Hexagon Housing

Collective Board Appraisal Findings

October 2016

1. Introduction

Board Members were asked to appraise the performance of Hexagon’s board in relation to the following statements:

* “The Board has sufficient knowledge of Hexagon’s approach to VfM and progress against its strategy”
* “There is plenty of appropriate challenge during Board meetings, both peer-to-peer and Board-to-Executive”
* “The level of debate for key policy/strategy/decision items is high. It is well-informed, assertive and respectful”
* “The Lead Board Member role works well”
* “The Board has the right skills, knowledge and experience to make the decisions it needs to”
* “The Board is performing well”
* “The Board works at the right level: not too strategic and not too operational”
* “The Board has clear scrutiny and oversight arrangements with regard to regulatory compliance/KPIs/performance”
* “The Board obtains sufficient assurance from Horniman and has the appropriate oversight of its activities”
* “The Board has a strong and robust approach to managing strategic and operational risk”
* “Hexagon has the right number of committees, with the appropriate level of responsibilities to enable effective and efficient decision-making”

Board Members could respond in one of four ways to each statement: “Disagree”, “Could do better”, “Agree” and “Completely agree”; Board Members were also invited to make specific comments and give the reasoning behind their response, and to suggest ways to improve their rating and identify any potential barriers to doing so.

1. Findings

**Table 1: “The Board has sufficient knowledge of Hexagon’s approach to VfM and progress against its strategy”**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Response | Disagree | Could do better | | Agree | Completely agree |
| Number of respondents | **1** | **11** | | **0** | **1** |
| Comments |  | * VfM can mean different things to different people * No shared understanding of our VfM strategy * Difficult to find people willing to benchmark and be open about success tactics * Too much reliance on FD for assurance and not enough Board input * Insufficient evidence to support Board knowledge. Driven by Exec * Reporting too voluminous. Focus more on regulatory drivers * Do not understand how VfM is measured in the development programme * Focus on VfM not yet forward thinking enough, e.g. ensuring we get our service charges right on new schemes for example * VfM performance is repeated regularly across activities * A lot of VfM information provided * VfM is inherently an area that is operational. A BM may not be fully versed with how savings in a particular area could be achieved * VfM is a “dark art”. Not always convinced by figures we are given * VfM strategy not entirely clear in its objectivity or measurement * Proactive asset management approach needs to be considered | |  | * Clear VfM strategy with SMART targets, annual self-assessment and progress report provided to Board * LBM provides challenge and support |
| What would improve your score? | | | What are the barriers? | | |
| * Better VfM measures, i.e. different ways of measuring * Move performance back to VfM when strategic reports are being considered * Clear definition of what VfM means to Hexagon at a strategic level * More benchmarking outside the sector * More on VfM for development * More training would give greater understanding * More embedded knowledge amongst members of the strategy and results team * More ‘strategic’ reporting with RAG status * Improved benchmarking and business intelligence | | | * Too much information provided, making it hard to digest/get a good feel for where we are * Too much focus on operational measures at present | | |

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| Key themes |
| * Greater clarity/linkages * Training? Time? Frequent |

**Table 2: “There is plenty of appropriate challenge during Board meetings, both peer-to-peer and Board-to-Executive”**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Response | Disagree | Could do better | | Agree | Completely agree |
| Number of respondents | **0** | **6** | | **7** | **0** |
| Comments |  | * Could be more ‘peer to peer’ challenge, especially amongst execs (or for them to have differing views) * Could do with more challenge * There is often insufficient time allowed in the agenda for discussion * Meetings often don’t allow enough time for this as we need to move on to the next item * It often appears that decisions are already made before they get to Board * Feels limited on how much can be really challenged * Some strategic reports get very little discussion because early items on agendas are washed through | | * Appropriate level of challenge both ways * I don’t think there are any fundamental problems here * Prepared to tackle inappropriate behaviour * Debates generally come to consensus, but no hard feelings if goes to vote * In some areas, the challenge is ‘high’, e.g. development. This is a good thing. In others, this is less prevalent, e.g. Finance/IT * The Board challenge where appropriate * Lead BM has good grasp of topic |  |
| What would improve your score? | | | What are the barriers? | | |
| * Clearer agenda * Planning with appropriate time slots (not just standard times for each item) * More single issue meetings with specific goals * Questions to encourage challenge are considered * Fewer items on the agenda * More time spent on KPIs * Discussing the key strategic issues outside of the board meetings * Less full agendas – key discussions highlighted in advance * A new Board member may be awed by the experience of their initial Board meetings if they have not participated/worked in such an environment | | | * Longevity. The longer that a board member serves, the more confident that board member will be in feeling comfortable challenging things * All board members need to assume this role. Currently only done by a minority * Time constraints * Limited resources * Knowledge and information to challenge convincingly on some subjects (i.e. treasury) * Less input from Exec * Treasury knowledge/experience of BMs | | |
|  | | | | | |
| Key themes | | | | | |
| * Time at meetings (agendas) * Peer to peer | | | | | |

