

LEEDS FEDERATED HOUSING ASSOCIATION

MINUTES OF THE BOARD OF MANAGEMENT MEETING held on 28th March 2023,
Weetwood Hall, Leeds

- Present:**
- Kim Brear (KB) Board Member (Chair)
 - Steve Dungworth (SD) Board Member
 - Jaedon Green (JG) Board Member
 - Robin Machell (RM) Board Member

 - Dedra Otchere-Darko (DO) Board Member
 - Innocent Moyo (IM) Board Member
 - Claire Stone (CS) Board Member
 - Martin Warhurst (MWa) Board Member
- In attendance:**
- Matthew Walker (MW) Chief Executive
 - Jason Ridley (JR) Director of Finance and IT
 - Stephen Blundell (SB) Director of Operations
 - Megan Henderson (MH) Head of Corporate Services
 - Kirsty Morgan (KM) Head of Finance
 - Fran Hancock (FH) Corporate Support Co-ordinator (Minute Taker)
 - Janine Mahoney (JM) Executive Assistant (Minute Taker)
- Observers:**
- Jacquie Battensby, (JB) Team Manager, Regulatory Operations
 - Natasha Bintley, (NB) Senior Financial Analysis Manager
 - Angela Holden, (AH) Assistant Director Consumer Regulation
 - Shubash Miah, (SM) Operations Committee Member

<p>1 Conflicts of Interest 22.230 Conflicts of Interest – No additional conflicts raised but all Board members noted the conflict in relation to the Board remuneration paper in the closed session of the Board meeting.</p> <p>2 Apologies 22.231 Chris Simpson (CSi), Board Member.</p> <p>Closed Session</p> <p>3 Risk Review of Board Pack</p> <p>22.232 It was confirmed that because of the Board Away Day and emerging trends discussions at Leadership Team meetings changes were proposed to the Risk Register which were outlined in the paper.</p> <p>22.233 Commercially sensitive</p> <p>22.234 Commercially sensitive</p> <p>22.235 Commercially sensitive</p> <p>22.236 JG referred to the common theme that risk is out of appetite and we have mitigated where can. It is good that management continue to look at mitigations and to not be comfortable with the state of the economy and become complacent.</p>	
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	<p>22.237 SD asked about cyber risk and scores. SB confirmed it linked to the probability of something happening as the sector has been targeted. The bar keeps lifting due to rising complexity of technology and we need to be a step ahead and again not be complacent.</p> <p>22.238 SD commented that people and culture risks referenced are difficult to comment on due as these given in isolation of paper at 6.2, there may be further discussion needed.</p> <p>22.239 KB confirmed deep dive into cyber risk had been useful.</p> <p>22.240 Board:</p> <ul style="list-style-type: none"> • Approved the changes to existing risks and new risk detailed in section 2, and • Confirmed that five existing risks currently exceed the board’s stated risk appetite for the relevant activities as detailed in section 3. 	
<p>4</p> <p>4.1</p>	<p>Items for Decision</p> <p>2021-2026 Corporate Plan Year 3 – 2023/24</p> <p>22.241 MW presented the summary of the Corporate Plan Year 3 2023/24 highlighting the new format to improve accessibility and communication. MW confirmed full details in support of the Corporate Plan were included in the appendices outlining specific objectives and linked KPI’s to ensure Board have oversight of delivery.</p> <p>22.242 SM asked about assurance on how actions are communicated to staff. SB confirmed work is undertaken at quarterly lunches and at the staff conference and links are made through 1:1’s as part of our approach to performance management.</p> <p>22.243 JG queried how risk 14 dealing with contractor failure was incorporated into the Corporate Plan. Action: MW to review and ensure it is appropriately included/referred to.</p> <p>22.244 JG queried if we could be clearer not only about the planned growth in new homes, but also the planned disposals, giving a clearer picture of net growth. Action: JR to include details of planned disposals in the growth strategy.</p> <p>22.245 Board asked if the Corporate Plan had been presented for comment to the Challenger Panel. MW confirmed it had not, but that we would do so in future and that for this year we will present it to Challenger Panel when next convenient and seek any feedback on the current version. Action: MW to report back to June Board on any feedback received from Challenger Panel.</p> <p>22.246 Board Approved:</p> <ul style="list-style-type: none"> • 2021-2026 Corporate Plan – Year 3 – 2023-24 Summary • 2023-24 strategies • 2023-24 Balanced Scorecard 	<p>MW</p> <p>JR</p> <p>MW</p>
<p>4.2</p>	<p>Finance Policy 2023/24</p> <p>22.247 JR proposed the changes which included:</p>	

- a reduction in operating margin to 15% with a trigger at 15.5%;
- revised interest cover covenant on EBITDA only basis at 150% with associated trigger at 160%;
- increased gearing covenant calculated on historical cost basis set at 60% with trigger at 50%;
- reduced development sales liquidity by 18 months from 42 to 24 months with trigger at 30 months;
- removal of Moody's specific measures.

