

## LEEDS FEDERATED HOUSING ASSOCIATION

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**MINUTES OF THE BOARD OF MANAGEMENT MEETING** held on 21 November 2023,  
Weetwood Hall, Leeds

**Present:** Kim Brear (KB) Chair  
Jaedon Green (JG)  
Claire Stone (CS)  
Steve Dungworth (SD)  
Chris Simpson (CSi)  
Naseer Ahmed (NA)  
Charlotte Green (CG)  
Innocent Moyo (IM)

**In attendance:**

Matthew Walker (MW) Chief Executive  
Jason Ridley (JR) Finance and IT Director  
Megan Henderson (MH) Head of Corporate Services  
Rebecca Cook (RC) Head of Finance

Frances Hancock (FH) HR Officer - Minutes

<b>1</b>	<b>Conflicts of Interest</b> Conflicts of Interest – Charlotte Green and Innocent Moyo raised conflicts regarding the rent setting policy	
<b>2</b>	<b>Apologies</b> Dedra Otchere-Darko	
<b>3</b>	<b>Risk Review of Board Pack</b> <b>23.252</b> JR introduced the Risk Review of Board Pack for discussion highlighting the three areas of risk which exceed appetite. CS asked about risk 12 and the reference to ‘frustrations’ internally. MH said that is due to a rise in long-term sickness causing frustration to those who remain in work. MH confirmed the move from risk scoring for probability had moved from 1, remote, to 2, possible as levels had risen. CS asked if backfills were in place for long term sickness. MH said that when long periods of absence are known cover is put in place. Most of the sickness we have seen has been month to month which is difficult to gauge. MH said that sickness information has been presented to the Board within the performance reports. MH confirmed that as a measure of assurance to Board, the Association has attained Silver in the recent assessment and most positively, the IIP Assessor reported that the scores Leadership Team had given matched those in the survey and conversation so there is good insight into the culture of the association. JR said that the risk scoring increased the probability to ‘possible’.  <b>23.253</b> JG raised the amount of work that the Board ask for and noted that from his interactions he sees people managing but not great. MH agreed this is a good reflection of how staff are feeling. The Association will be communicating the positives back to colleagues to highlight the good and hopefully dampen the negative voices which can be louder than the rest.	

**23.254** The Board discussed that an honest conversation may be needed about pace and what is asked while maintaining levels of ambition.

**23.255** IM discussed the risk of customers not being able to afford their home. JR said that tenancy turnover is tracked and is relatively low. CS said that sometimes turnover can be positive but it is important to understand the reason and ask if it is that customers can not afford it.

**23.256** SD discussed the emerging risk on welfare benefits which is covered by a change in Government policy. The Board said that this emerging risk will come back to Board as more is known.

**23.257 Board approved confirmation that three strategic risks currently exceed the Board's stated risk appetite for the relevant activities as detailed in Section 2.**

**23.258 Board approved the changes to the wording and scoring for Risk 11, and the creation of a new strategic risk: 'Homes are not affordable or financially sustainable for customers'.**

**23.259 Board approved the increase in score to risk 12 as a result of the increase in net score from probable to possible (2 to 4) in line with performance that has been seen.**

#### **4 Items for Decision**

##### **4.1 Rent Setting Policy 24-25**

**23.260** JR introduced the Rent Setting Policy 24-25 for discussion. The Rent Setting Policy reflects rent standards. JR said that the business plan assumes the current standard of CPI plus 1 (7.7%) will be taken. JR said that it is a significant increase for tenants but the implications of not applying the available increase could result in the regulator viewing this as a governance issue if there are viability concerns as a result. KB said that given the current economic climate, this is a difficult report and decision to make as it is a significant rise in terms of week-to-week rent.

**23.261** SD said that the Board does not have much choice but the communication around this needs to be clear and strong as customers may not understand why the Association is going with a higher figure than last year. CG said that on review of last year's rent review letter, the tone was cold, and that the Association needs to be mindful that some customers will be making impossible choices. JG said it is important to recognise that customers are under pressure, but the Association also has increased financial pressures to deliver services customers expect. A wrap around is needed for customers in trouble and the colleagues on the phones need to know where to direct people. CS said that Money Matters should be included in communication and it's to be clear where the money is going and why this is needed. There is also an assumption that those on housing benefit will have this increase covered, this could change so the Association cannot rely on this.

**23.262** The Board discussed Shared Ownership Properties where customers may also be going through a mortgage review where they then

face higher mortgage payments as well as higher rents. JG said that there is an increase on mortgage reviews for shared ownership this year.

