

Hexagon Housing Association Ltd

Minutes of the Board Meeting held on Tuesday, 26th January 2016 at 4:30pm at 130-136 Sydenham Road, Sydenham, London SE26 5JY.

Present: Ian Mansell (Chair), Debbie Bankole-Williams, Ruth Chambers, Kellie Elmes, Dermot Finn, Jeanette Kenyon, Martin Large, Ian Watts, and Rosalind Watson.

In attendance: Jon Cross, Jacqui Fergus (Residents' Forum Observer), Kerry Heath, Tracy Inniss (Item 7 only), Barbara Jacobs (Residents' Forum Observer), Chris Melville, Phil Newsam, and Val Sharpe.

Apologies: Roy Coulter and Tom McCormack.

		Action
16/01	The Chair welcomed Barbara Jacobs to the meeting and introductions were made all around.	
16/02	<i>Declarations of Interest</i>	
16/02/1	There were no declarations of interest.	
16/03	<i>Minutes of the meeting held on 24th November 2015</i>	
16/03/1	The Minutes were <u>agreed</u> .	
16/04	<i>Matters arising</i>	
16/04/1	15/110 – Chief Executive's report – Dermot said he had raised the matter of Electronic Board papers at the last meeting, but this has not been reflected in the minutes. Tom McCormack to report back at the next meeting on progress with this project.	TMc
16/04/2	15/112/4 – Strategic issues arising from the review of Stock Improvement – Jon Cross to discuss 'simpler format' request directly with Debbie.	JC

16/04/3 **15/113/2 – Strategic issues arising from the review of Responsive Repairs** – Debbie said she did not have a chance to discuss with Jon Cross the matter in relation to the spend with contractors KNK and P&R. Ian Watts pointed out that the information requested by Debbie is contained in an appendix to the Management Accounts on the agenda.

16/04/4 **15/119/2 – Land Investment Proposal** – Kerry Heath confirmed that she has added the risk around not obtaining planning permission to the list of risks appended to the report.

16/04/5 **15/121/1 – Stress test mitigation plan** – Phil Newsam said she has not yet seen L&Q's Finance Director or Treasury Manager to ask whether it is feasible to include a point regarding asking a cash-rich housing association to provide a loan as part of the mitigation plan.

16/05 *Confidential Minutes*

16/05/1 Barbara Jacobs and all Directors left the meeting for this item.

16/06 *Chief Executive's report*

16/06/1 Chris Melville presented the paper on behalf of Tom McCormack. The paper reported on a range of issues, including:

- Spending Review and Autumn Statement 2015
- Deregulation measures
- Mergers, Group Structures and Partnerships: A Voluntary Code for Housing Associations (NHF)
- Board Member Vacancy
- Vacancy for Lead Board Member for Resident Involvement
- Southwark & London Diocesan Housing Association
- GLA Audit
- Update on Brockley Tenants Co-op

16/06/2 **Mergers, Group Structures and Partnerships** – Members discussed the NHF's Voluntary Code which outlined 10 core principles which are meant to assist boards in examining merger options.

- 16/06/3 Ian Watts said that he broadly agreed with Tom's comments in that further consideration should be given before Members decide whether or not to adopt the Code. He said boards did not have to sign up, but if they did, they would be expected to follow the Code. He said Hexagon should see what other housing associations are doing before making a decision.
- 16/06/4 Dermot Finn said he has sent an email to Tom requesting answers to basic questions such as "how do proposals for mergers come about?" He said it would be good to have a "framework" to work with, so that if merger bids are put forward, the board have this in place as a guide.
- 16/06/5 Debbie Bankole-Williams said we need to consider how adopting the Code will assist Hexagon when we are in the process of a merger.
- 16/06/6 The Chair said the Code might also make some of the Board's strategic decision more complicated.
- 16/06/7 Referring to Note 5 (...Where the board does not have such specific skills it should seek impartial advice on the implications of the proposal), Ian W. said he would feel more comfortable if the words "as appropriate" were added as to seek advice in every case could be very costly.
- 16/06/8 After further discussion, the Board took the general view to wait until further information on the detail is available and to keep a watch on what other associations are doing.
- 16/06/9 Jon Cross joined the meeting at this point.
- 16/06/10 **Spending Review and Autumn Statement 2015** – In relation to the Welfare Reform changes to the Local Housing Allowance, Ruth Chambers said she understands that the DWP are still working on the detail. She added that any work done on modelling the impact would be useful for the NHF to have to support their lobbying activities and encouraged Chris to forward details to the NHF.
- 16/06/11 In response to a question from Martin, Phil Newsam said that the Apprenticeship Levy will cost Hexagon around £18k per year, although we will be looking at whether we can access the fund when the rules for this have been published.

