

Minutes of the Saffron Housing Trust Ltd Board Meeting

25th July 2022 – 3.00pm, Meeting held via MS Teams

Present:

Board:

Bob Walder (BW) Chair	Tom Fadden (TF) – SID
Duncan Scott (DS)	Neil Watts (NW)
Rob Lankey (RL)	James Francis (JF) – CEO
Mike Jolly (MJ)	

In Attendance:

Iain Innes (II) – Chief Financial & Sustainability Officer
Hannah Harvey (HH) – Chief Operating Officer
Amanda Ashley-Smith (AAS) – Governance Director
Tom Riches (TR) – Governance and Compliance Manager
Jamie Crick (JC) – Assistant Director of Finance

Apologies: Alison Inman (AI), Barry Duffin (BD), Jason Margetts (JM) – Co-optee

2263	<p>Item 1 - Welcomes, Apologies for Absence, Declaration of Interests, Announcements</p> <p><u>Welcomes</u></p> <ul style="list-style-type: none">The Chair welcomed Members and Officers present. <p><u>Apologies for Absence</u></p> <ul style="list-style-type: none">It was confirmed apologies had been received from Alison Inman, Barry Duffin and Jason Margetts. <p><u>Declarations of Interest.</u></p> <ul style="list-style-type: none">No interests were declared other than those set out in the Declarations Register. <p><u>Announcements</u></p> <ul style="list-style-type: none">There were no announcements.	
2264	<p>Item 2 - Saffron Housing Trust Group: Annual Report and Financial Statements 2021/22</p> <p><u>Agenda Item 2.1 - Statement on Internal Controls and Compliance Assurance</u></p> <ul style="list-style-type: none">The Governance Director outlined the report which covered the whole system of internal controls, as required by the Regulator of Social Housing. It was noted the report reflects that the systems in place seek to manage rather than eliminate risk and offer reasonable, but not absolute, assurance against material loss or mis-statement.It was confirmed that the report was reviewed by the Audit & Risk Committee during their meeting of 5th July 2022, and the Committee recommend it to Board for approval. <p>It was RESOLVED:</p> <ul style="list-style-type: none">To NOTE the areas of internal control and assurance set out in this report.To APPROVE that sufficient evidence exists to support a positive statement on internal controls within the financial statements <p><u>Agenda Item 2.2 - Impairment Review</u></p>	

- The Assistant Director of Finance presented the report which reviews each of the impairment triggers and considers if there have been any further impairment triggers outside of those agreed by Board in December 2017.
- It was noted that specific impairment triggers that have been reviewed in relation to on-going implications as a result of COVID-19 include:
 - Development – delays in scheme and cost overruns along with impact on any Affordable Home Ownership sales,
 - Increase in Voids
- It was confirmed that due to the demand and market forecast from external sources, such as Savills, Saffron do not expect sales values to decrease and for there to be an impairment risk with the above development projects.
- It was noted that Saffron has seen a reduction in voids and arrears since March 2021, and whilst void loss is still in excess of pre-pandemic levels it is moving in a positive direction. It was highlighted that as part of the Budget for 2022/23 it was budgeted for a void loss in line with the 2021/22 year-end position. In order for this target to be achieved a reduction will be required in the number of Void properties in Extra Care settings.

It was **RESOLVED:**

- To **NOTE** the impairment considerations.
- To **NOTE** that no impairment of assets needs to be considered

Agenda Item 2.3 - Saffron Housing Trust Ltd Annual Report and Financial Statements and Audit Findings Report

- The Assistant Director of Finance outlined the Annual Report and Financial Statements to the Committee and confirmed that the final issued document would be a glossy version.
- It was confirmed that there had been a section added to the Annual Report and Financial Statements on return on assets since the review by the Audit and Risk Committee on 5th July 2022. It was also noted that there had also been grammatical tweaks made.
- It was confirmed that the figures reported are in line with the year-end Management Accounts with no significant adjustments or un-adjustments identified.
- It was noted that the surplus for the year before tax and pension adjustments for the Company is £4.6m and £4.7m for the group which was in excess of the budget.
- It was confirmed that Saffron Housing Finance Plc will gift aid all of its distributable profits to Saffron of £111k, with Crocus Contractors Limited proposing to gift aid £300k of its distributable profits to Saffron in line with the agreed budget and business plan.
- It was confirmed that Crimson Development Homes Limited is proposing to gift aid £nil of its distributable profits, this is so the company has a small amount of working capital. It was noted that this would be reviewed on an annual basis.
- The Board raised that some of the wording in Annual Report and Financial Statements were not accessible or be understood by a non-financial person. It was discussed that the report had been written for all audiences as there would be no separate annual report for tenants. It was acknowledged that future publications and language used would be fully accessible for all audiences. The Board raised that a glossary would help the audience to understand financial abbreviations. **ACTION**

