

LEEDS FEDERATED HOUSING ASSOCIATION

MINUTES OF THE BOARD OF MANAGEMENT MEETING held on 22nd November 2022

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

In attendance:
Matthew Walker (MW) Chief Executive
Stephen Blundell (SB) Operations Director
Jason Ridley (JR) Finance and IT Director
Megan Henderson (MH) Head of Corporate Services
Kirsty Morgan (KM) Head of Finance
Kate Suggitt (KS) Executive Assistant (minutes)

Observing:
Shubash Miah (SM)
Pam Hankinson (SYHA Board Member)
Will Pritchard (SYHA Board Member)

1	Conflicts of Interest There were none declared	
2	Apologies Robin Machell	
3	Risk Review of Board Pack 22.135 JR highlighted the recent tragic incident in Rochdale and that this will be discussed at item 4.4. There are no proposed changes or new risks. SB has looked at the APS risks and controls so they sit under the LFHA existing risks, in order to consolidate it. 22.136 JG commented that we are accepting the residual risk outside of appetite, felt it was important to note that we not comfortable with the outside of sector risks but that we have done everything we can in order to mitigate these. 22.137 JG also highlighted that cyber risk has moved on and that it may be time to undertake a review of this. JR confirmed LB has	

commissioned an external audit of cyber risk capability and that the full report will come to a future A&R committee meeting.

22.138 Board:

- **Confirmed that five existing risks currently exceed the board's stated risk appetite for the relevant activities as detailed in section 3**
- **Approved the changes to the operation of the Risk Register in relation to APS, as detailed in section 5.**

4 Items for Decision

4.1 Rent Setting Policy 23-24

22.139 MW confirmed that the original paper was prepared and sent before the announcement and that an additional paper was sent out after the announcement. The proposed position is for Leeds Fed to apply a 7% increase for both general needs rent and shared ownership. It was noted that there needs to be sensitivity on how this increase is communicated to customers. MW opened the discussion for comments from Board members

22.140 CS commented that we need to follow the logical decision but feels very sympathetic to the people who are having to find the additional funds. JG agreed and said we need to be really tuned into which sector of people are impacted by this.

22.141 SD would like to see more analysis to understand the affordability impact so that we can better prioritise and target the support we offer. JG stated that he can offer introductions from the financial sector who are able to help with such analysis and can provide a platform to work from.

SB

22.142 DOK also commented that we need to ensure that we are not just looking at customers on benefits as people who work are also impacted by rising costs and we need to ensure these people don't fall through the cracks.

22.143 CSi commented on thinking about the longer term plan and if we don't take the full 7% now then it's gone forever, it will impact on all future increases and will be impossible to claw this back. He is aware this has caused regret for other HA's in the past.

22.144 Discussions were had about budgeting in for additional support, SM commented that this has been done in her day job and is this something to be considered if we take the 7%.

22.145 IM commented that taking the conservative approach to rent setting can impact on quality which will have repercussions further down the line.

22.146 SD asked if we need to make the decision tonight or if there is benefit in deferring the decision and commented that the sector is often accused of imposing rather than consulting and wondered whether this is something to be mindful of. KB commented that there are some margins but the timescale is very tight. MW acknowledged the points made, but observed it wasn't really feasible within the timescales left.

22.147 Board considered the above position and approved that Leeds Federated apply a 7% rent increase for both general needs and shared ownership properties, and an increase of CPI+1% for supported housing.

4.2 2022-23 Budget and Business Plan Mid-Year Review

22.148 KM confirmed we are holding circa £100k as a buffer to ensure we don't breach the covenants. This will be formally reflected in the paper that comes to the Board in March 2023.

22.149 RY asked if we would send the amended figures with the 7% increase rather than the 5% and JR confirmed the full business plan will be coming to the March meeting with these figures.

22.150 JG commented that the largest variance is in development and first tranche sales and not in rental income, he stressed that this is what needs to be considered in future planning.