CM

16/06/12 **Confidential minute**

16/06/13 Jacqui Fergus joined the meeting at this point.

16/06/14 Members agreed to take the item in relation to recruiting to the vacant Tenant Board Member role under Agenda Item 12 (Tenant Board Appointment Questionnaire).

16/06/15 The Board **agreed** the two changes to the Lead Board Member system, with Rosalind Watson and Kellie Elmes swapping their current roles to Community Investment and Performance Management respectively.

16/07 *Strategic matters arising from the annual review of Development & New Business*

16/07/1 Jeanette Kenyon presented the paper which reported on the strategic issues arising from the work of the Development & New Business Teams. She said the report provides Members with a good sense of the market and the challenges faced. She said Members need to keep a “watching brief” on all the items covered in the report.

16/07/2 Martin asked for reports to be more aligned in terms of reporting on the possible extra funding needed. Kerry Heath explained that the original bid was based on ‘indicative schemes’, but now a lot of work has gone into turning these schemes into ‘real’ schemes with real costs. This accounts for the increase in costs. The development programme still remains within the Board agreed approval, although it is accepted that the headroom is diminishing.

16/07/3 After further discussion, the Board **approved** the recommendations that we:

- Continue to work with our LA Housing and Planning colleagues to push through planning applications as expediently as possible;
- Continue to keep the GLA informed of progress of sites through the planning system;
- Consider that if site opportunities with planning consent present themselves and are viable, we consider them as substitutes for the ‘delayed’ 15/18 schemes;

- Continue to monitor cashflow, review scheme details and timings to ensure they are aligned with availability of finance.
- Ensure scheme designs are as efficient as possible. Consider carrying out value engineering exercise on the more expensive schemes.
- Consider new approaches to building out and procuring developments as part of the Innovation working Group.
- Will continue to monitor details of the starter homes scheme as they are released.
- Increase focus on suitable sites for outright sale.
- Keep abreast of market changes, and consider sufficient risk mitigation measures and viable exit strategies.
- Focus on identifying land opportunities once contracted 200 unit programme is secured.
- Keep abreast of RtB replacement home requirements as details emerge.
- Review risk management approach to shared ownership to ensure it is appropriate.
- Model the potential impact of other govt. initiatives.

16/08 Approval of the Community Investment Strategy 2016-19

- 16/08/1 Kellie Elmes presented the new Community Investment Strategy for the three years 2016-19.
- 16/08/2 Jacqui Fergus said she was “not happy” that the Community Investment team will not be supporting community events and that the strategy does not include this support going forward. She said residents organised two well attended events, with another scheduled for 13th February which is “not being supported” by Hexagon. She said she feels tenants are not being listened to in terms of expressing what events they would like. Also, she feels opportunities for the Community Investment team to “network” are being lost as they do not support the events organised by residents that were well attended. She added that residents have not had an input into the Strategy.
- 16/08/3 Ruth said that following similar views voiced at the Residents’ Forum meeting she attended, she has raised the concerns with the Community Investment and Resident Involvement Managers and, although they have a different perspective, they said they will speak to Jacqui directly.

They have said that some of the community work as described by Jacqui will be covered under the 'outreach work' referred to in the Strategy.

