

THE RIVERSIDE GROUP LIMITED
(Registered number 30938R)

A Meeting of the Board of The Riverside Group Ltd (TRGL) was held on
Thursday 6 February 2014 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 now agreed to publish its minutes on Riverside's external website.
3. A small number of items will 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.
 - Following the resignation of a member of Group Board (who was also a tenant), the Board invited the Riverside Tenants' and Residents' Federation to start the process of identifying a replacement member of Group Board and Housing Services Committee from Riverside tenants. These appointments will be approved by Governance and Remuneration Committee.
 - The Board noted that the executive committee overseeing the work of Riverside Home Ownership should be dissolved, mainly comprising senior members of staff, with an independent chair. In future performance will be reported direct to Housing Services Committee, following the strengthening of customer engagement and scrutiny at Riverside Home Ownership.
 - The Board spent time considering financial and operational performance as the end of the year approaches. Despite overall financial performance being forecast to be better than budget, the Board noted that the financial impact of welfare reform is being felt, with an overall cost to the business of over £2 million (compared to last year) arising from increased bad debts and costs associated with empty properties.
 - The overall structure of the Group's new Corporate Plan (One Riverside), was agreed (2014-17). The final detailed plan will be presented to the Board for approval in April 2014.

Carol Matthews, Group Chief Executive

MINUTES

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

In attendance were Mr R Clawson, Mrs L Hearne and Mr J R W Wood (staff), Ms D Hughes (Assistant Company Secretary) and Ms S Smith (Tenant Board Observer). Also in attendance for part of the meeting were Mr A Coghill, Mr A Gladwin and Mr H Owen (staff).

Apologies for Absence

Apologies for absence were received from Mr M Steinberg (Vice Chair).

The Chair welcomed Sally Smith to her first meeting as Tenant Board Observer.

Declarations of Interest

Declarations of interest were made by Executive Board Members – Joy Baggaley and Carol Matthews – and staff in attendance in respect of agenda item 5b – Recommendations of Governance and Remuneration Committee: Lifetime and Annual Pension Allowances (minute 497b).

495/14 Minutes of the Last Meeting

The minutes of the meeting held on Thursday 5 December 2013, including separate confidential minutes and separate formal minutes were approved and signed.

496/14 Matters arising from the Minutes

- a Minute 474/13a – Rationalisation of Stock in Tower Hamlets London: the Board noted that the transfer to Arhag Housing Association Ltd took place on 6 January 2014 on better than expected terms.
- b Minute 459/13c – Transfer of Stock to Tuntum Housing Association: the Board noted that the transfer would not be phased and that progress was being made with a likelihood of completion by summer 2014.
- c Minute 474/13e – Resignation of the Chair: it was noted that Paul Brant had been invited to join the Board for dinner on Wednesday 19 March 2014.
- d Minute 475/13b – Irvine Housing Association – Proposed Rule Changes: the Board was pleased to note that Irvine's Rule changes had been approved by Members on 17 December 2013.

- e Minute 483/13 – The Compendium Group – Business Plan 2014 & 2015: the Board noted that Compendium had expressed an interest in a significant project in [REDACTED] and that a report would be presented to the Commercial group of board members when it next meets.

497/14

Recommendations of the Governance and Remuneration Committee:

- a Resignation of Board Member and Shareholder Ms A-M Jones with effect from 17 December 2013

The Board agreed:

- i that the Tenants' and Residents' Federation should be invited to commence the process of identifying potential Group Board candidates to nominate to the Governance and Remuneration Committee (GRC) for consideration at a future date in line with the Governance Framework Document (GFD)
- ii that the application process for the role of Chair of the Housing Services Committee (HSC) should commence after the selection process for Group Board Chair has concluded on 28 February 2014; the intention at this point being to seek for the role of Chair of the HSC from HSC members with a view to co-opting the successful candidate onto Group Board
- iii that the Tenants' and Residents' Federation should be invited to commence the process of identifying potential candidates for the HSC Tenant member to nominate to the GRC for consideration at a future date in line with the GFD
- iv that the decision on the appointment of another Group Board member to the GRC is taken once the selection process for Group Board Chair has concluded on 28 February 2014
- v that any new non-executive Group Board member is automatically appointed to Riverside Urban Services Ltd Board following their appointment.

b Lifetime and Annual Pension Allowances

The declarations of interest made at the start of the meeting - by Executive Board Members, Joy Baggaley and Carol Matthews, and staff in attendance - in respect of this item were reiterated. Those who declared an interest made no contribution to this discussion except to answer specific questions from board members.

Following careful consideration of the report and considerable discussion, the Board approved the recommendations of the GRC set out in paragraphs 3.1 (i) to 3.1 (vi) of the report and noted the work still in progress. This detailed communication to be provided to employees affected in the short and medium term; confirmation that the Group is willing to pay for Independent Financial Advice to affected employees within specified limits; agreed the options that will be available to affected employees who opt to remain in the scheme; confirmed that flexible retirement will continue to be offered where appropriate; agreed the options that will be available to affected employees who opt to leave the scheme; and the development by KPMG of a framework for determining the cash supplement to be offered in lieu of pension for consideration by the GRC prior to Board consideration.

c Riverside Home Ownership's Executive Committee

The Board agreed that the currently constituted Riverside Home Ownership (RHO) Executive Committee is dissolved and that RHO's governance is streamlined by RHO reporting directly to the Housing Services Committee, supported by strong local resident scrutiny, with effect from 1 April 2014.