22.151 Board:

- **Considered and approved the revisions to the 2022/23 Budget and 30-year Business Plan and noted the results of the stress testing of the updated business plan.**
- **Considered and approved, as an exception to the finance policy, a fall in operating margin and interest cover as detailed in the report**

4.3 Board Skills and Competency Assessment 22-23

22.152 MH confirmed that the Governance and Remuneration Committee approved asking Board to recommend that members undertake the Board Skills and Competency Framework which was last approved in 2021. She also confirmed that this was reviewed by Angela Lomax with no further amendments or suggestions to it.

22.153 Board approved members completing the Board Skills and Assessment Framework.

4.4 Asset Management Plan

22.154 SB gave an update on our work concerning damp and mould following the Rochdale case. A full stock survey was undertaken, which has covered 91% of properties with some still outstanding. Any hazards including damp and mould were identified and dealt with immediately. There was an initial budget of £84k but looking at

a spend of nearer £300k. He feels confident that we will be able to answer the questions and provide data as asked.

22.155 SB confirmed that there were some people living with damp and mould that hadn't reported it to us, have tried to find out why it wasn't reported but have struggled to gain engagement from these tenants. SB feels it is because there are issues behind it relating to poverty, shame and a reluctance to talk about why these things have come about. He confirmed that training will be undertaken with both technical and non-technical staff about how to approach these issues and language used.

22.156 He also confirmed that we are piloting two different systems to help monitor, humidity, temperatures etc which will highlight potential problems that can then be examined in more detail.

22.157 SB also commented that as a team, we need to look at everything holistically rather than looking at separate areas in isolation.

22.158 JG asked if there is a communication lead/plan in place in case anything ever does happen so that people know who shouldn't and shouldn't speak in the press. It was confirmed that this has been discussed with a plan being drawn up.

22.159 CSi asked how we will deal with disrepair claims and people who are knocking on doors etc. SB confirmed we have longstanding relationship with a legal firm who are fantastic at dealing with these cases. Also have a representative within Leeds fed who is very good at identifying where we have legitimately made a mistake and must hold our hands up and take it as a learning experience.

22.160 CS highlighted how many issues there were in the Rochdale case, complaints were made for a long time and flags should have been picked up, also need to ensure translation services are available for all, not just at the behest of landlords.

22.161 SM asked about BAME households being disproportionately affected by damp and mould and is this to do with communication and language barriers that need addressing and SB acknowledged that this is something already under consideration.

22.162 JG confirmed that it would be helpful for Board Members to see the "less pretty" properties as well as the brand new build ones.

22.163 Board approved the Asset Management Plan noting that amendments will be made prior to publication, further to the comments made by Asset & Investment Committee.

4.5 Updated Treasury Annual Plan 2022-23

	<p>22.164 JR introduced and explained that external advice has been sought from DTP. Good progress is being made on covenant changes, once this is in place, there will be significantly higher interest cover headroom and a new gearing covenant which will also have higher headroom. He also confirmed we are still awaiting on Lloyds but suspect they may offer similar terms to Santander or a ‘Carve out’ for Energy efficiency/retrofitting costs. If everything goes to plan, the 100k will be released and £280k will be spent on electrical programming which was budgeted initially for next year.</p>	
	<p>22.165 Future borrowing is anticipated to be around £50million. There are currently about 2,000 properties unsecured, which will allow us to raise £80-100mn. He confirmed all borrowing will be at a fixed rate or with the ability to fix, in order to comply with the Treasury Management policy limits on variable borrowing.</p>	
	<p>22.166 JG commented on hedging, if we go down this route then it creates increased volatility regarding interest rates</p>	
	<p>22.167 JG raised an issue in regard the variable rate debt maturity risk. JR confirmed he would discuss this with JG outside of the meeting</p>	JR
	<p>22.168 Board approved the updated Treasury Annual Plan for 2022-23, noted the progress made regarding the re-negotiation of the Interest Cover covenants with Santander & Lloyds and noted the intention regarding held & deferred expenditure on confirmation of further progress with the loan agreement changes.</p>	
4.6	<p>Strategic Away Weekend Preparation 22.169 MW asked Board Members to consider what the key questions are that we should be asking ourselves and seeking to answer at the February Away Weekend. He asked for members to consider this outside of the meeting and email across to MW and KB</p>	
	<p>22.170 Board members agreed to consider “what are the key questions” ahead of the February Board Away Weekend</p>	ALL
5	<p>Performance</p>	
5.1	<p>Performance Update</p>	
	<p>22.171 SB confirmed that overall, the position hasn’t changed much, with the results still showing as amber. Some of the areas are more serious than others and it recognised that we need to be more realistic about some of the external factors affecting us and that situations will remain challenging for some time</p>	
	<p>22.172 Board noted:</p>	

- current levels of performance and the approach being taken to identify and monitor emerging trends, and their impact on risk and business performance
- that no additional matters of concern were identified by Operations Committee or Asset & Investment Committee which require to be brought to the attention of the Board.