22.248 MWa confirmed he was supportive of the changes and referenced they were straight forward and good housekeeping.

22.249 RY asked if we were able to build in an indicator regarding monies and cash generated from operations.

22.250 Agreed Action: JR to look at splitting out information to differentiate operating and development related cash flow in future financial reporting.

JR

22.251 Board considered and approved the five changes as set out in the Executive summary and associated table and contained within the appended Finance Policy.

4.3 Budget and Business Plan

22.252 JR presented the report and confirmed that the budget reflects operating and revised covenant plans with Santander.

22.253 JR confirmed the TAP would be brought to June Board and would also reflect the updated covenant compliance information.

22.254 Commercially sensitive

22.255 CS confirmed confidence in stock data information which had been discussed at a session prior to the Board meeting and confirmed she was pleased to see the prioritisation of retaining services that customers require and that this has been captured.

22.256 SD asked about the additional staff resources discussed at the away day and clarified they were still in the budget. JR confirmed they were still included in the budget.

22.257 RM confirmed he was happy with the redefined operating margins which shows Leeds Federated is being efficient and able to have the right priorities in mind.

22.258 JG enquired about numbers for the development pipeline. SB advised he is confident that the information presented is up to date and we will deliver the 128 outlined +/- 10%.

22.259 JG confirmed that the changes that had been requested in the plan were evident and sought reassurance that customer prioritisation had not been impacted. SB confirmed the extra discussed had been retained.

<p>22.260 IM gave his appreciation for how officers had navigated the planning.</p> <p>22.261 RY advised he has looked through the operating margin at a previous meeting and agreed it is not an uncomfortable level and appropriate. RY queried the timescale for funding to be available. JR confirmed he anticipated this within 2 months.</p> <p>22.262 MWa referenced the regulatory standards and the need to stress test and manage the plan. Mwa highlighted that the paper included these points, covenants were maintained, mitigations were clear, Board have extra assurance from DTP and confirmation that we have tested the right things.</p> <p>22.263 KB thanked the team and noted the alertness of the situation from all Board members since January.</p> <p>22.264 Board approved:</p> <ul style="list-style-type: none"> • The 2023/24 budget and 30 year business plan • Deferring the Treasury Management Policy review to the June meeting when the Treasury Annual Plan will put forward for approval. <p>4.4 Board and Committee Terms of Reference</p> <p>22.265 MH presented and referenced the TOR review at each Committee and confirmed no recommendations were made as part of the Governance Review to update Board TOR so they reflect a date change only.</p> <p>22.266 JG felt there was another iteration to go through in the spirit of the governance cycle to review where delegations with Board and Committee sit. This could include a review of where policies are approved to ensure time at Board for discussion where needed.</p> <p>22.267 Agreed Action: MW to ensure that when the Terms of Reference were next reviewed we would reconsider Board and Committee delegations.</p> <p>22.268 JG highlighted that all Committees are Board Committees not management Committees so oversight is retained.</p> <p>22.269 KB referenced the need to bed in the changes that have been made to Committees and that as a result of this it is likely there will be clarity on what will work and what will not.</p> <p>22.270 The Board reviewed and approved the terms of reference for the:</p> <ul style="list-style-type: none"> • Board • Audit & Risk Committee • Operations Committee • Asset and Investment Committee • Governance • CIG <p>4.5 Annual Policy Approval Report</p>	<p>MW</p>
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22.271 MH presented the approval list and referenced the discussion in item 4.4 which may change the content.

22.272 SD asked about policies that are customer facing and if these are in a readable format. MH confirmed any documents going to customers are presented in an appropriate format and all documents moving forward will be reviewed with Tone of Voice in mind once training has been undertaken.

22.273 SD asked about the changes proposed to the fire policy. SB confirmed the fire policy was part of the wider statutory services policy which will be brought to the next Board meeting in June. This will likely be renamed, 'Building Services Policy'. The fire policy as was previously presented was a procedure and will be retitled and taken to H&S Committee.

22.274 The Board noted and approved the Annual Policy Approval Report and content.

4.6 Rent Policy

22.275 KM confirmed the policy had been updated in line with the rent standard and reflected a change to the approach to affordable rent re-lets which had been raised and challenged by a customer.

22.276 JG was supportive of the change confirming it was positive to see the result of customer challenge impacting the wider customer base.

22.277 MWa enquired about the potential of an external audit of rent setting calculations noting these can be tricky and haven't been done recently and are not in the plan for the next 3 years.

22.278 Agreed Action: JR confirmed that he would arrange an audit to review rent setting calculations as part of the Internal Audit programme.

