# **Hexagon Housing Association Ltd**

# **Board of Management**

**28th July 2015**

###### Agenda Item 3

**Chief Executive’s Report**

**Report by the Chief Executive**

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| ***1.0*** | ***Summary*** |
| 1.1 | This report provides an update across a range of issues and makes two recommendations. |
| ***2.0*** | ***Recommendations*** |
| 2.1 | That the Board nominates a Board Member to attend the annual Residents’ Day, as outlined in Section 8. |
| 2.2 | That the Board notes the remainder of the report. |
| ***3.0*** | ***Update on ‘Right to Buy’*** |
|  | At the last meeting, I reported on the Government’s commitment to extend the Right to Buy to housing association tenants. I said that I would keep the Board up to date as further details emerged.  In summary, there have been no further details announced by the Government since the election. This is despite their pledge to advance this within 100 days after the election.  The Government say that they will legislate for the Right to Buy in the Autumn and further details will be announced then.  The only thing that seems clear at the moment is that the Government is intent on progressing the Right to Buy as it was one of their key pledges, but that they are being hampered by a number of serious operational issues in the implementation.  It remains to be seen how these implementation issues will be resolved including, for example, ensuring that there is enough money available from the sale of council housing to fund all of the replacement commitments. There are also questions about the timing of the council housing sales to fund the discounts to housing associations as it is not clear they will both take place on a matching timescale.  Lastly, it is now becoming clear that a significant volume of the council housing sales receipts in London would need to go to other parts of the country to fund Right to Buy discounts outside of London. This is because quite a lot of council housing outside of London has been transferred already to housing associations and because values outside of London may be insufficient to fund replacement costs. The London Mayor is opposed to the leakage of any social housing sales receipts outside of London and this seems to be a significant sticking point.  I will of course report back to the Board once the details of the Right to Buy are clear. |
| ***4.0*** | ***Welfare Reforms*** |
|  | I reported at the last meeting that the Government was about to make an announcement about a further £12bn of savings for the welfare benefit. This is covered in a separate report on the summer budget announcement under **Agenda Item** **13.** |
| ***5.0*** | ***Investors in People Gold Award*** |
|  | Investors in People (IIP) was established in 1991 by the UK Government to help organisations get the best from their people. Investors in People is essentially a management framework for high performance through people and the accreditation is recognised across the world as mark of excellence.  IIP states that their standards are at the cutting edge of people management excellence and the accreditation is held by 15,000 organisations across 75 countries. IIP champions best practice in people management and equipping organisations with the tools to succeed. They claim that their accreditation system is a rigorous and objective assessment to determine performance.  In May 2009, IIP launched a Choices Framework which allowed organisations who had received IIP accreditation to distinguish themselves from the general pack by holding Bronze, Silver or Gold awards.  Having been recognised as an Investor in People since 1999, we achieved the Bronze award in 2009, the Silver in 2012 and we have now achieved the Gold award by further demonstrating that we operate ‘above and beyond’ the core standards required by Investors in People.  To obtain the Gold Award, we had to demonstrate that we met a further 126 criteria including areas such as Change Management, Efficiency, and Value for Money, Employee Engagement, Service Delivery Improvements, and the organisation’s approach to Equality & Diversity issues.  IIP Gold is relatively difficult to obtain as evidenced by the fact that only 7% of IIP assessed companies (who are by definition those companies focused on the issue) manage to achieve the Gold Award. We are therefore very pleased that this positions Hexagon well.  We have begun sharing some of this good news including posting an article on our website and including a mention in our annual report. We will continue to obtain publicity in our Partners’ Briefing and we will utilise the award prominently in our recruitment processes.  Given our culture of continuous improvement, we intend to improve further. We are in receipt of a full report from the Investors in People Assessor and she has included a number of ‘Bright Ideas’ that we can consider in moving this agenda forward even further. The HR Manager is currently liaising with both Managers and Directors to develop an action plan that will ensure that we continue to embed the positive culture that has been created and build on this solid foundation. |
| ***6.0*** | ***Inaugural Pensions Meeting*** |
