

LEEDS FEDERATED HOUSING ASSOCIATION

**MINUTES OF THE BOARD OF MANAGEMENT MEETING HELD ON TUESDAY
31st March 2020 at 6.00 pm (via Skype)**

Present: Stuart Whyte (SW) Chair
Sue Howlett (SH)
Martin Warhurst (MWa)
Claire Stone (CS)
Kim Brear (KB)
Jaedon Green (JG)
Robin Machell (RM)

In attendance:

Matthew Walker (MW) Chief Executive
Stephen Blundell (SB) Director of Operations
Jason Ridley (JR) Director of Finance and IT
Megan Henderson (MH) Head of Corporate Services
Kirsty Morgan (KM) Head of Finance
George Nijjar (GN)
Dedra Pokua (Observer)
Innocent Moyo (Observer)
Kate Suggitt (KS) Executive Assistant (Minutes)

		Action
1	Conflicts of Interest All members declared an interest in regards to Board Member remuneration	
2	Apologies Shaid Mahmood 19.250 SW introduced Dedra and Innocent to the meeting, explaining that they are the new tenant board members who will be joining the Board in the September 2020 AGM Closed Session – to go through Governance & Remuneration Committee Minutes and those items for Board to approve Coronavirus Update 19.251 MW explained that ahead of the main meeting, SMT wanted to give an update on the effect of COVID-19 on Leeds	

Fed since the papers were written as this will help give context to the papers.

19.252 MW explained that the business continuity plan had been invoked. A recovery team has been set up in order to make daily decisions and communicate as necessary. He explained that the priorities are 3 fold – staff and customer safety, landlord responsibility and minimising the impact on the business. He emphasised that he is very aware that across the agenda the Board is being asked to approve things that will change, they haven't been amended as there is limited information what this should look like, if or when things will change. An updated corporate plan and budget will be brought to Board later in the year.

19.253 MW went on to explain sector wide, there has been lots going on including Whatsapp groups, fortnightly Placeshapers meetings and meetings with the regulator all of which is ensuring the Association is keeping abreast of what the sector is doing. He confirmed the approach LFHA is taking is consistent with what other HA's are doing.

19.254 JR updated on finance, IT and V21. Financially, the regulator has made a number of changes, the FFR which is normally submitted in June will be submitted later in the year, probably Autumn. In terms of statutory accounts and year end, the team are liaising with external auditors in regards to pension funds and valuations. Preliminary investigation work has shown that it's unlikely that there'll be significant impact but it is being looking at closely and JR will continue to monitor and communicate with funders.

19.255 The finance team are at full capacity and working from home. Projects that are over and above have been identified and priorities will be made if staff need to isolate, become ill, or are just unable to work. A list has been made of all the things that could impact the business plan and in April, a COVID-19 stress test with DTP will be carried out and look at all the things that could be going on such as reduced sales, reduced development or impacts on pension funds. This will show how the mitigations in place will hold up against these scenarios.

19.256 Commercially sensitive

19.257 The current advice from DTP is to proceed with additional facility and get these secured within the next 6 months to take advantage of low interest rates.

19.258 JR updated that IT are also at full capacity and transition to home working has gone very well. Helpdesk calls from staff

haven't increased which is positive. He confirmed that a close eye is being kept on cyber risk and additional guidance has been given to staff regarding this also. The team are still continuing with high priority projects but assessing what could be stopped if capacity decreases.

19.259 Finally, he updated on V21, again confirming the team are at full strength and all working from home. A full review of remaining projects has been done both in terms of priority and timing of what may need to stop.

19.260 SB updated on the operational position which he recognised had been extremely challenging and fast moving. In the first 10 days or so, there were many changes and a huge amount of work behind the scenes, specifically assets and customer services. The focus has been on the key point of maintaining staff and customer safety and maintaining landlord responsibilities.