22.279 CS asked if we could also keep track of affordability issues so we understand where customers are. SB confirmed that this information would be brought to Operations Committee.

22.280 The Board approved the updated Rent Setting Policy for 2023/24 including the reference to the updated Rent Standard 2023 and the change to the affordable rent relet process.

4.7 Financial Standing Orders Update

22.281 KM advised the paper was for approval not information as outlined on the agenda.

22.282 SD noted the significant change in approach and asked what number of transactions were made that this impacted. SB confirmed this was only a handful. KM also referenced controls with the banks and contract arrangements which are approved up front to allow the release of payments. JG was happy it was rigorous and in line with the arrangements for the size of the organisation and due diligence.

JR

<p>22.283 Board noted and approved the changes approved by SMT and approved the change to delegated authority limits for SMT.</p> <p>4.8 Shareholder Membership Policy 22.284 MH confirmed the policy had gone through Governance & Remuneration Committee but in line with approvals Board are asked to consider and approve the Shareholder Policy and associated membership.</p> <p>22.285 MH confirmed that other shareholders had been removed having stepped down as Board Members and shares returned.</p> <p>22.286 Board approved the Shareholder Policy and considered and approved the changes outlined to Shareholder Membership.</p> <p>4.9 Whistleblowing Policy 22.287 MH confirmed he had reviewed and prepared by Anthony Collins Solicitors as per other policies to ensure the policy met legal requirements and Code of Governance 2020.</p> <p>22.288 SD challenged the template and feels it is written for the organisation, not for staff. It was confirmed that the policy would be reviewed next with the Tone of Voice in mind to ensure it was accessible.</p> <p>22.289 JG queried how well people knew the policy reflecting that nothing had been raised in the last 24 months. MH confirmed that the policy is added to our internal e-learning platform for staff to read and confirm understanding.</p> <p>22.290 Board considered and approved the Whistleblowing Policy.</p> <p>22.291 Agreed Action: MH to review the readability with Tone of Voice in mind for next iteration.</p> <p>4.10 Development Policy 22.292 RM confirmed the policy had been reviewed by and had the support of the Assets & Investment Committee.</p> <p>22.293 Board considered and approved the Development Policy.</p> <p>4.11 Development Standard Assumptions Review March 2023 22.294 SB presented the report and highlighted the changes to the Board.</p> <p>22.295 MWa advised it was refreshing to see assumptions presented operationally rather than financially and it was healthy to review these on a regular basis.</p> <p>22.296 RM confirmed approach was to ensure flexibility.</p> <p>22.297 JG noted that there are a number of buffers within the model and queried whether these should be reviewed. It was noted that these were considered when the standard assumptions were reviewed as part of this exercise, and will be considered each time the model is re-assessed in future.</p>	<p style="text-align: center;">MH</p>
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22.298 RM and KB referenced the changes as part of the journey to Net Zero Carbon.

22.299 RY agreed with the assumptions and highlighted that we need to be alive to the volatility of interest rates.

22.300 Board queried how changes to economic conditions are incorporated into the standard assumptions. It was noted that the development model assumptions will be reviewed more frequently due to the volatile operating environment to ensure that any change in for example interest rates, is properly incorporated into our investment decisions

22.301 Board approved approve the Development Policy 2021/26 (March 2023 review).

5 Performance

5.1 Review of 2022/23 Corporate Plan

22.302 KB commented it was helpful to get the learning from the look back.

22.303 CS commented it helped draw out the customer focus work which had been reviewed at Operations Committee and referred to the ASB presentation including the case studies which brought to life the work the teams are doing. CS noted that things are more complex and there may not be an increase in numbers of cases, but complexity of cases has increased.

22.304 JG confirmed the value in learning and asked that views of managers below the Leadership Team also be sought in the future as part of the process.

22.305 Agreed Action: MW to include lessons learnt from managers / officers next year.

22.306 Board noted the report.

MW

5.2 Performance Update and Trends January 2023

22.307 SB referenced that January and quarter end information had been used in the preparation of the report with February figures included where there was a material difference. SB confirmed that the TSM's were included but with no benchmark information yet, the numbers are for information. SB confirmed the change in definition to some KPI's from April.

22.308 JG sought clarity on the difference between Amber and Green KPI targets as amber should not be good enough.

22.309 SB confirmed plans to look at KPI's and weighting with Heads of Service.

22.310 MWa asked whether Board should be concerned about building safety due to it being amber for 8 months. SB confirmed CO detector work and confirmed expectations to be complete by Friday. SB

referenced the delivery of electrical inspections which are not a compliance issue but an early warning and confirmed the contractor had been winding down and the work brought in house. Previous issues with the fire alarm contractor are now resolved and now performance levels are back in green with an expected green status at year end.

