

Hexagon Housing Association Ltd

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

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

In attendance: Kerry Heath, Chris Melville, Phil Newsam, Valerie Oldfield (Acting Residents' Forum Chair), Mark Shaw (Residents' Forum Vice-Chair), and Val Sharpe.

Apologies: None

		Action
16/71	Members congratulated Phil Newsam who won the title of 'Finance Director of the Year' at the recent NHF Housing Association National Accountancy awards.	
16/72	<i>Declarations of Interest</i>	
16/72/1	Ian Watts said that his employer, Paragon Community Housing, has started potential merger talks with Asra Housing Group, who operate in the same geographical areas as Hexagon. Ian will therefore make a declaration if particular conflicts of interest arise.	
16/73	<i>Minutes of the meeting held on 7th June 2016</i>	
16/73/1	The Minutes were <u>agreed</u> .	
16/74	<i>Matters arising from the minutes</i>	
16/74/1	16/49/1 – Strategic matters arising from the review of HR – HR Manager, Tracy Inniss will shortly provide the information requested directly to Debbie Bankole-Williams via email. Debbie has asked for information on the number of young people that had applied for jobs at Hexagon and the number of them that have subsequently been employed.	

- 16/74/2 **16/50/3 – Probity report** – Tom McCormack confirmed that the Probity Policy had not been breached when the costs for the 25th Anniversary boat party for staff were factored into the calculations for the expenditure per employee.
- 16/74/3 **16/53/2 – Proposal to deliver additional units as part of the Development Programme** – Kerry Heath confirmed she sent the information to Martin Large via email as requested in relation to how much capital is involved.
- 16/74/4 **16/53/3 – Proposal to deliver additional units as part of the Development Programme** – Kerry also confirmed that she revised the Delivery Risk table in line with Ian Mansell’s query as to whether the ‘red’ light for Brampton Road should be ‘amber’. The table was corrected to show an ‘amber’ light for Brampton Road and the revised table sent to Ian via email.
- 16/74/5 **16/57/3 – Q4 Performance Indicators** – Chris Melville confirmed that the changes to the target levels for ‘satisfaction with the last repair’ and ‘repairs completed at first visit’ (and the reasons for the changes) were communicated to the Performance Review Group at their meeting on 14th July.

16/75 Chief Executive’s report

- 16/75/1 Tom McCormack presented his report which provided an update/information on a number of issues including:
- Letter from the HCA sent to all HA Chairs on ‘Delivering Better Value for Money: Understanding differences in unit costs;
 - Brexit Referendum result;
 - Mark to Market movements of interest rate swaps;
 - Right to Buy pilots;
 - Award from the ORC;
 - Board Members Away-Day;
 - Invitation to Residents’ Day;
 - Board appraisals;
 - Paperless Board meetings;
 - Resident Board Member Election.
- 16/75/2 Rosalind Watson read out the results of the Resident Board Member Election and Members **noted** that Mark Allan and Ranna McArdle will be joining the Board.

16/75/3 Martin Large volunteered to attend Residents' Day on Saturday, 17th September.

16/75/4 Members **agreed** an agenda item for the Away-Day on house prices post Brexit and how Hexagon should respond.

16/76 Strategic matters arising from the annual review of Housing Services

16/76/1 Ian Mansell presented the report which set out the strategic priorities for Housing Services for the coming year:

- Putting right the rents which have not complied with the regulator's rent setting regime and ensuring that the mistakes cannot happen again
- Maintaining Hexagon's rental income and supporting residents to cope with the impact of welfare reforms and benefit cuts
- Preparing to offer the voluntary Right to Buy
- Continuing the drive to improve the quality and value for money of our estate services
- Continuing to focus on reducing the under-recovery of service costs.

16/76/2 Ian said that the good news is that the recent audit on Rent Setting concluded that the issue where incorrect rents have been charged is not a systemic problem.

16/76/3 Debbie Bankole-Williams said she thinks it would be useful for the Board to have information on the Association's residents' profile.

Chris said most of the information for this had been gathered following a previous request from Debbie, but the exercise had not been completed. Chris will now look to provide the information before the Board Away-Day.

