

LEEDS FEDERATED HOUSING ASSOCIATION

**MINUTES OF THE BOARD OF MANAGEMENT MEETING HELD ON
WEDNESDAY 28th NOVEMBER 2018 at 6.00 pm**

Present: Stuart Whyte (SW) Chair
Sue Howlett (SH)
Martin Warhurst (MWa)
Claire Stone (CS)
Jaedon Green (JG)
Robin Machell (RM)

In attendance:

Matthew Walker (MW) Chief Executive
Stephen Blundell (SB) Director of Operations
Jason Ridley (JR) Director of Finance and IT
Jill Hellings (JH) Company Secretary
Kate Gaskin (KG) Executive Assistant (Minutes)
Nick Atley – Observer from The Regulator of Social Housing
Tom O'Reilly – Observer from The Regulator of Social Housing

		Action
1	Conflicts of Interest No conflicts of interest were noted.	
2	Apologies Apologies were received from Shaid Mahmood & Kim Brear	
3	Items For Decision	
3.1)	2018-19 Budget and 30 Year Business Plan half year update 18.165 The report was introduced by JR who explained it is a decision item for board. It was noted that the Audit & Risk committee have contributed to the assumptions shown in the stress test. 18.166 He drew members' attention to the SHPS valuation where there had been an increase in both the deficit and future contributions required. This has been included within the stress testing. 18.167 The report contains various changes to current year outturn including the first quantifiable benefits from the V21 programme.	

18.168 They have also started planning next year's budget and business plan. Consultation on scenarios tested in stress test is under way but predicting that Brexit will be included within it.

18.169 MWa asked about stress testing and wondered about the impact on the development programme. JR confirmed there is development that can be turned off if necessary.

18.170 JG asked about the pension deficit, he is mindful that the defined benefit schemes are expected to have shortfalls and going forward can there be a regular contribution to offset. JR confirmed the amount had been budgeted this year and we are looking to make an appropriate annual commitment in the next business plan to be presented to Board in March.

18.171 CS asked what was driving the increase in void costs. JR confirmed there were two high voids and there doesn't seem to be a trend.

18.172 JG – thought DTP stress testing was very good.

18.173 Board considered and approved the revisions to the 2018/19 budget and 30 year business plan.

3.2) Rent Setting Policy

18.174 The report was introduced by JR who explained that this is the annual policy review. The Association is coming up to year 4 of the 1% rent reduction.

18.175 CS asked for clarification on the consultation process to change rents to 52 weeks. SB confirmed all customers had been written to about tenancy changes and they had received a lot of positive feedback. He feels that they have been very clear to customers that it is just a case of dividing it differently and they are not going to be worse off. She did think there was a little confusion for some people but at the same time acknowledged that some people are reluctant to seek clarification directly.

18.176 SB clarified anyone who doesn't understand could end up over paying so it will be highlighted then and can be explained to them.

He stressed that no one will suffer any detriment and there is a lot of opportunity for consultation, JG suggested that NOs can check with customers when they are doing estate visits.

18.177 Board approved the report

3.3) Governance Review Report and Action Plan

18.178 The report was introduced by JH who explained that this was last done in 2015 when NHF made changes to the code of

conduct. Governance & Remuneration Committee agreed that the review should be done externally this time round. It was undertaken by DTP who spoke to all Board Members as part of the process.

There are some recommendations, some of which have been actioned and updated already and others which will come to future meetings.

18.179 JG thought recommendations were appropriate but asked about the gift register. JH clarified that the probity and hospitality policy comes every 2 years. JG would also like to see a note that management is supportive of the recommendations as this hasn't been made clear.

18.180 SH asked for a verbal update on the progress of creating a development committee. RM explained that a meeting had been held about this and it was explained that a development committee would be more about what is being built, where and how whereas as the operations committee is more about performance in these areas. JH confirmed it will be a committee with a core membership, like the others.

18.181 SW would like consider DTP coming back in a year to see how everything is going as he is a new Chair and there are new members too. If they did come back it was agreed any review should include LFPS.

18.182 Board approved the report

4 Performance

4.1) Performance Update

18.183 Report was introduced by SB, he explained that the format has evolved, partly due to Clearview. The clearview report is still appended but he has tried to be clearer with the narrative.