19.261 Non-emergency works were being carried out until last week, there have been progressive changes over the last few days so now only doing emergency repairs and statutory services works which are gas, electric and fire testing. Gardening and most of the cleaning services has been stopped but cleaning will resume in the sheltered scheme as these have been identified as a vulnerable group. The demand on the repairs team is down to 20%, all non-emergency repairs are still being logged and will be done as restrictions are lifted.

19.262 We have been in contact with the contractors who have confirmed that they contact customers by telephone beforehand to ask about illness or self-isolation as a control to ensure safe access.

19.263 Commercially sensitive

19.264 From a housing management front, housing visits and any activities which can't be done with social distancing have been suspended. The financial inclusion team are supporting customers struggling due to lack of income and customers are being reassured that they aren't at risk of being evicted. Support has been put in place for the sheltered housing schemes which is done over the telephone and also they are in the process of making a plan of how to periodically contact other vulnerable customers.

19.265 There are 48 voids, of these 14 are ready to let. 18 are on notice but the team are not expecting these to materialise. The team are keeping in touch with everyone who has given notice and explaining they can rescind.

19.266 From a development point of view, March has been a good month for sales. 33 properties are on the books, a number of which are mid-way through and these customers are fully intending to complete, dependent on solicitors and the market. It was also confirmed that all shared ownership could be converted to rent-to-buy if necessary.

19.267 SW commented that this was extremely helpful in giving context for the papers and now wanted to take comments and feedback from the Board.

19.268 CS commented that their approach is very similar, it has been framed around customers, colleagues and the wider community. New guidance had come out recently which stressed the importance of customer safety. Gas checks need to be carried out so the key is keeping very accurate records so can go straight in when any isolation periods finishes.

She also explained that an addendum has been made to their policy which explicitly states that they're adding 6 months to non-statutory jobs. This ensures staff have clarity and there is full governance oversight if the regulator ever questioned this. Finally she suggested that the cyber risk email be sent to customers as well as staff.

19.269 SH commented about a lack of communication to customers and also asked SB what the position is if a contractor gets ill after a visiting a customer. SB confirmed that all visits are easily traceable and wouldn't be an issue to do this if necessary. It was also agreed to look at the communications that are going out.

MH

19.270 MWa commented that we really need to understand the long term financial impact. He understands that this won't be clear for a while but need to keep visibility. JR explained that after the Covid 19 stress testing, the results will be shared with the Board and he will also circulate what will be included within the stress test beforehand.

JR

19.271 JG commented that everyone has been living in the moment and now need to look at what things will look like in the future. News from his sector suggest it could last 3 months, 6 months or 12 months and will lead to unprecedented recession similar to that of 1920's. He emphasised the importance of thinking the unthinkable. He suggested adding financial strength as one of the strands that LT consider in their discussions. He highlighted keeping a note of all additional costs such as extra equipment as this can be clearly identified in the future.

Finally he advised that there has been a huge surge in the costs of people who work in arrears collections and this could affect the market demand salary wise.

19.272 RM is concerned that many contractors will go under and agreed have to go forward and think the unthinkable.

19.273 KB commented that the update was fantastic and needed prior to the papers. She suggested identifying key indicators for forward planning such as an increase in customers ringing to say they lost their job for example.

19.274 CS raised an issue in regards to the 1% rent increase and that the government may decide to u-turn on this as it may be viewed as inappropriate. She is concerned about the development point of view as will need a lot more affordable housing at the end of this so it important to focus the message on the 1% going towards new development if rental cuts are suggested.

19.275 MW confirmed that the sense from other Chief Executives in regards to rent increases is that the additional income can have a huge benefit in helping support those that are affected by the pandemic.

19.276 MW confirmed that currently the LT have been focussed on the immediate impact as this is what the government suggested but as it's becoming obvious that the restrictions could go on for a long time, they now need to start looking further ahead. It was agreed that a high level business case would be brought to Board in June / July with appropriate stress testing and themes for consideration outlining what will be done differently. JR confirmed he would share the assumptions with Board prior to DTP undertaking stress testing in May.