CM

16/76/4 Members **noted** the recommendations set out in the report:

- To note the approach taken to rent compliance in section 3.2 and note the progress made since the last report to the Board in March
- To note the latest position in 3.3 on the impact of changes in welfare benefits and the planned evaluation of the arrears monitoring tool, Rentsense in the autumn, and to decide if a report back should be made to the Board on the results

- To note that a report will come to the September Board with recommendations about exemptions from the VRTB. (3.4)
- To note the priority being given as set out in 3.5 to managing contractors' performance in relation to estate services
- To note the position in 3.6 on the under recovery of service charges in general needs and our intention to make a policy change on abolishing the capping of service charge increases one of the budget decisions for the next financial year.

16/77 Internal Controls Assurance

16/77/1 Tom McCormack presented the annual report to Members which sought to provide the Board with the level of assurance needed in order to approve the Statement on Internal Controls which is included with the audited annual accounts.

16/77/2 Tom said that the report was discussed at the Audit & Risk Committee meeting on 11th July and he has incorporated all the comments for amendments in the version presented to the Board. He drew Members' attention to the internal auditors' opinion which stated "*In our opinion, Hexagon Housing Association has in place an appropriate framework for identifying, evaluating and managing the significant risks faced by the Association.*"

In respect of their areas of activity which we reviewed and subject to the weaknesses identified and reported in our internal audit reports, Hexagon Housing Association has an adequate, effective and reliable framework of internal control, and effective risk management and governance processes, which provide reasonable assurance regarding the effective and efficient achievement of the Association's objectives.

No instances of actual or suspected fraud have been encountered directly during our internal audit work."

16/77/3 Members **noted** the contents of the report and **approved** the Statement contained in the Appendix for inclusion in the Financial Statements for 2015/16.

16/77/4 As the information in relation to whether any tenancy fraud has been uncovered during the year was not yet available, Tom will report back to Members at the September meeting. TMc

16/78 Self-Assessment of compliance with Governance & Financial Standards

16/78/1 Tom McCormack presented the report which was also discussed at the July Audit & Risk Committee meeting when it was partially complete.

16/78/2 The Board **approved** the Self-Assessment of Compliance with the Governance & Viability Standard and **approved** the Statement at Appendix B for inclusion in the Financial Statements.

16/79 Financial Statements 2015/16

16/79/1 The Financial Statements for 2015/16 were presented by Ian Watts who explained that this is the first year of financial reporting under the new FRS102 accounting principles. He said the auditors were very complimentary about the work done by the Finance team and no material issues had been raised.

16/79/2 The Board **approved** the 2015/16 accounts and Representation Letter for signature and **noted** the Audit Management Letter and the BDO Audit Executive report.

16/80 Q1 Treasury Management report

16/80/1 Debbie Bankole-Williams presented the report which summarised the Association's treasury management activities over the past three months. Members celebrated the record low interest rate (1.722%) achieved for our EIB loan and Members noted the media coverage via an article in Social Housing magazine dated 20th June 2016.

16/80/2 The Board **noted** the Treasury Management report for Q1.

16/81 Treasury Management Strategy

16/81/1 Debbie Bankole-Williams presented the report which set out the actions required under the proposed strategy, including to source a new loan facility for up to £30m.

16/81/2 Phil said the number of Hexagon units which are uncharged and are suitable for charging is 1,487. This number had been omitted from the Capita report (Section 3.11).

16/81/3 After some discussion, the Board **approved** the 2016/17 Treasury Management Strategy as set out in the attached report from Capita.

16/81/4 The Board also **approved** the amendment to the Treasury Management Policy as set out in paragraph 3.3 of Capita's report.

16/82 Q1 Management Accounts

16/82/1 Phil Newsam presented the Management Accounts for the quarter ended June 2016.

16/82/2 Ian Watts asked whether all controls are now in place in relation to monitoring the responsive maintenance budget. Phil said contractor P&R are not yet fully on the IT interface and able to request variation orders or submit varied invoices in this way, but it is expected that this will soon be resolved.

16/82/3 Ian asked whether high value void repairs are related to misuse of the property and whether we can re-charge the costs of the repairs. He encouraged officers to re-charge where we can.

16/82/4 The Board **noted** the Management Accounts and asked officers to carefully review the area of 'service charges' at budget setting time.

16/83 Performance Indicators

16/83/1 Chris Melville presented the performance information for Quarter 1. Members noted that there is a new indicator around Customer Service Centre response to email queries. Chris reported that the only deterioration in performance against the targets is sickness absence which is at 4.8% (against a target of 2.5%).

16/83/2 Referring to complaints, Kellie Elmes thanked Chris for setting out the departments with the most complaints. Kellie asked whether future reports could also contain the details of all the departments. This was agreed.

