



## **MINUTES**

**NOTE:** In line with the FCA rules, this AGM was advertised and held as a virtual meeting via Zoom (with assistance offered to members who needed help setting up Zoom).

### **1. Introductions and Apologies**

**Present:**

The meeting was attended by 17 Leathermarket CBS Members (in person or by Proxy), CBS board directors, staff, and external professionals (auditor and solicitor). A quorum was confirmed as over 10% of registered members were present.

No apologies were received.

A total of 5 CBS members appointed the CBS Co-Chair as their proxy to vote on their behalf.

The Co-Chair opened the meeting at 6:30pm and introduced the agenda.

The CBS Officer outlined the virtual meeting format and explained that voting would take place via raised hands.

### **2. Minutes of Previous AGM**

The Co-Chair summarised the key points from the minutes of the previous AGM and adjourned item meeting, which were made available in full on the CBS website.

**Q:** A member requested that the names of members in attendance be recorded in the minutes.

**A:** This request was noted.

**Post-Meeting Note:** Legal advice was sought on this query, which confirmed that recording the names of members attending AGMs is not a legal requirement. The CBS Board agreed that, on balance, not including members' names in the minutes is the preferable approach in order to protect their privacy.

**Twelve members voted in favour of approving the minutes of the previous meeting, two voted against, and three abstained. The minutes were therefore approved.**

### **3. Annual Update from the CBS Co-Chair**

CBS Co-Chair summarised the key objectives of the CBS, as follows:

- Build high quality and genuinely affordable homes for rent.
- Empower incoming residents to participate in the design of their homes.
- Build energy efficient homes that reduce energy poverty.
- Ensure the new homes are available for local people in housing need.

The Co-Chair summarised the progress of the CBS programme as follows:

- Joseph Lancaster (1–6 Joseph Lancaster Terrace and Flats 1–34 Joyce Newman House) is nearing the end of its defects period. The scheme comprises 40 council homes and a community garden. Mostly typical minor defects have been identified and are currently being addressed through final inspections and remedial works. Residents have provided positive feedback on the quality and condition of their homes, which are reported to be well-maintained.
- The Elim scheme, which secured full planning permission in June 2024, will deliver 34 homes at council rent levels, along with a new replacement ballcourt, bin stores, improved lighting, and the re-provision of 35 car parking spaces. However, a judicial review may require an updated flood risk assessment due to recent changes, which could impact the existing planning permission.
- The future scheme at 26 Leathermarket Street (currently an office site) is in the planning stage, with a planning application submitted and awaiting a committee decision date.

### **4. Proposed minor changes to the CBS Constitution**

The Co-Chair introduced a proposal to amend the Constitution to increase flexibility in board composition to better reflect the organisation's evolving programme needs. He proposed reducing the board size more in line with industry norms - while maintaining a resident majority for decision-making. He highlighted and emphasised the importance of balancing technical expertise with resident input, particularly given recent delays in funding and planning, and the organisation's shift from smaller estate-based schemes to larger, more viable projects.

The Co-Chair expressed support for the proposal, emphasising the importance of maintaining flexibility and avoiding unnecessary pressure during periods of limited board activity. He noted that the changes to the Constitution guarantees a resident majority, regardless of the overall board size. The Co-Chair also highlighted the organisation's strategic shift toward larger development projects and explained that the proposed changes would give the board greater discretion while safeguarding core principles - most notably, the requirement for a resident director majority on the Board.

The CBS Solicitor, the organisation's solicitor, outlined the specifics of the changes. She confirmed that the minimum board size of 8 members remains unchanged and that the number of co-opted members would be reduced from 4 to 3 to ensure consistency across articles. The Solicitor explained that the changes do not alter the fundamental requirement for a resident majority or the minimum board size and that

additional discretion granted to the board would be carefully managed to uphold these principles.

**Q:** A member asked how the proposed reduction in board size and co-opted members aligns with inclusivity and diversity goals, expressing concern that it might undermine equality and geographical representation.

**A:** The CBS Solicitor answered that the Constitution ensures a minimum of 8 board members and mandates a resident majority, safeguarded by Rule D2.1. She explained that the reduction in co-opted members aligns with maintaining consistency across articles without compromising technical expertise or diversity.

**Q:** A member raised concerns about granting the board discretion over filling vacancies, questioning whether this could reduce the role of members in electing board members and limit opportunities for community representation.

**A:** The CBS Solicitor responded that Rule D5.3.2 includes safeguards, requiring the board to invite nominations for resident members if the resident majority is at risk or if the minimum number of board members falls below 8. These measures ensure community representation remains prioritised.

**Q:** A member asked how reducing co-opted members to three would meet the technical expertise needs of the board, as previously emphasised.

**A:** The Co-Chair explained that the board has historically managed with 2-3 co-opted members, even during periods of high activity. He stated that the reduction reflects the limited activity expected over the next few years and remains sufficient for foreseeable needs.