22.311 RY asked about the amber performance around access issues. SB confirmed there is nothing different to what we normally have. There is however an amplified issue due to access being required up to 5 times per year. DOK asked if appointments could be grouped. SB referenced the ability to choose your own times being rolled out.

22.312 JG said it's good to see a damp and mould metric focus on open cases.

22.313 CS enquired if there was any update on handling of complaints? SB advised the Tone of Voice work is starting which includes looking at the practice of writing. SB added that this will be supported by the new service improvement team and their approach of critical friend.

22.314 DOK asked if access was masking different issues and whether customers could be issued a shorter time slot to be available. SB noted the request.

22.315 Board:

- **Noted the current levels of performance and the approach being taken to identify, monitor and rectify adverse emerging trends.**
- **Noted that no additional matters of concern were identified by Operations Committee or Asset and Investment Committee which require to be brought to the attention of the Board,**

5.3 Financial Performance Report to 31.01.23

22.316 KM confirmed the financial position at the end of January as ahead of budget with a 23.7% operating margin. KM confirmed that we continued to provide customer facing activities.

22.317 RY said that this was no surprise due to the consistent results and checked that guilts with THFC resulted in no ramifications on loans.

22.318 JG noted the favourable result and enquired if this was this at detriment of service delivery. SB advised at present he is not concerned.

22.319 Board noted the Report.

6 To Note

6.1 Chief Executive Report

22.320 The Board noted the Chief Executive Report.

6.2 Annual HR Report

	<p>22.321 SD said he felt the report should be for more than noting. MH reiterated the reason for the report to help answer questions in the Board Effectiveness Questionnaire.</p> <p>22.322 Board acknowledged the paper had opened more questions which would benefit from more time to explore.</p> <p>22.323 Agreed Action – MH to consider how to bring back the colleague voice to the Board and allow more time for exploration.</p> <p>22.324 Board noted the contents of the report.</p>	MH
<p>6.3 Annual EDI Report to Board</p>	<p>22.325 MH presented the report to Board confirming there is further work to be undertaken internally which will support future action plans.</p> <p>22.326 SD asked about the Gender pay gap report. MH confirmed that because of the size of the organisation this doesn't have be reported. The information is held for other purposes and in 2022 was 0. It was acknowledged that this information should be reported even if there is no legal requirement.</p> <p>22.327 KB suggested that the priorities set by the Board are revisited with consideration for actions with reference to the housing ombudsman report to ensure there is assurance in the information provided.</p> <p>22.328 Board noted the Annual EDI report</p>	
<p>6.4 Updated Board and Committee Dates</p>	<p>22.329 MH presented the updated dates for Board and Committees. MH acknowledged some confusion over the date of the next Board meeting in June and confirmed that this would be checked and Board advised.</p> <p>22.330 Agreed Action: MH to confirm June Board date to all Members.</p> <p>22.331 Board noted the amendments to the Board and Committee dates 2023-2024</p>	MH
<p>6.5 Property Disposals 2022/23</p>	<p>22.332 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 that there are 13 further disposals proposed in 2023-24 of currently empty properties • Noted the future management arrangements of Ashlar House. 	
<p>7 Board Minutes</p>		
<p>7.1</p>	<p>22.333 Minutes of the Board Meeting held on the 22 November 2022 were approved as an accurate record.</p>	
<p>7.2</p>	<p>22.334 Minutes of the Additional Board Meeting held on the 9 March 2023 were approved as an accurate record.</p>	

<p>8 Matters Arising</p> <p>8.1 Matters Arising from 22 November 2022 and 9 March 2023 22.335 These were noted.</p> <p>8.2 Matters Arising Board Rolling Agenda 2022-23 22.336 These were noted.</p> <p>9 Minutes for Information</p> <p>9.1 Draft Governance Committee minutes 7 March 2023 22.337 These were noted.</p> <p>9.2 Draft LFPS Board meeting minutes 22 November 2022 22.338 These were noted.</p> <p>9.3 Draft Operations Committee minutes 21 February 2023 22.339 These were noted.</p> <p>9.4 Draft Asset and Investment Committee minutes 14 February 2023 22.340 These were noted.</p> <p>9.5 Audit and Risk Committee minutes 24 January 2023 22.341 These were noted.</p> <p>9.6 Draft minutes from the Board Away Day 3 and 4 January 2023 22.342 These were noted.</p> <p>9.7 Health and Safety Committee Minutes 5 December 2022 22.343 These were noted.</p> <p>9.8 Draft Audit and Risk Committee minutes 7 March 2023 22.344 These were noted.</p> <p>10 Any Other Business 22.345 RM and JG confirmed they had met with Leeds Uni about the Marlboroughs and Blandfords to commence discussions on options for the properties.</p> <p>11 Date of next meeting – To be confirmed This meeting was agreed to take place in person. MH to confirm date, time and venue to the Board.</p>	
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