

**LEEDS FEDERATED HOUSING ASSOCIATION**

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**MINUTES OF THE BOARD OF MANAGEMENT MEETING HELD ON  
WEDNESDAY 25<sup>th</sup> JULY 2018 at 4.00 pm**

**Present:** Helen Jaggard (HJ) Chair  
Sue Howlett (SH)  
Martin Warhurst (MWa)  
Stuart Whyte (SW)  
John Williams (JW)  
Robin Machell (RM)

**In attendance:**

Matthew Walker (MW) Chief Executive  
Stephen Blundell (SB) Director of Operations  
Jason Ridley (JR) Director of Finance and IT  
Jill Hellings (JH) Company Secretary  
Kate Gaskin (KG) Executive Assistant (Minutes)  
Jaedon Green (JG) Board Member Elect  
Kim Brear (KB) Board Member Elect

		<b>Action</b>
<b>1</b>	<b>Conflicts of Interest</b> No conflicts of interest were noted.	
<b>2</b>	<b>Apologies</b> Apologies were received from Claire Stone, Shaid Mahmood & Chris Adams	
<b>3</b>	<b>Items For Decision</b>	
<b>3.1</b>	<b>Letter of representation 2017/18</b> <b>18.056</b> JR explained that this was a standard letter and has been reviewed by him and Ann Marie.  <b>Board approved and agreed to sign at the end of the meeting</b>	
<b>3.2</b>	<b>Internal Controls Assurance Report</b> <b>18.057</b> JR presented the report and confirmed it has been through audit Committee. There is nothing significant that's not already been identified. <b>18.058 Board approved the report and are happy for it to form part of financial statement in the annual accounts</b>	
<b>3.3</b>	<b>External Auditor's Audit Findings for 2017/18</b> <b>18.059</b> JR explained that this has been to audit committee, it's a clean audit and the executive summary summarises it well.	

JR also drew the Boards attention to the fact that that the Auditors had commented on the very good relationship between themselves and the Association

**18.060 The Board approved the Audit Highlights report for the year ended 31 March 2018.**

**3.4 Report & Financial Statements for year ended 31 March 2018**

**18.061** JR presented the report, explaining these are the year end Accounts. It has been a good result for the year overall. The full year balance is significantly more than was anticipated at the half year point due to high volatility around development and unanticipated disposals.

**18.062** JG raised an issue around first tranche sales and asked for some clarity. JR confirmed that in terms of shared ownership the section has been tweaked to show that underlying assumptions are more conservative.

**18.063 Board approved Report & Financial Statements for year ended 31 March 2018**

**The LFHA Board was closed and the LFPS AGM was opened**

**3.5 Leeds Federated Property Services Limited AGM**

**18.064** HJ confirmed that the Board of LFPS had met this morning and the accounts were approved. MW confirmed for JG and KB's benefit that LFPS has been used as a method for recovering VAT and has been especially useful this year with the level of development that's occurred.

**18.065** It was also acknowledged that HJ is stepping down from LFHA Board and therefore also the LFPS Board. Due to the level of development, SW is being added to the LFPS Board along with SB & JR as this will help with signatories for cheques.

**18.066 The Board are happy to appoint BDO as auditors and approved the additional directors**

**LFPS AGM Closed and the LFHA Board continued**

**3.6 Board & Committee Terms of Reference**

**18.067** JH presented the paper explaining that there are no changes apart from the reference to RCH and not HCA

**18.068** A query was made in regards to the governance of the Joint Venture. MW confirmed that while the Association is investing in it as a shareholder, we will not own it outright or have

a controlling interest in it. The governance of the JV will be dealt with by the Board of the JV and collective agreement where necessary of the shareholders, or which Leeds Fed will be one. A member from Leeds Fed will sit on the Board and feed back to Leeds Fed. Where key decisions requiring shareholder approval are required, a report will be presented for approval to the Leeds Fed Board.