3 Items for Decision

3.1) Corporate Plan 2020/21

19.277 MW introduced and explained it reflects the discussions had at the Board away day in January. He emphasised the fact that it will change and will also be affected by the stress test being carried out in April, so the plan will come back after this.

19.278 JG suggested that the directors bring back the high level suggestions before commencing the work. It would be wise to approve the direction and then work through the detail

19.279 JR confirmed DTP are coming 21st/22nd April to do the stress test so the report should be ready by the end of April.

19.280 Board approved:

- **The 2016-2021 Corporate Plan – Year 5 – 2020-21 Summary**
- **2020-21 Strategies**
- **2020-21 Balanced Score Card.**

3.2) Treasury Annual Plan & Treasury Management Policy

19.281 JR rang Clive from DTP to include him in the call. JR then introduced the paper and confirmed that the main points for consideration are the approval for additional funds and increased liquidity.

19.282 JG commented that funding needs to be locked down but suggested that this should be sooner than 6 months. He also highlighted that banks will start locking down revolving credit, Clive agreed with this stance as offers can be withdrawn.

19.283 JG suggested it would be prudent to fix as interest rates are falling.

19.284 Board approved the recommendations with the amendment of an operational liquidity increase from £600,000 to £2million on an interim basis which will be reviewed every 3 months.

19.285 The Board approved the 2020/21 Treasury Annual Plan & Treasury Management Policy.

3.3) 2020/21 Finance Policy

19.286 JR highlighted that the main and critical difference from previous years is the reduction in operating margin down from 25% to 20% due to planned costs in 2021. The rest of the policy is as was in previous years

19.287 Board approved the updated Finance Policy.

3.4) 2020/21 Budget & Business Plan

19.288 JR explained that this was prepared several weeks ago and was stress tested. It is interesting to note that in stress testing the hard Brexit scenario was made harder with an assumption of a flat CPI. This had the most severe impact but as was the case last year and this, mitigations go part way to recovering this and most development can be stopped.

19.289 Business plan is robust and the Covid 19 scenario will be looked at in April. JR also explained that the regulators have asked for the FFR in Autumn rather than June so a full business plan and stress test can be done at that stage.

<p>19.290 Board accept recommendation but know it's a short to medium term budget that will be reviewed. It was commented that the Terms and References of the Board are very clear that any significant changes should come back to board</p> <p>19.291 Board members considered and approved the 2020/21 Budget and 30 year Business Plan.</p> <p>3.5) CEX and Senior Executive Remuneration Policy 19.292 MH outlined that there had been some discussion around the policy as part of the closed section and the policy had been considered fully at the Governance & Remuneration meeting on 3rd March.</p> <p>19.293 Board approved the CEX and Senior Executive Remuneration policy.</p> <p>3.6) Board and Committee Terms of Reference and Shareholder Members Review 19.294 MH explained this is the annual review, the breakdowns in the report show where the changes were made. MH also commented that an update to the NHF code of conduct is due</p> <p>19.295 Board approved the terms of reference for the:</p> <ul style="list-style-type: none"> - Board - Audit & Risk Committee - Operations Committee - Development Committee - Governance & Remuneration Committee <p>19.296 Board approved that Stuart Whyte and Sue Howlett remain as shareholders when they step down in September 2020</p> <p>3.7) Bank Mandate Changes 19.298 JR explained that the FSO require Board to approve changes to signatories. This was approved by the chair in December but this is for ratification and there are also some changes to the administration of bank accounts.</p> <p>19.299 JG commented it felt like this should be delegated responsibility, SW and JR agreed and JR will look at the FSO in regards to changing this proposal. KM did confirm that it's a bank requirement more than a FSO and this will be taken into account in terms of the FSO revision.</p> <p>19.300 Board approved the changes to the Bank signatories for the association's bank accounts and ratified the approval by the Chair of the Board who approved the signatory changes in December 2019.</p>	<p>JR</p>
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19.301 Board also noted the changes in the administrators of the bank.

