

## **THE RIVERSIDE GROUP LIMITED**

(Registered number 30938R)

A Meeting of the Board of The Riverside Group Ltd (TRGL) was held on Thursday 10 December 2015 at the offices of TRGL 2 Estuary Boulevard Estuary Commerce Park Liverpool L24 8RF

### **Chief Executive Officer's Cover Note to the Minutes**

1. Riverside has been working with customers and stakeholders in reviewing how we can continue to develop our accountability and transparency.
2. As part of this work the Group Board has agreed to publish its minutes on Riverside's external website.
3. A small number of items may be 'redacted' (blacked out) where they relate to either commercially confidential or personal information which it would be inappropriate to disclose. This is in line with our 'Transparency Statement'.
4. The minutes are detailed below, however it can sometimes be difficult to get a sense of a meeting from the 'official' record. So we've decided that I should share my reflections on the key issues discussed at the meeting.
  - The Board approved rent variations from April 2016, reflecting the new legal requirement for (most) social housing rents to be reduced by 1% each year for four years. With the legislation still passing through Parliament, the Board delegated final decisions on the detail of the review to the Chief Executive in consultation with the Chair.
  - The Board noted the voluntary deal which had been struck between the housing association sector and Government to introduce a voluntary sales programme giving tenants the opportunity to buy their homes at 'right to buy' level discounts. They also noted that Riverside is participating in a pilot scheme (with four other housing associations) which will test Voluntary Right to Buy, with Riverside selling up to 200 homes. Further details will be presented to the February 2016 Board meeting.
  - The Board considered and noted a new IT strategy (requiring investment of £7 million) which will drive significant long-term cost savings and provide customers with greater online access to our services.
  - The Board noted the usual performance reports, showing voids at a five year low, and significant reductions in rent arrears and relet times.

**Carol Matthews, Group Chief Executive**

## Agenda Item 4a

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### **MINUTES**

Present: Mr M Steinberg (Chair), Mr P H Raw (Vice Chair), Mrs S Jee (Treasurer), Ms J E Baggaley, Mr J C Dale, Mr P Forster-Jones, Mr P J Han, Mr M J Little, Ms C M Matthews and Ms S Trueman.

In attendance were Mr W Macfarlane (Tenant Board Observer), Mr R Hennessy (KPMG)\*, Mr R Clawson, Ms Juliet Blackburn\*, Mr A Coghill\*, Mrs L Hearne, Mr J Paul\*, Mr J R W Wood and Ms J M Vail (staff).

\*part of the meeting

#### Apologies for Absence

There were no apologies for absence.

#### Declarations of Interest

There were declarations of interest from Mrs S Jee in respect of her role as a Trustee Director of The Riverside Group Pension Scheme (TRGPS), Ms C M Matthews in respect of her role as a Trustee Director of TRGPS, Ms J E Baggaley as a member of TRGPS and secretary to TRGPS and Mr R Clawson in respect of his role as a Trustee Director and member of TRGPS. The Board requested that they and other Executive Directors remain present at the meeting for 'Riverside Group Pensions Strategy – Defined Contribution Offer' (minute 698/15).

#### 696/15 Minutes of the Last Meetings

The minutes of the last meetings were approved and signed as follows:

- a Minutes of 14 October 2015
- b Minutes of 14 October 2015 – confidential
- c Minutes of 9 November 2015 – confidential

697/15 Minute 677/15 d – Chief Executive’s Round Up: This was a confidential item and a separate minute recorded in TRGL Board Confidential Minute Book.

698/15 Riverside Group Pensions Strategy – Defined Contribution (DC) Offer

A report was discussed by the Board and a separate minute recorded in TRGL Board Confidential Minute Book.

699/15 Chief Executive’s Round Up

The Board considered the report, noted the intensive activity in the housing sector, as shown by the 2 separate agenda items ‘Rent Variation 2016/17’ and ‘Riverside and the Voluntary Right to Buy’ and highlighted the following:

- a Housing & Planning Bill  
The main themes, consultations and progress; and that Mark Patchitt, Director of Development and Growth plus Hugh Owen, Director of Policy & Communication had attended Select Committees in response to parliamentary requests to hear from the Group.
- b Welfare Reform and Work Bill  
The main themes, consultations and progress; and that Hugh Owen was lobbying the legislators extensively which included speaking to peers in the House of Lords on behalf of the Group and the sector, for an exemption on supported housing rents.

The Board noted and expressed its thanks and appreciation to Hugh Owen for his outstanding work.

