedback from the employee forum and peer benchmarking led to an increase to 2%. However, this applies to only one-third of the workforce; the remaining two-thirds receive higher increases due to increments, Scottish Living Wage adjustments.
- Inflation: Currently at 2.8%,
- Housing Support: Three local authorities are withdrawing support, leading to a provision of £260,000 to accommodate the financial impact for next year and the following year.
- Strategy & Delivery Budget: This budget has been cut due to financial challenges and the stage of strategy implementation. Most of the remaining work will be handled in-house.
- Maintenance Costs: Significant increases in planned and reactive maintenance have led to an overspend this year. Costs are expected to be higher next year as well.

**Budget Option B**

Challenges:

- This option involves negotiating with funders to remove the major repairs investment element from the covenant.
- The goal is to increase investment in properties.
- However, this comes with challenges - Higher depreciation costs & increased interest costs.
- Further Savings - If Option 2 is approved, additional savings will need to be identified to cover the increased costs.
- The Executive Leadership Team (ELT) is actively working on identifying considerable savings to address these challenges.

The Board discussed the target around 7% operating surplus in both options scenarios and DH explained that the operating surplus is driven by the need to meet banking covenants, but there may be future opportunities to adjust how surplus funds are managed and spent through a review of financial strategies.

The Board discussed if a higher rent increase (like 7%) might have been more appropriate in hindsight. DH noted that a 7% increase would have made the rent much higher than most of the sector and could have been considered as unaffordable for our tenants. The whole sector is facing similar challenges, such as National Insurance increases and cuts in housing support.

While a higher rent increase could have built more capacity, it's more balanced to manage with the 5% increase within the current parameters, given the current financial pressures.

The Board discussed the balance between rent increases and financial decisions and the importance of managing money well to ensure sustainable investments in repairs and new builds, while considering the impact on tenants.

DH explained that current financial decisions are still affected by loan covenants (agreements with lenders). The goal is to move away from restrictive covenants in the near future with negotiations underway, but for now, we need to meet the requirements held within the loan documents.

The Board queried if the proposed service charges transition into rents is being handled correctly and queried these changes and the effect on the overall budget.

DH clarified that service charges were previously used to cover costs that should have been part of rent. This can create problems with housing benefit eligibility. To fix this, they've been gradually adjusting rents and service charges over five years, and this year is the final year of this adjustment.

The Board discussed whether the target for voids was too optimistic (2.75%), DH acknowledged that voids have declined lately, but they are working to get back on track.

The Board discussed if the inflation assumptions were realistic and if overheads have been reduced to 15% queried if there's little room left for further savings and if investment in assets is needed. DH noted that inflation assumptions have been updated and will be reassessed frequently due to uncertain economic conditions and confirmed that the budget includes plans for additional staff and possible investments in assets, while keeping overheads as lean as possible.

The Board noted the challenge of doing more with fewer resources and whether it's better to scale back on projects instead of absorbing more work, especially considering the stress levels of the team.

DH acknowledged this concern. DH explained the team will focus on the most important projects and prioritise efficiency to avoid overwhelming staff.

### Business Plan

DH explained that the Business plan is in draft form and needs feedback before May and June submissions to SHR and the funders. DH noted that the delay in the budget affected the timeline of the Business Plan and explained that if Board members need more time to review and have any comments on the Business Plan to do so via the Board Platform by the 11<sup>th</sup> of April 2025.

### Post Meeting Note:

Feedback was received from Board members and the Business Plan has been updated to reflect the feedback and will be presented at the Board Meeting on 22 May 2025.

## Decision

The Board:

- **Considered** and **commented** on the report and **approved** the proposed base budget and consider the scenarios provided.
- **Approved** the final phase of the Service Charge to Rents transition.
- **Approved** the **Business Plan** for 2025/26.

