

LEEDS FEDERATED HOUSING ASSOCIATION

**MINUTES OF THE BOARD OF MANAGEMENT MEETING HELD ON TUESDAY
29th March 2022 at 4.00pm (via Zoom)**

Present: Kim Brear (KB) (Chair)
Martin Warhurst (MWa)
Claire Stone (CS)
Jaedon Green (JG)
Shaid Mahmood (SM)
Steve Dungworth (SD)
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
Angela Lomax (DTP) Observer
Kate Suggitt (KS) Executive Assistant (Minutes)

<p>1 Conflicts of Interest CS declared a conflict for paper 4.12 as she is employed by Accent.</p> <p>2 Apologies Robin Machell and Dedra Obeng Kwakye</p> <p>3 Risk Review of Board Pack 21.214 MW confirmed that due to the uncertain environment we are currently in, risk is top of the agenda. There have been more changes in recent months than seen previously due to the ever-changing climate.</p> <p>21.215 JR clarified that at LT, the risk discussion led to some changes, including risk 18 concerning H&S. Agreed Action: MH to review the score of Risk 18, Health and Safety.</p> <p>21.216 Discussions were had about increasing the risk score for cyber security due to the issues in Ukraine. 21.217 Agreed Action: It was agreed to increase the probability score from 2 to 3 for Cyber Security.</p> <p>21.218 JR explained that a deep dive of cyber risk was undertaken at the March Audit & Risk committee and that these</p>	<p>MH</p> <p>JR</p>
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<p>will continue, focussing on risks which exceed the current board appetite. The Committee will update the Board on any issues that they feel need reporting.</p> <p>21.219 JG suggested not consolidating risk 6 and risk 8 and it was agreed that they would remain separate.</p> <p>21.220 JG raised a potential upcoming risk regarding affordability issues from raising gas prices and whether it is the appetite rather than the risk score that requires review. This was noted by SMT.</p> <p>21.221 Agreed Action: JR/MW will include this when reviewing the risk appetite levels as part of the annual review of the Risk Management Framework Policy that will come to the July Board for approval.</p> <p>21.222 CS queried whether we have any current contracts with Gazprom. SB confirmed that we recently signed a 3 year contract which we are tied into but notice has been given which demonstrates that we are not wanting to work with them going forwards.</p> <p>21.223 Board noted the paper and approved the proposed changes to the Risk Register, with the exception of the consolidation of Risk 6 and Risk 8.</p>	<p>JR/MW</p>
<p>4 Items for Decision</p> <p>4.1 2021-2026 Corporate Plan Year 2 – 2022/2023</p> <p>21.224 SD raised concerns, commenting that whilst it was a good piece of work, he feels that it needs some more depth to ensure it is reflective of the indepth discussions had at the strategy away day.</p> <p>21.225 KB suggested that that it would be helpful to include a 1-page summary with expected outcomes. She suggested that it could include objectives and aims along with any changes or additions made as a result of the away day discussions and how this and any learning may affect the longer term strategy.</p> <p>21.226 Agreed Action: MW to prepare a Corporate Plan summary paper.</p> <p>21.227 Agreed Action: It was also agreed that MW and SB will bring back further information in regards to communication and customer satisfaction will come back to the Board as it develops.</p> <p>21.228 Board approved the:</p> <p>- 2021-2026 Corporate Plan – Year 2 – 2022-23 Summary</p>	<p>MW</p> <p>MW/SB</p>

<ul style="list-style-type: none"> - 2022-23 Strategies - 2022-23 Balanced Score Card. 	
<p>4.2 Treasury Annual Plan (TAP) & Treasury Management Policy 2022/23</p> <p>21.229 It was confirmed that Andy Gladwin from DTP had run a 30 minute TAP session prior to the Board meeting to enable members to discuss and ask detailed questions regarding the TAP. Attendees had found the session helpful, and that the TAP document prepared by DTP set out in detail the overall position</p> <p>21.230 Agreed Actions: It was noted that the following items were raised within the session to be progressed by JR as part of the recommendations subsequently approved by board as set out within the TAP.</p> <ul style="list-style-type: none"> i) Consider borrowing over £50m and towards £75m as part of anticipated recommendation to board regarding future borrowing. ii) Confirm that the proposed additional borrowing will manage the refinancing risks re Lloyds and Santander in 2026 and 2027 per 3.2.1 in the TAP paper iii) Approach Co-op as part of the additional borrowing work to determine if the bank would consider a negotiated earlier repayment provided this is economically viable for Leeds Fed. iv) Review timing of Treasury Annual Plan and whether Audit & Risk committee could review the plan from a risk perspective earlier in the budget/business plan cycle. v) Review policy limit on cash holding as part of Investment of Cash and Operational Liquidity <p>21.231 KB raised that some members are not able to access Connect where some papers are put on for reference purposes.</p> <p>21.232 Agreed Action: MH will speak to IT and arrange support for Board members to access Connect.</p> <p>21.233 Board approved the 2022-23 Treasury Annual Plan & Treasury Management Policy</p>	<p>JR</p> <p>MH</p>
<p>4.3 Finance Policy 2022/23</p> <p>21.234 There have been two proposed changes to the Financial Parameters. These are a reduction in the Operating Margin from 21.5% to 20.0% and a reduction in the headroom trigger from 22% to 20.5%.</p> <p>21.235 Board approved the updated Finance policy which reflects the financial parameters which have been used in the preparation of the 2022/23 Budget and Business plan and will be used to monitor financial performance and manage financial risk.</p>	

