

LEEDS FEDERATED HOUSING ASSOCIATION

**MINUTES OF THE BOARD OF MANAGEMENT MEETING HELD ON TUESDAY
30th March 2021 at 4.00pm (via Zoom)**

Present: Stuart Whyte (SW) Chair
Martin Warhurst (MWa)
Claire Stone (CS)
Kim Brear (KB)
Jaedon Green (JG)
Robin Machell (RM)
Innocent Moyo (IM)
Dedra Obeng Kwakye (DO)
Shaid Mahmood (SM) - part

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
Kate Suggitt (KS) Executive Assistant (Minutes)

Closed session (to go through Governance & Remuneration Committee Minutes and those items for Board to approve)	
1	Conflicts of Interest 20.246 It was noted that there is a conflict for all in the closed session paper and in item 4.6 Governance paper. RM declared his usual conflict in regards to his work with other contractors and MWa declared a conflict in regards to his employer, WDH.
2	Apologies 20.247 SM apologised that he would need to leave part way through the meeting.
3	Risk Review of Board Pack 20.248 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. 20.249 Board noted the paper
4	Items for Decision
4.1	Corporate Plan 2021/22 - 2025/26 20.250 MW confirmed that this sets out the Corporate Plan for Leeds Fed for 2021-22. It is the first year of a new 5 year plan,

and reflects the Board's discussions on the priorities for Leeds Fed.

20.251 The plan incorporates the three strategies of sustain, engage and grow which have been broken down into a series of goals.

20.252 JG commented that many HA's are scaling back development whereas LFHA are continuing with their programme and that this is likely to positively affect the Associations ranking later in the year.

20.253 Board approved the:

- **2021-2026 Corporate Plan – Year 1 – 2021-22 Summary**
- **2021-22 Strategies**
- **2021-22 Balanced Score Card.**

4.2 Treasury Annual Plan & Treasury Management Policy 2021/22

20.254 JR apologised for the length of the papers but explained a huge amount of effort has been made by the team in order to get a detailed analysis as it such a sensitive area, heavily scrutinised by the regulator.

20.255 JR went on to explain that the Treasury Annual Plan 2021/22 has been drawn up by DTP. The report has concluded that the Association's treasury matters are sound. They have made some recommendations which are in the process of, or will be actioned.

20.256 SW queried the Triple A rated money market fund and asked what this meant. JG confirmed it's a specific fund for high amounts which would need specific registration. The money is locked away for a certain term length, it is very secure and is held in an account by the bank who place it in a money market on the Association's behalf. The funds are returned at the end of the set term.

20.257 JG raised a query about extending the term of the Santander loan and if this would be needed. JR confirmed it would and JG suggested that board give authority for this to be done. This was agreed.

20.258 Board approved the 2021-22 Treasury Annual Plan & Treasury Management Policy.

4.3 Finance Policy 2021/22

20.259 JR explained that the 2021/22 Finance policy has been revised and now includes parameters from the Moody's rating criteria. This will provide additional assurance to

the financial capacity and resilience of Leeds Fed and also allow the Association to maintain a good credit history and maintain borrowing at a reasonable rate.

20.260 Board approved the updated Finance policy which reflects the financial parameters which have been used in the preparation of the 2021/22 Budget and Business plan and will be used to monitor financial performance and manage financial risk.

4.4 Budget & Business Plan 2021/22

20.261 JR introduced and explained that the plan includes changes agreed as part of the new corporate plan which includes further development and an investment in retrofitting, along with the disposal of some properties. It was noted that it had taken longer than normal to achieve the interest cover ratio of 22.5% and that budgets were tighter this year.

20.262 It was also confirmed that the stock condition survey will be updated and all the proposed scenarios have been stress tested which has shown the business plan is robust. Testing did show that the plan could be broken under heavy stress but there are mitigations that can be put in place and revised accordingly on approval of the budget.

20.263 JR explained that the plan will be updated at the mid-year point when more will be known in terms of Covid, Brexit and potentially also from the stock condition survey. There will then be a significant review in January 2022.

20.264 There was discussion around the zero carbon agenda and the uncertainties around the costings and how this will be achieved. Board members noted that this was a transition period for all HA's and there is no one right answer. It is positive to know there is capacity within the budget and time to shape any future decisions. SBI confirmed that work was ongoing to confirm the data required for EPC C 2030 and future work which will support basic replacement and ongoing costs to meet zero carbon targets.