- 16/08/4 Chris said the money available to spend on community events is very limited and the Strategy therefore prioritises where the effort goes, i.e. with a focus on getting people into work. It is important that resources are not spread too thinly as we cannot do everything.
- 16/08/5 Dermot said he was disappointed that the Community Fund has been discontinued and there is no mention of it in the report.
- 16/08/6 Debbie questioned how it is that the Board was being asked to approve the Strategy when it appears that resident representation via the Residents' Forum has not been involved in drafting the document. She said we continue to have problems in how we engage with residents and proposed that the Strategy not be approved at this time, but put to the Residents' Forum for their input and re-presented to the Board for approval.
- 16/08/7 Debbie queried whether the 'Social Value' of the community investment work has been independently assessed. If it has, we should be setting a performance target.
- 16/08/8 Chris said the Strategy was presented and discussed at the Residents' Forum although it was allowed only 23 minutes on the agenda. Kellie said this may have been because the Residents' Forum chair was only asked to include the paper the day before the agenda was issued.
- 16/08/9 Martin said he found that he had to read several pages of the Strategy before knowing what the strategy is about. Referring to the section on 'Goals', he asked how these goals compared with what was achieved last year. Chris said these have been reported as part of the Strategic Issues arising from the annual review of Community Investment report presented at the September meeting.
- 16/08/10 Ruth said she welcomed the Strategy, however how the goals and the targets are set is not clear. She said our targets should stretch us. To get residents' views, the strategy should be developed in a more structured and bespoke way, i.e. by asking residents how we did.

- 16/08/11 Kellie said that if activities are relatively low cost events, then in an effort to create community, these should be supported.
- 16/08/12 Referring to the upcoming 13th February event, the Chair proposed that financial support is provided on the basis that no more events are run until funding is secured.
- 16/08/13 Ian W. said he would support funding the event as the value is fairly small. Referring to the Community Investment Strategy, he said it appears that the right amount of time has not been given to allow for resident consideration and consultation. The Chair added that the Residents' Forum needs to ensure that sufficient time is allocated on their agenda to discuss the Strategy.
- 16/08/14 Debbie said that the revised document needs to align with the Resident Involvement Strategy. She said it would be useful to also include details of the CI budget.
- 16/08/15 After further discussion, Members **agreed**:
- That the draft Community Investment Strategy is not approved at this time, but returned for further comment and consultation with residents, alignment with the Residents Involvement Strategy and include costs;
 - That one-off financial support is given to the 13th February event being organised by residents;
 - That officers consider whether there is scope to reinstate the neighbourhood community fund.

Officers

16/09 Sustainability & Greening the Stock Annual Update

- 16/09/1 Ian Watts presented the report which provided an update on activities undertaken by the Property Services Department in terms of the Asset Management Strategy, the Greening the Stock Strategy and the Sustainability Strategy.
- 16/09/2 Kellie asked whether articles in Home News are enough in terms of communicating the message in relation to sustainability. Jon agreed that this activity alone would not be enough. He is having discussions with our contractors in relation to whether he would be able to use their SMS system to send reminders and tips on, for example, water conservation, etc.

- 16/09/3 In relation to ensuring residents knew how their meters worked, Kellie suggested providing residents with a paper manual. Jon said he would look into this. JC
- 16/09/4 The Board **noted** the report.
- 16/10 Results of the Changes to Pension consultation**
- 16/10/1 Tracy Inniss joined the meeting and presented her report which provided the results of the consultation with employees on the proposed changes to the Social Housing Pension Scheme. She said although there were a few queries in relation to individual circumstances which were dealt with, there was no opposition to the proposals.
- 16/10/2 The Board therefore **approved** the recommendations:
- To close the SHPS 1/60ths Final Salary Pension Scheme with effect from 31st March 2016;
 - To transfer the existing Final Salary Pension Scheme members to the SHPS Defined Contribution Scheme with effect from 1st April 2016, and
 - That transitional relief of an additional 2.6% employers contribution to the DC Scheme is paid to members transferring from the Final Salary Scheme up to a maximum contribution of 10% for a period of 3 years until 31st March 2019.
- 16/10/3 The Board thanked Tracy for her report and she left the meeting.
- 16/11 Treasury Management Report for Q3**
- 16/11/1 Members discussed the report which summarised the treasury management activities over the last quarter.
- 16/11/2 Attention was drawn to paragraph 4.2 which stated that the risk around running out of funds in the next 18 months has been increased to 'medium'.
- 16/11/3 Phil said it had been hoped that the AHF EIB loan would be signed by all parties by the end of January. She said we are ready to sign the loan documents and ready to charge properties to security, however, AHF has not received the approvals they were expecting to get. DCLG have committed to aim to do this by 4th March. If there are further

delays beyond 31st March, we will have to get the properties valued downwards to take account of the planned rent decrease in 2016/17.