## 5.2

### Treasury Management Policy & Plan

<b>Report Summary</b>	This paper introduces the updated Treasury Management Plan (TMPlan) and a review of the Treasury Management Policy and Framework.
<b>Discussion</b>	<p>The Board discussed that the Treasury Management Plan is important and needs more discussion. The Board noted that the paper outlines the current position and options, but more work is needed to finalise a direction. The <i>Canada Life</i> option looks most attractive—it aligns well with strategic goals and offers competitive rates.</p> <p>DH agreed and noted that Canada Life could be a good option, and it's helpful that its covenant terms are less restrictive compared to Lloyds or RBS, which are more of a challenge to manage. The team will take this further allowing the team to engage with their treasury advisors. Once some small adjustments are made to the plan, they'll move forward with funder discussions and continue the Treasury Review.</p>
<b>Decision</b>	<p>The Board:</p> <ul style="list-style-type: none"> <li>• <b>Considered</b> and <b>Discussed</b> the Treasury Management &amp; Business Plan Assumptions Review for 2025/26 carried out by Allia.</li> <li>• <b>Discussed</b> and <b>approved</b> the Treasury Policy and updated Rules amendments contained within the Treasury Management Plan for 2025/26.</li> <li>• <b>Approved</b> and <b>discussed</b> the Treasury Management Plan (TMPlan) for 2025/26, including the action plan that will ensure sufficient resources are in place to deliver the strategy and the objectives within the delivery plans.</li> </ul>
<b>6.</b>	<b>Happy Customer</b>
<b>6.1</b>	<b>Happy Customer Update</b>
<b>Report Summary</b>	This report provided an overview of key areas of strategic operational focus in the care and support function of the Customer Services directorate.
<b>Discussion</b>	<p>EW provided a brief overview and noted that there was a query on the Board Platform regarding South Lanarkshire Council exploring a Housing with Care model and how that differs from the present model and the potential impact on customers. EW explained that currently while we have staff on-site 24/7, they do not provide personal care, medication prompts etc., this is provided by other agencies in line with assessed needs. A Housing with Care model would see Hanover commissioned to deliver personal care for our customers, thereby allowing a more holistic service to be provided.</p> <p>The Board discussed housing support cuts and AC explained that a meeting is being coordinated by the Housing Support Enabling Unit to better understand the scale of cuts across housing associations, beyond our usual networks. While this is a newer agenda item for the Board, Hanover has already experienced the loss of multiple sheltered housing services over the years. Current challenges are now focused on very sheltered housing, which supports individuals with higher care and support needs. Removing these preventative services shifts costs to health and social care, often at a higher expense due to crisis-based intervention. The loss of such services risks increased demand for care home placements. Hanover, along with partner organisations, is jointly funding new research led by Professor Ken Gibb and Professor Vikki McCall. This will provide up-to-date data on the cost-benefit of housing support models, replacing</p>

AC

outdated figures over a decade old. The findings will support lobbying and awareness-raising efforts.

The Board suggested a possible public statement from the Board to highlight the severity of the issue, potentially framing it within a broader “care emergency” narrative. AC agreed there is merit in raising the issue nationally, though cautioned against direct criticism of local partners (e.g. South Lanarkshire Council) to protect ongoing relationships. AC will follow up with the Chair on the appropriate timing.

**Decision**

The Board **considered** and **commented** on the priorities and risks identified.

7

**Desirable Homes**

7.1

**Development Assets Update****Report Summary**

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

**Discussion**

SG provided a brief overview and highlighted that compliance was a continuing concern, but also an area receiving focus and attention.

The Board discussed the 30 missed electrical safety certificate (EICR) inspections and queried that if processes were sound, the EICRs shouldn't have been missed. SG explained that the core issue is one of control, rather than just process. While the processes have been worked on and are generally solid, the failure appears to stem from a lack of proper oversight, possibly combined with a change in the team and contractor-related challenges.

SG emphasised that compliance is a top priority, and it's the first area he focused on when stepping into the role. He acknowledged the missed 30 properties was disappointing and impacted the perception of the broader compliance work. SG confirmed he has personally reviewed the procedures and controls around electrical safety and is now satisfied that the issue will not recur, noting that compliance is a top priority for him and will be a key area of focus, especially as the organisation faces increasing responsibilities in this area

SG discussed the issues around voids and reactive repairs, confirming he's looking into how these budgets and contracts are managed. He emphasised this won't be just an asset issue—there will be cross teams' involvement.

The Board discussed the progress on planning next year's investment programme, particularly given the business plan's commitment to significant investment. SG noted that due to a reduced planned spend, the plan has had to be scaled back. Current work focuses on adjusting the programme and moving some projects to future years. There was underspend in cyclical maintenance, which helped offset overspends elsewhere. Overall, SG expressed confidence in delivering the revised investment plan.

The Chair thanked SG and welcomed him to his first Board meeting.

