

Hexagon Housing Association Ltd

Minutes of the Board Meeting held on Tuesday, 7th June 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, Jeanette Kenyon, Martin Large, Ian Mansell, Tom McCormack, Rosalind Watson, and Ian Watts.

In attendance: Chris Ellison, Kerry Heath, Chris Melville, Phil Newsam, Barbara Enoe (Residents' Forum Observer), Mark Shaw (Residents' Forum Observer) and Val Sharpe.

Apologies: None

		Action
16/45	<i>Confidential item</i>	
16/45/1	Chris Ellison, Kerry Heath, Chris Melville, Phil Newsam and Tom McCormack all left the meeting for this item and returned after this discussion.	
16/46	Debbie Bankole-Williams chaired the beginning of the meeting. She welcomed Interim Property Services Director, Chris Ellison to his first meeting and introductions were made all around.	
16/47	<i>Declarations of Interest</i>	
16/47/1	There were no declarations of interest.	
16/48	<i>Minutes of the meeting held on 29th March 2016</i>	
16/48/1	The minutes were <u>agreed</u> .	
16/49	<i>Matters arising from the Minutes</i>	
16/49/1	16/29/2 – Strategic matters arising from the review of HR – Val Sharpe said Tracy Inniss will provide the information requested by Debbie at the next meeting. This is in relation to the number of young people that had applied for jobs at Hexagon and the number of them that have been subsequently recruited.	TI

16/49/2 **16/32/3 – Residents’ Inspection Review of Community Investment Excluding Financial Inclusion** - Chris Melville confirmed that the latest version of the Action Plan has been sent to the Resident Inspectors.

16/49/3 **16/32/4** – Rosalind Watson confirmed that she met with the Community Investment Manager, Nicky Hazelwood, to discuss whether the Inspectors’ recommendations have received valued responses. Rosalind circulated a written update to Members, highlighting the key points.

16/49/4 The confidential extract from the Minutes was **agreed**.

16/49/5 Barbara Enoe and Mark Shaw joined the meeting.

16/49/6 Roy Coulter resumed the role of Chair of the meeting at this point.

16/50 Chief Executive’s report

16/50/1 Tom McCormack presented his paper which reported on a range of issues, including:

- Housing & Planning Bill receives Royal Assent
- Mayoral Election result
- Brexit – impact on the UK property market
- Budget 2016
- Relevant Laws List
- Mark to Market movements of interest rate swaps
- Board Away-Day 2016
- Board appraisals
- Paperless Board meetings
- Board meeting dates 2017
- Probity Policy

16/50/2 **Board Away-Day 2016** – Members were reminded that the Board Away-Day will take place on 9th/10th September. Members **agreed** the proposal to hold the event at The Grange Tower Bridge Hotel as last year. Members can forward details of potential facilitators to Tom for consideration.

16/50/3 **Probity report** – Dermot Finn asked whether the costs of the 25th Anniversary boat party for staff had been factored into the calculations for the expenditure per employee. Tom said he would double check with the HR Manager, but Members should note that she has confirmed that total expenditure did not breach the Probity Policy. TMc

16/50/4 Members were reminded to return the form at Appendix B in relation to the Relevant Laws List to Tom or Val Sharpe.

16/50/5 The Board also **agreed** the meeting dates for 2017 as proposed in Section 12.

16/51 Strategic matters arising from the annual review of Care & Support

16/51/1 Ian Mansell presented the report which provided an update on progress on the key areas highlighted last year:

- Townley Road – the home has been remodelled into a new service at Kirkwood Road
- Care & Support department management structure – has been reviewed
- Testing the sustainability of the Athena Project
- Slow referrals in Supported Housing

16/51/2 After some discussion, Members **endorsed** the priorities identified for the coming year:

- The future of the care service at Woodcote Road
- Assessing the sustainability of the Athena Project
- Addressing the viability risks from continuing high voids in Supported Housing.

16/52 Update on the Financial Business Plan

16/52/1 Debbie Bankole-Williams introduced the report which presented the results of the annual update of the forecast, incorporating estimates for a new 2018/21 development programme.

16/52/2 Debbie thanked Phil Newsam for a comprehensive report and said that the Plan submitted to the HCA will be the FRS 102 model and the accounting policies will be different.