- c Rents Update  
The Board received an update and a separate minute recorded in TRGL Confidential Minute Book.
- d HCA Quarterly Return  
The Board received an update and a separate minute recorded in TRGL Confidential Minute Book
- e My Home Finance  
The Board received an update and a separate minute recorded in TRGL Confidential Minute Book.
- f Modern Slavery Act 2015  
The Board noted that:

- i The Modern Slavery Act 2015 requires organisations to publish an annual statement about what actions they have taken to address modern slavery and human trafficking in their businesses and supply chains;
- ii the Group has a number of policies and procedures in place, in particular through Riverside Care & Support; and

iii the Board would receive a statement for approval at its meeting on 21 April 2016.

g Change of name from Riverside Care and Support Ltd to Riverside Estuary Ltd

The Board noted that:

- i the Chair had signed a written special resolution on behalf of TRGL, the sole shareholder of the subsidiary to effect the Board's approval of the name change, which had been made to minimise confusion following launch of the Riverside Care and Support brand; and
- ii the name change was now effective following registration at Companies House on 19 November 2015 and was also being filed with the Charity Commission.

h Rest of the report

The Board noted the rest of the report.

700/15

The Riverside Group Strategy for IT 2016-2020

The Board discussed the report in detail and received a presentation from John Paul, interim IT Director who highlighted that the strategy took a modern and One Riverside approach, by proposing thin client technology to provide a centralised, robust core, with flexible access to a suite of integrated business applications accessible from many locations and a range of devices.

The Board made comments on the IT Strategy for 2016-2020 and a number of points were clarified as follows:

- the proposed capital investment at £7million over 6 years was appropriate to catch up with and keep abreast of technology
- it outlined a move away from hardware, as physical assets to software, as services
- it could deliver an increase in revenue, resulting from reduced running costs
- it provided for governance, security and risk management, with safeguarding of customers' information a priority which would include annual penetration testing for robustness and identification of any critical vulnerabilities
- it incorporated use of 'The Cloud' which, by outsourcing would offer additional security of information and remove the requirement to invest in and maintain hardware
- it identified a requirement to recruit some additional senior level management staff to deliver the strategy
- progress to date included that, after 3 months, 900 customers had already registered for self-service via the website, that functionality would be increased in 2016 and automation at a later date.

The Board:

- a noted and welcomed the IT Strategy for 2016-2020;
- b noted and expressed support for the progress made to date and the need for investment to both catch up and modernise;
- c requested regular updates on progress from now on; and
- d agreed that the speedy delivery of the IT Strategy for 2016-2020 was essential for the future success of the Group.

The Board thanked John Paul for his work on the IT Strategy.

701/15 Target Operating Model Update

The Board discussed a report, received a presentation and a separate minute recorded in TRGL Board Confidential Minute Book.

702/15 Performance Report

The Board considered the Performance Report and highlighted the following:

Financial headlines:

- all the financial performance traffic lights were red in the Full Year Forecast, reflecting the impact of assumed major costs and mitigations post the Government's July 2015 Budget, which the team are still working through with Board
- without these major costs the operating margin increased to 22.3% by year end, ahead of budget by 1%
- Repairs & Maintenance was an area of concern due to both stock changes and operational elements, but work was underway to get back to budget



- contingencies had not been required in the year so far, but would be utilised by the year end.

Operational Performance:

- the blended Top 10 score for October was 63.8% (error on pages 1 and 2 at 62.5%) and improved by just under 12% since the last report on 14 October 2015
- further performance details were recorded under minute 703/15.

The Chair reported that Andy Coghill, Director of Business of Planning was leaving the Group at the end of December 2015 and, on behalf of the Board, thanked Andy for his excellent work, contribution and support during his 8 years with the Group.

703/15 Housing Services Committee Highlights from 3 December 2015

The Board noted the headline issues from the HSC meeting.

The following matters were highlighted:

- of the Top 10 KPIs, there were 3 greens, 4 ambers and 3 reds with the Divisions demonstrating an improved performance culture, although may not achieve all greens at the year end
- Cash Leakage showed significant improvement with voids green at the end of October 2015 and at its lowest level since the KPI was first recorded in 2010; current arrears improved compared with the position 1 year ago and re-lets at their lowest point in the last 3 years.

704/15 Proposal for a Change to the Former Tenant Arrears Policy

A report was discussed by the Board and a separate minute recorded in TRGL Board Confidential Minute Book

705/15 Rent Variation 2016/17

The Board considered the report which, following the Government's July 2015 Budget, set out the implications for the Group of the requirement to reduce rents by 1% per annum for the next four years from 2016 to 2020.

The Board noted that:

- a the most significant risk to implementation of the rent reductions was the timing of adoption of the Welfare Reform & Work Bill, as this could be some months after the start of the Group's rent review processes, normally January each year; and
- b the Group was taking advice from its solicitors and the HCA, the social housing regulator, on the rent issues.

