

THE RIVERSIDE GROUP LIMITED

A Meeting of the Board of The Riverside Group Ltd (TRGL)
5th December 2013

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.
- Board took some time to pause and reflect on the outstanding service to the Riverside Group from Paul Brant over 17 years which culminated in him chairing the Board for over 3 years. A fabulous public servant and we wish him well for the future.
 - We shared our experience of being a witness at the Works and Pensions Parliamentary Select Committee inquiry into support for housing costs in the reformed welfare system, telling them about the impact of welfare reform on our residents and suggesting some practical changes which Government could make.
 - After debating the issues around the appropriate rent increase to be charged from April 2014, and having taken feedback from the divisional boards and tenants federation, the Board settled for an increase of RPI +0.5% (which is 3.7%) and agreed some more resources should be used for mitigation measures.

Carol Matthews
Chief Executive

Agenda Item 3 a

THE RIVERSIDE GROUP LIMITED

(Registered number 30938R)

A Meeting of the Board of The Riverside Group Ltd (TRGL) was held on Thursday 5 December 2013 at the offices of TRGL 2 Estuary Boulevard Estuary Commerce Park Liverpool L24 8RF

MINUTES

Present: Mr P H Raw (Interim Chair), Mr M Steinberg (Vice 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, Ms L Hearne and Mr J R W Wood (staff) and Ms D Hughes (Assistant Company Secretary). Also in attendance for part of the meeting were Mr D Bullock, Mr A Coghill, Mr P Hillard and Mr H Owen (staff).

Apologies for Absence

Apologies for absence were received from Ms A-M Jones.

Declarations of Interest

Declarations of interest were made by Joy Baggaley as Co-opted Board Member and Director of The Compendium Group Ltd; by Ronnie Clawson, in respect of his proposed appointment as a Director of Riverside Group Pension Trustees Ltd; and by Carol Matthews as Co-opted Board Member in respect of the agenda item about Chief Executive Remuneration.

473/13 Minutes of the Last Meeting

The minutes of the meetings held on Thursday 3 October 2013, including separate confidential minutes, and Thursday 24 October 2013 were approved and signed.

474/13 Matters arising from the Minutes

- a Minute 442/13 – Rationalisation of Stock in Tower Hamlets London: the Board noted that the transfer to Arhag Housing Association Ltd is progressing, with exchange expected before Christmas and completion in January, on better than expected terms.
- b Minute 457/13 – Affordable Development Programme for 2014/15: the Board noted that the Commercial group of board members

had re-considered the discount factor and that a report would be presented to the Board in February.

- c Minute 459/13 – Transfer of Stock to Tuntum Housing Association: the Board noted that the transfer is progressing and may be phased to transfer some stock before the end of the financial year.
- d Minute 465/13b – Private Finance Initiative Risk Update: the Board noted that the Stoke bid had not been successful and that the Hull bid was due for submission on 19 December 2013. It was also noted that Paul Anson, Director – Growth & New Initiatives, would be leaving TRGL and that Mark Patchitt, Director of Regeneration, would stand in for Paul if the Hull submission was successful.
- e Minute 468/13 – Resignation of the Chair: the Board paid tribute to Paul Brant's outstanding service to Riverside since he joined the organisation 17 years ago as a volunteer member of the Liverpool Divisional Board, before becoming a member and Chair of Riverside Housing Association and later the Housing Services Committee, and a Board Member of TRGL in 2003, which he Chaired from 2010; and his excellent personal attributes, noting that:
- he was extremely gifted with a clear intellect and ability to understand, hold and process information which surpassed most normal human beings which was appreciated by all Board Members and undiminished by his hugely onerous responsibilities as a Liverpool City Councillor and Deputy Mayor and as a Barrister
 - he was eminently approachable, had great empathy and made everyone he spoke with feel as if they had his undivided attention
 - he was a tremendous ambassador for Riverside in that he lived the vision and values, putting tenants at the heart of every discussion, and was absolutely dedicated to doing what was right for tenants, ensuring Riverside was much more than just a landlord
 - he was always calm, which was a great virtue especially when the Board was dealing with complex issues
 - he had firm views but could be persuaded by other people's opinions and always ensured a fair and balanced debate at Board meetings
 - the Board benefited from his ability to have a completely strategic oversight together with an interest in all matters economic and a forensic eye
 - his ethos embodied that of the organisation, which he left in as good or better state than when he joined, which is a testament to him.