It was noted that the HSC Terms of Reference would need to be amended accordingly prior to recruitment of the HSC Chair post.

The Board thanked the non-executive Chair, Deep Sagar, for his service and executive members who have served on this Committee.

498/14 Record of Decisions of the Chair under Chair's Action Procedure: Legal Services Review – Appointment of Anthony Collins Solicitors to Legal Panel

The Board noted the decision of the Chair, following the discussions detailed in the report, that Anthony Collins Solicitors should be appointed to the Riverside Legal Panel.

499/14 Chief Executive's Round-up

The Board noted the contents of the update.

The following issues were highlighted:

- a that TRGL has been invited to join a group at the DCLG (Department for Communities and Local Government) which is considering VFM (value for money), with a specific request that the Chief Executive represents TRGL
- b in noting the result of the Care Quality Commission inspection of Queen Mary's hostel in Westminster, where RECHG is the registered care provider for 4 residents (section 3 of the report), the Board also noted that legal action is being threatened against TRGL by a specific local authority because it has been served with a Judicial Review. The Board noted the consequent action taken by RECHG including a review of all contracts with said local authority and other contracts across the country to ensure there are no other risks elsewhere. It was also noted that RECHG Board and Audit Committee have been robustly challenging performance, will carefully monitor the situation, and that an update will be presented to the next TRGL Board meeting
- c the verbal update that only 3 of the high risk actions arising from the Health and Safety risk assessments (detailed in section 4 of the report) were outstanding at 31 January 2014. The Board expressed its appreciation of the scale of the efforts being made on high risk items and noted that efforts are also being made to complete the medium to low risk elements, noting that the scale of the work has been unprecedented across Divisions
- d the Board expressed thanks to the Group Treasurer and Group Director Housing Services for their sterling work over the last two years to overhaul Riverside Housing Association Charitable Trust, which has become Riverside Foundation, and is now able to operate, outside its original Merseyside area, throughout the whole geographical areas of the country where TRGL has housing stock (section 5 of the report)
- e the positive meeting with the Scottish Regulator (section 6 of the report) and that Paul Hillard, Irvine's MD, has been invited to join the governance review being undertaken by the Regulator.

500/14

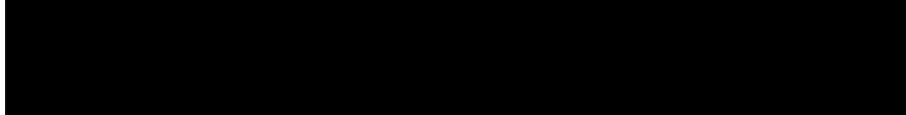

Monthly Performance Review (MPR)

The Board noted the Performance Review and the error in the table on page 1: full year forecast (FYF) for void loss noted as £21.5m, the correct figure being £4.1m.

The following points were highlighted:

- a the table on page 1 shows that across the 3 items of bad debts, void loss and void repairs there is a net favourable variance of £1.2m against budget but this is £2.2m worse than last year, which shows the direction of travel year on year which is connected to welfare

reform as well as some performance issues in terms of re-lets or pricing issues within the repairs arena

- b 
- c that 'risks' and 'opportunities' are still being monitored via a rolling log, 
- d that Prospect is looking at the growth of the homes business to 250 units per year and that a business plan will be presented to the Commercial group of board members in March
- e on the Strategic Performance Review (SPR), the drive to ensure the new Corporate Plan includes more meaningful and simpler performance measures and that from next year this section should be a lot easier to review and may be reported at different intervals
- f on Operational KPIs (Key Performance Indicators), that the overall headline for December was that although reporting a red against the blended result, there are continuous improvements month on month, and although there was a bit of a dip in January with some increases in re-let times and arrears, which is still to be reviewed in detail, this is under close scrutiny by the HSC and divisions with the aim of improving performance to close the gap on the final year-end target
- g on the 'First Visits to Tenants' KPI, there was poor performance at the start of the year and although improvements are being made, this has not been quick enough to meet this year-end target.

501/14

Corporate Plan 2014 – 17: Shape and Overall Content

The Board noted Hugh Owen's introduction and the report, and was pleased to note progress made, in particular:

- a that consultation with divisional and subsidiary boards and the HSC had produced generally positive comments and acknowledgement that conversations during the summer had clearly influenced the Plan
- b that growth, housing management and stock rationalisation had been brought into one place, which reflects the current position of significant structural change.

It was agreed that some of the language used should be revisited, eg one of the proposed strategic objectives to "*build* resilient lives", ie whilst TRGL can assist and empower, it cannot 'build' resilient lives.

