

LEEDS FEDERATED HOUSING ASSOCIATION

**MINUTES OF THE BOARD OF MANAGEMENT MEETING HELD ON TUESDAY
20th July at 4.00pm (via Zoom)**

Present: Stuart Whyte (SW) Chair
Martin Warhurst (MWa)
Claire Stone (CS)
Kim Brear (KB)
Jaedon Green (JG)
Innocent Moyo (IM)

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
Lukas Bisek (LB) Head of IT
Kate Suggitt (KS) Executive Assistant (Minutes)
Steve Dungworth (Observer & Board member incumbent)

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| <p>1 Conflicts of Interest There were none declared</p> <p>2 Apologies Dedra Obeng Kwakye and Robin Machell</p> <p>3 Risk Review of Board Pack 21.052 MW confirmed that this is in line with decisions made at the Board away day and that all the papers are within the risk appetite that was set by the Board. MW clarified that in the appendix, on risk 9, the pension has been misclassified and will be corrected. It has just been a case of numbers in the wrong column.</p> <p>21.053 CS raised an issue in regards to increased risks where materials are concerned, both in terms of availability and cost. This has been highlighted by a number of suppliers and may affect how much development can take place. MW agreed to take forward and that it may be something for away day discussions, along with similar issues that have arisen from the zero carbon agenda.</p> <p>21.054 Board noted the paper</p> | |
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4 Items for Decision

4.1 Internal Controls Assurance Report

21.055 JR introduced and confirmed this has already been to A&R Committee and a couple of amendments had been made following this meeting.

21.056 CS raised concerns about the ITN report that had made significant headlines and asked what assurance Board could have or what mitigations and joint working was in place to respond.

21.057 SB replied that he anticipated a potential rise in speculative disrepair claims but highlighted that the Stock Condition Survey will be going inside at least 85% of properties and the plan is to target the remaining 15%. Savills are reporting back any hazards and by the end of Autumn high levels of assurance in this area are anticipated. MW added that the PlaceShapers are working with the Housing Ombudsman looking at mitigations and ensuring that isolated instances are not seen as systemic issues.

21.058 JG suggested that the stock condition survey maybe needs to include feedback from customers as some standards are from a personal perspective.

21.059 JG also raised that at Audit & Risk it was mentioned that customer satisfaction keeps dropping and at some point a deep dive is needed into that area.

21.060 SD raised a query into the decent homes standard, and SB explained the government is doing a review of this and there is an expectation that it will become more demanding. He also agreed with JG that there does need to be a closer look at our plans for customer engagement now the new manager is in post. He agreed that declining customer satisfaction is not simply a Covid-related matter.

21.061 MW highlighted that reputational risk is both explicitly and implicitly already included within the risk register noting that this would be enhanced by the work that Savills are doing.

21.062 Board:

Considered the evidence presented 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.

21.063 LFHA meeting was closed and LFPS AGM opened

4.2 Leeds Federated Property Services Limited AGM

21.064 JR introduced and explained the recommendation is to receive the annual report for March 2021. MW also raised an issue that the article refers to 2-5 members but we will be having 6 and that this will be amended in the articles of association before they are signed.

MH

21.065 Board:

1) Received the Annual Report for the Year Ended 31 March 2021.

2) Appointed BDO as Auditors for 2021/22.

3) Approved that;

4) The current Chair, Stuart Whyte, will retire from LFPS in September 2021 and the Chair Designate, Kim Brear, be appointed as Director and Chair of LFPS.

5) An additional Board Member, Robin Machell, be appointed as LFPS Director.

6) The final change to note is to the appointment date of Kirsty Morgan from July 2020 to May 2021.

4) Regarding the Articles of Association that:

1) LFHA as sole shareholder approves and adopts the new Articles of Association; THAT

i) the Company's existing Articles of Association be rescinded in their entirety and replaced with the new Articles of Association in the form attached and initialled by the Company Secretary for the purposes of identification (the "New Articles"); and

ii) the Company's Memorandum of Association (the provisions of which are, by virtue of Section 28 of the Companies Act 2006, treated since 1 October 2009 as if they formed part of the Company's Articles of Association) be replaced in its entirety by the New Articles.

2) Authorise Anthony Collins Solicitors to file the amended Articles of Association with Companies House

21.066 LFPS AGM was closed and LFHA meeting re-opened

4.3 Report & Financial Statements for year ended 31 March 2021

21.067 KM explained that there is a surplus of over £8m which is similar to last year. The Association has received a clean audit and there are no audit adjustments from BDO. Audit committee reviewed them on the 6th July and some small

changes were approved by MWa as chair of Audit & Risk on 8th July and then recommended to Board for signing.

