

Hexagon Housing Association Ltd

Minutes of the Board Meeting held on Tuesday, 6th June at 4:30pm at 130-136 Sydenham Road, Sydenham, London SE26 5JY.

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

In attendance: David Collick, Andrew Green, Kerry Heath, Phil Newsam, Kate Stevens (Residents' Forum Observer), and Val Sharpe (Minutes).

Apologies: Ian Watts will be a late arrival.

		Action
17/51	<i>Ian Mansell</i>	
17/51/1	The Chair led in a Minute's Silence to mark the passing of Vice Chair, Ian Mansell, who tragically died in May.	
17/52	<i>Declarations of Interest</i>	
17/52/1	There were no declarations of interest.	
17/53	<i>Minutes of the meeting held on 28th March 2017</i>	
17/53/1	The minutes were <u>agreed</u> .	
17/54	<i>Confidential extract from the Minutes</i>	
17/54/1	The confidential minutes were <u>agreed</u> .	
17/55	<i>Matters arising</i>	
17/55/1	17/31/4 – Development Strategy – Feedback from the Residents' Forum – The Board <u>noted</u> the report from Kerry Heath which summarised the feedback from the Residents' Forum following their discussion of the 2017/21 Development Strategy.	

	<p>Mark Allan suggested that in future strategies are presented to the Forum for discussion before coming to the Board for approval. Officers said this would usually be the case, but it was a question of the timing of the reports and meetings that resulted in the Development and the Asset Management Strategies being presented to the Board before discussion/input by the Residents' Forum.</p>	Officers
17/55/2	<p>17/44/2 – Resident Groups minutes – Tom McCormack confirmed that he wrote to Pam Daley on behalf of the Board conveying their thanks to her for chairing the Repairs Group. A small gift was also sent to Pam as a token of the Board's thanks.</p>	
17/55/3	<p>17/49/1 – Chris Melville – It was also confirmed that the Chair wrote to Chris expressing thanks, on behalf of the Board, for her hard work at Hexagon for over 22 years.</p>	
17/55/4	<p>17/49/2 – Horniman Housing Association – Tom reported that the HR Manager has received advice from our recruitment consultants in relation to recruiting a paid, independent board member for Horniman.</p>	
17/56	<p><i>Chief Executive's report</i></p>	
17/56/1	<p>Tom McCormack presented his report which provided an update across a range of issues including:</p> <ul style="list-style-type: none"> - Sector Scorecard - Rent compliance issues - Hexagon's IDA result - Closure of the Athena Project - IT Ransomware - An update on the Repairs interface - Compliance with the Governance Standard – Relevant Laws - The charging of regulation fees - Result of the selection for Resident Board Members - Board Panel for Board Member recruitment - Board Away-Day - Board appraisals - Board meeting dates for 2018 - 3-yearly Governance Review - Arrival of the new Housing Services Director 	

- 17/56/2 **Board Panel for Board Member recruitment** – Dermot Finn volunteered to sit on the panel established to take on the task of selecting and recruiting a new board member for recommendation to the full Board. The other panel members will be the Chair and Vice Chair and the panel will be supported by the Chief Executive and the HR Manager.
- 17/56/3 **Board meeting dates** – Members **agreed** the meeting dates for 2018.
- 17/56/4 **Board Away-Day** – Martin Large asked that a discussion in relation to potential development on Hexagon owned land be included on the agenda for the away-day.
- Tom and the Chair will be meeting the facilitator, Dr Fiona Underwood of Altair in early July, to discuss the agenda. Members were invited to inform the Chair or Tom if they wished to propose any additional items for the agenda.
- 17/56/5 In relation to the report that further rent compliance issues had come to light, Debbie Bankole-Williams said this was very disappointing. She asked why it had taken so long after the discovery of the errors for a report to the Directors' Group. She asked why is it the IT department's responsibility for rent setting, and why didn't the internal auditors uncover these errors when they carried out the audit of the previously uncovered rent compliance issues.
- 17/56/6 Tom said it did seem that some time had elapsed between the errors being uncovered and the report to Directors, but this was because Chris Melville was carrying out some detailed work involving some lengthy investigations into the scale of the errors.
- 17/56/7 Phil said she will be asking the auditors to explain how they didn't uncover these latest errors, involving 31 cases, when they carried out the audit of the previous errors. The auditors will be asked to carry out a further audit to ensure there are no more than these 31 cases. She also explained that the rent setting process is a joint exercise between the Housing Services and IT teams.
- 17/56/8 Members **noted** the remainder of the report.
- 17/56/9 Ian Watts joined the meeting at this point.