**18.069** HJ asked about 2.17 and whether this is strong enough to encompass any merger activity? She doesn't necessarily feel that it needs to be implicit but just something a bit stronger. It was commented that it is covered in 2.21 but JH agreed to look at again and amend wording

**JH**

**18.070 The Board approved the Board and Committee Terms of Reference with agreed comments and changes**

**3.7 Review of Risk Register**

**18.071** It was confirmed that this has also been to Audit Committee, with the focus there being more on the controls. They had commented that the controls were comprehensive and satisfactory. Comment was made that we should ensure controls were sufficient to address the risk in question, but that we do not continue to add more controls where not needed, as this makes the management of those controls unnecessarily onerous.

**18.072** JG commented that the Association may need more detective risks as well as preventive risks. He also asked for clarification on what the triggers are and how we recognise these. MW explained that some of the triggers are within the risk register, and others in the Balanced Scorecard. He went on to observe that some indicators are indicative or wider the economic environment, for example our tracking of shared ownership first tranche sales. It was agreed that MW will speak with JG separately outside of the meeting to discuss further. JR also explained about stress testing and that this is done to the business plan every 6 months which picks up long term risks

**MW**

**18.073** KB suggested a couple of statements to tie it all up to explain that this is looked at alongside the framework and stress testing, so it can be seen as a combined approach. JR agreed to add this in.

**JR**

**18.074 The Board approved the risk register**

**3.8 Governance update including Financial Standing Orders**

**18.075** JH explained that it is a short report this time. She drew their attention to the CIG approval update which included a required ratification from the Board for Greenview Mount.

**18.076 Board noted the contents of the report and approved the changes to the Delegated Authority limits. Board also agreed the changes to delegation and ratified the land swap at Greenview Mount.**

**3.9 Business Plan update including development scheme approvals**

**18.077** JR presented the report and explained they are looking for approval to make changes to the Business plan. The executive summary highlighted the changes but JR drew attention to the fact that the funder has given a positive response to increase funding and have agreed to look at JV investment. He has also had an introductory meeting with Lloyds in case of any issues and added that irrespective of this funding requirement it is good to develop a relationship with the bank. The funder have advised that funding can be sorted by September which makes the discussions around the JV easier as funding will be in place soon.

**18.078** SW pointed out that a couple of the development names have got mixed up in paper and JR agreed to correct this

**18.079 The Board noted the impact of the change from unnamed to named development on the Association's 30 year Business Plan, and the impact of the changes for opening balances in the plan used for the 30 June FFR submission and approve that together with the inclusion of the JV in the updated business plan.**

**3.10 Option Appraisal – Commercially sensitive**

**18.080**

**18.081**

**18.082**

**18.083 Board approved a recommendation as detailed in Scenario 4.**

**3.11 Option Appraisal – Commercially sensitive**

**18.084** This has been discussed at CIG and follows on from direction of travel and opportunities for how we will work in the future, identified through Vision21

**18.085**

**18.086**

**18.087**

**18.088 Board approved:**

### **3.12 Resources Paper**

**18.089** This is in relation to IT and Asset Management. They both require Board approval as they are over the staffing establishment.

**18.090** JG queried why these decisions come to the Board and HJ confirmed that the Board have always scrutinised staffing costs and doesn't feel it has slowed the process down. The recruitment process was started with Chairs delegated authority, pending approval from Board.

**18.091** It was agreed that as more strategic asset work is being carried out, a new manager is necessary.

**18.092 Board approved the proposed head count and associated cost increase for inclusion in the mid-year budget and business plan review.**

### **3.13 Treasury Policy**

**18.093** There were no major changes to this and the Board approved it

## **4 Performance**

### **4.1 Performance Update**

**18.094** SB presented the paper and explained this relates to month 2 and there is not a lot to report on. Generally targets have been hit overall, there are a few areas behind but no areas for concern.

