

## LEEDS FEDERATED HOUSING ASSOCIATION

---

**MINUTES OF THE BOARD OF MANAGEMENT MEETING** held on 6<sup>th</sup> June 2023,  
Weetwood Hall, Leeds

**Present:** Kim Brear (KB) Board Member (Chair)  
Steve Dungworth (SD) Board Member  
Robin Machell (RM) Board Member  
Shubash Miah (SM) Board Member  
Dedra Otchere-Darko (DO) Board Member  
Innocent Moyo (IM) Board Member  
Claire Stone (CS) Board Member  
Martin Warhurst (MWa) Board Member  
Rob Young (RY) Board Member  
Chris Simpson (CSi) Board Member

**Via Zoom** Jaedon Green (JG) Board Member

**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  
Janine Mahoney (JM) Executive Assistant (Minute Taker)  
Kirsty Morgan (KM) Head of Finance

**Observers:** Naseer Ahmed (NA)  
Nicola Hodgkinson (NH)

<p><b>1. Conflicts of Interest</b> <b>23.001</b> Conflicts of Interest – No additional conflicts raised</p> <p><b>2. Apologies</b> <b>23.002</b> No apologies noted.</p> <p><b>3.1 Risk Review of Board Pack</b></p> <p><b>23.003</b> JR outlined the recommendation for the Key Project risk to be moved back from operational to strategic commenting that there were some significant ongoing projects with wider people and cross departmental implications.</p> <p><b>23.004</b> CS confirmed it was good to see the resolution of the (commercially sensitive) and asked if there was anything further linked with this and wider development that caused concern. It was confirmed that there was not.</p> <p><b>23.005</b> JG reflected that he felt there were some risks missing around economic pressure on household, further government intervention around rent and risks around funding linked with item 4.5. JR confirmed that treasury is on the risk register and asked if this needed reviewing further. JG confirmed the risks raised were in relation to a review of these papers so these are the things that he has in mind.</p>	
---	--

**23.006** KB confirmed that Board should be mindful and alert to risks, they are central to discussions, and it is important that we are all aware of the issues.

**23.007** Board approved the changes to existing risk as detailed in section 2.

**23.008** Board confirmed that five existing risks currently exceed the board's stated risk appetite for the relevant activities as detailed in section 3.

### **3.2 IDA Update**

**23.009** In addition to the agenda, MW and KB gave a brief update on the IDA.

**23.010** MW outlined, further to the email sent to all, that the information requested had exceeded 1600 pages, and meetings had been in excess of 7 hours with the exec team and 3 hours with the Board. The experience of this IDA has been very different to that previously. MW confirmed that they had explored succession, risk, controls and evidence, treasury, reporting and board effectiveness with the Board.

**23.011** MW said that the RSH team will confirm the result of the IDA on Monday 19 June. A feedback session will be arranged for after this date with a report to Board at the earliest opportunity to summarize the feedback.

## **4. Items for Decision**

### **4.1 Annual Building Safety Compliance Statement**

**23.012** SB introduced the report which went to Operations Committee at the end of last month.

**23.013** RY questioned 2.2.3 and the wording 'best endeavours' asked in regards to building safety if it should be yes or no or pass or fail? SB advised it is directly from the legislation and we do weekly inspections of sites not just on fire doors to ensure we are alerted to any issues.

**23.014** KB encouraged this challenge following on from the IDA process and reiterated the challenge from the Regulator to know where evidence is.

**23.015** The Board approved the compliance statement against the controls for the key areas of Building Safety services prior to this being taken to Board.

**23.016** The Board noted the key changes in requirements to ensure Building Safety Compliance during 2022-23

### **4.2 Annual Assessment against the Regulatory Standards and NHF Code of Governance**

**23.017** MH introduced the report and highlighted that it was overlooked that KB shouldn't have been a member of the Audit and Risk Committee, this report confirmed the change.

**23.018** NA questioned the wording of the recommendation as we are saying that we are compliant with the regulatory standard with exception of the home standard, but, in the report it does say providing you have got the plan in place it's not a non-compliance issue. NA suggested we confirm we do comply because we have got an immediate plan in place rather than we are non-compliant.

**23.019** MH confirmed the approach had been discussed but decided that it was better to report in this way.

**23.020** KB asked Is there any risk from us doing that from a regulatory point of view. SB advised we declared our failures and it is all consistent.