- 16/52/3 After some discussion, Members **approved** the assumptions and forecasts in the plan and **noted** the results of stress-testing. Members also **noted** that the mitigation plan will be revised for the July Board.
- 16/53 *Proposal to deliver additional units as part of the Development Programme***
- 16/53/1 Kerry Heath reported that opportunities have been identified to increase the development programme from 200 to 247 units and the additional 47 units would not require any grant or Hexagon subsidy. Jeanette Kenyon, as Lead Board Member for Development, said she supported the proposal.
- 16/53/2 Martin Large asked how much capital is involved. Kerry offered to report to Martin via email setting out the finances and where they fit in the context of the Business Plan. KH
- 16/53/3 Ian Mansell queried whether the Delivery Risk table for Brampton Road should have an 'amber' light instead of a red one. Kerry agreed to check this and report directly back to Ian. KH
- 16/53/4 After further discussion, the Board **approved** the request to increase the development programme by 47 units, with no increase to the Hexagon subsidy.
- 16/54 *Q4 Treasury Management***
- 16/54/1 Debbie Bankole-Williams presented the report and drew Members' attention to the key points. She said Members can celebrate a new loan facility at very good repayment rates. The new loan has raised £34m in new money and has improved our gearing rate with HBoS to 70%.
- 16/54/2 Debbie report that she and Phil had met with our treasury advisors shortly before this meeting and they have advised that we fix our interest rate on the AHF EIB loan as early as tomorrow as it is expected that the rates will be favourable at around 2%.
- 16/54/3 Phil said that the treasury advisers have offered to do a brief report to the Board to aid a discussion/decision on whether to fix the interest rate now. Phil proposed that an Urgency Sub-Committee tele-con meeting is convened to discuss this. The proposal was agreed and it was also

agreed that the sub-committee will comprise the Chair, the two Vice Chairs, the Chair of Audit & Risk Committee and the Chief Executive. It was proposed that the meeting take place at 10:00am on Thursday,, 9th June.

16/54/4 Members noted that the Treasury Strategy will come to the July Board.

16/55 *Defining Hexagon's Risk Appetite*

16/55/1 The report was presented by Ian Watts who explained that the report summarised the work done by the Audit & Risk Committee on defining the organisation's risk appetite. He reported that the Association's internal auditor provided a training session on risk appetite before the last ARC meeting where the Committee undertook an initial assessment of the Board's appetite for risk.

16/55/2 The Board discussed the assessment of its risk appetite and **agreed**:

- To adopt the overall statement of risk appetite as set out in paragraph 4.3 of the report;
- The risk metrics, other than for the gearing ratio;
- To set a new risk appetite ratio for gearing at 70%.

16/56 *Q4 Management Accounts*

16/56/1 Phil Newsam presented the Management Accounts for the year ending 31st March 2016. She reported that the total surplus is £11,652k compared to a budget of £8,027k.

16/56/2 Ian Watts asked officers whether they are confident that there was now control of responsive repairs costs. Phil said officers were more confident this was the case, with better IT systems and controls in place, although it is recognised that better control will need to be taken in the area of variation orders.

16/56/3 The Board congratulated the Executive Team for the positive results, but urged them to continue closely monitoring maintenance spend.

16/56/4 Members **noted** the report.

16/57 Q4 Performance Indicators

16/57/1 The Performance Indicators for Q4 were presented by Kellie Elmes, Lead Board Member for Performance Management.

16/57/2 Kellie drew Members' attention to the new PI around response to emails in the Customer Service Centre. Early indications are that the target (100% response within one day) is being met.

16/57/3 Referring to the request for Board approval for changes to the PIs, Martin Large asked officers to ensure that the changes are communicated to the Performance Review Group, with an explanation of why the target was changed.

Officers

16/57/4 The Board **approved** the recommendations to change the targets for 'satisfaction with the last repair' to 88% and 'repairs completed at first visit' to 85%.

16/58 Asset Management Strategy Action Plan

16/58/1 Ian Watts, Lead Board Member for Repairs & Maintenance, presented the report which provided an update on progress against the Asset Management Strategy Action Plan. He said this would be the last update as a new Strategy will be developed.

16/58/2 Tom McCormack said it is expected that the new Property Services Director will have a new Action Plan in place by the end of the year.

16/58/3 Members **noted** the report.

16/59 Resident Involvement Impact Assessment

16/59/1 Chris Melville presented the report. She reminded Members that the Residents' Forum's response to the review carried out last year will come to the July Board meeting.

16/59/2 Mark Shaw said the Forum has had several meetings to discuss the way forward and the best way to work in partnership with the Board and Officers. They have also spent some time re-drafting their Constitution document.