The Board approved:

- c reducing rents for each of the four years from 2016/17 to 2019/20 in accordance with statutory requirements as set out in section 2 of the report;
- d changing practice so that Riverside maximises rental income for re-lets by charging the greater of 'passing' or target rents (8 July 2015) adjusted downwards by 1% per annum;
- e the Chair and Chief Executive being given delegated powers to reconsider the rent review date, subject to further advice from the Group's solicitors and the regulator, and if necessary change this date following the service of appropriate notices on tenants;

- f the Chair and Chief Executive being given delegated powers to amend the practice of charging the following year's rent for a property re-let from January of the same year, subject to further legal advice; and
- g making amendments to the rent framework document to reflect the recommendations above, and the use of any delegated powers.

706/15

Riverside and the Voluntary Right to Buy (VRTB)

The Board received a tabled extract showing costed examples of VRTB for illustrative purposes.

The Board discussed the report noting that the Government has accepted the offer from the sector via the NHF to shape a voluntary sales scheme. The pilot had been shaped to test demand so government can anticipate funding levels required, test eligibility criteria and understand the most effective communications and administration systems.

The Board:

- a noted the report and the Group's participation in the VRTB pilot scheme which could comprise up to 200 sales from January to June 2016;
- b agreed that implementation of the VRTB scheme presented a range of challenges to the sector. However, with extensive experience of delivering Preserved Right To Buy, Riverside should be well placed to meet these challenges, particularly if the Group is able to build an approach on an 'inside track' through participating in a managed pilot;
- c noted that the Chief Executive had been involved in extensive discussions with Brandon Lewis, Minister of State for Housing & Planning and commended her, Hugh Owen, Director of Policy & Information and Carol Lavender, Director at Riverside Home Ownership for their prompt and positive response to the approach from the Government to participate in the pilot;
- d noted that 81 expressions of interest in VRTB had been received from Riverside tenants at 10 December 2015; and
- e requested that a report on demand for VRTB be submitted to its next meeting on 11 February 2016 and that the work on properties to be excluded be progressed further.

707/15

One Riverside Progress Report 2015/16

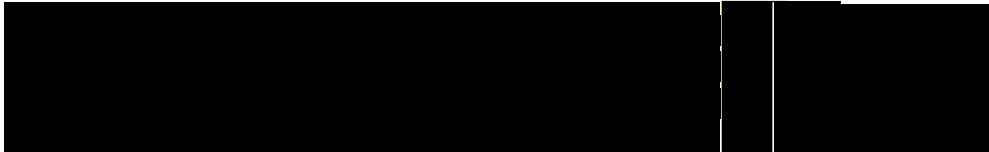
The Board discussed the report which summarised performance against targets and the progress of activities against Year 2 of the Corporate Plan 2014-17.

The Board

- a noted the progress made against the One Riverside delivery plan for 2015/2016;
- b noted the position in terms of achievement of One Riverside targets;
- c agreed the proposal to review the content of the plan in anticipation of any changes of direction or emphasis needed in Year 3; and
- d noted that the Corporate Plan would form part of the Board Members' 2016 Strategy Event.

708/15 Scotland Growth Strategy

The Board discussed the Scotland Growth Strategy which formed part of One Riverside and planned to grow the Group to circa 6,000 homes in Scotland over 10 years. The Board noted that:

- a one potential risk of the changing operating environment in England following the Government's July 2015 Budget was that the Group may be less desirable as a partner in Scotland;
- b 
- c the Scotland Growth Strategy would form part of the Board Members' 2016 Strategy Event.

The Board considered the recommendation of the Scotland Committee and approved the Scotland Growth Strategy.

709/15 The Compendium Group – Business Plan 2016 & 2017

A report was discussed by the Board and a separate minute recorded in TRGL Board Confidential Minute Book.

710/15 London Asset Review

The Board discussed the report in detail which highlighted long term master planning opportunities and set out a strategy for a review of the Group's London assets.

The Board:

- a noted that the review had been accelerated due to the challenges of the Government's July 2015 Budget (1% rent reduction and VRTB) and would inform a Board policy on exemptions for VRTB;



- b approved the principle of the London asset review and looks forward to receiving specific proposals;
- c approved investment in the feasibility work [REDACTED] [REDACTED] for submission of proposals to its next meeting on 11 February 2016;
- d agreed that proposals [REDACTED] [REDACTED] would be submitted to the Board at its meeting on 21 April 2016;
- e noted the scale of the review which would require potential significant investment and that the Group's Commercial Ventures Group would consider and make recommendations to the Board when the work was further developed; and
- f further to the Group's lettings policy, approved that the Chief Executive has flexibility in the management of London stock, for example, to free up the ability to decant customers.