**23.021** KB stated that the recommendation is there and is noted that the team has debated it, as long as we are being consistent and as a Board we know where the key issues are, and we have an action plan to address them that is the key point. We have been transparent in the way in which we have approached it.

**23.022** CS said we approached it with an air of caution. The IDA reference and discussions ensures that issues won't be lost sight of.

**23.023** KB noted the challenge and debate outlining clear tolerance levels from the Board to ensure performance and assurance is tracked.

**23.024** MWa commented completing a piece of work and understanding there are a number of properties that are non-compliant is a good place to be from a regulatory perspective. JG is comfortable with it being true and transparent.

**23.025** JR presented a demonstration on Clearview to Members to show how we self-assess against regulatory standards and the Code of Governance including comments and documents uploaded.

**23.026** Board confirmed this was a useful demonstration and that it was helpful to know the process. JG commented that we do need to know that the risk, responsibilities, and controls are all appropriately working.

**23.027** MW reflected that this paper used to be presented as a 40+ page table. This is our way of providing assurance it is correct.

**23.028** CS said it is good to know where to go to find the level of information required and it is the Board members responsibility to keep up to date with looking at the intranet and other tools available.

**23.029** KB advised CS, MWa and herself explained to the regulator how the process and systems worked, but it is good to ensure others have sight also.

**23.030** Board noted we are compliant with the RSH's regulatory standards with the exception of the Homes Standard for which there is a remediation plan in place.

**23.031 Board approved the removal of the Chair from Audit and Risk Committee membership.**

**23.032 Board noted the compliance with the Code of Governance with the exceptions noted as outlined in 3.2.**

**4.3 Bribery, Fraud and Money Laundering Policy and Probity Policy**

**23.033** MH presented the report and outlined the changes.

**23.034** IM asked are policy assured tenants able to sub-let? MH advised the track changed policy is on connect which previously stated assured tenants could not sub-let onto their property. MH advised this has been updated as tenants can sub let part of their property with agreeance from LFHA.

**23.035** SD asked if we kept a Fraud register MH advised maintain a fraud register and Gift and hospitality register which comes to the Board. KB suggested to bring both the Fraud register and Gift and Hospitality register to the same Board meeting so all members are aware and have seen both items.

**23.036 Agreed Action: MH agreed and noted to bring both registers to a Board meeting**

**23.037 Board approved:**

- **Bribery, Fraud and Money Laundering Policy**
- **Probity Policy**

**4.4 Value For Money (VFM)**

**23.038** JR advised of minor changes to policy and confirmed there was a tracked changed version on connect. A full VFM report will be part of the Statutory Accounts.

**23.039** SD asked about the operating margin range of 15-25% and queried whether we would ever get back to 20 - 22%? He also queried our approach to investment compared to previous years with the cost of living being higher.

**23.040** JR advised Value for Money is still important and how we demonstrate it is critical. Operating margin is a trade off between investment in activities like development versus maintaining financial resilience reflecting the conditions at the time.

**23.041** JG said it will become more granular, focusing on the customer hence having a conversation at Asset and Investment Committee at options between development and repairs. JR referenced the stress testing and level of projection detail in the statutory accounts in support of this and confirmed that investing the in the right areas and maintaining our financial resilience is our approach.

**23.042** CSi said it we should by transparent and make information accessible so everyone can see all the hard work and the results we are getting.

**23.043** JG asked whether our customers can afford to live in our homes when you start looking at introducing carbon efficiency.

**23.044** MW advised the majority of the sector has moved from V1 to V2 due to the current climate with margins reducing due to the rise in costs. MW said he had described to the regulator our decision to reduce our margin to maintain our services and renegotiating loan covenants in order to achieve the outcomes for customers which we think is value for money.

**23.045 Board approved the updated Value for Money Policy**

**4.5 Treasury Annual Plan**

**23.046** JR introduced the plan and management policy which has been refreshed based on the business plan and confirmed advice from DTP in support of the plan.

**23.047** Plan B is a possible short term bank funding fixed term interest, possibly 3 - 5 years.

**23.048** MWa advised that the last few weeks have been challenging for anyone looking to go to the market and he had the same advice from Treasury advisors within his own organisation. It's a question of at what point do you go approaching the market for a bond issue with Gilt prices being so high and the rate of interest is higher than you want to pay. JG advised caution and to hold off.

**23.049** JR advised we won't be waiting too long on this and will consider Plan B if necessary.

**23.050 Commercially Sensitive**

**23.051** RY enquired about the £50million. JR advised we will take advice on it, and it might be that retail markets may be better opportunity rather than capital markets.