17/57 Strategic issues arising from the annual review of Care & Support

17/57/1 Tom McCormack presented the report which provided an update on the strategic issues identified last year:

- The future of the care service at Woodcote Road
- Assessing the sustainability of the Athena Project

The lease for Woodcote Road has been renewed.

However, it was noted that the Athena Project had closed at the end of April due to the lack of continued funding.

17/57/2 Referring to the difficulty in recruiting a manager for the Care Services, Ian Watts said this could be a risk area in terms of safeguarding if the right staff are not in place to manage the service.

Tom said Directors do recognise this is a risk area and the newly recruited Housing Services Director, Andrew Green, has been asked to look at this.

17/57/3 The Board **noted** the report and endorsed the priority for 2017/18 of recruiting suitable managers.

17/58 Business Plan Annual update

17/58/1 Debbie Bankole-Williams presented the updated Business Plan and said not much had changed since the Board reviewed the 30-year financial forecast at its meeting in March. This report has been updated to take account of the March 2017 draft balance sheet, the 2017/18 budget and short term inflation and interest rates.

17/58/2 Debbie asked what the result of the stress testing would be if we started sooner than 2020. Phil said she could look at this once she has completed the FFR return.

PN

17/58/3 The Board **approved** the assumptions and forecasts in the Business Plan and **noted** the results of the stress-testing and the intention to revise the mitigation plan for the July Board.

17/59 *Final version of the 2017/18 Value for Money Strategy*

- 17/59/1 Martin Large presented the final version of the 2017/18 Value for Money Strategy, which incorporated action for 2017/18. No additional points had been made by the Residents' Forum. He reminded that the Board had agreed a new format at the last meeting.
- 17/59/2 Kate Stevens said that the Residents' Forum had made a lot of comments and although these had been sent to officers, the comments do not appear to have been incorporated.
- 17/59/3 As the comments had been made after the Forum meeting via email, the Chair reiterated the importance for points to be made in the meeting and captured in the Forum minutes.
- 17/59/4 Ranna McArdle asked why our results for resident involvement ranked so low on the HouseMark dashboard. Phil said this is because they expect us to gather some indicators that we do not and so we are marked down for this.
- 17/59/5 After further discussion, the Board **approved** the final version of the Value for Money Strategy for the year to March 2018.

17/60 *2018/21 GLA Bids and Programme update*

- 17/60/1 Jeanette Kenyon introduced the report which follows a report at the last meeting on our bid for the 2016/21 GLA funded development programme.
- 17/60/2 She said that since that meeting, corrections made to the scheme appraisals have resulted in a change to the Hexagon subsidy figure. The corrected subsidy figure is now £2,709,657. Jeanette further explained that whilst this is a smaller figure than that previously agreed by the Board, it did not give us any more facility to fund more units.
- 17/60/3 The Board **approved** the revised level of subsidy of £2,709,657. Members also **noted** the key features of the Grant Agreement and the changes to the named schemes in the bid.

17/61 Resident Involvement Impact Assessment

- 17/61/1 Ranna McArdle presented the first report of a four year framework of the Impact Assessment for resident involvement activities. She said, however, that she was not totally convinced how the Value for Money element of residents' involvement is assessed. For example, the Performance Review Group say that their impact is difficult to assess as there is no benchmark.
- 17/61/2 Kate Stevens said the Residents' Forum did not feel the report reflected all the achievements made, and was quite negative. The Forum has carried out its own assessment of its activities. She said the Forum did recognise that its members have a lot to learn, for example, about producing succinct, timely and accurate minutes. She said there was some feeling in the Forum, however, that a lot of the issues lay with the difficult relationship between the Forum members and the Resident Involvement team.
- 17/61/3 Tom said that the Forum is only one of many residents' activities and the impact assessment looks at many other areas. It is, however, obvious that there is an issue with the process of the Forum having input into strategy and policy that will need to be resolved.
- 17/61/4 Debbie said she was impressed with the report and that it tied in with our new Value for Money strategy. However, it is evident that more work needs to be done in terms of the perspective of the Residents' Forum.
- 17/61/5 The Chair suggested that Andrew Green look into the issues being raised, both by the Forum and Officers and provide a report to the Board setting out recommendations for the way forward. He encouraged Andrew to meet with Forum members and discuss any recommendations they have for improving the current status. This was agreed. AG
- 17/61/6 Dermot said the decision to cancel Residents' Day did concern him as he didn't think the Forum had been consulted about this decision.
- 17/61/7 The Chair said Andrew could also look at this. Both Mark and Ranna said they would like to be involved in the process. AG