**23.263** NA asked about service charges. MW said that in terms of service charges, tenants are consulted. The service charge isn't included in the rent caps (apart from affordable rents) so it can be smaller or larger than rent. When setting service charges an estimated cost is accounted for. Refunds are usually given the following year but when levels are significantly out in year refunds are considered. CS said that residents could say it is getting too expensive. KB said that understanding the totality of rises was important.

**23.264** MW said that CG's comments regarding communications was very helpful, KB said that explaining where the money is going is key. SD asked that the Association consider expanding the remit of the Money Matters team to look at information coming through from Citizens Advice to inform what CG has said around extra mortgage payments with a long-term expansion for an insight role.

**23.265 The Board approved the updated Rent Setting Policy including social and affordable rents based on September CPI of 6.7%+1% where indicated.**

#### **4.2 2023-24 Budget and Business Plan Mid-Year Review**

**23.266** JR introduced the Budget and Business Plan Mid-Year Review for discussion, referencing the slightly different approach this mid-year budget to primarily adjust for economic assumptions and the development tracker rather than a full review of all costs and income lines. This change will allow the team to start sooner on next year's business plan. JR said the uplift in interest rates from the June budget has had a significant impact, and that the trend will be higher interest rates for longer due to high inflation. JR said when next year's plan is finalised, the Association will be using February's economic assumptions.

**23.267** JG said that interest rates currently feel high but the rates now are historically speaking, normal. CS said regarding interest rates it is a wake-up call to call these the new normal as people have been making decisions for the past 15 years and taken out mortgages on the assumption that interest rates would remain low. JG said from a Bank of England perspective, very low interest rates are problematic as if base rates are 0.5% the bank can't use interest rates to kick start the economy so 4% is where it should be, but there are a generation of homeowners who have never known these interest rates. CS confirmed the planned maintenance programme was not impacted and there were no restructures planned.

**23.268** JG said that the Association makes a lot of money from asset disposals, first tranche sales and staircasing and asked about the profitability of the Association's core business. MW said that the Association is not reliant on sales for profitability. JR to pull out information on the Social Housing only margin which is in Appendix 2 in future to highlight the 'real' performance.

**23.269** JG discussed a previous error in the plan and asked about reliability of the numbers although said he had trust in team and understands a lot of work goes on behind the scenes. MW said that he was happy with the plan adding that there is a check in the model. CS said that the Association provided transparency regarding the error and automation which provides reassurance. KB said that the budget would be looked at again in January and the approach is to facilitate and learn, the Association is in a good situation.

**23.270** NA asked if there was another pandemic, how the business would be disrupted as it doesn't appear in the stress testing. JR said that when the pandemic happened, there was a lot of scenario planning done to anticipate the possible impacts. What happened was a reduction in repairs spend, development slowed down and colleagues moved to 100% agile. It was confirmed that other areas of stress testing were more catastrophic and Audit and Risk Committee review and approve the stress tests undertaken so this scenario could be added back if required. SD said that the Association can't mitigate for everything, and it is difficult to prepare for pandemics.

**23.271 The Board considered and approved the revisions to the 2023/24 Budget and 30-year Business Plan and note the results of the stress testing of the updated business plan.**

#### **4.3 Board Skills and Competency Assessment 23-24**

**23.272** MH introduced the Board Skills and Competency Assessment for discussion, this is an annual process as part of the Code of Governance review of skills and competency and is used to inform recruitment. Lived experience and knowledge of Leeds would be added to the advert at the point of recruitment.

**23.273** SD asked about including skills around data, digital and technology. MH said that in section 2 there is reference to IT and Communications but would suggest changing the language to Data and Digital Governance.

**23.274 The Board approved members completing the Board Skills and Assessment Framework with wording amended from IT and Communications to Data and Digital Governance.**

#### **4.4 Committee Changes**

**23.275** CS said that she was involved in the process, and it reflects the advice received from DTP with consultation.

**23.276 The Board approved that the Asset and Investment Committee be discontinued at the end of 2023/24, with remaining time being used to wrap up current business.**

**23.277 The Board approved that strategic asset management and development matters currently part of A&IC terms of reference be transferred to Board, reflecting existing Board terms of reference.**

**23.278 The Board approved that matters pertaining to customer experience be transferred to the remit of Operations Committee.**

**23.279 The Board approved that the revised terms of reference for Operations Committee be developed over the next few months in consultation with Board members and Challenger Panel, with these being brought to Board for approval in March.**

#### **4.5 Appointment of Co-Optee**

**23.280** MH said that David Royston (DR) has gone through recruitment process and the Association will look to appoint as a Co-Optee as the Rules prohibit full appointment outside of the AGM, DR will be appointed fully at the next AGM. He will have full voting rights, except for Governance changes. NA asked if DR is able to Chair a Committee as a Co-Optee, MW said that by the time DR chairs, he will be a full Board Member as until then he will shadow JG who will be stepping down from the Board in September.