**23.052** JR advised that the Policy has minor changes suggested. Additional change would be to make it explicit where approving an activity like an interest rate swap formally requires Board approval. This would be treated the same way as a new request engaging this derivative information.

**23.053** JG asked each member to be ensure they are comfortable with the ISDA and the impact of a derivative. JG clarified that as a result of the swap, the risk sits with the organisation rather than the bank. KB asked members to seek further clarification from JR if needed and confirmed that a one off meeting could also be called to discuss this in more detail if needed.

**23.054** JR advised the documentation for the swap derivative would be accompanied by a legal report and a report from DTP on how a derivative works and the risks. JR confirmed there are tax and accountancy implications which we have sought advice on. We currently have an embedded swap, however this would be stand alone. From an accountancy point of view this would be treated separately. JR outlined

that this is another way of fixing an interest rate but would be a different agreement with the bank and that all the information would be in the pack.

**23.055** KB highlighted that this may change our approach in relation to risk.

**23.056** JG queried on section 6 how you would ask for an overdraft which would breach the policy? JR advised we could hold less cash and provide an overdraft alongside.

**23.057** MWa said JG's words of caution are absolutely right and that he (MWa) is not an expert and therefore would not be an advisor to the board but supported taking additional advice if required by members including further meetings if necessary.

**23.058** JG advised he agreed with the policy change to include seeking additional advice if necessary to ensure all can agree if this is the right change to make with the associated risks.

**23.059 Board approved the Treasury Annual Plan and amendments to the Treasury Management Policy:**

**23.060 Following the completion of either of the potential £10m increases in existing facilities and The 'health check' of unsecured properties should be finalised as soon as practicable, to facilitate the additional fund raising envisaged in Section 4.**

#### **4.6 Board Behaviours**

**23.061** MW advised this has previously been discussed and is for ratification.

**23.062 Board approved the Board behaviours**

#### **4.7 Budget and Business Plan**

**23.063** KM confirmed all the changes are detailed in the report and we are compliant with our loans. Board are asked to approve the 23/24 and 24/25 Planned Capital Maintenance programme.

**23.064** MWa last year we had a session from DTP and it is a really good paper and questioned whether enough time had been given to this papers. JR advised assumptions were reviewed at Audit and Risk meeting, budget is reviewed twice a year and a number of discussions and formal meetings to discuss the Business Plan leading up to approval. It was agreed this was adequate.

**23.065 Board considered and approved the:**

- **2023/24 budget and 30-year business plan**
- **2023/24 and 2024/25 planned capital maintenance budget**

### **5 Performance**

#### **5.1 Performance Update**

**23.066** SB introduced the performance update for period 1 and confirmed the performance position was generally good. SB referenced system

changes which have resulted in data not being available at this point. This is being rectified.

**23.067** Board gave positive feedback on the report being accessible.

**23.068 The Board noted the Performance Update for information.**

## **5.2 Financial Performance Report**

**23.069** KM introduced the report to the end of March. It was a good financial outturn for the year. Our operating margin was 21.8% against the 20% target. KM outlined some large positive variances within operating costs including staffing and bad debts.

**23.070** Due to Year end other journals have been produced and net impact is minimal and operating margin has moved to 22%. Net surplus is £3.2million from £4.1 million. Currently having an external audit and no concerns have been highlighted.

**23.071** CS queried Page 4 regarding overheads and the first bullet on customer related cost £36K is that one case? KM advised she will check and feedback.

**23.072** RY thanked KM for a clear report and no surprises.

**23.073** JG asked if we could see first tranche sales and an appendix 4 if Pemberton is a negative development expenditure. KM advised Pemberton is income from Wakefield District Housing. JR advised that development assumptions will be reflected in the next review. SB advised we have introduced provisions for first tranche sales.

**23.074** Chair thanked KM for a good report and the assurance around the development risk as the market is so volatile it is something we are going to have to track closely.

**23.075 Board noted the Financial Performance Report**

## **6 To Note**

### **6.1 Chief Executive Report**

**23.076** MW referenced the NHF Better Social Housing Review exercise which had been a difficult to gain unanimous support for across all HA's. This is an excellent piece of work and an excellent report.

**23.077** SD asked if had seen the Housing Ombudsmen's spotlight on Knowledge Information Management and Customer of the future and queried this will be considered from a strategic point of view. SB confirmed there is learning from both pieces of work and that we started to look at this in February. We will be looking at the strategy and do some more analysis on the implications of the recommendations at future meetings.