3.8) Appointment of Deputy Company Secretary

19.302 MW explained this is for any situation where a Company Secretary signature is required when MH is not here. He clarified that he could only sign as deputy company secretary or Chief Executive and not both on the same document.

19.303 The Board appointed Matthew Walker as Deputy Company Secretary.

4 Performance

4.1) Review of 2019/20 Corporate Plan

19.304 MW summarised that the report shows where the Association is, in regards to delivery against corporate plan. He emphasised that although there isn't a specific section on customer perspective, which was an oversight, that it is still an inherent part of the paper.

19.305 Vision 21 has to date made a saving of £280k against a target of £660k. There are more savings to be made but these can't be quantified right now and there is a risk that the target of £660k will not be hit. If this is the case, then a report will be produced to analyse the position.

19.306 JG commented that it's positive that the team highlighted this now and recognised that there will be shortfall rather than trying to make it up. Acceptance of failure and being able to move on is commendable. KB agreed and thinks there have been some huge efficiencies and business improvements that should be celebrated.

19.307 MW also commented that there are unquantifiable benefits such as how the Association have been able to respond to Covid-19 and enforced home working.

19.308 The Board noted the report

4.2) Balanced scorecard Results January 2020

19.309 SB presented and highlighted a set of very good results for January:

19.310 The target for properties not sold after 5 months was just below target but we are in a better situation with these now.

19.311 There had been an increase in arrears due to Universal Credit cases but performance was back to where it should be at the end of February.

19.312 The HR indicator has been discussed in detail at previous meetings and the indicator will change for 2020/21. The sickness levels were reducing but are expected to increase over the next few weeks and months.

19.313 There have been a few delivery issues with planned maintenance and the contractors demanded an uplift in price. Improvements are hopefully going to be made via the In House Contractor and a potential change of external contractors

19.314 There were 27 properties with overdue gas certificates which has now dropped to 12.

19.315 The Board noted the current levels of performance

4.3) Financial Performance Dec 2019 and Treasury review Dec 2019.

19.316 The bank balance stands at just over £300k, due to a RCF drawdown, delayed development spend and some property sales completing in December rather than January.

19.317 JR explained that in December 2019, it was felt there would be an under spend of £140k but this is now looking likely to be closer to £200k. The rest of the under spend relates to bad debt charges being lower and reduced overheads.

19.318 Board noted the financial results to 31st December 2019.

5 To Note

5.1) Chief Executives Report

19.319 MW presented the report and explained he and SW attended a Placeshapers event to discuss energy sustainability, reviewing where the sector is in regards to energy crisis and how to achieve zero carbon. MW was reassured that as an Association, we are in the same place as most other organisations, there is an understanding that there is a mountain to climb and a plan will need to be developed.

19.320 JR updated on PFA, he has had had further correspondence with CHICC who are unwilling to progress to sale until they have received a response from HMRC in regards to potential additional cost obligations arising. It is expected HMRC may be delayed in doing this so will most likely delay the sale.

19.321 Board noted the report

5.2) Vision21 Update March 2020

19.322 GN presented, explaining it is the usual format with the narrative update and the communications update which is sent to staff.

19.323 All programmes remains on schedule currently but Covid-19 could have an impact further down the line. The benefits are starting to emerge.

19.324 All 7 hubs are complete, 5 have been closed in line with social distancing but are good to go once the restrictions are lifted. The office move was deferred to June and the mobilisation is still working to this date although there could be changes to this. The adaptations to the office space at Arthington House have been put on hold, there was an issue around hard wired LAN connection but IT have worked really hard to put in place a manual work around so staff could all work remotely.

19.325 The development management systems went live at the end of January and we are looking to retire the existing system by May/June. P2P has seen some delays, however this doesn't impact on other projects or on Origin2 so have scope to push back.