17/61/8 Ruth Chambers said she was disappointed by what she has heard this evening as it is evident something has gone wrong with the relationship between the Forum and officers. She said she would encourage Andrew to take a fresh look.

17/62 Q4 Treasury Management Report

17/62/1 Debbie Bankole-Williams presented the summary of the treasury management activities of the last three months. She said she and Phil Newsam had had a meeting with the association's treasury advisors earlier today. She drew attention to Appendix A of the report which set out the effective control of the risks associated with the various areas.

17/62/2 Members **noted** the Q4 2016/17 Treasury Management report.

17/63 Q4 Management Accounts

17/63/1 Debbie Bankole-Williams presented the Management Accounts for the year ending 31st March 2017 and said she was pleased to note the improvement in the surplus position which is £7,198k compared to a budget of £6,081k, a positive variance of £1,117k.

17/63/2 Martin Large asked whether there was any financial impact in relation to the issues with the repairs interface. Phil said the financial issue is really around being unable to process invoices for P&R and having to estimate the value of repairs awaiting invoicing at the year end. However, it is too early to say whether this will have a financial impact.

17/63/3 Ranna McArdle left the meeting at this point.

17/63/4 Referring to the report of suspected overcharging on variations by one of the repairs contractors, KNK, Debbie asked whether there were any actions arising from the investigation into this.

David Collick said there were no actions arising from the investigation into the issue. KNK were simply not using the system correctly, but have now corrected this. There are no major issues arising.

17/63/5 The Board **noted** the report.

17/64 Q4 Performance Indicators

- 17/64/1 Mark Allan presented the Performance Indicators for Q4 which, as well as comparing performance against the previous quarter, also compared performance against the results for the previous year.
- 17/64/2 Mark said that, because of the issues with the repairs interface not working as intended, there was a significant amount of data missing in terms of residents' satisfaction information. Although there is no reason to believe that satisfaction is different from that gathered by the telephone surveys being carried out.
- 17/64/3 Referring to the recommendation to revise the targets, Ian said it was unusual to have Supported Housing rent arrears target (4.2%) less than General Needs (5.6%). Andrew said the revised targets reflected where we are at the moment.
- 17/64/4 The Board **approved**:
- The target for abandoned calls at 7.5% - it was noted that this arose from a recommendation from the Performance Review Group;
 - The revised target for General Needs arrears of 5.6%;
 - The revised target for Supported Housing rent arrears of 4.2%.

17/65 Compliance KPIs

- 17/65/1 The Board were presented with a new set of KPIs and compliance sheets that have been developed to provide information on six key areas of property compliance.
- 17/65/2 Mark Allan said we need to recognise that these KPIs include the work done by managing agents, so the standard return these agents need to complete will need to include items such as lifts, etc. Officers noted this and will consider how best to ensure this happens.
- 17/65/3 The Board **approved** the compliance KPIs for use from Q1 2017/18 financial year.

17/66 Working within the Board's Risk Appetite

17/66/1 The Board **noted** the report presented by Phil Newsam.

17/66/2 Martin Large suggested that in future this report should be presented alongside the report on corporate risks. This was agreed.

Officers

17/67 Draft Audit & Risk Committee minutes

17/67/1 Members **noted** the draft minutes of the Audit & Risk Committee meeting held on 9th May 2017 and presented by Ian Watts.

17/68 Should Hexagon proactively seek a merger partner?

17/68/1 Tom McCormack presented a report which provided the basis of a discussion as to whether or not the Association should actively seek to merge with another association. This follows a previous discussion in 2014, the report of which was provided for Members' information.

