

Agenda Item 4a

THE RIVERSIDE GROUP LIMITED

A Meeting of the Board of The Riverside Group Ltd (TRGL) was held on Thursday 11 February 2016 at 10 am 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 received a comprehensive update on improvements to our asset management services, and the roll out of our MOT approach to maintaining our homes. Significant cost savings have been achieved over the year – nearly £3million.
 - A revised development strategy was agreed, which will see Riverside build more homes for shared ownership in 2016/17. In the longer-term, Riverside will seek to build a mix of affordable homes for rent, particularly using income from the sale of homes under the Voluntary Right to Buy, and around 200 homes for shared ownership each year.
 - The Board considered a progress report on Riverside's involvement in the Voluntary Right to Buy Pilot in the Liverpool City Region, where we will sell up to 200 homes at a discount, with full Government compensation to enable us to replace them once the Housing and Planning Bill becomes law. It noted that a legal agreement for the pilot had been entered with the relevant Government department, and that Divisional Boards had approved sales under the scheme.

Carol Matthews, Group Chief Executive

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 and Ms C M Matthews.

In attendance

Mr W Macfarlane	Tenant Board Observer
Ms Juliet Blackburn	Head of Modernisation (minutes 717, 718 and 719)
Mr R Clawson	Executive Director, Corporate Services
Ms L Dove	Consultant (minutes 717, 718 and 719)
Mr I Gregg	Director of Asset Management (minute 724)
Mrs L Hearne	Executive Director, Care and Support
Mr M Lawrie-Simmons	Interim Director, Business Planning & Analysis (minute 722)
Ms L Potter	Campbell Tickell Observer, external board appraiser
Ms A Scott	Consultant (minutes 717, 718 and 719)
Mr J R W Wood	Executive Director, Housing Services
Ms J M Vail	Senior Governance Officer (minutes).

Apologies for Absence

Apologies for absence were received from Ms S E Trueman. The Chair, on behalf of the Board, sent its best wishes to Sally, for a speedy recovery from an operation.

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, Mr R Clawson in respect of his role as a Trustee Director and member of TRGPS and Mrs L Hearne and Mr J R W Wood as members of TRGPS. The Board requested that they remain present at the meeting for Agenda Item 7: 'Riverside Group Pensions Strategy – Progress Report'.

It was noted that, Mrs S Jee had declared an interest and withdrawn from Trustee meetings of TRGPS at which closure of TRGPS Defined Benefit scheme for future benefit accrual was discussed, as had Ms C M Matthews, Mr R Clawson and Ms J E Baggaley.

Chair's Matters

The Chair:

- a drew attention to the regular exchange of information between the Group Chief Executive and the Board in between formal meetings to keep abreast of changes to the operating environment and activity in the Group, resulting from the Government's July 2015 budget;

- a on behalf of the Board, welcomed Liz Potter from Campbell Tickell who was conducting external appraisal of the Board; welcomed Juliet Blackburn, Lynne Dove and Alyson Scott for Agenda Item 6 'Target Operating Model Business Case' (TOM) and advised that Ian Gregg would be joining the meeting for Agenda Item 11 'Asset Management - One Year On';
- b 
- c highlighted that the Governance Team was experimenting with refreshing the approach to board papers and requested that feedback be given to Jackie Vail on the proposed new board pack format presented to Board Members for this meeting;
- d drew attention to Agenda Items 6 'TOM' Business Case, 7 'Riverside Group Pensions Strategy – Progress Report' and 11 'Asset Management – One Year on' as highly significant and highlighted that they would be given appropriate time for discussion and debate accordingly; and
- e announced that there would be a closed session of non-executive Board Members and the Group Chief Executive at the end of the meeting.

717/16 Minutes of the Last Meetings

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

- a Minutes of 10 December 2015
- b Minutes of 10 December 2015 – confidential

718/16 Matters Arising and Action Points

- a Minute 699/15 – Group Chief Executive's Round Up: e My Home Finance: This was a confidential item and a separate minute recorded in TRGL Confidential Minute Book.
- b Action Points: The Board noted and welcomed the new report which would assist the Chair and Board Members track the actions arising at Board meetings.