19.326 SH commented that she was surprised to read that there is nowhere for customers to go within the hubs and wondered where conversations will take place in future. GN explained there is an agreement in place with LCC to use their hubs across the city to meet customers in. NO's are also keeping an eye out for other venues. SH still felt some concerns in regards to confidentiality, MH commented that she had visited some of the LCC hubs and that while they were primarily shared spaces, most have booths built in or seating to have a private talk within the open space.

19.327 JG asked if the SMT still think a Head Office is actually needed, given how everyone has been working over the last couple of weeks. MW explained Regus was taken on a 2 year contract for this reason, so that it could be reassessed. He feels that Covid-19 may bring about a lasting change in how everyone works long term and potentially the Head Office may end up being a much smaller space.

19.328 Board noted the report

5.3) Cyber risk Report/update

19.329 JR explained this report went to Audit and Risk Committee and he has included a small covering paper for the Board to consider a recommendation from the committee for cyber risk to be revised from 6 to 4.

19.330 M/Wa commented that the committee had recognised the work that has gone in to it and were happy with the suggestion. However with the recent world changes and increased cyber risk, now might not be the right time to do so. It was agreed to leave the risk at 6 for the time being because of the current climate.

19.331 Board noted the update provided to Audit & Risk Committee on 28 January and considered the recommendation from Audit & Risk Committee to revise the net score after controls from 6 to 4 but decided to leave at 6 for the time being

5.4) Financial Standing Order changes

19.331 JR explained there a few changes to the Single Tender Waiver (STW) approval, an update for over-due limits and some staff changes. These have all been approved by SMT and the report is for noting only. It was also noted to look at the new bank mandates as discussed earlier.

19.332 Board noted the changes approved by SMT

6 Board Minutes

6.1) Minutes of the Board meeting held on the 26 November 2019

19.333 These were approved as a true record

7 Matters Arising

7.1) Matters arising

19.334 These have all been actioned

7.2) Matters arising rolling agenda 19/20

19.335 These were noted

8 Minutes for Information

8.1) Draft Health and Safety Minutes 12 December 2019

19.336 These were noted

8.2) Board Away-Session Notes 17/18 January 2020/Corporate Plan 21/22-25/26

19.337 These were noted

8.3) Draft Governance Committee Minutes 3 March 2020

19.338 These were noted

8.4) Audit & Risk Committee 28 January 2020 & Draft 10 March 2020

19.339 These were noted

8.5) Draft Operations Committee 25 February 2020

19.340 These were noted

<p>8.6) Draft Development Committee 25 February 2020 19.341 These were noted</p> <p>9 Risk Review of Board Pack 19.342 MW explained that an additional risk for Covid-19 has been added. There have been two controls to this: the recovery committee and communications.</p> <p>19.343 MWa questioned the score as there is so much uncertainty and he wondered whether it should be higher. There was a general consensus for this and MW will amend to higher risk level and re-issue.</p> <p>19.344 Board approved the removal of risk 28a, the changing of risk 16 and the addition of risk 15a per section 2, and note the remainder of the paper.</p> <p>10 Any other business 19.345 MW introduced a proposal to extend SW's term instead of him stepping down at the September 2020 AGM. The prospect of being able to recruit for a new Board member at this time would be a challenge in itself and due to the changes afoot, it would not be very wise to be making major changes to the senior team.</p> <p>19.346 MW has spoken with both the independent advisor, Paul Johnson and Maxine Loftus from RoSH. Both agree that it is a sensible approach but Maxine commented a note of this would have to be made in the accounts.</p> <p>19.347 Board members agreed that this seems a sensible solution to the difficult predicament we are in and the proposal was agreed that SW's term of office be extended by 1 year.</p> <p>11 Date of next meeting – 16 June 2020 at 6.00 pm</p>	<p>MW</p>