The Board approved the proposed structure and overall direction of travel of the Corporate Plan, as set out in appendix 1 of the report, prior to the development of the final document.

502/14 Equality and Diversity Update

The Board appreciated the move, proposed by Paul Hillard, to a smaller and more 'user friendly' document, which it agreed should increase the impact of the Equality and Diversity update.

The Board approved the Equality and Diversity update and noted the proposed approach to the delivery of key equality and diversity priorities for 2014/15.

503/14 Change to Net Worth Gearing Covenants

The Board:

- a noted that the Group Treasury Committee at its meeting on 27 January 2014 reviewed the proposals; and agreed to delegate authority to the Committee to negotiate and agree the terms for the amendments to loan agreements with [REDACTED]
- b [REDACTED]
- c approved the detailed resolution covering the points above in the form attached to the report as a separate formal minute
- d [REDACTED]
- e noted that a significant benefit of removing TRGL's gearing restriction is that financing via the bond market is possible; and that in preparation for issuing an own name bond, it is proposed that a comprehensive briefing is provided at a future meeting of the Board covering the capital markets and the process of raising bond finance.

The Board agreed that this is a really big step towards financing via the bond market, and expressed its appreciation of the work carried out by the Chief Financial Officer, the Group Financial Controller and the Treasury team.

It was agreed that a comprehensive briefing covering the capital markets and the process of raising bond finance should be arranged to follow the April Board meeting.

504/14 Variation to Loan Facilities – Component Accounting

The Board:

- a approved the variation to loan facilities in order to reflect the impact on the accounts of the adoption of component accounting, and approved entry into a variation letter for each loan facility detailed in paragraph 2.4 of the report
- b noted that the appendix to the report contains an example of a detailed resolution which approves the variation and delegates authority to the Chief Executive and the senior management team to agree final terms and execute documents; that a separate resolution is required for each loan facility; and approved the form of resolution.

The Board agreed that this was another good result and again expressed its appreciation of the work of the Group Financial Controller and the Treasury team.

505/14 Loan to [REDACTED]

The Board agreed that the £45k loan to Riverside Consultancy Services Ltd (RCS) is converted to a donation, which will in turn allow RCS to convert its loan to [REDACTED] to a donation.

The Board also agreed to delegate to the Group Chief Executive, Chief Financial Officer, Corporate Services Director, Group Director Housing Services and Group Director Care and Support to negotiate the terms of and enter into the necessary business transfer agreement and approve and agree any other matter connected with the business transfer which is necessary in order to complete the transfer.

506/14 Request for Parental Consent to the Appointment of John Kent as Company Secretary of Evolve Facility Services Limited (Evolve)

The Board approved the appointment of John Kent as Company Secretary of Evolve, in place of Lynn McCracken, with effect from 6 February 2014.

507/14 Information Items

The Board noted the following items:

- a The Outcomes of the Transparency Project
- b Peer Group Comparison – 2013 Results
- c Treasury Committee paper – Quarterly Treasury report

- d Group Audit Committee Minutes - 19 December 2013
- e Group Treasury Committee Minutes – 5 December 2013
- f RECHG Core Brief – 12 November 2013
- g Housing Services Committee Minutes – 28 November 2013
- h Housing Services Committee Core Brief – 30 January 2014
- i Scotland Committee Minutes – 18 November 2013
- j Governance and Remuneration Committee Minutes – Confidential - 25 November 2013
- k Evolve Facility Services Ltd Board Minutes – Confidential – 21 November 2013
- l Evolve Facility Services Ltd Board Minutes – Confidential – 19 December 2013
- m Prospect (GB) Ltd Board Minutes – 25 November 2013
- n Prospect (GB) Ltd Board Minutes – 13 December 2013
- o Riverside Group Directors’ Minutes – 16 December 2013
- p Riverside Group Directors’ Minutes – Confidential – 16 December 2013
- q Riverside Group Directors’ Minutes – 21 January 2014
- r Riverside Group Directors’ Minutes – Confidential – 21 January 2014
- s Governance and Remuneration Committee Minutes – Confidential - 27 January 2014.

508/14

Any Other Business

- a Annual Report to Tenants 2013: a copy of the Annual Report to Tenants was tabled. The Board noted that significant savings had been made in its production, some through channel shifting but that this might reduce its audience. It was also noted that feedback would be welcome.
- b Riverside Extranet (REX): the Board noted that the papers for today’s Board meeting had been uploaded and were available on REX, which is part of the modernisation programme; that Gavin Crompton, IT Project Manager, would be pleased to remind board members of their password to access the REX if required and would welcome feedback. Board members who had already accessed

REX reported that the process was much easier than accessing the Board Members' Riverside Information Centre, which the REX had replaced.

509/14 Date and Time of Next Meeting

The next additional meeting was fixed for Friday afternoon 28 February 2014.

The next scheduled meeting was fixed for Thursday 3 April 2014 at 10 am.

Papers attached to the Minutes

Minute Numbers

- 497 a – c
- 498
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TRGL Board Minutes.06.02.14 DH – 14.02.14 (RC)