719/16 Target Operating Model (TOM) Business Case

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

720/16 Riverside Group Pensions Strategy – Progress Report

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

721/16 Group Chief Executive's Round Up

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

722/16 Performance Report

The Chair welcomed Mike Lawrie-Simmons, Interim Director to Riverside and the meeting. The Board considered the Performance Report and highlighted the following:

Current Year

[Redacted content]

Year End Forecast

[Redacted content]

Updated 2015/16 Landing – Operating Surplus

[Redacted content]

Business Plan Summary – October 2015 Business Plan

- factors likely to impact on the current agreed position included revised Voluntary Right To Buy (VRTB) assumptions, the TOM business case, revised development programme assumptions, the apprenticeship levy, headcount reductions, the impact of the proposed Local Housing Allowance ceilings and the anticipated 2015/16 closing final account position
- the Finance team was modelling the impact of these factors on the Group's financial performance as part of the current business planning process and, in particular, the impact they may have on the Group's 5 year Operating Surplus trend

- a revised 30 year business plan would be presented to Board at its meeting on 21 April 2016.

The Chair, on behalf of the Board, thanked Mike Lawrie-Simmons for his excellent report and presentation.

723/16

Housing Services Committee Highlights from 4 February 2016

The Board noted the headline issues from the HSC meeting and the following matters were highlighted:

- discussion in relation to supporting the teams to deliver the year end Operational Key Performance Indicator (KPI) forecasts and stretching targets even where local targets had been achieved, in order to reach the aggregate target for the Group of 80% or more at year end; the January 2016 KPI results and the forecasts based on those results were tabled
- a step change in Voids which showed a positive year to date variance against the target for the year
- that there had been a closed session of members to report on elements of the TOM proposals being submitted to the Board at this meeting.

724/16

Asset Management – One Year On

The Board received a presentation from Ian Gregg, Director of Asset Management which updated the Board at Year 2 of the 3 year project 'Think Homes – Implementing a Modern Asset Management Service' on how the team was working to improve both customer experience and value for money for the Group.

The Board clarified and discussed the following:

- in relation to gas work, the Group's subsidiary Evolve Facility Services Ltd (Evolve) now undertook all domestic but not commercial work which required particular commercial boiler skills from engineers and was therefore still outsourced
- the MOT 'app' had been developed and deployed across the country, was fit for purpose and fully used by staff
- the 3 KPI drivers of First Time Fix, Gas Safety and Health and Safety
- the 3 priorities for the Business Plan Challenge of Voids, HFAT Reds/Disposals and transfer of works to Evolve
- total savings of £2.7m had been achieved and were included in 2015/16 Business Plan.

The Board noted the progress made, commended the Asset Management team for their work and requested a further update in 2017, at the end of the project.

725/16

Development Programme 2016/17 and Strategy Beyond

The Board considered the report which, in response to the Government's July 2015 budget:

- re-assessed and proposed changes to the development strategy and financial assumptions for the remainder of the current Business Plan 2014/17 and
- proposed strategic priorities for the next Business Plan 2017/20.

The Board discussed the report in detail which highlighted the risks as reputational, the housing market, cost increases/construction inflation, VRTB sales rates and their mitigations.

The Board approved in principle, subject to ensuring the viability of the Group's Business Plan and compliance with all funding covenants, the following:

- a in relation to the remaining 2016-17 Business Plan, the increase in the proportion of the development programme to be focussed on shared ownership and target procurement options that may qualify as VRTB replacements;
- b the revised financial assumptions for the development programme included in Appendix 1;
- c in relation to 2017-20 Business Plan, the following principles for developing a pipeline of opportunities:
 - proceeds from VRTB sales are focussed on affordable rent replacements
 - Recycled Capital Grant Fund (RCGF) generated from disposals is re-invested in new affordable rented homes
 - develop a Shared Ownership programme of 200 homes per annum.

