

# Hexagon Housing Association Ltd

## Minutes of the Board Meeting held on Tuesday, 25<sup>th</sup> July at 4:30pm at 130-136 Sydenham Road, Sydenham, London SE26 5JY.

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

**In attendance:** David Collick, Andrew Green, Phil Newsam, Mark Banham (Residents' Forum Observer), Cathy Durham (Altair), and Val Sharpe (Minutes).

**Apologies:** Mark Allan, Kerry Heath, and Jeanette Kenyon.

		Action
<b>17/79</b>	<b><i>Declarations of Interest</i></b>	
17/79/1	There were no declarations of interest.	
<b>17/80</b>	<b><i>Minutes of the meeting held on 6<sup>th</sup> June 2017</i></b>	
17/80/1	The minutes were <u>agreed</u> .	
17/80/2	The confidential minutes were <u>agreed</u> .	
<b>17/81</b>	<b><i>Matters arising</i></b>	
17/81/1	<b>17/29/9 – 2018/21 Homes for Londoners Programme -</b> Members noted the rent comparison information provided by Kerry Heath.	
17/81/2	<b>17/58/2 – Business Plan update</b> – Phil Newsam has provided the results of the further stress testing on this meeting's agenda.	
17/81/3	<b>17/61/5 &amp; 17/61/7 – Resident Involvement Impact Assessment</b> – Andrew Green's report following his review of the Residents' Forum is on this meeting's agenda.	

17/81/4	<b>17/65/1 – Compliance KPIs</b> – Rosalind Watson asked that it be noted that she suggested the establishment of KPIs for Community Investment be considered by the Performance Management Sub-Committee.	Officers
<b>17/82</b>	<b>3-Year Governance Review</b>	
17/82/1	Cathy Durham (Altair Consultancy Services) went through her presentation which summarised the findings of the review of Hexagon's governance. The results are positive and the results are more about continuous improvement rather than non-compliance. The report concluded that " <i>The review has not found or raised any issues that would suggest non-compliance either with the Code or the Governance and Viability Standard.</i> "	
17/82/2	Dermot Finn said he disagreed with the comment in the report that officers should be more vocal at Board meetings as the meetings are for strategic discussions. Cathy said that sometimes it could be helpful for officers to be able to contribute to discussions.	
17/82/3	Tom McCormack said he would advise that a change to the process of recruiting Resident Board Members not be pursued at this time as a new system has just been put in place. Members agreed therefore to keep the current process of recruiting Resident Board Members under review.	
17/82/4	Tom agreed to convert the proposed action points from the Altair report into an action plan for the Board, adding timescales and responsibilities.	TMc
17/82/5	Members thanked Cathy for her work on reviewing Hexagon's governance and she left the meeting.	
<b>17/83</b>	<b>Chief Executive's report</b>	
17/83/1	Tom McCormack presented his report which provided an update across a range of issues including: <ul style="list-style-type: none"> <li>- Grenfell Tower fire</li> <li>- Results of the general Election – implications for Housing</li> <li>- Performance Management Sub-Committee</li> <li>- Rent compliance</li> </ul>	

	<ul style="list-style-type: none"> <li>- Repairs interface</li> <li>- Board Away-Day</li> <li>- Renewal of 'Ordinary' Board Members</li> <li>- Vice Chair Vacancy</li> <li>- Resident Board Member Election</li> <li>- Update on Board Member recruitment</li> <li>- Payment to the Independent Board Member for Horniman</li> <li>- Confidential Reporting policy</li> <li>- Paperless Board meetings</li> </ul>	
17/83/2	<p><u>Performance Management Sub-Committee</u> – Rosalind Watson repeated her suggestion that the sub-committee consider developing KPIs for Community Investment. She suggested the KPIs could be around the Love London Working project and financial inclusion, for example.</p> <p>Members <b><u>agreed</u></b> the suggestion that the Performance Management Sub-Committee consider that KPIs be developed for Community Investment. Andrew Green agreed to action this.</p>	AG
17/83/3	<p><u>Board Member appointments</u> – Tom reported on the outcome of the recent board member recruitment. An offer to join the Board has been made, although he is deferring the release of the candidate's name until they have confirmed their acceptance.</p>	
17/83/4	<p>Tom reported that the successful candidate from the Resident Board Member election is Denise Senner and thanked both Rosalind and Debbie for their work on sitting on the interview panel.</p>	
17/83/5	<p>Referring to the update on the status of the repairs interface, Dermot Finn said he didn't think the report provided assurance that the issues have been identified and will be resolved soon. He said the issues with the interface have been ongoing for some time and suggested that the Board receive at the next meeting a detailed timetable for bringing the issues to resolution. This was <b><u>agreed</u></b>.</p>	Officers