**18.095** HJ commented that management oversight is sometimes needed and that exception reporting can become a bit detached from what is actually happening on the floor. She asked when the Board decided to go into exception reporting and it was confirmed it was a few years ago. SW confirmed this information comes to Operations Committee but recognised that not all Board see this. It was agreed that more information could be included in report to Board to give the "heart" of the narrative without all the information that goes to operations committee

**18.096 The Board noted the report**

### **4.2) Financial Performance Report**

**18.097** This is for the period ended May 2018. Although it is still relatively early in year, this is a good solid start. The basic performance has been flattened by the disposal of sundry properties but this is nothing to be concerned about.

**18.098 The Board noted the report**

## **5 To Note**

**5.1 Report from the Chair of Audit & Risk Committee to Board**

**18.099** JW presented this, he highlighted the report on cyber-crime and clarified that the Association has re-tendered for both the internal and external audit services and kept the previous incumbents.

**18.100 The Board noted the report**

**5.2 Vision 21 Update**

**18.101** SB and JR presented the paper and explained they are making a conscious choice to move away from the traditional KPI's that have dominated the housing market. JW asked whether any of the KPI's are the same as those looked at by the regulators? SB confirmed that customer outputs are still looked at. Housing management and maintenance teams need to be bought together.

**18.102** KB would like to see it tied back as to why the project is in existence and what will be delivered as a result of it. She commented that it appears to be for efficiencies but she doesn't feel this is really why we're doing it and that it's more of a cultural change and the report needs to be more implicit in this.

**18.103** It was concluded that the first pass of benefits realisation will hopefully come in October and it will be important to question how it fits with regulatory standards.

**18.104 The report was noted as a work in progress**

**5.3 Business Excellence Approach**

JR gave the Board some more details on why the Association is adopting the EFQM model

**18.105 The Board noted the report**

**6) Board Minutes**

**6.1) 18.106 Minutes of the Board meeting held on the 6<sup>th</sup> June 2018 were approved as an accurate record**

**SB**

**7) Matters Arising**

**7.1) Matters Arising**

**18.107**

The business case will be produced in August and MW has conveyed the Boards support and clarified that the Chair can give delegated approval. He concluded by confirming that it is all positive but a lot of hard work is involved.

**18.108** HJ asked if the issues that the Board raised have been communicated and MW confirmed they have. A formal report will come back to the Board in October

**7.2 Rolling Matters Arising 2018/19**

**18.109** JH confirmed that she is still waiting on the pension review which has been delayed and may not come until after September.

**8 Minutes For Information**

**8.1) 18.110 Draft Audit & Risk Committee 11<sup>th</sup> June 2018 were approved as an accurate record**

**8.2) 18.111 Draft Health and Safety Minutes 27<sup>th</sup> June 2018**  
Included for information

**9 Risk Review of Board pack**

**18.112** It was confirmed that no risks need changing from any of these reports

**10 Any other business**

**18.113** HJ thanked JW for all his work over the years. He has been on the Board since 2009 and been the chair of A&R since 2014. He has been a very good chair, very calm and very pertinent.

JW has helped to raise £50mn in loan finance which contributed to the average interest rate coming down from 7.5% to 5.5%

JW sits on various boards so has brought a wealth of governance experience and has been at the forefront at helping Leeds Fed to develop the current approach to risk management. He understands why we're here and has got the balance really well. He has been very committed and will be missed

JW commented that it's been a real pleasure, it's been a super organisation and Board to work with. It has changed a lot over the past 9 years and has been on a good journey. Leeds Fed have really progressed and looking at the condition the association is in, he feels he is leaving it in great hands and there will be exciting times ahead.

**18.114** MW commented that this was also HJ's last meeting and he wanted to thank her for everything.

HJ commented that she would miss everyone and the pace of change she has seen is phenomenal. The Association had just come out of supervision when she joined the Board and the

<p>changes that have happened are wonderful. It is a very strong Board.</p> <p><b>11 Date of next meeting</b> AGM – 6<sup>th</sup> September Board Meeting - Wednesday 3<sup>rd</sup> October 2018 at 6.00 pm</p>	