**Table 3: “The level of debate for key policy/strategy/decision items is high. It is well-informed, assertive and respectful”**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Response | Disagree | Could do better | | Agree | Completely agree |
| Number of respondents | **0** | **3** | | **8** | **1** |
| Comments |  | * Often, agenda items are rushed through due to over full agendas * The nature and format of meetings can sometimes be constrained by adherence to a timed agenda. Sometimes items aren’t given sufficient time for an informed debate * Balance of time on strategic items could be improved * Not always enough constructive challenge * Often it is not clear what the strategic priorities are * Debate can be very open and wide ranging | | * We seem to do well in dealing with the big issues of strategy * Good amount of debate and challenge on policy and strategy with passion * Agree, but could have better focus on key items * In some areas where there is good LBM for example, the level of ‘debate’ is limited as they are as ‘expert’. In more difficult areas, e.g. Finance, this is more evident * We cover the essential ground * Time given for debate, yet not so much that it becomes unproductive * People bring skills and experience to the debate * Chair makes sure everyone has opportunity to contribute * Occasional insight by external speakers, e.g. politicians, policy experts, NHF |  |
| What would improve your score? | | | What are the barriers? | | |
| * Debate encouraged even if exec agree with views * When exec requested ‘steer’, ensure all are engaged and understand the issue, even if it means asking more questions of the exec * Board members to take up opportunity to ask questions of Exec before the meeting, rather than exposing lack of understanding of facts of Board * More strategic reporting would allow for more time for debate * More ‘away day’ like sessions | | | * Time in board meetings * Long agendas * Training could be more regular * Pace and complexity of change in external environment, plus Brexit * Complexity and uncertainty in risk areas | | |
|  | | |  | | |
| Key themes | | | | | |
| * Time to focus * Update external environment | | | | | |

**Table 4: “The Lead Board Member role works well”**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Response | Disagree | Could do better | | Agree | Completely agree |
| Number of respondents | **0** | **6** | | **6** | **0** |
| Comments |  | * Need to formulate it – no. of meetings, outputs etc. * Not always clear that the lead BM and Exec have worked together * No lead for resident involvement, inconsistency between LBM roles | | * LBM works well when BM is engaged and has the skills to give oversight to the role * For some areas, it is clear there is a regular engagement with the exec, e.g. Finance/Development/Property Services * Lead BMs present strategic reports, so take ownership * This has improved since inception and is evidently getting better as lead BMs generally engage with Executive leads * This area of Board member responsibility ensures greater understanding as members gain ownership of key areas of the organisation * Principally work is done very well, but varies on ability * Works well when LBM committed to their roles and prepared to liaise with Exec * Depends on who is in LBM role |  |
| What would improve your score? | | | What are the barriers? | | |
| * Review discussion of lead Board member (LBM) role * More consistency/assessment of how lead Board (LB) fulfils role * Ensuring no gaps in roles * LBMs ensure regular engagement and follow up with Exec * Exec made to understand operational matters which influence strategy * Time for head Board member to prepare before the meeting * Presentational skills * All LBMs to be prepared to meet/speak with relevant Execs as strategy is developed and comment on the draft paper * Training/guidance on what the role should entail and agree approach to consistency * More commitment * More knowledge for some * The secondary position that we initially assigned to a key area, is invariably redundant as the secondary member is seldom asked to present a paper * Formal person specification for a LBM * Prescribed roles and responsibilities | | | * Have we identified the right areas to have lead members? * Scrap deputy BM role as not used/redundant * Skills alignment * Time made available * Knowledge of some members * Commitment to the job | | |
|  | | |  | | |
| Key themes | | | | | |
| * Time/training * Strong links to the Executive | | | | | |