16/59/3 The Chair said that the Board is committed to the concept of the Residents' Forum influencing policy and Members are looking forward to receiving the Forum's report in July.

16/59/4 Members **approved** the Impact Assessment.

16/60 Audit & Risk Committee minutes

16/60/1 Ian Watts presented the Audit & Risk Committee minutes for the meetings held 16th February and 10th May 2016. He drew particular attention to the report in the May minutes on progress with the internal investigation into compliance with the Rent Standard.

16/60/2 Tom said the audit work is now complete and the draft letter to the HCA is almost ready.

16/60/3 Debbie said the Committee also discussed that it would be useful to have refunded tenants before the letter went to the regulator.

16/60/4 Tom said the Directors' Group will be discussing the issue further at their meeting tomorrow.

16/60/5 The Board **noted** the Committee's minutes.

16/61 Changes to Corporate Risks

16/61/1 The Board **noted** the report on the most serious gross and net risks recorded on the revised Corporate Risk Map. The report was presented to the Audit & Risk Committee meeting on 10th May 2016.

16/62 Brickfield Cottages, Plumstead, SE18

16/62/1 The Board received a report from Kerry Heath which provided details of an incidence of ground collapse at one of Hexagon's newly built schemes, Brickfield Cottages in Plumstead. The hole appeared on the driveway to one of the houses. No-one was injured. There has been lots of media interest, which Tom has been responding to in partnership with Greenwich Council.

- 16/62/2 The three families most affected have been moved into Hexagon temporary accommodation whilst further testing on the ground takes place.
- 16/62/3 Kerry reported that our insurers have withdrawn cover for subsidence for the rest of the buildings, but efforts are being made to have this reinstated.

16/62/4 Members **noted** the report.

16/63 *Draft Minutes of the Performance Review Group*

16/63/1 Members **noted** the minutes of the PRG meeting held on 14th January 2016.

16/63/2 Martin Large reminded Officers to ensure that changes to the targets for performance indicators are communicated to the PRG, explaining the reasons for the changes.

16/63/3 The Chair reiterated that if the PRG members wished to make recommendations to the Board for consideration, this needs to be made clear.

16/63/4 Tom said that the Group now has a new Chair, Robbiann Miller, whom he had recently met.

16/64 *Use of the Company Seal*

16/64/1 Members **noted** the use of the Company Seal since its last meeting.

16/65 *Starters & Leavers*

16/65/1 The Board **noted** the report.

16/66 *Feedback from Board Members*

16/66/1 Ian Mansell tabled a note to Members to inform how the selection stage of recruiting two Resident Board Members had gone. He, on behalf of the Panel, proposed that this approach is adopted for future recruitment.

16/66/2 Kellie Elmes said she had found this part of the recruitment process had been misleading as the adverts for the posts had said the interview would be informal. Rosalind said this was unfortunate, particularly as it had been made clear in the information sessions that the interview would be formal.

16/66/3 Kellie said that, going forward, it is important that the information to outgoing board members is clear. She said she was told not to attend the information sessions.

16/66/4 Rosalind said it is accepted that there is room for improvement in terms of information provided, particularly to outgoing Resident Board Members.

16/66/5 Members **noted** the report.

16/66/6 Mark Shaw and Barbara Enoe left the meeting at this point.

16/67 Confidential item

16/68 Confidential item

16/68/1 Chris Ellison, Kerry Heath, Chris Melville and Phil Newsam all left the meeting.

16/69 Any Other Business

16/69/1 Tom McCormack verbally reported that Phil Newsam has been shortlisted following her **nomination for a 'Finance Director of the Year' award** at the National Housing Federation's Housing Association National Accountancy (HANA) awards. Three people have been shortlisted nationally and the awards ceremony will take place on 5th July. Debbie Bankole-Williams will be attending the ceremony along with Tom and Phil. Members congratulated Phil on her nomination.

16/69/2 Tom also verbally reported that Hexagon has won an Opinion Research Corporation (**ORC**) **award** following its 2015 staff survey. Hexagon has won the European Small Companies Award for Employee Engagement with the highest scores in its category.

The association has also won a 'special' award for 'taking action' after also receiving the highest possible scores on 'I believe this survey will lead to action'. Members congratulated officers and staff on the awards.

16/69/3 Tom McCormack left the meeting.

16/70 Confidential item

16/70/4 There being no other business, the Chair declared the meeting closed at 6.59pm.

Minutes of the Board Meeting held on Tuesday, 7th June 2016.

Signed (Chair)

Date