**Q:** A member sought confirmation of JMB representation, noting that the annual report suggested a possible gap following Andy Bates' resignation.

**A:** The Co-Chair confirmed that the JMB is currently represented by Bob Heapy, the interim chief executive.

The member maintained his position, citing concerns about the reduced board size's impact on equality, diversity, and geographical representation. He confirmed his intention to vote against the proposal.

**12 members voted in favour of the proposed changes to the CBS Constitution, 3 voted against, and 2 abstained. As a result, the amendments to the Constitution were approved.**

## 5. Presentation of the Annual Accounts - Sumer Audit Co Ltd

The annual accounts for 2022/23 were presented by the accountant (FCCA) of Sumer Audit Co Ltd. The audit report was unqualified and revealed no issues of note.

### Summary of Financial Performance:

- **Income – Project Funding:**

The accountant explained that project funding income comprises grants from Southwark Council for the Marklake, Joseph Lancaster, 26 Leathermarket Street, and Elim projects. The grant income of £180K matches the project costs, which have decreased due to the completion of the Joseph Lancaster project. Any unspent grant is deferred and shown under creditors, resulting in no surplus for the year.
- **Income – Client Funding:**

Client funding includes rental and gas income for Marklake Court and rental income for Joseph Lancaster, as well as management fees from Leathermarket Community Housing (LCH). Excess grant funding from Southwark Council over expenditure is treated as a creditor. Project funding costs for Joseph Lancaster, JMB Office, and Elim are fully matched by income.
- **Marklake Court and Joseph Lancaster Costs:**
  - Management and maintenance fees were paid to JMB.
  - Heat and light expenses increased due to rising prices.
  - Legal fees decreased and primarily covered fire safety assessments.
- **Other Expenditure:**

Service Level Agreements (SLAs) were paid to JMB for Marklake and Joseph Lancaster. Management fees to LCH fell in line with reduced project costs. Other costs included insurance (reallocated from last year), computer expenses, stationery, advertising, and committee meeting expenses.

### Board and Staffing Costs:

Payroll costs decreased as a result of staff departures during the year.

### Statement of Financial Position (Page 12):

- **Fixed Assets:**

Land and buildings valued at £9.1 million, representing Marklake Court.
- **Investments:**

£100 in shares of LCH, a subsidiary set up for tax-efficient project management.
- **Debtors:**

Debtors primarily comprised £192K in rents collected by Leathermarket JMB and paid to CBS after year-end, with the balance consisting of prepaid items.
- **Bank and Cash:**

Cash reserves totalled £724K as of 31 March 2024, primarily representing project and client funds received in advance.
- **Creditors:**

Creditors included £793K in deferred grants from Southwark Council, £140K

owed to LCH for project works, and other accrued costs, including the final retention on the Marklake project.

- **Capital and Reserves:**

Restricted funds of £9.1 million matched Marklake building costs.

### **Leathermarket Community Housing Ltd and Consolidated Results:**

Leathermarket Community Housing Ltd (LCH) is fully owned by Leathermarket CBS Ltd. This year, consolidated accounts were prepared due to regulatory changes.

- **LCH Performance:**

LCH's sole income comes from CBS. It runs the projects as a separate company to enable VAT reclaims. Most costs are recharged to CBS. At year-end, LCH reported a small profit of £81, a balance sheet value of £12K, £100K in bank accounts, £140K owed by CBS, and £231K in liabilities, mainly retentions on completed projects.

- **Consolidated Accounts:**

The consolidated accounts amalgamate CBS and LCH, eliminating intercompany transactions. The consolidated income statement shows a NIL surplus, and the balance sheet total mirrors CBS's position. Any unrecharged expenses reduce the group's deferred income creditor.

**Q:** A member raised multiple questions regarding the accounts and organisational matters. The member queried the significant reduction in reported income from Southwark Council, from £705,000 in the previous year to £180,000, of which £62,000 was categorized as a grant received and £117,000 as deferred grant income. He sought clarification on whether only £62,000 was actually received and how the deferred grants operate.

**A:** The accountant explained that deferred grants are matched to project expenditure within the year. For example, if £100,000 is received but only £20,000 is spent, £20,000 is reported as income while the remainder is deferred. The reduction in income reflects the completion of the Joseph Lancaster project, which had significant building costs in the previous year but none in the current year.

**Q:** A member noted a significant rise in rental income for the Joseph Lancaster property and asked for the rationale behind it.

**A:** The accountant clarified that the increase was due to a full year of rental income being accounted for, as opposed to the previous year when the property was still under development.

**Q:** A member sought confirmation regarding a perceived gap in JMB representation following Andy Bates' resignation and queried the absence of updates in the annual report.