**Table 5: “The Board has the right skills, knowledge and experience to make the decisions it needs to”**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Response | Disagree | Could do better | | Agree | Completely agree |
| Number of respondents | **0** | **4** | | **8** | **0** |
| Comments |  | * More commercial skills would enhance the Board * Some areas, knowledge, experience in lacking e.g. HR * Not all BMs have understanding of all areas * Experience is well covered in the key strategic areas, i.e. Finance/Development/Asset Management * A greater understanding and grasp of the machinations involved in determining what loan covenants are required, in order to finance Hexagon’s development plans * Understanding of finance is not as embedded as we like to think, especially on treasury management issues | | * A good mix of skills in membership * We generally meet our stated requirements * Board is balanced with a good skill mix * Debates at Board are sensible and decisions reached by consensus * Good mix of skills * Now that we have the new method of RBM appointment, we ensure that all BMs have the right skills * Good range of experience and skills |  |
| What would improve your score? | | | What are the barriers? | | |
| * Resident empowerment/engagement * Innovation and new ways of thinking * Attend the training that is arranged (it is frustrating when BMs request training and then give last minute apologies) * IT * Community investment and HR expertise amongst Board * Lack of sales expertise * A robust and detailed understanding of financial treasury management * More engagement by some * Need to bring in skills/experience in for sale products * Treasury skills are there, but probably only through some BMs | | | * We are reliant on a small number of members in in specific areas, e.g. Finance/IT * Skills gap – commercial property * Desire to elect tenants to the Board could be a limiting factor * A thorough understanding of market economics | | |
|  | | |  | | |
| Key themes | | | | | |
| * Over-reliance * Sales/commercial property | | | | | |

**Table 6: “The Board is performing well”**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Response | Disagree | Could do better | | Agree | Completely agree |
| Number of respondents | **0** | **1** | | **11** | **0** |
| Comments |  | * Overall key is issues are covered with good debate * Some agendas are too rushed * Occasionally too much attention to relatively minor issues * Board not providing clear steer on resident involvement * Some issues keep being revisited * Board papers could be more succinct in some areas | | * Strong financial management * Strong social purpose * The Board is not perfect, but overall it serves the organisation and sets strategy and direction well * Good combination of challenge and support * People are all reliable and show commitment * Good debates x3 * Appropriate levels of challenge * Sufficient contribution from all * Robust and respectful challenge and debate * Good balance of experience * Strategic focus * Range of skills and knowledge x 8 * Good oversight * Works well as a team * Well chaired * Diversity of views brings challenge * Focus on ‘big’ strategic issues * Good support and knowledge from Exec team x2 * Polite and respectful approach * Diverse board, i.e. gender and ethnicity |  |
| What would improve your score? | | | What are the barriers? | | |
| * Approach to resident engagement * Add new business resource to development and regeneration team * Allow more time for strategic discussions * More engagement from BMs on the big operational areas, e.g. VfM * Sometimes spend too long on non-priority areas * Board papers can be very lengthy * More focused and targeted Board reports * Reporting too voluminous and detailed * Resident engagement needs focus * Don’t revisit debates that have been resolved * Politeness can lead to a reluctance to challenge and drive an unpopular point of view * More consistent LBM performance * Meeting management * Need better leadership on resident engagement | | | * Small development department cannot afford a new business resource | | |
|  | | |  | | |
| Key themes | | | | | |
| * Good chairing * Length of papers * Resident engagement * Range of skills * Excellent Exec * Good debate | | | | | |