The Board noted:

- d the proposals to reduce the cost of and maximise income to the development programme which would ensure its sustainability with no subsidy from the main business, whilst addressing the Government's focus on investment in housing, home ownership and affordable housing;
- e that Starter Homes in their current form, would only be considered by the Group's commercial subsidiaries; and

- f the prudent approach taken due to the details of the Housing and Planning, Welfare Reform and Work Bills not yet being finalised and their full impact therefore not yet known.

726/16

Record of Decisions of the Chair Under Chair's Action Procedure; Voluntary Sales Pilot Project

The Board noted the decision of the Chair to:

- a enter into an agreement with the Department for Communities & Local Government (DCLG) and 4 other housing associations which will ensure that DCLG compensates the Association for pilot set-up costs, transaction fees and the full value of discounts, the value of the project anticipated to be around £10m discounts in total; and
- b authorise the Group Chief Executive or another Executive Director to sign the Project agreement on behalf of the Association.

727/16

Riverside and the Voluntary Right to Buy (VRTB)

The Board received an update on the VRTB pilot project under which the Group had agreed to dispose of up to 200 homes in the Liverpool City Region over a 6 month period from January 2016.

The Board discussed the report in detail which highlighted the 2 main areas of risk as financial and reputational and their mitigations.

The Board:

- a noted the progress being made on the design principles of the pilot VRTB Scheme including eligibility criteria, discount structure and property exclusions;
- b noted that 1,222 expressions of interest and 137 applications had been received to date, of which 111 had successfully passed the first stage of the approval process and that, due to these early high indications of demand, it had been agreed that applications would be prioritised in date order;
- c noted the use of Chair's Action to authorise entering a project agreement with DCLG and the 5 housing associations;
- d noted that the Government would be able to make discount compensation payments when the Housing and Planning Bill is enacted only, likely to be in April/May 2016, that this could defer receipts so that the business plan assumption for VRTB disposals would reflect this, at less than 200 disposals;
- e noted and endorsed that Mersey South and Mersey North Divisional Boards have approved:

- i the disposal of up to 200 homes under the terms of the scheme, subject to securing regulatory consent for disposals, and Royal Assent to the Housing and Planning Bill being obtained; and
 - ii the sale of a property to any member of staff eligible under the scheme, provided that the member of staff has played no part in the administration of the sale, or received any additional information or priority, other than that available to all applicants; and
- f approved that a programme consent application be submitted to the regulator in support of this programme.

728/16

Borrowing From Affordable Housing Finance plc (AHF)

The Board discussed the report and noted that the proposal to participate in the final AHF issue before closure of the scheme at the end of March 2016 had been reviewed by the Group Treasury Committee, who recommended that the Board approves the proposal. The Board also noted the risk identified that the Group's level of borrowing is based on the Business Plan which is subject to a number of uncertainties at present.

The Board approved:

- a that TRGL borrows £20m of which between £7m and £10m is retained;
- b that as a substantially complete loan facility will not be available until March 2016, authority be delegated to the Group Treasury Committee to agree and approve the terms and conditions of the loan facility; and
- c the detailed resolution attached to the report which had been prepared by Devonshires, solicitors and agreed by Trowers, solicitors on behalf of AHF.

729/16

Rent Reduction and Potential Impact on [REDACTED]
Loan Compliance

The Board discussed the report and noted that the proposals to mitigate risks in the light of negotiations with the [REDACTED] Administrator and Bond Trustee had been reviewed by the Group Treasury Committee who recommended that the Board approves the proposals.

The Board approved:

[REDACTED]

[REDACTED]

[REDACTED]

730/16 Asset and Liability Register (ALR) Update

The Board discussed the report and noted:

- a the new HCA requirement for housing associations to maintain an ALR with effect from 1 April 2015;
- b the new HCA requirement for the Board to certify annually that the Group adheres to all regulations of which the ALR is one; and
- c progress on implementation of the ALR and that this would be considered next by the Group Audit Committee (GAC) at its meeting on 17 March 2016.