|  | On 26th June, the Directors’ Group along with Debbie Bankole-Williams (Vice Chair and Lead Board Member for Finance), and Ruth Chambers (Lead Board Member for Human Resources) met to receive a report from Tony Barnard from First Actuarial on the results of the Social Housing Pension Scheme triennial valuation results for the Final Salary Scheme. The draft notes of that meeting are attached under **Appendix A.**  The purpose of the meeting was to make sure everybody was up to speed with the facts of the revaluations and the challenges that this will present to all SHPS Final Salary Scheme participants, including Hexagon.  We will be holding our second meeting on Monday, 14th September at which point we will be developing a clear recommendation for the September Board.  It is probably too early to speculate on the outcome, but it was very clear at the meeting that staying in the scheme would carry risks of future deficits and that a decision to remain in the scheme would only be taken if those risks could be deemed to be reasonable. The feedback from First & Actuarial was that of the members who have the scheme open to historic members only, an increasing number of them are now considering leaving the scheme in the context of the SHPS growing deficit. |
| ***7.0*** | ***Board Away-Day Reminder*** |
|  | Members will recall that the Board Away-Day will this year start on the evening of Friday, 4th September and carry on over Saturday, 5th September. The venue is the Grange Tower Bridge Hotel, 45 Prescot Street, London E1 8GP.  Agendas will follow in due course, but I thought it would be useful to feedback on a meeting I attended with the Chair, along with Greg Campbell and Maggie Rafalowicz from Campbell Tickell, to discuss the agenda.  The Friday evening slot will involve a pre-dinner talk from Greg Campbell, principal of Campbell Tickell, on the post-election issues arising for housing. Following the recent summer budget, it is clear that housing associations will be facing a number of challenges including rents decreasing by 1% for four years from 2016, the introduction of the Right to Buy, further Welfare Reforms which will impact on our tenants’ ability to pay rent, and a mandatory Stay to Pay announcement which means that tenants earning above £40k per annum in household income will be charged a market rent or near-market rent. We hope this will be lively introduction to the away-day with plenty of food for thought!  On the Saturday morning, following discussions with some of the Resident Board Members, the Chair has agreed to hold a session on Resident Involvement/Empowerment. Following some brief context from Campbell Tickell, this will be led by Dermot and Gaius with a further contribution from Rosalind, who has been leading on the Tenant Board Member Group looking at ideas for ensuring that Tenant Board Members can make the best contribution possible to our Governance.  This will be followed by a collective board assessment process which will be informed by the results of a survey which Board Members will be asked to fill in prior to the meeting for Campbell Tickell. Campbell Tickell will analyse the results and provide a presentation of the results. This should lead to some discussion and concrete action points on areas for continuous improvement.  The third session will be focused on development. Maggie Rafalowicz from Campbell Tickell will do a presentation on development, focusing on development in London. She will look at current and emerging issues, best practice, and innovation. This will be structured more like a training session, but we hope to generate some discussion and debate about development more generally. Obviously the summer budget will add a new dimension to this session.  A formal invite will follow in due course with a full agenda, but in the meantime I would be grateful if members could ensure this date is clear in their diaries. |
| ***8.0*** | ***Invitation to Residents’ Day*** |
|  | Every year, Hexagon has a Residents’ Day and this year’s event will be held on Saturday, 19th September from 2pm to 7pm at the Hallmark Hotel, Purley Way in Croydon. All Board Members will be invited to the event and it would be good to see as many people as possible.  I will be attending and I assume all of the Resident Board Members will be invited in their capacity of Board Members.  Of the remaining seven Board Members, it would be useful if the Board could nominate at least one Board Member to ensure their attendance and feedback to the September Board meeting.  Further invites will follow in due course, but in the meantime Members should note the date for their diary. |
| ***9.0*** | ***Tenant Board Member Election Results*** |
|  | At the time of writing this report, we do not have the election results but as the ballot count will be held on the day of the Board meeting, I expect to verbally update the Board on the results. This year there are two vacancies arising from the end of Dermot Finn’s three-year term and the end of Gaius Vincent’s one-year co-option to the Board following the end of his three-year term. |
| ***10.0*** | ***NHF Quarterly Update*** |
|  | I attach under **Appendix B,** a quarterly update I received from the National Housing Federation (NHF) on 1st June. Given the timing, it excludes any information on the summer budget. |