21.068 SW passed on thanks to KM and her team and commented that he had never seen a cleaner audit. JG suggested a message be sent back to the team from the Board direct

21.069 Board:

- **Approved and signed the Report and Financial Statements for the year ending 31 March 2021 ready for adoption at the AGM.**

- **Approved and signed the Letter of Representation**

- **Noted the draft external auditor's Audit Completion Report.**

4.4 Risk Management Framework Policy & Risk Register Review

21.070 This is the update of a key policy, discussions were had at the away day about how the risk appetite would be set for new objectives. A significant amount of work has been completed and the result is a different approach to setting out the Boards risk appetite. JR explained that this is unique and more appropriate to LFHA. The paper sets out the various components.

21.071 MWa added that this was looked at in depth at Audit and Risk Committee and that they had a look at the systems behind it. He commented that it is very forward thinking; JG agreed and said the team have done a great job and haven't let it run away. Having our own internal model to represent the way we work is fantastic.

21.072 SD raised a technical issue and asked if the risk appetite is under scored in regards to the potential of work that could be happening. Taking the example of artificial intelligence, if we aren't doing it, then is this a risk, if others are doing it. What would innovation and creativity look like as part of this; JR doesn't believe we should be at cutting edge but equally doesn't want to be adverse from using established tools and approaches.

21.073 Board reviewed and approved:

- **the changes proposed to the Risk Management Framework Policy and in particular the revised approach to the Board's risk appetite.**
- **The Risk Register and the proposed reduction in the current score for Risk 20 Cyber attack from 6 to 4**

4.5 Resilience Plan 2021 review

21.074 JR introduced and explained this is the standard annual review, although there are a few more changes in this years' version. The changes compromise mainly of more details added to consequences of taking different actions. There have been some updated values in terms of additional cash and savings.

21.075 JR stressed that this is very much a work in progress and there are still some areas he'd like to work on in regards to consequences but he hope its gives members assurance that there are options in case of running into any difficulties.

21.076 SD asked if the sector have formed a view in regards to resilience. MW said he is not sure if a consensus has been reached and conversations are being had in in regards to how to satisfy regulators in IDA's. The regulators are very interested in resilience especially in light of zero carbon and the extra stress this is putting on Associations.

21.077 JG suggested if a lessons learnt could be included for next year to cover everything we have learnt in the previous year, both good and bad.

21.078 Board reviewed and approved the 2021-22 Resilience Plan.

4.6 Health and Safety Policy and H&S Self Assessment

21.079 MH explained that this is the annual paper to outline the H&S policy. The policy has had quite an overhaul in terms of how it has been written, the content is the same but changes to wording have been made. The policy has been updated to reflect the change from a consultant to in house manager.

21.080 CS asked if mandatory training across the organisation is still being undertaken by LFHA and APS and MH confirmed it is, this is monitored by a member of her team.

21.081 Board approved the Health and Safety Policy and noted the remainder of the report.

4.7 'Pre' Post AGM Business

21.082 MH explained it has been noted that between the AGM and the meeting in October where Post AGM Business is undertaken, chair roles are not formally confirmed. For clarity and certainty, confirmation of chair appointments as from the AGM is recommended now.

21.083 Board Members:

- **Elected a Chair of the Board**

JR

- **Elected Chairs of Operations, Audit & Risk, Development and Governance & Remuneration Committees**
- **Noted that the formal Post AGM Business and committee membership will be agreed in October.**

4.8 Balanced Scorecard Update

21.084 JR explained that alterations are proposed to targets for the KPI's forming part of the strategic scorecard. The changes are intended to ensure that the assessment of performance provided by the strategic scorecard is realistic, accurate, and in proportion to the level of risk associated with this KPI.

21.085 JG commented that he has tested it against the set risk appetite and it is fully aligned.

21.086 Board approved the amendment to the targets for **S011 Gearing (%)** detailed in Section 2. These amendments to take effect immediately, and with a retrospective adjustment to 1st April 2021.

4.9 Financial Standing Orders update

21.087 Board were asked to approve additions to the FSO's which are to include the Head of Finance and Procurement in the list of roles with delegated authority for submitting regulatory returns and to delegate authority to the Chief Executive to approve income generating work outside of the primary purpose of the association where it is expected to be less than £10k p/a.

21.088 Board:

- **Approved the Head of Finance and Procurement to submit regulatory returns**
- **Ratified the additional income, and delegated authority for approval of this income in future to the Chief Executive**
- **Noted the changes approved by SMT**

4.10 Board Member Arrangements

21.089 MH explained that 2 situations have arisen which the Board have not previously experienced. The Board would like to appoint a Committee only member to the Operations Committee and arrangements in regards to maternity were outlined.

21.090 IM asked if it would include paternity, MH confirmed it would not include paternity which is only 2 weeks but would include shared parental leave where appropriate.

21.091 KB commented that she is pleased we are able to offer this kind of mentoring scheme and if it's something that we carry on with in the future then it will need some further consideration. JG commented that there is the element of this position not

being legally accountable which could make it an attractive prospect for other also.