18.184 Performance at the end of Q2 is in a good place. He confirmed he has been looking in more detail at housing and rent arrears and these are better than this time last year even though they are still not where he would like them to be.

JG asked for the reasons behind the overdue complaints as it is showing as red. He wanted some context to this. SB explained that there is a waiting stage where customers can come back to escalate it and unfortunately some complaints aren't closed down at the end of this period. Customers don't see any delay and members noted this was an administrative issue.

18.185 There is a red score in development, this is a 'canary' measurement around homes unsold after 5 months. Any properties need to be reported to the regulator if unsold after 6

months so this is a warning sign before the Association needs to report. There are currently none over 6 months.

18.186 Statutory services scorecard shows green in statutory compliance but gas services are showing as amber. Where there are properties that go over this is always down to access. Electrical certificates are amber, although quite rare, there are a few blocks where the landlord supplies goes through one flat so they have to negotiate access which can be difficult.

18.187 SB gave an update on electrical domestic certificates explaining that the Association is moving to a 5 year cycle so had approved additional budget to get this done in March 2018. The target was set for 2021 to achieve this. Following recent conversations with peer organisations and after speaking to a 3rd party advisor, it has been agreed that this needs to be achieved sooner. The aim is to achieve this by March 2020 doing the oldest first.

18.188 By middle of December, the Association will have certificates in place or appointments for all properties with electrical certificates over 15 years and then by February will have completed the 10 year ones, with them all on a 5 year cycle by March 2020.

18.189 SW asked about resources and SB confirmed it has been sub contracted out to an organisation who have the capacity to achieve this. SH fed back that the contractors are actively trying to make other appointments when they have no shows which is really positive.

18.190 MWa asked about who the independent advisor was. SB confirmed they have spoken to an advisor who has been working with, and recommended by another housing association. He has confirmed that the Associations approach is risk based and proportionate.

18.191 MWa also asked about gas services at 99.6%, he said that anything less than 100% used to put you in a bottom quarter on HouseMark and queried this although he did understand that the Association is 100% compliant with procedures. SB clarified it is an area of contention but that we would report 100% to Housemark as that's where we are with the procedures. He clarified that they have nearly reached a 10 month cycle but hasn't made much difference to the poor access issues and it is generally the same people. Discussions have been had around trying to ensure all compliance visits are done in one so it is less invasive to these customers.

18.192 SW suggested this be discussed at Operations committee about whether we could change it in the tenancy agreement, look at what other people are doing, and what the Association can do.

18.193 Board:

- **noted the current levels of performance.**
- **noted the further acceleration of the domestic electrical inspection programme discussed at Operations Committee on 7th November, and additional budget provision proposed.**

SB

4.2) Financial Performance Report to 30.09.2018

18.194 The report was introduced by JR who explained that this is the raw material for the budget review and stress testing. The results of the review were good and show a strong performance. Overall it is good and he highlighted the information provided on the variances and also asked Board to note the covenant compliance.

18.195 MWa commented the report was good but asked about appendix 3 development variances. He asked why the figures are so different. JR clarified that most of development is Section 106 which means the Association is very much in the hands of the developers as to when the properties are delivered and things go back and forth. SB also explained that we can estimate carefully about when things are going to come back and sell but we can never be sure of this.

18.196 The Board noted the financial performance to 30th September 2018.

5 To Note

5.1) Value for Money mid-year update

18.197 The report was introduced by SB who explained it is just a mid- year position statement to provide assurance. There is a VFM policy but essentially VFM is an integral element to all strategies. The internal auditors have looked at it also. The report hasn't come back as yet but a discussion with the auditors showed that they are happy with it. The report on this will go to the next audit committee.

18.198 Vision 21 is delivering much of the expected VFM gains and while a benefits realisation plan has been produced which sets out where gains are expected, no VFM savings are being included in the business plan or budget until they are guaranteed. The aim is to save 5% which roughly equates to a £600K saving.

18.199 It was confirmed that all prescribed metrics are part of BSC which leadership look at every month. The Association has also signed up to Vantage who are able to give really good benchmarking data.

18.200 JG asked if a total value can be quantified in accountancy terms rather than metrics. JR commented this is possible and something he is exploring over the next few months.