4.4 Budget & Business Plan

21.236 KM highlighted that the operating margin has improved from the mid-year point and is now at 22.5%, the key driver has been development changes, increases in gift aid and increases in rental income. There are uncertainties within the market which have also been noted within the plan.

21.237 Board members considered and approved the 2022/23 budget and 30 year business plan.

4.5 Board and Committee Terms of Reference

21.238 There have been some small changes to the Operations Committee ToR and that policy has been attached as an appendix. MH confirmed that the rest are on Connect for reference as there have been no changes. It was also noted that that AL may make some suggestions to ToR and they will come back to Board if this is the case.

21.239 Board approved the terms of reference for the:

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

4.6 Annual Policy Approval Report

21.240 MH explained that there have been several new policies written as a result of the work undertaken with Anthony Collins and to ensure compliance with the Code of Governance 2020. MH confirmed that all policies have been brought and approved within the timescales. There are also a few proposed amendments to the Board delegations.

21.241 Board noted the policy list and approved the delegations as outlined in Appendix 1.

4.7 Rationalisation of Properties by Disposal (Update)

21.242 SB explained that this is a retrospective sight of properties that have been disposed of with the authority already given by the Board and is predominately back to back properties within Leeds.

21.243 JG queried why ratification was required when authority has already been given, Sb confirmed that this has based on advice from internal auditors.

21.244 CS commented she valued seeing the sales, to be mindful of not flooding the market in certain areas.

<p>21.245 Board ratified the disposals that have taken place in financial year 2021-22 under the advance authority granted at the start of the financial year.</p> <p>4.8 Value For Money Policy 21.246 The policy comes to Board annually for approval, there are only a few small changes which incorporate the new code of governance requirements</p> <p>21.247 Board approved the updated Value for Money Policy</p> <p>4.9 Equality, Diversity and Inclusion Policy 21.248 MW confirmed that this is a relatively new policy and incorporates information from Anthony Collins. There was a discussion into how unrepresented disabled people are within the housing sector and that connections need to be made to improve this.</p> <p>21.249 Board considered and approved the Equality, Diversity and Inclusion Policy.</p> <p>4.10 Transparency and Accountability Policy 21.250 MH explained that this is a new policy, developed with ACS, to ensure compliance with the new code of governance. SD suggested testing some bad new scenarios to see what that would look like with this policy.</p> <p>21.251 Agreed Action: MH and MW to work through a scenario and report back via matters arising.</p> <p>21.252 Board considered and approved the Transparency and Accountability Policy.</p> <p>4.11 Partnership Working Policy 21.253 This is another new policy, again developed with ACS, to endure compliance with the Code of Governance</p> <p>21.254 Board considered and approved the Partnership Working Policy.</p> <p>4.12 Affordable Homes Programme 2021/26 – approval to enter into contract 21.255 The Board were reminded that Leeds Fed have secured a Social Housing Grant allocation of £11.8m to deliver 225 affordable homes as part of the Homes England Affordable Homes Programme 2021/26. This forms part of the Accent Strategic Partnership which will deliver over 3,300 homes in total. It was confirmed that there have been a few minor</p>	<p>MH/MW</p>
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<p>changes to the contract and that HE required final approval from the Board to proceed.</p> <p>21.256 Board gave approval to:</p> <ul style="list-style-type: none"> - Enter into the Accent Housing Strategic Partnership Consortium Agreement and Delivery Partner Contract with Accent Housing Limited (AHL). - Enter into the Delivery Partner Deed with Homes England. <p>4.13 Influence, profile and reputation of Leeds Fed</p> <p>21.257 Commercially sensitive information.</p> <p>21.258 Board considered and agreed to continue to prioritise the element of our external stakeholder activity which operates at a national level through supporting the Chief Executive to offer to extend his term as Chair of PlaceShapers.</p> <p>5 Performance</p> <p>5.1 Review of 2021/22 Corporate Plan</p> <p>21.259 MW confirmed that overall, the Association has hit the majority of targets. JG commented that there could be a reflecting/lessons learnt section that could be included within the report. MW suggested this would be a good discussion point for the next Board away day. KM also suggested that a summary statement of all that has been achieved would be helpful.</p> <p>21.260 Agreed Action: Board Away Day to include a lessons learned activity.</p> <p>21.261 Board noted the report</p> <p>5.2 Performance Update (Balanced Scorecard results) January 2022</p> <p>21.262 SB confirmed that there is little change from the reports presented at the away day in January and because many reports are quarterly, the position looks very static.</p> <p>21.263 IT performance has remained in line and we are starting to see some stabilisation in customer satisfaction but won't be able to confirm this until later in the year.</p> <p>21.264 Sales performance is very good and arrears up to January are very positive, but it not expected that end of year targets will be hit. HR targets is showing sickness levels above targets due to long term sickness but improvements in staff morale have been recorded. Repairs have been strong and continue to be so. Statutory services performance is where it's expected to be.</p>	<p>MH/MW</p>
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<p>21.265 Board approved the report, noting current levels of performance and actions identified to address areas of underperformance.</p>	
<p>5.3 Financial Performance report for Q3 December 21.266 KM confirmed that the operating surplus was £468k ahead of budget including property disposals, or £200k without. It is predicted that the February results will show a surplus of £700k.</p> <p>21.267 KM confirmed that operating surplus is showing as £1m less than last year but that this was due to underspend in maintenance because of covid related issues.</p> <p>21.268 Board noted the financial results to 31st December 2021</p>	
<p>6 To Note</p> <p>6.1 Chief Executives Report, March 2022 21.269 This paper provides a briefing on our stakeholder engagement, our latest Regulatory and financial returns, and use of the company seal along with a summary of board attendance and the gifts and hospitality register.</p> <p>21.270 Commercially sensitive information.</p> <p>21.271 Commercially sensitive information.</p> <p>21.272 Board noted the report</p>	<p>SB</p>
<p>6.2 Annual HR Report 21.273 SD queried why the report doesn't cover topics such as training and absence figures. MH confirmed that the metrics of HR are presented in the BSC so didn't want to duplicate this. MH outlined the priorities and actions that had arisen from the recommendations made by IIP and confirmed she would happily provide more information around progress if requested.</p> <p>21.274 Board noted the report</p>	
<p>6.3 Homes England Compliance Audit Inspection 2021/22 21.275 It was confirmed that The Association received a green audit rating for the Homes England Compliance Audit on the Association's Pemberton Road scheme</p> <p>21.276 Board acknowledged and noted the contents of the report.</p>	
<p>6.4 Appointment of Internal Auditors</p>	