CM

16/84 *Changes to Corporate Risks*

16/84/1 Phil Newsam said the same report was presented to the July Audit & Risk Committee meeting and focused on the two most material changes in risk to have emerged since the last meeting:

- Ground collapse at Brickfield Cottages
- Results of referendum vote

16/84/2 Kerry Heath provided a verbal update on the incidence of ground collapse at Brickfield Cottages. We are awaiting a formal report from consultants Peter Brett Associates which will hopefully assist in providing some assurance on the stability of the rest of the estate. Stabilising works are being carried out to the front and there is the potential for further stabilisation required to the rear of numbers 32 and 34.

16/84/3 Members **noted** the report.

16/85 *Mitigation Plan to ensure Financial Viability*

16/85/1 Ian Watts presented the report which set out the mitigation plan that has been developed following the latest stress test of the 30 year financial business plan.

16/85/2 Members thanked Phil Newsam for a good piece of work, **approved** the mitigation plan and **noted** the triggers for considering whether the plan needs to be activated.

16/86 *2016/17 Funding Conditions Approval*

16/86/1 Kerry Heath presented the report and confirmed that there were no clauses which impacted on the Association's ability to comply with the GLA's Funding Conditions.

16/86/2 The Board **approved** the GLA Funding Conditions for 2016/17.

16/87 *Minutes of the Residents' Forum meetings*

16/87/1 Members were presented with the minutes of the Residents' Forum meetings of 13th January, 4th May and 26th May 2016.

16/87/2 Rosalind Watson noted that the minutes of the meeting of 2nd March have not been provided. This was a meeting she had attended.

16/87/3 Tom McCormack said future minutes need to be presented with a covering report as it is difficult to work out whether there are any issues the Forum wishes to highlight for the Board's attention.

16/87/4 Ruth Chambers commented that she is only now seeing the minutes of the meeting she attended in January. Chris said the minutes have only recently been approved by Forum members.

16/87/5 The Board **noted** the three sets of Residents' Forum minutes.

16/88 *Minutes of the Performance Review Group meeting*

16/88/1 The Board **noted** the minutes of the Performance Review Group meeting of 12th May 2016.

16/89 *Innovation in Development Working Group*

16/89/1 The Board **noted** the minutes of the Working Group's meeting held 29th March 2016.

16/90 *Minutes of the Urgency Sub-Committee meetings*

16/90/1 The Board **noted** the minutes of the Urgency Sub-Committee meetings held via telephone conference on 9th and 13th June 2016. The meetings were convened to consider the arguments for and against drawing the £17m AHF EIB loan ahead of need in order to fix the interest rate.

16/90/2 As requested by Members the minutes were re-formatted to show the meetings separately.

16/91 *Brockley Tenants' Co-op*

16/91/1 Chris Melville presented a report which provided an update on the latest position on the BTC governance concerns. Members noted that the BTC Management Committee has provided a response to the issues raised in the reports by

CCH. The Committee has also provided a timescale for implementing the recommendations. They have committed to have a full day of training on governance, including conflicts of interest and our Resident Involvement Manager will be closely monitoring their progress.

16/91/2 Members agreed that Chris writes to the Management Committee stating that the Board has noted their response, but is disappointed that they have not accepted that the allegations amounted to a conflict of interest. CM

16/91/3 Members agreed to receive an update on progress in six months' time. CM

16/92 Use of the Company Seal

16/92/1 Members **noted** the use of the company Seal since its last meeting.

16/93 Starters & Leavers

16/93/1 The Board **noted** the report.

16/94 The future of an effective Residents' Forum

16/94/1 Valerie Oldfield and Mark Shaw joined the meeting and introductions were made all around.

16/94/2 The Board discussed the proposal from the Residents' Forum about its future, together with Chris Melville's report on the views of officers on the key elements of the way forward. Members discussed in turn each point contained in Sections 4 (Officers' views on the way forward) and 5 (Officers' views on some of the detail in the proposal documents) of Chris' report.

16/94/3 **4.1 – The need to work together** – There was an overall consensus that the Residents' Forum needed to work in partnership with officers going forward. Members also recognised that the relationship between the Forum and members of the Resident Involvement team in particular will need to be repaired.

16/94/4 **4.2 – A manageable size** – The Board agreed a maximum of 12 for the membership of the Forum.