20.265 MW highlighted the narrative within the sector that full costs for zero carbon break every budget, this can be seen from the global accounts information. The regulator has asked for a conversation around this. There has been discussion around creating a library of learning with the NHF and Placeshapers to support HA's.

20.266 Finally it was confirmed that this business plan if approved would then enable a revised business plan to be

produced in 2022 taking into consideration the outcomes of the stock condition survey.

20.267 Board members considered and approved the 2021/22 Budget and 30 year Business Plan.

4.5 Board and Committee Terms of Reference and Shareholder Members Review

20.268 MH explained that the annual review of the Terms of Reference for Board and Committees has been carried out with some minor changes made, mainly to reflect the wording used in the NHF 2020 Code of Governance.

20.269 Board noted the shareholder membership and approved the terms of reference for the:

- Board
- Audit & Risk Committee
- Operations Committee
- Development Committee
- Governance & Remuneration Committee
- CIG

4.6 NHF 2020 Code of Governance

20.270 MH explained that the summary of this came to the Board away day and an analysis was sent in March 2021 for comments. The paper outlines any gaps that have been identified. An action plan will be developed and G&R Committee will monitor progress.

20.271 Board noted the actions that are highlighted as part of the gap analysis.

20.272 Board approved the formal adoption of the NHF 2020 Code of Governance with effect from 1 April 2021.

20.273 Board approved the formal adoption of the NHF 2020 Code of Governance for LFPS with effect from 1 April 2021.

4.7 Development Standard Assumptions (March 2021)

20.274 SB explained that these are reviewed every 2 years or if there is a "significant event". The events that have triggered these are the formulation of the business plan and the new Homes England programme that come into operation from April.

20.275 He highlighted that main changes have been summarised in the table on page 4. Tests have been run on reappraisals and the team are happy that the amendments don't change the overall position.

<p>20.276 Board approved the Development Standard Assumptions (March 2021).</p> <p>4.8 Whistleblowing Policy 20.277 MH explained that this policy would normally come with the Bribery, Fraud and Money Laundering Policy and the Probity Policy but the internal audit had made a recommendation for an amendment to this policy so it has come as a single item to allow the addition to the policy to be actioned.</p> <p>20.278 Board approved the Whistleblowing Policy.</p> <p>4.9 Value for Money Policy 20.279 SB explained that the significant change from predominantly being linked to V21 to a focus now heavily on asset management as this is the sectors approach to VFM. There is also a change of wording to reflect the industry standard.</p> <p>20.280 Board approved the updated Value for Money Policy</p> <p>4.10 Asset Disposals 2020/21 20.281 SB presented a summary of the disposals to date along with what is upcoming. CS queried whether the receipt of funds from these disposal is ring-fenced and SB confirmed that currently it isn't. JG commented that the issue had been raised before here it was agreed further discussion would be needed around this.</p> <p>20.282 JG asked if SMT need increased flexibility to approve a higher number of disposals, SB was confident that the leeway suggested would be adequate up until the next meeting in June, when it can be visited again if necessary.</p> <p>20.283 Board:</p> <ul style="list-style-type: none"> - Ratified the disposal of 6 properties sold during 2020/21 under the approval granted at the start of the year; - Ratified the disposal of a further 15 properties currently in progress, further to the same approval; - Approved the disposal of up to 10 properties from the same category in 2021/22, pending further updates to Board on the development of the new Asset Management Strategy. <p>4.11 41 Grove Park Avenue – Disposal</p> <p>20.285 SB confirmed this wasn't part of the initial disposal plan and highlighted the difficulties the property poses and the recommendation for its disposal.</p>	<p>SB</p>
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<p>5</p> <p>5.1</p> <p>5.2</p> <p>5.3</p> <p>6</p>	<p>20.286 Board approved the disposal of 41 Park Grove Avenue HG1 4BU.</p> <p>Performance</p> <p>Review of 2020/21 Corporate Plan</p> <p>20.287 MW confirmed that this draws together all the evidence of how the Association has performed over the year in regards to the number of parts within the Corporate Plan that are not reported elsewhere. MW confirmed he would bring a further paper to review the full 5 year plan mid year when information on how Vision21 has performed was available.</p> <p>20.288 Board noted the report</p> <p>Balanced scorecard Results January 2021</p> <p>20.289 SB explained the Association has performed reasonably well considering the constraints of the past year. Planned maintenance hasn't performed well which is common across the sector due to Covid restrictions. It is hoped that performance will reach 65% on this measure by the end of the month.</p> <p>20.290 Board noted current levels of performance and actions identified to address areas of underperformance.</p> <p>Financial Performance Dec 2021</p> <p>20.291 KM introduced, explaining the alternative report has been prepared following the feedback from Board. They have attempted to make it shorter and more succinct. Operating surplus is £5.6mn against a budget of £4.5mn. Net surplus is £1.1mn ahead, continuing to outperform the budget.</p> <p>20.292 Bad debt performance is significantly better than the budget. KM explained that the half year update included some very prudent assumptions but the reality has shown very little impact from Covid. There has also been a decline in evictions which has contributed to the lack of bad debts.</p> <p>20.293 JG highlighted that it is wise to remain prudent and write off as much as possible in this financial year as the anticipation is that the financial hit from Covid is still pending and is expected to be considerable.</p> <p>20.294 Board members appreciated the new format and found it easier to understand.</p> <p>20.295 Board noted the financial results to 31 December 2020 and reviewed and provided feedback on the alternative report provided.</p> <p>To Note</p>	<p>MW</p>
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6.1 Chief Executives Report