The Board noted the report

5.2) Governance Update

18.201 The report was introduced by JH who explained that it showed the use of seal, CIG decisions and any regulatory returns.

JH confirmed that Chris Adams has stood down from the Board. He has staircased out on his shared ownership property which means he can no longer hold his role as a tenant on the Board. SW asked us to thank Chris and JH confirmed this has already been done.

18.202 sensitive item.

18.203 MW gave an update on the JV. He explained that some organisations have decided not to continue highlighting this had no impact on the reasons why Leeds Fed was involved. The business case should come to the next Board meeting in March.

18.204 The Board noted the report

5.3) Vision 21 Programme Update November 2018

18.205 The report was introduced by JR who explained that quite a lot of the report had been discussed in previous sections, namely VFM and the business plan.

18.206 The programme overall is green. There is a lot going on and everything is going to plan. He confirmed that auditors have looked at the governance of the group as the level of change is a risk. Auditors will be coming back with a substantial compliance for this area with a couple of housekeeping issues.

18.207 RM asked how staff feel about the programme and SB clarified that the process has always been open and transparent. He doesn't think there is any anxiety about it as people understand that it's a VFM exercise. JR clarified that it's been good to see how agile working has worked for people. MW clarified that it isn't about jobs going and that actually the Association will likely need more staff to manage all the new properties being built. This has made staff feel more engaged.

with it. RM commented he is interested to see how customers will react also.

18.208 The Board noted the report

5.4) 2018-19 Mid-Year Treasury Review

18.209 Report introduced by JR who explained that this is reviewed every 6 months where they look at the plan, the management policies, guidelines and provide reassurance for covenant compliance. JR also wanted to note that the Association is following the treasury plan and obtaining the additional funding from Santander.

18.210 sensitive information.

18.211 JR confirmed that there will be a change in interest rates as LIBOR is going to no longer be used after 2021 and will be replaced with SONIA. Most of the Associations loans reference LIBOR so that will need to change, a consultation period is under way as it's such a big change.

18.212 JG explained that even a small change in interest rates can have a huge impact on development in terms of mortgages and what people can borrow. He didn't feel this had been pulled through in the report and highlighted we needed to be aware of the risk. JR agreed he would speak to DTP in regards to this.

18.213 The Board:

- noted the six months Treasury Review
- noted the final Heads of Terms for the Santander facility
- noted the side letters to change the IGS clause

6) Board Minutes

6.1) 18.214 Minutes of the Board meeting held on the 3rd October 2018 were approved as an accurate record

6.2) 18.215 Minutes of the Board meeting held on the 14th November 2018 – Strategic Discussion were approved as an accurate record

7) Matters Arising

7.1) Matters Arising from the 3rd October 2018

18.216 MW confirmed that since the last meeting a Wave 2 bid has been submitted. The bid for 1200 new homes was submitted in Together Group's name with Accent and WDH being additional named parties. Leeds Fed was not a named party to the bid, but we have since had separate discussions with Accent about being

JR

<p>able to access any funding allocated through the Accent consortium and this was agreed by them.</p> <p>7.2) Matters Arising from the 14th November 2018 18.217 noted</p> <p>18.218 noted</p> <p>7.3) Rolling Matters Arising 2018/19 18.219 MW confirmed that the pension sub group had met last week and consultation is due to start with staff. A provisional pension commitment has been included in the business plan for next year but it will come back to Board for formal approval in March.</p> <p>8 Minutes For Information</p> <p>8.1) Draft Governance & Remuneration Committee minutes 3rd October 2018 18.220 Included for information and noted</p> <p>8.2) 18.221 Draft LFPS Mid-Year meeting Minutes 14th November 2018 Included for information and noted</p> <p>8.3) Draft Operations Committee meeting Minutes 7th November 2018 18.222 Included for information and noted</p> <p>8.4) Draft Development Sub Group Minutes 7th November 2018 18.223 JG asked if the Board could see which sites/developments are rejected just so they can get a feeling for this too Included for information and noted</p> <p>9 Risk Review of Board pack 18.224 It was confirmed that no risks need changing from any of these reports.</p> <p>10 Any other business None</p> <p>11 Date of next meeting Board Away Weekend - 18th/19th January 2019 Board Meeting - Wednesday 27th March 2019 at 6.00 pm</p>	