17/83/6	Referring to the Confidential Reporting Policy, Martin Large said he would seek assurance from Human Resources that there are policies in place around how you are dealt with should you be the subject of a complaint. It was agreed the HR Manager will email Martin directly to provide this information.	TI
17/83/7	<p>The Board <b>approved</b>:</p> <ul style="list-style-type: none"> <li>- The Terms of Reference for the Performance Management Sub-Committee;</li> <li>- The recommendation to the September AGM for the renewal of Board appointments for Ruth Chambers, Roy Coulter, Martin Large and Debbie Bankole-Williams;</li> <li>- The recommendation to recruit a paid Horniman Board Member;</li> <li>- The Confidential Reporting Policy.</li> </ul>	
<b>17/84</b>	<b><i>Fire Safety</i></b>	
17/84/1	Ian Watts presented a report for discussion which highlighted five areas of fire safety that are likely to come under scrutiny and/or be subject to a change in legislation, regulation or advice following the tragic fire at Grenfell Towers.	
17/84/2	To address the possible impact on Hexagon, Ian said there will be a cost to the association going forward and this will need to be considered at budget setting/business planning stages.	
17/84/3	The Chair suggested converting the action points in the report into a formal action plan. This was <b>agreed</b> . Progress against the action points will also be reported back to Members.	Officers
<b>17/85</b>	<b><i>Strategic matters arising from the annual review of Housing Services</i></b>	
17/85/1	The key issues arising from the review of Housing Services was presented by Andrew Green.	
17/85/2	Martin Large said that a section on Value for Money needs to be included in future reports. This was agreed.	AG
17/85/3	Members <b>noted</b> the report.	

## **17/86      *Internal Controls Assurance***

- 17/86/1      Tom McCormack presented the annual report for 2016/17 which included a statement for inclusion in the Financial Statements. The statement was also discussed at the July meeting of the Audit & Risk Committee.
- 17/86/2      Members noted that the auditors have given their opinion of the Board and Hexagon, concluding that Hexagon “has in place an appropriate framework for identifying, evaluating and managing the significant risks faced by the Association.”
- 17/86/3      The Board **approved** the the statement contained in **Appendix A** for inclusion with the Financial Statements for 2016/17.

## **17/87      *Self-Assessment of compliance with the Governance & Financial Standards***

- 17/87/1      Tom McCormack presented the annual self-assessment statement.
- 17/87/2      Dermot Finn’s suggestion that future statements included ‘Declarations of Interests’ was **agreed**. TMc
- 17/87/3      The Board **approved**:
- the Self-Assessment of Compliance with the Governance & Viability Standard as outlined in **Appendix A**:
  - the Statement contained within the Financial Statements and extracted under **Appendix B** which confirms compliance with the regulatory Governance and Viability Standards.

## **17/88      *Financial Statements 2016/17***

- 17/88/1      Ian Watts presented the 2016/17 Financial Statements for approval. He reported that the Audit & Risk Committee had spent some time at its last meeting going through the accounts and that there were no issues that required the Board’s attention.

17/88/2 Ian also reported that the Audit & Risk Committee had had a meeting with the external auditors in which the auditors reported that the audit process had gone very well.

17/88/3 The Chair said it was good to see that the Association is in a strong financial position and he congratulated Phil Newsam and her team for their hard work on the accounts.

17/88/4 The Board **approved** the 2016/17 accounts and representation letter for signature and noted the audit management letter and KPMG Audit Executive report.

### **17/89 Q1 Treasury Management report**

17/89/1 Debbie Bankole-Williams presented the report which summarised the Association's treasury management activities over the last quarter and provided Members with updated figures for June 2017.

17/89/2 The Board **noted** the report.

