

LEEDS FEDERATED HOUSING ASSOCIATION

MINUTES OF THE BOARD OF MANAGEMENT MEETING held on 18th July 2023,
Weetwood Hall, Leeds

Present: Kim Brear (KB) Board Member (Chair)
Steve Dungworth (SD) Board Member
Innocent Moyo (IM) Board Member
Claire Stone (CS) Board Member
Martin Warhurst (MWa) Board Member (Virtual)
Jaedon Green (JG) Board Member
Rob Young (RY) Board Member
Chris Simpson (CSi) Board Member

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 (Minutes)

Observers: Charlotte Green (CG)

<p>1. Conflicts of Interest 23.104 Conflicts of Interest – Conflicts were raised by KB and CS in relation to item 4.7</p> <p>2. Apologies 23.105 Apologies were received from Robin Machell, Dedra Obeng Kwakye and Shubash Miah.</p> <p>Additional Agenda Item – ISDA 23.106 MW referred to the report and papers that had been issued to all Board Members and outlined the general points on the tabled paper which outlined additional information in explanation of some of the complexities of the ISDA.</p> <p>23.107 JG referenced the potential volatility to the balance sheet that had not existed before and the change in Board Members that will take place before 2030 while any arrangement is still live.</p> <p>23.108 MWa confirmed that the information provided closed the loop on his comment at the 6 June meeting where he suggested all Members make their own enquiries. MWa confirmed he had read all the documents and had a full understanding of the level of volatility and believes this is a good model for Leeds Fed.</p> <p>23.109 Board approved the recommendation to a cap of £10m for the maximum fair value amount to be charged to the Balance Sheet.</p> <p>3.1 Risk Review of Board Pack 23.110 JR outlined there were no proposed changes to risks.</p> <p>23.111 CS asked if the issues identified in 4.4 were on track for being resolved. SB confirmed that the validation is on track to be complete by 31 July and no further issues are anticipated.</p>	
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<p>23.112 JG asked how Board can be reassured that the repairs service is OK. SB confirmed that customer satisfaction information is still available, there has been a slight drop but this mirrors what other HA's are reporting. The issue around the appointment time has been identified and all customers compensated and contacted.</p> <p>23.113 JG asked about the risk rating in relation to revenue not being maximised which had been discussed at the Audit and Risk Committee, 4 July. Board are aware of the strain on customers, especially for Shared Ownership who could be impacted by both mortgage and rent increases. JG referenced the significance of income collection rather than arrears increasing to the business plan and questioned whether a score of 9 was too high. SB confirmed this was a balance of social purpose and revenue maximisation. Rent settlements are linked to Government policy which is out of our control.</p> <p>23.114 Agreed Action: It was suggested that this be reviewed again when the income policy has been updated and further consideration to this debate could be included at the risk session at the end of July.</p> <p>23.115 IM said it was prudent to challenge this and not relax our approach. JG added that we may be overstating the size of the risk, the controls are not going to change.</p> <p>23.116 CS said that the Cyber score felt low when considered alongside the maximisation of revenue.</p> <p>23.117 RY and KB both queried the supplier and contractor risk noting the information provided.</p> <p>23.118 Agreed Action: key supplier / contractor failure to be reviewed by management.</p> <p>23.119 Board confirmed the five existing risks currently exceed the Board's stated risk appetite for the relevant activities as detailed in section 2.</p>	<p>JR</p> <p>JR</p>
<p>4. Items for Decision</p> <p>4.1 Annual Report to Board regarding Internal Control and Risk Management 2022-2023</p> <p>23.120 MH confirmed that the paper had been reviewed by Audit and Risk Committee, additions requested last year and at the Committee had been included for completeness.</p> <p>23.121 Board considered the evidence and confirmed that acceptable levels of assurance exist over the systems of internal control within Leeds Fed to form the basis of the annual statement within the annual Financial Statements.</p> <p>4.2 Leeds Federated Property Services AGM</p> <p>23.122 JR advised Board the KM would be leaving the organisation in September.</p>	

23.123 JR noted that the external audit contract will be tendered subject to availability as there is concern the market has still not recovered. Any extension will be approved at the LFHA AGM in September. JG highlighted the increase in fees and confirmed that other audit firms were keen to extend into the HA sector.

23.124 LFHA Board received the Annual Report for the Year Ended 31 March 2023 and noted that the external audit contract will be tendered subject to availability of alternative providers under a tender process.