**Decision**

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

- Current development update
- Update on progress within the customer safety compliance service
- Update on Planned Maintenance & Capital Programme
- Update on Net Zero & Sustainability



	<ul style="list-style-type: none"> <li>Update on Reactive Repairs, Available Homes &amp; Adaptations</li> </ul>	
8.1	<b>Governance Review Scope</b>	
Report Summary	The Board agreed at their meeting in January 2025 to conduct a Governance Review in 2025-26 to provide additional assurance for Board and support the new Chair to take the Board forward to the next stage. <i>Appendix 1</i> set out a specification for the external procurement of such a review.	
Discussion	The Board noted that the Governance Review had already been discussed in previous meetings and during the pre-meeting and confirmed that the scope was clearly set out in the paper and noted that the Board looks forward to seeing the outcomes of the review. WR highlighted that there were some comments made by Board members who submitted apologies for this meeting, and that these will be incorporated in the final draft.	
Decision	<p>The Board:</p> <ul style="list-style-type: none"> <li><b>Considered, commented</b> and <b>approved</b> the specification for procurement of an external expert to undertake the Governance Review subject to updates to be made by WR.</li> </ul>	
8.2	<b>Health Safety &amp; Wellbeing Report – Q3</b>	
Report Summary	This report provided an update to the Board on all Health Safety and Wellbeing (HSW) reporting for Quarter 3.	
Discussion	<p>WR provided a brief overview noting that there was no major issues or trends in accidents.</p> <p>The Board discussed the slight rise in medication errors and WR noted that there was an increase in reporting was due to improved training and processes within one of our North developments following a change in leadership there.</p> <p>The Board discussed insurance claims and WR explained that there was only one health and safety-related insurance claim this year (same as last year) which is low.</p>	
Decision	<p>The Board:</p> <ul style="list-style-type: none"> <li>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.</li> </ul>	
8.3	<b>Governance Matters</b>	
Report Summary	The Governance Matters paper sets out updates and decisions required on various governance topics now and for the year ahead.	
Discussion	<p>WR provided a brief overview, and the Board discussed whether the Board had to approve the memberships without knowing much about them and suggested adding a note to ensure that due diligence has been carried out. WR confirmed that this is in line with the rules and explained that there's a clear process in place based on the approved Membership Policy. Going forward we will include a note for any future approvals to provide a bit more detail on why they want to join and to confirm all proper due diligence checks have been carried out. The Board queried if using internal auditors (Henderson Loggie) to conduct a Business Performance Review of our Assurance Framework, while a Governance specialist is planned for the Governance review might be better value to have the specialist do both.</p> <p>WR clarified that the internal audit is focused on checking evidence and ensuring the process is being followed properly—not assessing whether the overall approach is right. It's more of a compliance check based on an existing model (SFH), rather than a strategic or</p>	WR

Decision	<p>governance review. Board was satisfied that we continue with the proposed approach.</p> <p>The Board:</p> <p><b>Considered and Commented</b> on the:</p> <ul style="list-style-type: none"><li>• Notifiable Events Update</li><li>• Board Member Recruitment Plan progress</li><li>• Assurance Statement Plan Preparation &amp; Timeline</li><li>• Board Action Plan update</li><li>• Board Appraisal Plan for 2025</li><li>• Update on CEO Q3 Performance Review</li></ul> <p><b>Approved</b> the:</p> <ul style="list-style-type: none"><li>• Membership Application</li></ul>
8.4	<b>Strategic Risk Register</b>
Report Summary	<p>This report provided Board members with an updated Strategic Risk Register that is aligned to our Strategy &amp; Business Plan. It also provided an update on our suite of operational risks.</p>
Discussion	<p>WR provided a brief overview noting the current Strategic Risk Register is based on the version shared with the Audit &amp; Performance Committee on 11<sup>th</sup> February 2025.</p> <p>The Board discussed the financial pressures in the housing sector, particularly with National Insurance changes and noted that less resourced housing associations might be struggling, which could be an opportunity to help or a potential partnership.</p> <p>AC explained that they have already started early conversations with key people. A growth plan will be discussed at the June strategy day. If we decide to expand, we can actively reach out to potential partners.</p>
Decision	<p>The Board</p> <ul style="list-style-type: none"><li>• <b>Approved</b> the content of the Strategic Risk Register.</li></ul>
9.	<b>AOCB</b>
Discussion	<p>None</p> <p><b>Chairperson:</b> Gary Devlin</p> <p><b>Date:</b> 22/05/2025</p>