### **17/90 Treasury Management Strategy**

17/90/1 Debbie Bankole-Williams also presented the Treasury Management Strategy which follows the Treasury Management Annual Review discussed at the last meeting. The Strategy has been written by Capita, the Association's treasury advisors and is presented to the Board for approval.

17//90/2 Debbie said that previously there was thought of going down the £25m private placement route, but after further consideration, the option of a combination of the THFC retained bond and an increase to the existing Yorkshire Building Society facility, turned out to be more cost effective.

17/90/3 After further discussion, the Board **approved** the 2017/18 Treasury Management Strategy as set out in the report from Capita.

## **17/91      Q1 Management Accounts**

17/91/1      Debbie Bankole-Williams presented the Management Accounts for the three months ended 30<sup>th</sup> June 2017. She reported a good start to the year with areas ahead of budget. The total surplus for the period is £1,962k compared to a budget of £1,867k, a positive variance of £95k.

17/91/2      The Board **noted** the report.

## **17/92      Q1 Performance Indicators**

17/92/1      Andrew Green presented the performance information in the absence of Mark Allan and drew Members' attention to the changes to the format of the report. He explained that the front sheet now included a Red, Amber, Green (RAG) rating against each indicator where there is a current target. The aim of the new format is to help in easily identifying the areas which required most scrutiny.

17/92/2      Andrew said that he was looking to move to exception reporting, although Mark Allan favours retaining and reporting on the full suite.

17/92/3      Tom McCormack suggested that the full set of PIs go to the Performance Management Sub-Committee instead. This was **agreed**.

Officers

17/92/4      Martin said he thinks there should be a target for sales within the development PIs. It was **agreed** to put this to the Sub-Committee.

Officers

17/92/5      The Board **approved** the new format KPIs and agreed that future reports will be on an exception basis with the full suite going to the Performance Management Sub-Committee.

## **17/93      2018-21 GLA Bid Programme Update**

17/93/1      Tom McCormack presented the report which informed Members that we have been successful in securing an allocation as per our bid, i.e. funding for 223 affordable homes (or £8.548m) from the GLA. This is very good news.

17/93/2      Members **noted** the report.

## **17/94      *Stress Mitigation Plan***

- 17/94/1      Ian Watts presented the results of the latest stress test of the 30-year financial business plan and reported that a mitigation plan has been developed and is presented for Board approval.
- 17/94/2      Ian said that although the mitigation plan is similar to the one approved in July 2016, the 2017 plan has an additional requirement to identify and decant 36 properties in high value areas for open market sale. This will be a big challenge.
- 17/94/3      Dermot Finn said he has objected to the development programme in previous discussions. He said half the factors in the stress test will be triggered in the event of an economic collapse and that he thinks the identifying of 36 properties in high value areas for sale would be unfair to the residents.
- 17/94/4      Ian said the scenarios are extreme and unlikely to happen altogether. However, if they did, decisions on the sale of properties would be taken at the time. The 36 properties have not been identified now and he didn't agree with the suggestion of alerting residents in homes that could potentially be in the list of properties for sale. He said it has to be accepted that there are risks if we wish to continue developing.
- 17/94/5      Tom said he felt confident that we are not taking unnecessary risks with the business and the stress test scenarios are extreme. The stress testing is a current requirement by the regulator although they have indicated that they are looking to change their approach to stress testing.
- 17/94/6      The Board **approved** the mitigation plan and noted the triggers for considering whether the plan needs to be activated.

## **17/95      *Changes to Corporate Risks***

- 17/95/1      Phil Newsam explained that the report on the most serious gross and net risks was discussed at the July Audit & Risk Committee. She drew Members' attention to the heightened risk around the IT Repairs interface as 80% of work done is still not being processed to invoice stage for P&R.