- 16/94/5 **4.3 – Commitment by members and support from Hexagon** – The Board agreed that Forum members should commit their time for 2 years and have the ability to focus on policy and strategy matters. Support for new Forum members will be provided by the Residents’ Involvement team and training, both internal and external, will be made available to Forum members.
- 16/94/6 **4.4 – Recognition of where decisions are made** – The Board agreed that the Forum should aim to influence policy decisions made at a lower level than the Board. This should include involvement by Forum members at the early stages of policy/strategy development.
- 16/94/7 **4.5 – Achieving a balance of continuity and fresh people in the membership** – Valerie Oldfield agreed to review the proposed rules and give consideration to a system where only one third of the members stand down every year. This would ensure some continuity.
- 16/94/8 **5.1 – The Constitution document** – Valerie agreed to review the length and content of the document and to produce, as an accompanying document to the Constitution, a summary document, which will be shorter and more readable. She agreed Ruth Chambers’ suggestion to develop “one-sided” summary sheets to contain some of the elements removed from the Constitution.
- 16/94/9 **5.2 – Paragraph 28 – Dealing with gross misconduct** – Although Members agreed it might be useful to have a guide to the behaviour expected of Forum members, it was agreed to review the definitions in the Code of Conduct.
- 16/94/10 **5.3 – Paragraph 36** – The Board did not agree that the membership of the Forum can include two Members from the same household as this could make the Forum less representative of all residents, bearing in mind the maximum number of Forum members will be 12.
- 16/94/11 **5.4 – Paragraph 46** – Members decided to leave it to Forum members to decide how open the invitation to Forum meetings was, but asked Valerie to be mindful that this open invitation could have practical implications. Valerie said the current Constitution contained this clause and had not presented a problem thus far in terms of the number of residents wishing to attend a meeting.

16/94/12 **5.5 – Paragraph 54** – Valerie said that this item has been changed since Chris' report to the Board was written. The change reflects the agreement that it will be up to the Hexagon Chair to determine how the Board meetings are run and how Forum observers participate.

The Board agreed that Board Members should not also be Members of the Forum.

Valerie agreed to consider the suggestion made by Ruth Chambers that the Forum look to develop a relationship with the Lead Board Member for Resident Involvement, who may or may not be a resident.

16/94/13 **5.6 – Paragraphs 60-64** – Valerie has agreed that details in relation to liaising with other resident groups does not need to be in the Constitution and this has therefore been moved into the Standing Orders document.

16/94/14 **5.7 – Paragraph 67** - The Board did not agree that the Residents' Forum should have a large representation on the working party to organise the Residents' Day event. Members expect the Forum to organise their AGM, which may or may not take place on the same day as Residents' Day, but this is not a relevant point for inclusion in the Constitution.

16/94/15 **5.8 – Paragraph 72** – Members discussed the options of election by all Hexagon residents as well as the option of Forum members continuing to be elected by residents at the Residents' Day event. Valerie agreed to put to the Forum whether the election can be run at the same time as the selection/election for Resident Board Members in the future.

16/94/16 **5.9 – Paragraphs 90-93** – The Board did not agree that the Forum can only be dissolved by a Special General Meeting. Instead it will ultimately remain the Board's decision on whether to dissolve the Residents' Forum.

16/94/17 **5.10 – Forum meetings minutes** – After some discussion, it was agreed that the minute taking duties will be left to Forum members to decide. However, the Chair reiterated the need for the minutes to be effective, produced in a timely manner and provided to the Board. The Board reserves the right to review this position if it is considered

not to be working effectively. Members did, however, encourage the Forum to make use of the help offered by the Resident Involvement team with taking minutes.

- 16/94/18 Phil Newsam left the meeting.
- 16/94/19 The Constitution and the proposals for the way forward will be fine-tuned based on this evening's discussions and come back to the September Board for approval.
- 16/94/20 Members thanked Valerie and Mark for their hard work on drawing up the proposals for the Forum's future and they left the meeting.
- 16/94/21 Tom said that the opportunity to hold elections for membership to the Residents' Forum at the September Residents' Day will be missed as the September Board meeting takes place after the 17th September date for Residents' Day when the options for method of election will be considered again.

16/95 Confidential item

- 16/95/1 Kerry Heath and Chris Melville left the meeting.

16/96 Any Other Business

- 16/96/1 There was no other business.

There being no other business, the Chair declared the meeting closed at 7:45pm.

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

Signed (Chair)

Date