**23.281 In line with Rule D5, Board appointed David Royston to serve on the Board as a Co-Optee.**

#### **4.6 Financial Performance Report September 2023**

**23.282** JR presented the paper and the request for approval linked with the setup of a working party to support the future funding process. In terms of performance, this is noted as well ahead of budget due to budget exceeding performance on sales and disposals while core performance and costs are broadly in line with the budget. There has been some underspend on staffing due to recruitment and vacancies. The process for securing additional funding is underway with positive responses to review in December and agree a preferred funder(s).

**23.283** JG said that depending on the lenders that the Association approach for funding, he may need to declare a conflict in due course. JR said that a funding memorandum response had not been received from JG's associated organisation.

**23.284 The Board noted the financial results to 30<sup>th</sup> September 2023 and approved the formulation of a sub-committee to oversee the selection of the preferred funder(s) of £35m new funding.**

#### **4.7 Chief Executive report**

**23.285** The Board considered the proposal for chair of Governance & Remuneration Committee. KB said that there is a lot of activity and national work with PlaceShapers and chairing of relevant committees, all relevant for the Association's profile.

**23.286 The Board approved appointing Chris Simpson as chair of Governance and Remuneration Committee, effective 1 April 2024.**

**23.287 The Board noted the remainder of the report.**

### **5 Performance**

#### **5.1 Performance Update**

**23.288** KB said that some members have already seen this at Operations Committee. JG discussed the red factors in the update regarding development. MW said that there were 5 unsold homes in Tockwith and

<p>the restrictions placed by Harrogate for letting and sale make the process difficult.</p> <p><b>23.289</b> The Board discussed that performance overall is good and that it was helpful to see the performance month on month. CS said that there was a good discussion at Operations Committee on how the Association can deep dive into the results and provide reassurance.</p> <p><b>23.290</b> JG asked about the mechanism to review the target and whether to stretch them to achieve continual improvement. JR said that this will be reviewed in Feb-March and MW discussed the need to consider pace and operational capacity and ensure we neither become unnecessarily challenging, nor complacent. JG said that performance shows that one in five customers is dissatisfied with complaints which feels uncomfortable and complaint handling feels to be a measure proportionate to change. CG asked with regards to complaint handling, if this includes first point on contact. <b>Action SB to clarify how complaint satisfaction is measured at Operations committee and whether this includes complaints resolved at first point of contact.</b></p> <p><b>23.291</b> CG said that it would be interesting to see some case studies to help understand performance in different areas. CS said that case studies are used at Operations Committee around the work done by the Money Matters team to illustrate the impact of this service. MH said that new Brand and Communications Manager is helping the Association to tell stories and can look at this.</p> <p><b>23.292</b> The Board discussed how they liked the new format of the report and how it makes information more assessable. MW said that there was a discussion at Leadership team that where it is possible to adopt this format.</p> <p><b>23.293</b> The Board noted overall assessment of performance.</p> <p><b>23.294</b> The Board noted assessment of adverse performance results on the probability or impact relating to one or more strategic risks.</p> <p><b>23.295</b> The Board approved conclusion that existing or proposed actions for improvement are adequate and that the scoring and control frameworks for highlighted risks do not require review at the present time, based on these performance results.</p> <p><b>6 To Note</b> 6.1 No papers.</p> <p><b>7 Board Minutes</b> 7.1 <b>23.296</b> Minutes of the Board Meeting held on the 26<sup>th</sup> September 2023 Approved as an accurate record.</p> <p><b>8 Matters Arising</b> 8.1 <b>23.297</b> Matters Arising from the Board Meeting 26<sup>th</sup> September 2023 These were noted. 8.2 <b>23.298</b> Matters Arising Board Rolling Agenda 2023-24 These were noted.</p>	<p><b>SB</b></p>
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<p><b>9 Minutes for Information</b></p> <p>9.1 <b>Draft Governance and Remuneration Committee minutes 26 September 2023</b> 23.299 These were noted.</p> <p>9.2 <b>Draft LFPS Minutes 18 July 2023</b> 23.300 These were noted.</p> <p>9.3 <b>Draft Asset and Investment Committee minutes 31 October 2023</b> 23.301 These were noted.</p> <p>9.4 <b>Draft Audit and Risk Committee minutes 12 September 2023</b> 23.302 Minutes came to September Committee, noted.</p> <p><b>10 Any Other Business</b></p> <p>10.1 <b>23.303</b> Commercially sensitive.</p> <p><b>11 Date of next meeting – 26 March 2024</b> Board Strategic Away Day: 19-20 January 2024</p>	
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