**Table 7: “The Board works at the right level: not too strategic and not too operational”**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Response | Disagree | Could do better | | Agree | Completely agree |
| Number of respondents | **0** | **6** | | **6** | **0** |
| Comments |  | * Board works well at strategic level, but reporting and papers sometimes too operational * Agendas often rushed because balance between operational/strategic issues not quite right * Tend to get the balance right. LBMs get involved in the specialist areas, but not too operational * Insufficient discussion of KPI report/challenge to improve * Balance could be better as sometimes we don’t get sufficient assurance on operational issues and we rely somewhat on lead Board member roles/working group * A large proportion of our strategic planning is formed and conceptualised. The Board doesn’t have adequate opportunity to formulate policy * Participation by BMs not quite strong * Has improved, but we can tend to spend too much time on non-priority areas | | * Chair steers debate towards strategic issues when getting too operational * Agendas and papers are focused on strategic matters * Operational ‘background’ knowledge which helps understanding |  |
| What would improve your score? | | | What are the barriers? | | |
| * Be prepared to bring ideas from elsewhere to bear on improving operational results * The Board could have more influence in setting the direction of travel for the association * The Board could lead more rather than follow the view of the management team * Allowing enough time for items to be debated/discussed to ensure views are expressed (some feel rushed) * Attend LBM engagement with relevant Exec * Still too much operational focus in context of reports * More attention by Board to KPI performance reports * Less volume and more strategic and high level reporting/flagging * Too much operational context in Board papers * Clearer agenda planning on what is strategic at the moment * More ‘away day’ sessions * Greater use of sub-committees or information papers * More use of sub-groups continuity to improve lead BMs role * If there was an operational committee, more time could be committed to strategic issues | | | * Time in board meetings * Long agendas * Training could be more regular * Not got a clear understanding across the Board of what is strategic and operational * Too much policy is formulated at the D.G. level * Only 6 board meetings per annum * Time | | |
|  | | |  | | |
| Key themes | | | | | |
| * Agendas * Delve into operations | | | | | |

**Table 8 “The Board has clear scrutiny and oversight arrangements with regard to regulatory compliance/KPIs/performance”**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Response | Disagree | Could do better | | Agree | Completely agree |
| Number of respondents | **0** | **7** | | **4** | **1** |
| Comments |  | * Insufficient time spent on KPIs sometimes * Need to measure efficiency better, in particular development efficient * Repairs performance could be better * Not all members engaged in scrutiny * Not all members have a good grasp of the basics. Have to remind/go over things, which can eat into time * KPIs do not provide full data on health and safety x2 * KPI reports generate little discussion * Pithier presentation of KPIs with key risks highlighted | | * Scrutiny very strong on financial matters, but inconsistent and insufficient on operational matters, e.g. KPIs * The board are presented with a wide range of data and are therefore regularly kept up to date regarding organisational performance * Key issues covered, but paper work very voluminous and repetitive * Clear, structured, timely mechanisms |  |
| What would improve your score? | | | What are the barriers? | | |
| * Consistency of consumption of information provided by all members * Risk dashboard recently developed * Better use of technology to find information previously reported * Training refreshers * More opportunities for meetings outside of meetings * A more robust and thorough training program would give greater understanding and clarity, particularly in relation to financial and treasury matters * BMs should spend more time scrutinising the KPIs prior to meetings * Better benchmark information * Better repairs spend projections | | | * Possible lack of knowledge across the main Board * Clearer framework for KPI/VfM comparison * Technology for electronic papers not yet rolled out * Agendas are packed due to only 6 meetings per annum * KPI reports too long * Too many KPIs * Time * Limited benchmarks for efficiency in development | | |
|  | | |  | | |
| Key themes | | | | | |
| * Time on KPIs (not enough discussion) * Too many KPIs * Use of technology * Good reporting | | | | | |