**23.078 The Board noted the Chief Executive Report.**

### **6.2 Board Effectiveness Questionnaire Survey Report 2023**

**23.079** MH introduced the report and highlighted comments where the Board may want some time to discuss the issues at a strategic away day or meeting.

**KM**

**23.080** KB thanked Board members for completing the questionnaire, the comments had been very insightful, and an action plan will be taken onboard to improve how we are continuing to work.

**23.081** JG suggested initiating in 6 month's time rather in a year's time?

**23.082** MH suggested discussing alongside behaviour document at the additional Board weekend in November.

**23.083** Chair stated that the impact question is really hard to quantify and further discussion would be useful.

**23.084** The Board noted the content of the Board Effectiveness Survey.

## **7. Discussion**

### **7.1 Long Term Strategic Planning**

**23.085** MW introduced the follow-on report from the Awayday discussion .

**23.086** KB advised it was around our medium to long term vision for the organisation and wanted to open this for discussion and agree how we want to take it forward.

**23.087** JG overarching comment is to review now so it fits with our current plan and doesn't jar with where we are going so we can build momentum creating the right runway for the next 5 year plan. KB agreed this could easily fit into the strategic session in January 2024.

**23.088** KB suggested looking at high level outcomes for five year's time with time to unpack where we want to be as an organisation and the overall direction of travel.

**23.089** SD reflected on the 5 year time frame and conflicting desire to keep the conversation going.

**23.090** RM suggested there are lots of opportunities we can create like the Net Zero presentation to help with discussions. RM referenced our own stock the Marlborough's the Blandford's and suggested more consideration be given to strategic partnerships. We should have one solid direction and be flexible taking smaller opportunities and developing them as they emerge.

**23.091** KB advised if we set out our vision, how you go from there evolves from discussions such as these.

**23.092** CS suggested the need to focus on Customer and Place. It was excellent to be able to inform the regulator about the change to the rent setting policy. CS hypothesized as to what else could be impacted for customers if we looked at our metrics and data and how this supports our communities.

**23.093** NA queried the 1000 homes that that don't meet EPC ratings, this is about 25% of the stock . NA queried whether this was indicative of a



<p>lack of stock investment or inherited poor areas. NA suggested looking at this as part of the strategic planning.</p> <p><b>23.094</b> SB advised that was a pre-validation figure its just under 700. 14 that are not decent are only because they are awaiting energy investment within the programme.</p> <p><b>23.095</b> KB suggested one hour session prior to the Board meeting, potentially in October or November, looking at different areas of strategic debate as part of an ongoing approach to strategic debate, rather than leaving it all to the Away Weekend each year</p> <p><b>23.096</b> MW agreed that he liked the option of a few sessions rather than one a year possibly before a Board meeting. These sessions then aid to build up to the strategy awayday in January.</p> <p><b>23.097</b> JG left the meeting.</p> <p><b>8. Board Minutes to approve</b></p> <p><b>8.1 23.098 Minutes from the Board Meeting 28<sup>th</sup> March 2023</b> were approved as a true and accurate record.</p> <p><b>9. Matters Arising</b></p> <p><b>9.1 Matters arising from 28 March 2023</b></p> <p><b>23.099</b> MH advised there is an open invite for Board members to attend LFHA Staff Quarterly Lunch on 28<sup>th</sup> June at Village North, Headingley. This was noted</p> <p><b>9.2 Matters arising rolling agenda 23.24</b></p> <p><b>23.100</b> These were noted.</p> <p><b>10.1 Minutes for information</b></p> <p><b>10.1 Draft Asset and Investment Minutes 16 May 2023</b></p> <p><b>23.101</b> These were noted.</p> <p><b>10.2 Closed session Minutes of Board on 28 March 2023</b></p> <p><b>23.102</b> These were approved.</p> <p><b>10.3 Draft Health and Safety Committee Minutes 6 March 2023</b></p> <p><b>23.103</b> These were noted.</p> <p><b>11. Any Other Business</b></p> <p><b>11.1</b> The Board confirmed there was no other business.</p> <p><b>12. Date of next meeting – 18<sup>th</sup> July 2023 at 5pm</b></p> <p>This meeting was agreed to take place in person, Village Hotel Leeds North (186, Otley Road, City Centre, Leeds, LS16 5PR).</p>	<p><b>MW/KB</b></p>
---	---------------------