20.296 MW Confirmed the report summarises activity such as stakeholder engagement, use of the Associations Seal and any updates in regards to regulatory returns, Covid-19 and Placeshapers.

20.297 KB commented she had seen MW at a recent online Trowers debate and that MW had represented both the Association and Placeshapers well.

20.298 Board noted the report

6.2 HR Interventions Report

20.299 Board had asked MH to produce this following the Board Effectiveness Survey. MH confirmed it had been written with the NHF code of Governance in mind.

20.291 JG queried the title of the paper as it sounds concerning, this was noted and MH will give thought to a change of title.

20.292 KB commented that a lot of guidance has come from RoSH in terms of understanding what is going on and drawing assurance. She feels the paper covers this and can be considered by all when they fill the questionnaire in at the end of May.

20.293 Board noted the contents of this report and approved a more formal review of remuneration be undertaken by the Governance & Remuneration Committee.

6.3 Homes England Compliance Audit Inspection

20.294 SB explained that HE carried out a sample compliance Audit on Victoria Mills, Bramley scheme and that the Association received a GREEN audit rating for the Homes England Compliance Audit

20.295 Board noted the contents of this report.

6.4 Affordable Homes Programme 2021/26 - Accent Strategic Partnership

20.296 SB explained that the Association has been part of the Accent Group Consortium for many years with the consortium being formed to assist with the delivery of new affordable homes. The report is recommending that the Association should go for Developer Partner status within the partnership.

20.297 RM confirmed that the Development Committee felt that the recognition received has been beneficial and it is worth remaining an active member.

20.298 JG queried about the announcement of the merger between Accent and PA and if it will have an impact. SW doesn't think it will impact especially as the merger is taking place from a HA which is not local.

20.299 Board :

- **Noted the contents of the report.**
- **Authorised the delegation of authority to the Chair of the Board and Chair of Development Committee to approve the Association's bidding position in respect of the Accent Strategic Partnership.**

7 Board Minutes

7.1 Minutes of the Board meeting held on the 24 November 2020

20.300 These were approved as an accurate record

8 Matters Arising

8.1 Matters arising

20.301 These have all been actioned

8.2 Matters arising rolling agenda 20/21

20.302 There were none to note

9 Minutes for Information

9.1 Health and Safety Minutes 7 December 2020

20.303 These were noted

9.2 Draft Health and Safety Minutes 15 March 2021

20.304 These were noted

9.3 Board Away-Session Notes 23/24 January 2021/Corporate Plan 21/22-25/26

20.305 These were noted

9.4 Draft Governance Committee Minutes 2 March 2020

20.306 These were noted

9.5 Audit & Risk Committee 26 January 2021 & Draft 9 March 2021

20.307 These were noted

9.6 Draft Operations Committee 23 February 2021

20.308 These were noted

9.7 Draft Development Committee Minutes 23 February 2021

20.309 These were noted

10 Any other business

<p>20.310 JG queried if the Association are planning on submitting nominations for the Housing Awards or the Women in Housing awards. He felt it would be a good way to celebrate staff and acknowledge various peoples incredibly hard work. MW commented that it wasn't something that we normally considered but that he would look into it.</p>	
<p>11 Date of next meeting – 15 June 2021 at 16:00</p>	<p>MW</p>