4.3 LFHA Report and Financial Statements for year ended 31 March 2023.

23.125 JR outlined a change in template wording which has been reflected in the accounts that will be signed. This has not changed the opinion. JR confirmed that the pension information was still outstanding therefore approval would be subject to valuation.

23.126 JG congratulated the team on an outstanding year considering the timescale of year end and the IDA.

23.127 JG asked what was being done about the customer satisfaction levels which are below median. SB confirmed that there is a plan and budget to invest in this and coach colleagues to understand what customers are asking for when they complain. It is an issue that we are aware of and need to instil a more empathetic rather than technical response. CG asked if there were common themes to complaints. SB confirmed that detailed analysis is taken to Operations Committee.

23.128 JG commented that the pension shortfall is stable at £3.8m but the liabilities % has increased therefore risks need managing.

23.129 Board approved:

- **The Report and Financial Statements for the year ending 31 March 2023 ready for adoption at the AGM**
- **The Letter of Representation**

23.130 Board noted the draft external auditors Audit Completion Report

4.4 Risk Management Framework Policy and Risk Register Review

23.131 JR advised that the changes discussed at the Board Away day around financial risk were now documented within this control report.

23.132 SD asked about risks around the loss of key staff and whether processes are documented clearly. SD also raised the concern around quiet quitting. MW confirmed that we are very conscious of potential quiet quitting and that there used to be a specific risk linked to the lost of key staff but this had been removed, it is something that we are aware of and monitor.

23.133 CS highlighted there are strong themes throughout the papers on data, culture and values, these messages are coming through in different routes which is helpful.

<p>23.146 JR outlined and confirmed the temporary change to the policy while more funding is secured.</p> <p>23.147 Board approved the temporary change to the Treasury Management Policy as detailed in the paper.</p> <p>4.7 Board Succession Plan</p> <p>23.148 CS left the room.</p> <p>23.149 MW outlined that the paper, in part, agrees the role of Chairs which are impacted at the AGM to ensure there is clarity of role. It is proposed that CS tenure be extended for up to 12 months to avoid 3 people in Chair roles standing down at the same time. It is planned for CS to hand over to SD in April 2023. MW outlined that the Regulator had been vocal on the fact that we were out of kilter with the sector in reaching compliance with the 6 year rule.</p> <p>23.150 Board were supportive of this approach. CS was asked to re join the meeting. KB left the room.</p> <p>23.151 CS highlighted the proposal to extend KB as Chair up to 2025 which would take her to 7 years which is allowed within the Code of Governance. Board were supportive of this approach.</p> <p>23.152 KB confirmed that she would continue to discuss Chair options as part of appraisals and consider positions and timescales. JG raised a challenge that Governance and Remuneration Committee contains no ordinary Board Members, it is made up of the Chairs which may be seen as a conflict.</p> <p>23.153 Agreed Action: MW and MH to consider options for Governance and Remuneration Committee Membership and Terms of Reference.</p> <p>23.154 Board approved:</p> <ul style="list-style-type: none"> • The plan to achieve the 6 year term as set out in the 2020 Code of Governance and specifically that: <ul style="list-style-type: none"> ○ Claire Stone’s term of office be extended by up to 12 months to September 2024 ○ Kim Brear’s term of office be extended by 12 months to September 2025 • The appointments to the Chairs of Committee effective from the AGM, including the subsequent change in Chair of Operations Committee in April 2024 • The membership of the committees as set out in the paper <p>5 Performance</p> <p>5.1 Performance Update</p> <p>23.155 SB introduced the paper and assured Board that the data issue is being resolved and that other performance issues are generally linked with refinancing.</p>	<p>MW/MH</p>
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<p>23.156 CS asked if the LGSR process and performance included Carbon Monoxide. SB confirmed that it did.</p> <p>23.157 CS asked about inspections not completed and if this was due to workload. SB confirmed that there is some work to do in this area with teams looking at the high risk cases and attendance reviewed by risk level longer term.</p> <p>23.158 CSi complimented the layout and ease of understanding. He said he was more interested in FRA actions than completed FRA's. He also asked for the number of complaints with the Housing Ombudsman. SB confirmed that this had been discussed earlier in the week and a KPI would be introduced.</p> <p>23.159 CSi questioned the measure for the recruitment timescale. MH confirmed that it was advert to start date but also highlighted that it is a measure under review as there are so many variables. SD suggested tracking the number of vacant posts.</p> <p>23.160 Agreed Action: SB to introduce a KPI for Housing Ombudsman cases.</p> <p>23.161 Agreed Action: MH to keep the recruitment KPI under review and introduce number of vacant posts.</p> <p>23.162 The Board noted the Performance Update for information.</p>	<p>SB</p> <p>MH</p>
<p>5.2 Financial Performance Report</p> <p>23.163 JR confirmed that because of the data issue, some costs had not been allocated which impacted the reporting. JR also updated Board with figures from June which were not available at the time of preparing papers. JR highlighted that performance was £828k ahead of budget which is reflective of sales and disposals which are hard to budget for and that operating costs are £350k ahead over a number of separate overheads.</p> <p>23.164 JG asked if this was a budget phasing issue. JR confirmed that most of the operating costs are not that far out and these are starting to settle, the approval of the maintenance budget for 2 years will help this position next year.</p> <p>23.165 RY asked if his understanding was correct that repairs information was not feeding through. This was confirmed.</p> <p>23.166 Board noted the Financial Performance Report</p>	
<p>6 To Note</p> <p>6.1 Chief Executive Report</p> <p>23.167 MW confirmed that there will be an action plan produced from the comments raised as part of the feedback, this will be brought to the next Board meeting. CS added that the Regulator had asked for our feedback and it feels positive that the process will not just be focused on governance and viability in the future but will also include the customer.</p> <p>23.168 The Board noted the Chief Executive Report.</p>	