17/68/2 The Chair asked whether Members wished to include this topic on the agenda of the upcoming Board Members Away-Day. Members **agreed** that this topic should be included on the away-day agenda.

17/68/3 Debbie Bankole-Williams provided some feedback on her attendance at the recent NHF Finance Conference where one session discussed merger options for small/medium sized organisations.

17/69 Changes to Corporate Risks

17/69/1 Members **noted** the changes to the Corporate Risks report which had been discussed at the Audit & Risk Committee meeting of 9th May.

17/70 Brickfield Cottages – Ground collapse

17/70/1 Kerry Heath reported that the decanting programme was going well with all households now allocated to a property. Ground investigation works have now started on the second, more risky part of the site, before being rolled out wider.

- 17/70/2 In terms of our legal claim, we have now received agreement from our insurers in relation to issuing a letter of claim to the contractors. Kerry will liaise with Ian Watts in terms of approving the letter that is sent.
- 17/70/3 The tenders for the wider investigative works have been returned and the costs are within what we have budgeted for. Forkers Ltd have been confirmed as the contractors selected to carry out the site-wide works.
- 17/70/4 Kerry said that Board approval is being sought to purchase a house in Erith for a family with specific requirements and needs. The aim is that the house will be sold after the residents move back to Brickfield Cottages.
- 17/70/5 Dermot Finn congratulated everyone involved in the decanting programme and commended the way officers have been sensitive to the needs of the residents.
- 17/70/6 The Board **approved** a revised subsidy limit of £90,000 per unit (£1,530,000 in total) to deliver 17 'Brickfield Cottages' properties.
- This recommendation was approved following the tabled report which corrected the per unit subsidy.
- 17/70/7 The Board also **approved** the purchase of a house in Erith, without grant funding, to be sold at the end of the project.

17/71 *Innovation in Development Working Group update*

- 17/71/1 Kerry Heath reported that the Directors' Group have approved the principle of rolling out the further review.
- 17/71/2 As this topic has been suggested as an item on the Board away-day agenda, Mark Allan said it might be useful if have visuals of the locations.
- Rosalind said consultants FFT may be asked to do a presentation to the Board and they could provide visuals of the various locations.

17/71/3 Tom said there appears to be a wider outcome from the review. The initial work was about looking at potential opportunities from developing in-fill sites, but the review has also looked at opportunities that may be possible within existing tenanted buildings where the occupants have lifetime tenancies.

17/71/4 The Board **noted** the report.

17/72 Resident Groups meeting minutes

17/72/1 The Board **noted** the minutes of the Performance Review Group meeting of 11th May, the Repairs Group meeting of 2nd May and the Residents' Forum meeting of 15th March. There are no recommendations to the Board arising from the minutes of these groups.

17/72/2 Ruth Chambers suggested that if the Residents' Forum minutes were more succinct, clearly highlighting any recommendations or areas the Group wished the Board to consider, this might make the minutes easier to read.

Andrew Green agreed to assist the Residents' Forum with this.

AG

17/73 Use of the Company Seal

17/73/1 Members **noted** the use of the company Seal since its last meeting.

17/74 Starters & Leavers

17/74/1 The Board **noted** the report.

17/75 Feedback from board members

17/75/1 Members noted Debbie Bankole-Williams' feedback following her attendance at the NHF Finance Conference.

17/76 Stage 3 Complaint hearings

17/76/1 The Board noted the outcome and lessons learnt set out in a covering paper which reported on a recently heard complaint. The resident complained that we did not respond

promptly to a report of a water leak, that the repairs took too long and that the level of compensation offered was too low. The Panel confirmed the compensation was in line with our policies, but offered an additional £100 as a gesture of goodwill.

17/76/2 Members **noted** the report.

17/77 Any Other Business

17/77/1 There was no other business.

17/78 Date of Next meeting

17/78/1 The next meeting will be 25th July 2017, although Members were asked to note that the meeting arranged to discuss the results of the Governance Review will be Thursday, 15th June at 4:30pm.

There being no other business, the Chair declared the meeting closed at 6:50pm.

Minutes of the Board Meeting held on Tuesday, 6th June 2017.

Signed (Chair)

Date