731/16 External Appraisal of Group Board and Chair

The Board discussed the report and noted:

- a that in 2015 the Board had agreed that an external appraisal of the Board and the Chair should take place in 2016, as part of a new approach to appraisal;
- b a tender process had taken place and Campbell Tickell had been selected to undertake the external appraisal, represented by Liz Potter at this meeting, as an observer; and
- c the next stages in the external appraisal process which would conclude with a report to the next TRGL Board meeting on 21 April 2016.

732/16 Recommendations of the Governance & Remuneration Committee (GRC)

- a Group Board Succession Planning
The Board noted the Group Board succession plan which was being monitored by the GRC.
- b Delegation to GRC of further authority to make appointments
The Board discussed and approved that, in relation to appointments in the Group, it was appropriate to delegate further authority to the GRC as follows:

- i appointment of members of administrative committees;
- ii approval of members of non-Registered Provider subsidiaries;
- iii approval of shareholding members of TRGL; and
- iv appointment of executive staff as Group Nominees to the boards of subsidiaries, divisional boards or other organisations.

The Board resolved that the Governance Framework Document (GFD) and GRC Terms of Reference be amended to incorporate the changes.

733/16 Parental Consent to Share Transfer in Naylands (51-68) Limited

The Board discussed the report and:

- a gave consent, as parent, to registration of a share transfer from PS and SJ Coe, current shareholder and leaseholder to RJ Ellis, as new shareholder and leaseholder; and
- b authorised the Company Secretary of TRGL to give parental consent in relation to registration of all future share transfers in the company, to avoid bringing administrative matters to the Board.

734/16 Information Items

The Board noted the following items:

- a Best Companies Employee Engagement Survey Results &
- b Housemark Riverside Group Benchmarking Report 2014/15: highlighting that these 2 reports would be considered at the next Board Meeting on 21 April 2016 with a report on Investors in People (IIP).
- c Quarterly Treasury Report: highlighting the positive results. The Board thanked Andy Gladwin, Group Financial Controller and the Treasury team for their work on this.
- d Housing Services Committee Minutes – 3 December 2015
- e Prospect (GB) Ltd Board Minutes – **CONFIDENTIAL** – 23 November 2015
- f Prospect (GB) Ltd Board Minutes – **CONFIDENTIAL** – 14 December 2015
- g Prospect (GB) Ltd Board Minutes – **CONFIDENTIAL** – 18 January 2016
- h Evolve Facility Services Ltd Board Minutes – **CONFIDENTIAL** – 5 November 2015
- i Evolve Facility Services Ltd Board Minutes – **CONFIDENTIAL** –

17 December 2015

- j Riverside Executive Directors' Minutes – 15 December 2015
- k Riverside Executive Directors' Minutes – **CONFIDENTIAL** – 15 December 2015
- l Riverside Executive Directors' Minutes – 25 January 2016
- m Riverside Executive Directors' Minutes – **CONFIDENTIAL** – 25 January 2016
- n Scotland Committee Minutes – 19 June 2015
- o Scotland Committee Minutes – 8 October 2015

735/16 Any Other Business

The Board thanked Walter Macfarlane for 'The Riverside Tenants and Residents Federation Annual Report 2015', copies of which he distributed at the meeting.

736/16 Date and Time of Next Meeting

The next meeting was fixed for Thursday 21 April 2016 at 10 am.

Papers attached to the Minutes and Minute Numbers

718 b, 722 + presentation, 723 + 2 tabled, 724 presentation, 725, 726 + report on the REX, 727, 728 + formal resolution, 729, 730, 731, 732 a & b, 733, 734 a-o

Governance/Group Board/Registered number 30938R/Group Reports&Mins/2016/April 2016/TRGL Board Minutes.. 11.2.16.JMV – 22.3.16