16/11/4 As a Plan B, if there are further delays, we do have other properties which we are working on charging to fill the gap. In the unlikely event that the AHF are unable to obtain approval of the EIB loan from DCLG, then we will participate in a further AHF bond issue planned for May/June 2016.

16/11/5 After further discussion of treasury management, the Board **agreed** repayment of up to £8.25m of the HBoS loan and **noted** the remainder of the report.

16/12 Management Accounts – Q3

16/12/1 Phil Newsam presented the financial results for the 9 months to 31st December 2015. She reported that we have made budget for the whole year in relation to asset sales.

However, repairs maintenance and service charges budgets are overspent.

16/12/2 Martin asked whether we have a handle on repairs spend. Jon said he believes we will have a significantly improved position by the end of the financial year as he will be able to re-coup money from contractors following a detailed review of works done/invoiced for.

16/12/3 Ian W. said that in light of the reduction in income, it will be important to ensure service chargeable items are captured. Phil said the Finance and Housing Services Managers worked together on a project to identify where the gaps are and to ensure all service chargeable items are being captured.

16/12/4 Debbie thanked Jon for the appendix to the report which provided detailed information on the maintenance budget.

16/12/5 Barbara Jacobs said she is pleased that Lakers have been chosen as one of the new contractors as she was on the interview panel for the selection of contractors and was impressed by them.

16/12/6 Members **noted** the report.

16/13 PIs – Q3

- 16/13/1 The Q3 PIs were presented by Rosalind Watson. She reported that 9 of the 17 indicators have shown improvement, 7 have deteriorated and 1 has shown no change. She said it is disappointing that some of the resident-focused PIs are deteriorating.
- 16/13/2 Chris said there is a large variance between the information provided by contractors and those obtained via the telephone surveys. Work will be done to reconcile the two streams of information.
- 16/13/3 Kellie said it would be useful to show again which departments have had complaints and the numbers in future reports.
- 16/13/4 Jacqui Fergus said she has concerns on how complaints are being dealt with in the organisation.
- 16/13/5 Members **noted** the report.

16/14 Hexagon's Policy on Co-operative development

- 16/14/1 Chris Melville presented a report which outlined the history of Hexagon's involvement with co-operative management of our homes and presented the arguments for and against the current approach to co-op support and development. The paper follows a discussion at the last Board away-day.
- 16/14/2 Dermot Finn said it was an "excellent" report and that he broadly agreed with the findings in the report. He said, however, that there is no mention of the Co-op Forum and the important work that the Group does. Could this be included in the final report?
- 16/14/3 Dermot also asked that the background to how co-op stock came to be Hexagon owned be included in the final report (i.e. inclusion of some recognition of this historical background).
- 16/14/4 Dermot said he thinks extra resources should be given to support the co-ops and consideration given to how to organically grow their stock.

16/14/5	Martin said we don't seem to compare Hexagon costs with co-op costs, although it would be useful to know how we compared.	
	The Chair agreed that officers provide costs comparison information.	CM
16/14/6	Referring to the survey of co-op residents, Kellie asked whether the question "how much residents' views are listened to and acted upon" is also asked of Hexagon residents. Chris said she will check and report back.	CM
16/14/7	The Board noted the report and agreed that a follow-up report with recommendations will come to the March Board.	
16/15	<i>Tenant Board Appointment Questionnaire</i>	
16/15/1	Rosalind present the report which provided the results of the questionnaire issued to board members and directors on the topic of tenant board member recruitment/appointment. She said there was a 100% return of the questionnaire and thanked everyone for their input.	
16/15/2	Rosalind said most respondents agreed that tenant board member posts should be advertised, with job description and person specification.	
16/15/3	The Chair said it would be useful if prospective board members had a half -day session before the process started to get a feel of what being a board member is about. Chris said that prospective tenant board members are currently invited to an information session.	
16/15/4	Dermot said he strongly supported selection via an election. He said he felt that if it was agreed not to have an election, he would vote for reinstating residents as shareholders. He added that a lot of work could be done to improve the election turnout.	
16/15/5	Ian W. said the proposed Campbell Tickell review on skills should inform where the gaps are. Relevant experience then should be assessed via interview.	
16/15/6	Ruth said she supports Option 2 (A short-list of candidates is selected by the interview panel, which then goes forward for election by resident ballot). She said the process needs	