17/95/2	The Board <b><u>noted</u></b> the report.	
<b>17/96</b>	<b><i>Working within the Board's Risk Appetite</i></b>	
17/96/1	Phil presented the report and drew Members' attention to the three 'red' areas. These were around Housing Operations, Health & Safety and HCA compliance.	
17/96/2	Members <b><u>noted</u></b> the report.	
<b>17/97</b>	<b><i>Residents' Forum Review</i></b>	
17/97/1	Andrew Green presented a report which follows his review of the effectiveness of the Residents' Forum. He said he believes the Forum is fulfilling its core function and has made several recommendations. The recommendations will form the basis of an action plan.	
17/97/2	Ruth Chambers said the Forum minutes did not provide a clear idea of what the key points are. Andrew said Forum members will be provided with some training later in the year which will assist with clearer minute taking.	
17/97/3	Ruth suggested that an update on progress with implementing the recommendations is provided to the Board in six months' time. This was <b><u>agreed</u></b> .	AG
17/97/4	The Board <b><u>approved</u></b> the recommendations set out in the report.	
<b>17/98</b>	<b><i>2017/18 GLA Funding Conditions approval</i></b>	
17/98/1	The Board noted Kerry Heath's report that there are no clauses which impacted on the Association's ability to comply with the conditions in delivering the Mayor's Housing Covenant Building the Pipeline programme or the Mayor's Housing Covenant 15/18 programme.	
17/98/2	The Board <b><u>approved</u></b> the GLA Funding conditions for 2017/18.	
<b>17/99</b>	<b><i>Brickfield Cottages, Plumstead</i></b>	
17/99/1	Tom McCormack presented the report which summarised the current progress with decanting the site so that the 'site wide' ground investigations can begin. He reported good	

	progress is being made with 26 of the 40 households now moved to alternative accommodation and the remaining 14 pre-allocated to a home.	
17/99/2	Ian asked whether our Letter of Claim has now been issued to contractors Skillcrown. As Tom was not sure this has happened, he or Kerry Heath will report back.	TMc/KH
17/99/3	The Board <b><u>noted</u></b> the report.	
<b>17/100</b>	<b><i>Audit &amp; Risk Committee minutes</i></b>	
17/100/1	Ian Watts presented the draft minutes of the Audit & Risk Committee of 4 <sup>th</sup> July and said that many of the reports discussed then are presented to the full Board on this agenda.	
17/100/2	The Board <b><u>noted</u></b> the draft minutes.	
<b>17/101</b>	<b><i>Innovation in Development Working Group</i></b>	
17/101/1	Martin Large provided a verbal update and reminded that the last Board meeting approved the Working Group's proposal to continue with the work with consultants FFT and to continue to look at offsite manufacturing methods. He will continue report back to full Board on the Group's activities.	ML
<b>17/102</b>	<b><i>Resident Group meetings minutes</i></b>	
17/102/1	Members <b><u>noted</u></b> the minutes for the Residents' Forum meetings held in May and June 2017 and that there are no recommendations requiring Board approval.	
<b>17/103</b>	<b><i>Use of the Company Seal</i></b>	
17/103/1	Members <b><u>noted</u></b> the use of the company Seal since its last meeting.	
<b>17/104</b>	<b><i>Starters &amp; Leavers</i></b>	
17/104/1	The Board <b><u>noted</u></b> the report.	
<b>17/105</b>	<b><i>Feedback from Board Members</i></b>	
17/105/1	There was nothing to report.	

**17/106    *Stage 3 Complaint hearings***

17/106/1    Dermot Finn, who was on the Panel, reported on a complaint around how we had dealt with a report of anti-social behaviour. The complaint was not upheld, but the Panel had recommended that a review be carried out of our Anti-Social Behaviour Policy and CCTV Policy and invite the complainant to be part of this review process.

17/106/2    Andrew Green confirmed that the review of the relevant policies had taken place and the complainant had been involved and had provided many ideas which can be utilised in the re-drafting of the policies.

17/106/3    Members **noted** the report.

**17/107    *Any Other Business***

17/107/1    **Rosalind Watson** – The Chair announced that this meeting would be the last for Resident Board Member, Rosalind Watson. He, on behalf of the full Board, thanked Rosalind for her hard work over the past three years and looked forward to formally thanking her at the AGM in September.

**17/108    *Confidential item***

17/108/1    Mark Banham, Andrew Green, David Collick and Phil Newsam all left the meeting at this point.

**17/109    *Date of Next meeting***

17/109/1    The next meeting will be Tuesday, 26<sup>th</sup> September 2017.

There being no other business, the Chair declared the meeting closed at 6:38pm

Minutes of the Board Meeting held on Tuesday, 25<sup>th</sup> July 2017.

Signed ..... (Chair)

Date .....