



**“dial
HQN
for
IDA
support”**

hqn

Have you had THAT call from the RSH?

**Here's our five top tips for
getting the most out of your IDA.**

Here's our five top tips for getting

1 The RSH knows a lot about you – don't get caught cold

You send plenty of data to the RSH and they use it to build a profile. That's the starting point for the test. When they turn up they will be on top of things like your:

- cost per unit trends
- cost per unit values versus peers
- metrics for the seven VfM indicators (and the extra ones the RSH uses to underpin their analysis)
- liquidity.

What do you need to do? Go through the data you send to the RSH and brief the board so they:

- understand the data better than the RSH team does
- know where the pinch points are
- know exactly what you are doing to sort out problems now and in the future.

2 Stress testing has moved on – don't get left behind

Most associations have worked out the stresses that can bring them down. The RSH gets that. But what they really want to see is how you will react when things go wrong. So your mitigations are the big deal today. What levers will you pull and when? That's the question. Here are the flaws to avoid:

- standard stress scenarios from consultants (the RSH sees these one size fits all reports time and again with repetitive monotony)
- lack of detail on mitigations (such as glib statements about saving money with no action plan for doing so – or a promise to cut development at the first whiff of cordite with no analysis of the impact on the value of the business).

3 Lots of associations think diversification is the way ahead – prove you are up to it

We have seen too many grand plans turn quickly into a Bonnie Prince Charlie style ragged retreat. What are the warning signs?

- getting into deals and joint ventures without looking at the small print
- over optimistic predictions for sales – with thin evidence to back up your figures
- one sided biased board reports that sell a venture to the board instead of coldly analysing it as due diligence
- finding out all the problems with a site or a business after you have parted with the cash.

If you are landing in the rough it is better to face up to things and tell the RSH how you will fix it.

Getting the most out of your IDA

4 All systems go – the RSH wants to see robust assurance that you do what it says on the tin

The RSH will expect to find eg:

- risk maps that show you are thinking about the issues you really could face (off the shelf maps are easy to spot – a tell-tale sign is how often the same spurious values are applied to certain risks)
- a suite of performance indicators that give you early warning of problems
- robust and well targeted internal audit reports by experts that lead to action
- stock condition surveys that drive expenditure on maintenance and identify safety risks.

Beware – weaknesses here have led to downgrades. Don't leave this to the geeks. The whole board must be convincing on how they get assurance. Don't just read the traffic lights on the cover of a report. Challenge the experts.

5 Don't get lost in the spreadsheets – this is about people too

What's the split factor between G1 and G2? Or between G2 and G3? It can come down to the confidence that RSH has in you to turn things around. Let's not shy away from this. It's a good thing. They know that bad

things happen. But the clincher is what you do about it. You've got to manage contact with the RSH so they can be certain that:

- you have strong antennae for picking up problems early
- you have the ability and drive to sort out problems and crucially
- you are open, honest and totally trustworthy.

The RSH never comes in at the perfect time. That phone will ring when you are in the middle of something. We've seen them turn up when you are changing IT systems or just finding out about a health and safety crisis. And they always visit you after a merger. What does this mean? There is no close season for regulation. At all times your project management needs to be top notch and the board must be driving forwards. The old days of fixing problems in the background are gone – social media and the RSH have put paid to that.



We've had the following feedback on our IDA support:

"We engaged HQN to carry out a mock IDA, which involved a review of documentation, interviews with executive and non-executive directors and observing board and audit committee meetings. The team was professional, knowledgeable, challenging and supportive and their feedback beneficial in helping us to prepare for our IDA."

Linda Minns, Director of Governance, Thirteen Group

"Habinteg Housing Association has engaged HQN to support our governance development and review our overall assurance framework. The process that HQN apply is incisive and revealing, and has led to positive action planning to enable improvements to be made. With their excellent knowledge of the sector and the regulatory standards, they are in a good position to add significant value."

Manny Lewis, Chair, Habinteg Housing Association

"We sought HQN's assistance with preparing for an IDA – which consisted of a document review and mock interviews with senior personnel and board members. The consultants' knowledge and support, which followed on from an earlier and more detailed governance review, really helped us focus on the key issues the RSH were interested in so we were able to "hit the ground running" when the IDA commenced. We would recommend their services to any other RP interested in preparing for their IDA."

Philip Baker, Head of Strategy & Governance, BCHA

If you would like more information about how we can help with your IDA contact Anna Pattison on 01904 557197, or email anna.pattison@hqnetwork.co.uk