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- The Board raised that the graph on page 64 of the Annual Report and Financial Statements identified that only 1p of every £1 is invested on Improving Saffron which gives the wrong impression it had intended. It was agreed that the graph would be revisited in the final version. **ACTION**

It was **RESOLVED:**

- To **APPROVE** The Report and Financial Statements for the year ended 31 March 2022 for Saffron Housing Trust Limited and for the Group
- To **APPROVE** The Letter of Representation relating to Saffron's accounts
- To **APPROVE** the gift aid payment from Crocus to Saffron Housing Trust, as a variation to the presumption of the deed of covenant.
- To **APPROVE** the £nil gift aid payment from Crimson to Saffron Housing Trust, as a variation to the presumption of the deed of covenant.
- To **APPROVE** that Saffron Housing Trust, Crocus Contractors Ltd and Saffron Housing Finance plc, Crimson Development Homes Limited are a going concern for 12 months from the date of the financial statements being signed.

Mike Jolly joined the meeting.

Agenda Item 2.4 - Crocus Contractors Ltd Annual Report and Financial Statements and Audit Findings Report

- The Board noted the Annual Report and Financial Statements for Crocus Contractors Ltd, Audit Findings Report and Letter of Engagement for the year ended 31 March 2022.
- It was highlighted that no adjustments were identified as a result of the audit.
- The Board queried if the proposed gift aid payment would impact Crocus delivering their programme. It was confirmed that this forms part of their business plan and that the gift aid payment will ensure there is less corporation tax leaving the Group.

It was **RESOLVED:**

- To **NOTE** the Report and Financial Statements for the year ended 31 March 2022
- To **NOTE** the audit findings report.

Agenda Item 2.5 - Saffron Housing Finance Plc Annual Report and Financial Statements and Audit Findings Report

- The Board noted the Annual Report and Financial Statements for Saffron Housing Finance Plc and Audit Findings Report for the year ended 31 March 2022.
- It was confirmed that the Saffron Housing Finance Plc Board had approved the Annual Report and Financial Statements at their earlier meeting today.
- It was acknowledged that Saffron Housing Finance Plc is gift aiding all profits to Saffron Housing Trust in line with the presumption in the deed of covenant.

It was **RESOLVED:**

- To **NOTE** The Report and Financial Statements for the year ended 31 March 2022 for Saffron Housing Finance plc.
- To **NOTE** the Audit Findings Report
- To **NOTE** that SHF plc is gift aiding all profits to Saffron Housing Trust in line with the presumption in the deed of covenant.

	<p><u>Agenda Item 2.6 - Crimson Development Homes Ltd Annual Report and Financial Statements and Audit Findings Report</u></p> <ul style="list-style-type: none"> The Board noted the Annual Report and Financial Statements for Crimson Development Homes Ltd and Audit Findings Report for the period ended 31 March 2022. <p>It was noted that the Financial Statements were in line with the Management Accounts presented in May 2022 apart from a £2k tax adjustment.</p> <ul style="list-style-type: none"> It was confirmed that the Annual Report and Financial Statements covered the period to 31 March 2022 and the Crimson Board identified a wording amend at their meeting on 25th July 2022. It was confirmed that Crimson Development Homes Limited has agreed to gift aid £nil of its profits to ensure that Crimson has sufficient working capital in place. <p>It was RESOLVED:</p> <ul style="list-style-type: none"> To NOTE the Report and Financial Statements for the year ended 31 March 2022 for Crimson Development Homes. To NOTE the Audit Findings Report To NOTE the £nil gift aid payment from Crimson to Saffron Housing Trust as a variation to the presumption of the Deed of Covenant. 	
2265	<p>Item 3 - Recommend External Auditors Re-appointment at AGM</p> <ul style="list-style-type: none"> The Assistant Director of Finance presented the report and confirmed that the recent audit had gone well and Saffron had worked collaboratively with Crowe UK LLP. It was noted that regular communication has been maintained throughout the year with Crowe UK LLP with any issues raised during the audit so there were no surprises by the time the audit findings report was issued. A minute was removed for confidentiality. It was confirmed that overall, it was a positive audit. The Chief Financial & Sustainability Officer raised that the Audit and Risk Committee acknowledged how difficult it is at present to get audits undertaken and Saffron was in a favourable position than most in the sector. The Chair of the Audit and Risk Committee raised that Saffron would need to tender for the External Audit function which will be challenging due to the current market with many firms not willing or have the capacity to tender. <p>It was RESOLVED:</p> <ul style="list-style-type: none"> To RECOMMEND the reappointment of the External Auditors to Shareholders at the AGM. 	
2266	<p>Item 4 – Close of meeting</p> <p><u>Chair's closing remarks & Feedback on meeting</u></p> <ul style="list-style-type: none"> The Chair requested an update on the recent field fire at Poringland. It was confirmed that the field fire reached two homes adjoining the field, one of which contained Saffron tenants. <p>Date of Next Meeting: 3:00pm, 26th September 2022 Venue: Saffron Barn Meeting Closed: 3.00pm</p>	