21.277 JR explained that Beaver & Struthers were recommended for approval to the Audit & Risk Committee in January 2022 following the tender exercise. Audit & risk Committee agreed to recommended that Board members approve the appointment.

21.278 Board noted the approval of appointment of Beaver & Struthers as Internal Auditors via email in January 2022

6.5 Financial Standing Orders (FSO) update

21.279 It was noted that in the FSO's Delegated Authority Limits, the authorisation limit for orders and invoices have been updated as follows:

- Community Spaces Administrator increased from £1k to £2.5k
- Customer Repairs Advisors increased from £500 to £2k

21.280 It was also noted that the limits have been updated to be compliant with the Public Procurement Regulations requirements.

21.281 Board noted the changes approved by SMT

7 Board Minutes

7.1 Minutes of the Board meeting held on the 23 November 2021

21.282 Approved as an accurate record

8 Matters Arising

8.1 Matters arising from 23 November 2021

21.283 These were noted

8.2 Matters arising Board rolling agenda 2020/21

21.284 These were noted

9 Minutes for Information

9.1 Health and Safety Minutes 13 December 2021 and Draft Health and Safety Minutes 14 March 2022.

21.285 These were noted

9.2 Board Away Day minutes 21/22 January 2022

21.286 Pension change minute was approved, the remainder were noted

9.3 Draft Governance Committee Minutes 1 March 2022

21.287 These were noted

9.4 Audit & Risk Committee 25 January 2022 & Draft 8 March 2022

21.288 These were noted

9.5 Draft Operations Committee 15 February 2022

21.289 These were noted

9.6 Draft Development Committee Minutes 15 February 2022

21.290 These were noted

10 Any other business

Disposal of Ashlar House

21.291 SB explained that this house would require substantial investment and ongoing repair costs would always remain high. There is potential interest to developers, but it would need specialist attention. It was confirmed that it was offered to local authorities for other uses before suggesting for disposal. CIG approved the proposal and the paper has come as late addition to the Board pack in order to avoid undue delay in proceeding with disposal.

21.292 Board approved the disposal of Ashlar House (76 Potternewton Lane) by open market (private treaty) sale.

11 Date of next meeting – 14 June 2022 at 16:00