**Table 9: “The Board obtains sufficient assurance from Horniman and has the appropriate oversight of its activities”**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Response | Disagree | Could do better | Agree | Completely agree |
| Number of respondents | **1** | **9** | **1** | **1** |
| Comments | * I feel I am not sufficiently qualified to fully understand the limited information about this subsidiary | * Limited info presented at end of meetings * No formal reports from Horniman to the Board, although Hexagon approves Horniman business pan, each outright sales scheme and capital at risk score * Board lacks information of the performance of Director of Horniman * The activities and decision making made at Horniman feels very much ‘arm’s-length’ from the Hexagon Board * Apart from accounts, not sure if BMs have enough knowledge about the basics | * Risk and exposure well reported * Horniman’s governance arrangements are strong |  |

|  |  |
| --- | --- |
| What would improve your score? | What are the barriers? |
| * Structured, regular reporting back to full Board by Chair of Horniman * Short, verbal report from Horniman Chair as to what was discussed at the Horniman meeting * Annual Q&A session on Horniman at start of Board meeting * Regular reporting on Horniman * Definition of assurance required not entirely clear * Minutes of Horniman to Board with updates on outright sale product * More progress reports with pictures * More feedback reports from Horniman to Hexagon | * Key assurance parameters need clearer development * Reluctance to swamp board with Horniman reports |
|  |  |
| Key themes | |
| * General awareness/update as activity increases * Reporting board | |

**Table 10: “The Board has a strong and robust approach to managing strategic and operational risk”**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Response | Disagree | Could do better | Agree | Completely agree |
| Number of respondents | **0** | **2** | **9** | **0** |
| Comments |  | * There are often very long and detailed reports which contain jargon and acronyms which can obscure rather than illuminate * Getting Board to agree risk appetite is like pulling teeth (painful, but gets there eventually) * Key issues well covered, but reporting could be clearer | * ARC is strong (reports to main Board) * Risks covered in strategic reports * New dashboard * Risk framework is good * Risk appetite is defined * Progress against risks are regular * Very strong * The Board is furnished with an adequate level of reports and data to ensure it has a good handle on risk management |  |

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| --- | --- |
| What would improve your score? | What are the barriers? |
| * Concept of risk management is not entirely understood in terms of practicality of approach * Better reporting * Risk dashboard * More challenge to Exec’s assumptions on scoring * Less lead by Exec * Perhaps all Board members should have training on risk appetite * Need to regularly review the work Mazars did with the Audit Committee * Attend risk training when offered * Insist on full health and safety KPIs * Probably overly risk averse | * Difficult to talk about risk, especially health and safety |
|  |  |
| Key themes | |
| * Training – level playing field * Risk appetite (Mazars) * Reporting could be clearer | |

**Table 11: “Hexagon has the right number of committees, with the appropriate level of responsibilities to enable effective and efficient decision-making”**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Response | Disagree | Could do better | | Agree | Completely agree |
| Number of respondents | **1** | **2** | | **5** | **4** |
| Comments |  | * The agenda of board meetings is too full at present, with emphasis on financial matters * Key committees (audit, remuneration) exist and works well, but resident engagement takes large amounts of time at Board. * Audit and Risk Committee reports back to Board * Current strategy works well | | * Board works quite effectively now within the new structure * Good balance that allows effective scrutiny and oversight * Subgroups used for specialist areas are far more * Right amount of business at each Board/Committee meeting, so not underused or overloaded * Hexagon keeps subcommittees to a minimum which is a good thing |  |
| What would improve your score? | | | What are the barriers? | | |
| * I think the addition of an Operations committee would assist the work of the Board by separating out issues relating to customer/resident services * Sub groups can lack specific structure * A bit ‘loose’, but approach to working groups looking at specific areas is a good way to deal with issues * Regular review of the effectiveness of the committees * Being more flexible about the number of meetings * Could consider an operations/customer services committee * Review of committees * Need to review sub-committees and key roles * Consider committee for resident engagement/satisfaction/performance * Could a sub-committee on operational issues help free up the agenda | | | * Operational ability to plan and produce reports to variable timescales * None | | |
|  | | |  | | |
| Key themes | | | | | |
| * Agendas – feedback from committees * Operational committees | | | | | |

1. Collective board appraisal

* Training
* Reporting – clear/succinct
* Agendas – what comes to the Board
* VfM
* LBM/over-reliance?
* Operations Committee/delegations