21.092 SM commented also a good option in regards to encouraging diversity and that there is a lot of work being done within LCC in terms of diversity and encouraging BAME communities to get involved in this kind of work and gaining confidence in a professional setting.

21.093 Board approved

- **the arrangements and payment for the Committee Only Member**
- **the maternity arrangements and payment as outlined**

5 Performance

5.1 Performance Update

21.094 SB confirmed that the results to the end of May are very positive. Rent collection and HR are both in green along with statutory services. Amber areas include repairs and development. SB confirmed that properties for sale generally do get turned round before the 6 month period and June figures only have 2 outstanding but highlighted, as this is from a total of 5 it does skew the figures.

21.096 Repairs in terms of appointment are fine, however waiting times for surveyor inspections for complex non-emergency repairs are higher than targeted and are nearer to 21 days than 14.

21.097 SM raised that in regards to 6 month reporting, we need to stress that we have done everything we can and that we are relying on other parties to get it over the line. He also asked if the properties are always the same ones and SB confirmed it is not but will be clearer on how this is presented going forward.

21.098 JG raised that in regards to Customer satisfaction, we can't keep letting it slide, KM agreed and said that as a board we need to be more vigilant and look at if it needs to be resourced better. It's an area she is very conscious of and there is a lot of things that have been started, that need to be looked at as a complete exercise to see where we are. JG says it makes him feel uncomfortable and doesn't want to leave it behind as legacy

21.099 CS commented there was a lot of discussion at Ops Committee around customer service. The challenger panel provide quality information but not a great quantity of it. Generally, Covid has caused everyone to feel dissatisfied but stressed that we can't hide behind this. Our tenants will be

impacted the most by budget cuts brought about by Covid and we must go back to the grass roots.

21.100 SM agreed with this and also that there is a lot of psychology involved as well, in regards to peoples thought processes and the psychological impact the last 15/18 months has had.

21.101 SB agreed with all the comments and also agreed that that cynicism and jaded attitudes are also hurdles to overcome. SB commented that the prolonged period of working in isolation has sometimes led to colleagues not feeling part of a day to day culture that 'goes the extra mile' as a norm, and on occasion things can be done in a somewhat perfunctory manner.

21.102 There is a lot of work to be done on this in regards to the customer voice, and psychologically how to rebuild a culture of excellence post-Covid. SB assured the Board that the work is underway but that a quantum shift will take time.

21.103 MW agreed also and said that regulators are aware of this and have stressed that once the regulators have emphasised it, is too late and we need to be ahead of the curve. He agreed that it needs to go up the agenda and Board need to have greater sight of the work that is happening including targets and dates

21.104 SD commented that CS figures are normally related to responsiveness which explains downturn since Covid but there was volatility beforehand from changes that have happened such as the digital changes. The sector generally has done well and the downwards decrease has been slow.

21.105 SW suggested SB put together a report to highlight what work is already being done and also outline a timeline against when these things will be achieved.

21.106 KB also said we need to know what staff need in terms of support and also how we get communities to volunteer feedback. There was a discussion in regards to quick wins, such as Communications: we know that we didn't do well in this areas and this can be picked up and visible improvements made quickly.

21.107 Board noted current levels of performance and the actions identified to address areas of underperformance.

SB

5.2 Financial Performance Report

21.108 Board asked to note the report, the Association is slightly ahead of budget with a surplus of circa £1.6mn. This is related to unbudgeted for property disposal. This figure is £1.1mn ahead of surplus for June.

21.109 Board noted the report

6 To Note

6.1 Chief Executives Report

21.110 MW presented the report and confirmed that there has not been much activity for stakeholder engagement since last month

21.111 Board noted the report.

6.2 Report from the Chair of Audit & Risk Committee Report to Board

21.112 MWa confirmed that the A&R Committee reports to Board that it considers that it has discharged its duty under the terms of reference.

21.113 Board noted the report from the Chair of the Audit & Risk Committee to Board.

7 Board Minutes

7.1 Minutes of the Board meeting held on the 15 Jun2021

21.114 These were approved as an accurate record

8 Matters Arising

8.1 Matters arising

21.115 These have all been actioned

8.2 Matters arising rolling agenda 21/22

21.116 There were none to note

9 Minutes for Information

9.1 Draft Audit & Risk Committee Minutes 06.07.2021

21.117 These were noted

9.2 Health and Safety Committee Minutes 15.06.2020

21.118 These were noted

10 Any other business

21.119 SW asked about the status of the hubs MH confirmed there are two still not open due to customer proximity but a timeline for the next 3 months has been published and are hoping to open last 2 in September and will look at capacity of all hubs at that stage also.

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| 11 | Date of next meeting – 5 October 2021 at 4.00 pm AGM – 9th September 2021 at 5.30 pm – to be held virtually | |
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