**A:** A CBS officer confirmed there was no gap in JMB representation. Interim representatives, though not formally listed in the accounts at their request, attended board meetings. Bob Heapy, the interim JMB Chief Executive, subsequently assumed the board role, ensuring continuous JMB representation.

- Q:** A member questioned why John Lynch's resignation in June was not addressed through a replacement.
- A:** A CBS officer explained that the decision not to replace John was aligned with the board's ongoing discussions about reducing member numbers to reflect the organization's changing programme and resource needs.
- Q:** A member highlighted an inconsistency in the accounts (on page 18), which stated four staff members despite there being only three. He also questioned the absence of a Community and Communication Manager.
- A:** A CBS officer noted that the timing of the fourth staff member's departure from CBS would need to be confirmed. She explained that the Community and Communications Officer role, focused primarily on community consultation and engagement, has not been filled due to the lack of immediate need. The current schemes are not at a stage that requires intensive community consultation or resident handovers, so there is no need to replace the role at this time. The position will be reinstated when future projects enter phases where dedicated community engagement is necessary.

The CBS solicitor confirmed that, if an error is found in the accounts and identified as factually incorrect, it can be corrected.

**Fourteen members voted to approve the 2023/24 annual accounts, with three members abstaining. The accounts were therefore approved.**

**Post Meeting Note:** The post-meeting review confirmed that there were 3 (not 4) CBS staff members in the final month of 2023/24. The accountant has advised that this error is not material to the accounts and that it would not be proportionate to amend and reissue them.

## **6. Reappointment of the Auditor**

The Board of Leathermarket CBS recommended the reappointment of Sumer Audit Co Ltd as the CBS auditor for 2024/25.

**Fifteen members voted in favour of reappointing the auditors for 2024/25, with two members abstaining. The reappointment was therefore approved.**

## **7. Any Other Business**

- Q:** A member raised concerns about the challenges in progressing social-rent housing schemes on council estates, citing recent media coverage and statements from Southwark Council and the GLA. He noted that both the Elim and HQ office schemes appear to be on hold, with the HQ office project unable to proceed to committee due to a lack of funding from Southwark Council and the GLA. The member requested feedback on the impact of these funding constraints and the difficulties faced in advancing stalled projects. Additionally, he asked for an update on the work being undertaken by the staff team and board in light of these challenges, particularly in relation to the rolling programme of schemes under the estates plan. He suggested that further information be provided on the

team's ongoing efforts to develop schemes despite the current funding limitations.

**A:** A CBS officer acknowledged the challenges currently faced by housing providers and highlighted the board's ongoing efforts to address these issues. While much of the work and negotiations are confidential to protect operations and secure long-term value for money, the officer assured members that updates would be shared through newsletters or general meetings as soon as outcomes are finalised. She emphasised that the team, although scaled back, remains very busy managing critical tasks and advancing key projects.

**Q:** A member expressed concerns about the apparent lack of progress on smaller schemes within the rolling programme and questioned the use of rental income to maintain the team. He suggested that this period of reduced activity could be used to refresh the 2018 estate-based plan through resident engagement, reassessing priorities and exploring new opportunities. The member also stressed the importance of further engagement with residents on the Elim scheme, which has faced opposition and judicial review.

**A:** A CBS officer responded that the team is focusing on larger, more viable schemes, such as Elim and 26 Leathermarket Street, which together aim to deliver 60 homes. She explained that smaller schemes are less cost-effective due to logistical and overhead challenges. While the rolling programme remains active, prioritisation depends on market conditions and funding availability. The officer highlighted significant resident support for the Elim scheme, though progress is limited until the judicial review outcome is known.

A CBS officer confirmed that the Elim scheme has undergone two years of extensive resident engagement during its design process, achieving majority support. However, the judicial review and planning-related issues are causing delays. For the 26 Leathermarket Street project, the team is awaiting a date for the planning committee meeting, noting that objections have been raised.

**Q:** A member asked if there was an alternative image of the Elim scheme showing the side facing the estate, whether the majority of Elim residents supported the design, the status of the planning application for 26 Leathermarket Street, and whether Evinox, the metering and billing of heating and hot water for Marklake, also manages Joyce Newman House.

**A:** A CBS officer explained that alternative images are already available on the CBS website and on the planning portal. She confirmed that the Elim scheme's design process involved two years of consultation with residents, resulting in majority support. Regarding 26 Leathermarket Street, the officer stated that the planning application is awaiting a committee date, with objections being addressed, although the exact timing is determined by council scheduling. She clarified that Joyce Newman House is not managed by Evinox. JMB will be able to provide further information regarding operation matters.

## **8. Recognition and Thanks**

The Co-Chair thanked TRA members and residents who have been involved in the scheme consultations, Southwark Council for its excellent partnership in community-led housing, CBS Board Directors for their commitment to the organisation, and the officers of CBS for their hard work and dedication to delivering new Council homes.

The Co-Chair closed the meeting by thanking all Members for attending the AGM.