	“rigour” and this option would provide that. She said she found the Induction programme “fantastic” and thorough and additional support could be via a buddy or mentorship system.	
16/15/7	Voting by a show of hands, Members agreed a combination of interview and election.	
16/15/8	Members asked for clarity on when (or, if) the Campbell Tickell review of skills is going to be done.	Officers
16/15/9	Members agreed not to refer to the person with the third most votes from the last election.	
16/15/10	Members agreed officers should proceed on the following basis, providing a report to the next meeting: <ul style="list-style-type: none"> - Define who is eligible to stand (who the voters are) - Define timescales - Propose who is going to be on the interview panel - Devise the job description (informed by the skills audit) - Define training to be offered - Define how residents will be able to vote - Define options for voting 	
16/15/11	The Board agreed that the current vacancy will not be filled immediately, but will be tied to the other recruitment for tenant board member.	
16/15/12	Members therefore did not agree to proceed with a “one-off pilot” as proposed in the Chief Executive’s report, but agreed instead to proceed with a single process to recruit two members, one to start immediately once the process was completed after the March Board and the other to start in September.	
16/15/13	The Chair said the process should be led by the HR Manager.	TI
16/16	<i>Annual Diversity Pls</i>	
16/16/1	Chris Melville presented the report which provided a summary of the Diversity KPIs in relation to customers and employees for the period 1 st April 2014 to 31 st March 2015.	

16/16/2 She said we are seeing an under-presentation of 'White British' tenants and have asked our local authority partners for their lettings information to form a comparison. Although most of authorities do not seem to have the resources to assist with this, it does appear from the limited responses, that our statistics mirror those of the local authorities.

16/16/3 Jeanette Kenyon said it would be useful to see the ethnic breakdown and asked whether the 'BME' category included Eastern European. This information will be provided and the fuller, more detailed report will be uploaded to the Board Members area of the website for information. Jeanette also requested a breakdown of office staff by ethnicity and grade.

TI

16/16/4 Members **approved** the proposed actions for 2016 outlined in Section 3 of the report (i.e. to renew our focus on under-representation of white residents and staff; development and setting of new targets; development of succession plans as appropriate; the completion of the profiling exercise for staff and residents).

16/16/5 The Board also restated their commitment to the Board composition targets – 36% BME representation (in line with the target for office staff), and 50% female.

16/17 Minutes of the Urgency Sub-Committee meeting held 8th January 2016

16/17/1 Members **noted** the minutes of the meeting convened to approve the AHF EIB loan.

16/18 Minutes of the Performance Review Group meeting held 12th November 2015

16/18/1 The Board **noted** the minutes.

16/19 Minutes of the Repairs Group meeting held 5th January 2016

16/19/1 Members **noted** the minutes and noted that although they have not been approved by the whole group, the Repairs Group Chair has agreed for them to be presented to the Board.

16/20 *Minutes of the Residents' Forum meeting held 18th November 2015*

16/20/1 Dermot said there have been a number of Residents' Forum meetings, but only one set of minutes presented. Chris explained that the minutes of other meetings held have not yet been provided/agreed by the Forum for presenting to the Board.

16/20/2 The Board **noted** the minutes.

16/20/3 Kellie Elmes said, looking at the attendance list for all three meetings, they seem to feature the same residents. She said she would encourage the Resident Involvement team to recruit more residents.

16/20/4 Barbara Jacobs said efforts are being made to "widen the net" of involved residents and one suggestion is to have a stand at Residents' Day.

16/21 *Use of the Company Seal*

16/21/1 Members **noted** the use of the Company Seal since the last meeting.

16/22 *Starters and leavers*

16/22/1 Members **noted** the report.

There being no other business, the Chair declared the meeting closed at 8.12pm. .

Minutes of the Board Meeting held on Tuesday, 26th January 2016.

Signed (Chair)

Date