6.4	<p>Colleague Voice</p> <p>23.180 MH confirmed that this paper had been prepared to outline the different places that the colleague voice is heard further to the request at the March meeting for more information.</p> <p>23.181 CS queried what a good Culture Index score was. MH confirmed that the target had been set at 7.73 (77.3%) and had for most of 2022 been much higher than this. It has, in recent months, dropped but June information has risen again.</p> <p>23.182 RY said it was helpful background information. SD asked that thanks is reflected back to staff for their honesty from the Board and confirmation that the Board are aware of the pressure and issues and are keen to listen and understand which will hopefully set a tone that more people will comment and respond in the future.</p> <p>23.183 Board considered, discussed and noted the information presented on the colleague voice.</p>	
6.5	<p>Knowledge and Information Management Interim Update</p> <p>23.184 SB said this report had been brought to mark the significant of the report from the Housing Ombudsman which has been part of the discussion all evening. The next step will be to look at preparing a strategy.</p> <p>23.185 CS highlighted the need to remember our purpose and remember what we're here for when agreeing and taking forward recommendations. Be clear why collecting data is helpful, important and how it will impact customers. SB confirmed that we would be upskilling people to see what we can do with the information that we have and we will be looking at where we can direct our attention, it is a journey.</p> <p>23.186 Board noted the contents of the report which provided assurance to the Board that progress was being made on Knowledge and Information Management and the Housing Ombudsman's recommendations.</p>	
6.6	<p>Rationalisation of Propertied by Disposal 2022/23</p> <p>23.187 SB advised this paper was to notify Board of the disposals which had been made within the allowance. SB outlined that terminations had reduced due to Covid which had impacted this process but this trend is now returning to normal levels.</p> <p>23.188 Board:</p> <ul style="list-style-type: none"> • Noted the disposals that have taken place in financial year 2022/23 under the advance authority previously granted • Noted the lease arrangements for Ashlar House, 76 Potternewton Lane, Leeds. 	
7.	<p>Board Minutes to approve</p> <p>23.189 Minutes from the Board Meeting 6th June 2023 were approved as a true and accurate record with the addition to be made of Chris Simpson who was present.</p>	
8.	<p>Matters Arising</p>	

<p>8.1 Matters arising from 6 June 2023 23.190 These were noted.</p> <p>8.2 Matters arising rolling agenda 23-24 23.191 These were noted.</p> <p>9.1 Minutes for information</p> <p>9.1 Draft Operations Committee Minutes 30 May 2023 23.192 These were noted.</p> <p>9.2 Draft Health and Safety Committee Minutes 5 June 2023 23.193 These were noted.</p> <p>9.3 Draft Audit and Risk Committee Minutes 4 July 2023 23.194 These were noted.</p> <p>10. Any Other Business</p> <p>10.1 23.195 KB thanked MWa and RM for their time and support on the Board.</p> <p>11. Date of next meeting – 18th July 2023 at 5pm AGM: 7 September 2023, 5pm via Zoom Board Meeting: 26 September 2023, 5pm, Crowne Plaza</p>	
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