5.2 Financial Performance Report to 30.9.2022

22.173 It was explained that September reporting against March approved budget, shows an operating margin of 28%. The October report shows 25.5% so are seeing the reduction.

22.174 JG asked about the £750k variance due to underspend and if this has a negative customer impact. KM confirmed that the variance for maintenance has already come down drastically to an underspend of circa £58k. SB also commented that there has been some underspend on staff costs as well due to issues with recruitment. He also confirmed there has been no material detriment, maintenance and gardening services haven't been affected by the recruitment issues

22.175 Board noted the financial results to 30th September 2022

6 To Note

6.1 CEX Report

22.176 MW commented on the mood of the sector and that a lot of work is being done with PlaceShapers to provide advice and guidance, especially around the damp and mould issues. DOK commented we need to work on being on the same side, not tenants against landlords and working together to solve these issues.

22.177 Board noted the report.

6.2 HR Health and Wellbeing Report

22.178 MH confirmed that this is the annual report that comes to the Board which outlines the responses to surveys and information provided from staff. She confirmed that a full HR Report will come to the Board in March.

22.179 MH commented that LT are delighted with the results and feel that the Association is responding well to things that we can control. However, it has also been recognised that there is no let up for some staff and that there are a lot of external factors outside of our control. Staff are very tired, and LT are aware of this and conscious of the flipside of the seemingly positive results.

22.180 Board noted the report.

6.3 DTP Board Risk Strategy Session Progress Report

	<p>22.181 JR confirmed he has responded to the feedback received from Andy Roskell and a further update will come to Board in due course</p>	
	<p>22.182 Board noted the progress update on the outcomes/action plan from the Board risk management workshop on May 31.</p>	
<p>6.4</p>	<p>FSO Update</p>	
	<p>22.183 KM highlighted the changes that have been made to the Financial Standing Orders and confirmed these were for noting by the Board.</p>	
	<p>22.184 Board noted the changes approved by SMT</p>	
<p>7</p>	<p>Board Minutes</p>	
<p>7.1</p>	<p>22.185 Minutes of the Board meeting held on 4 October 2022 were approved as an accurate record</p>	
<p>7.2</p>	<p>22.186 Minutes of the Additional Board meeting held on 25 October 2022 were approved as an accurate record</p>	
<p>8</p>	<p>Matters Arising</p>	
<p>8.1</p>	<p>Matters arising from 4 October and 25 October 2022 22.187 These were noted</p>	
<p>8.2</p>	<p>Matters arising from 4 October and 25 October 2022 22.188 These were noted</p>	
<p>9</p>	<p>Minutes for Information</p>	
<p>9.1</p>	<p>Draft Governance and Remuneration Committee minutes 4 October 2022 22.189 These were noted</p>	
<p>9.2</p>	<p>Draft LFPS minutes 19 July 2022 22.190 These were noted</p>	
<p>9.3</p>	<p>Draft Operations Committee minutes 1 November 2022 22.191 These were noted</p>	
<p>9.4</p>	<p>Draft Asset & Investment Committee minutes 1 November 2022 22.192 These were noted</p>	
<p>9.5</p>	<p>Draft Audit and Risk Committee minutes 13 September 2022 22.193 These were noted</p>	
<p>9.6</p>	<p>Draft minutes from the Board Away Day 4/5 November 2022 22.194 These were noted</p>	
<p>10</p>	<p>Any Other Business</p>	

There was no further business	
11 Date of next meetings: Board Strategic Away Day: 03/04 February 2023 Board Meeting: 28 March 2023, 5pm	