711/15 Certification of Compliance with all Relevant Law – Update on Progress

The Board:

- a noted the contents of the report;
- b highlighted that an update on progress would be submitted to the Group Audit Committee (GAC) meeting on 17 December 2015; and
- c agreed that, subject to consideration by the GAC on 17 December 2015, the Chair would sign the AGM ratification written resolutions on behalf of TRGL, as shareholder of ECHG (Harrow) plc, ECHG (Kensington & Chelsea) plc and ECHG (No.1) Ltd.

712/15 Recommendations of the Governance & Remuneration Committee (GRC)

- a Review of Terms of Reference (ToR) of the GRC  
The Board approved the amended ToR of the GRC.
- b Board Skills Strategy  
The Board:
  - i noted that it was a regulatory expectation that all Registered Providers have a skills strategy and that a further report on succession planning would be submitted to its next meeting on 11 February 2016; and
  - ii approved the Skills Strategy 2015-2018.

- c Proposed Appointment of Mark Bolton as a Riverside Care and Support Nominee to Church Housing Trust  
The Board approved the appointment of Mark Bolton as a Riverside Care and Support Nominee to Church Housing Trust.
- d Proposed Appointment of Adrian Crookes and Tim Croston as new members of the GAC  
The Board:
  - i approved Adrian Crookes and Tim Croston as new members of the GAC for a 3 year term, with further terms being subject to performance and appraisal; and
  - ii noted that consideration was being given to whether a third strong candidate from the recruitment process, Andy Deutsch, could be appointed elsewhere within the governance structure, subject to approval by the GRC, which would be sought in due course.

713/15 Annual Returns

- a Donald Bates Charity - Annual Return to The Charity Commission
- b Eleanor Godfrey Crittall Charity – Annual Return to The Charity Commission
- c Eventide Homes Trust – Annual Return to The Charity Commission
- d The St Michael’s Housing Trust – Annual Return to The Charity Commission

In its capacity as Corporate Trustee of the above Charities, the Board noted that the Annual Returns for each for the year ended 31 March 2015 were ready for on-line submission to The Charity Commission and noted that a copy of each was available for perusal at the meeting.

- e Naylands (51-68) Limited – Annual Return to Companies House

In its capacity as Corporate Trustee of Naylands (51-68) Limited, the Board noted that the Annual Return for the year ended 31 March 2015 was ready for on-line submission to Companies House and noted that a copy was available for perusal at the meeting.

714/15 Information Items

The Board noted the following items:

- a Board Members’ Interests in Group Board and Committees

- b Governance & Remuneration Committee Minutes – **CONFIDENTIAL** – 14 October 2015
- c Group Audit Committee Minutes - 14 September 2015
- d Housing Services Committee Minutes – 1 October 2015
- e Prospect (GB) Ltd Board Minutes – **CONFIDENTIAL** - 20 July 2015
- f Prospect (GB) Ltd Board Minutes – **CONFIDENTIAL** - 24 August 2015
- g Prospect (GB) Ltd Board Minutes – **CONFIDENTIAL** - 28 September 2015
- h Prospect (GB) Ltd Board Minutes – **CONFIDENTIAL** - 19 October 2015
- i Prospect (GB) Ltd Board Minutes – **CONFIDENTIAL** – 23 November 2015
- j Evolve Facility Services Ltd Board Minutes – **CONFIDENTIAL** - 5 June 2015
- k Evolve Facility Services Ltd Board Minutes – **CONFIDENTIAL** – 17 July 2015
- l Evolve Facility Services Ltd Board Minutes – **CONFIDENTIAL** – 16 September 2015
- m Riverside Executive Directors’ Minutes – 20 October 2015
- n Riverside Executive Directors’ Minutes – **CONFIDENTIAL** – 20 October 2015
- o Riverside Executive Directors’ Minutes – 24 November 2015
- p Riverside Executive Directors’ Minutes – **CONFIDENTIAL** – 24 November 2015

715/15 Any Other Business

Riverside Cumbria Division – Floods due to Storm Desmond December 2015

Mike Little, Riverside Cumbria Divisional Board Chair reported that 19 of the Group’s properties and the homes of 10 members of staff had been flooded. The Board expressed their concern for and conveyed their thanks to the Division’s staff who were working as fast and as hard as possible in challenging circumstances to assist and advise affected customers.

716/15      Date and Time of Next Meeting

The next meeting was fixed for Thursday 11 February 2016 at 10 am.

Papers attached to the Minutes  
Minute Numbers

699 report filed in confidential minute book

700	707
702	708
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