Carol Matthews reported that each Group Director had benefited from Paul's time, interest and questioning, and said that she owed Paul an immense personal debt of gratitude in terms of her transition into Riverside as Chief Executive and Co-opted Board Member, when he had provided an ear to bend and an intellect to bounce off.

The Board agreed that Paul was a great Chair and a unique person who would be much missed. The Board wished him well for the future.

It was agreed that it would be appropriate to invite Paul to join the Board for a dinner in January.

- f Minute 470/13 – Recruitment of Group Chair: the Board noted that 4 days after a Sunday Times advert, 30 approaches had been received and that the closing date is not until after Christmas; and that Martin Tucker of the consultants Gatenby Sanderson, had started following up leads and is keeping the Chief Executive and Group Corporate Services Director informed so that they can report back to the Board in January. It was also noted that Martin would be attending the February Board meeting where it is planned that a list of 6 to 8 shortlisted candidates would be considered, with Friday 28 February 2014 planned for interviews.

475/13 Recommendations of the Governance and Remuneration Committee:

a Chief Executive Remuneration

Only non-executive board members and the Assistant Company Secretary were present for this item.

The Board approved the recommendation of the Governance and Remuneration Committee:

- i that the annual leave allowance of the Group Chief Executive be increased to 33 days per annum in 2013, in line with the level approved by the Board for the previous Chief Executive, and in exchange for the forfeiting of the 1% plus £250 annual pay award approved by the Remuneration Committee on 7 May 2013
- ii that the normal service leave accrual of 1 day for each 2 calendar years' service will be applied thereafter, subject to a maximum of 5 additional days after 10 years' service.
- b Irvine Housing Association – Proposed Rule Changes

The Board endorsed Irvine Housing Association's proposed Rule changes for approval by a Special General Meeting of Irvine Housing Association.

c Proposed Appointment of Mr J C Dale and Mr P Forster-Jones as new Board Members/Directors of Riverside Consultancy Services Ltd

The Board:

- i approved Jonathan Dale and Paul Forster-Jones as new Board Members/Directors of Riverside Consultancy Services Ltd (RCS) pursuant to the Articles of RCS
- ii agreed to notify the Board of RCS of the appointment in accordance with the terms of the Articles of Association of that Company and that the appointment is with immediate effect.

d Proposed Appointment of Mr Ronnie Clawson as Director of Riverside Group Pension Trustees Ltd

Only non-executive board members and the Assistant Company Secretary were present for this item.

The Board agreed the appointment of Ronnie Clawson as a Director of Riverside Group Pension Trustees Ltd with effect from 5 December 2013.

e Proposed Appointment of Ms Anne-Marie Jones as new Committee Member of Governance and Remuneration Committee

The Board agreed the appointment of Anne-Marie Jones as a Member of the Governance and Remuneration Committee with effect from 5 December 2013.

f Proposed Appointment of Mr Richard Kelly as new Tenant Shareholding Member of TRGL

The Board agreed the appointment of Richard Kelly (one of two nominated by Riverside Tenants' and Residents' Federation) as a new Tenant Shareholding Member of TRGL with effect from 5 December 2013.

476/13

Chief Executive's Round-up

The Board:

- a noted the contents of the update
- b considered and noted the Homes and Communities Agency Viability report, which was agreed to be a good result, especially in light of the huge distraction for staff of the potential transfer which didn't take place
- c agreed to Derby as the location for the September 2014 Board Strategy Session

- d thanked Jim Murphy for his contribution as a tenant board observer, noting that the Chief Executive would write to Jim to pass on the Board's thanks
- e thanked Paul Anson for his contribution to TRGL and wished him well in his new role and organisation.

The following issues were also highlighted:

- i the Work and Pensions Parliamentary Select Committee inquiry into support for housing costs in the reformed welfare system, where oral evidence was given by the Chief Executive and the Director of Policy and Communication
- ii Meetings with Kris Hopkins, the new Housing Minister, and with the Chair and the Chief Executive of the Homes and Communities Agency, where there was a strong sense of an increased focus on value for money and a demand to see better performance from the housing association sector in this respect
- iii that the Scunthorpe Hospital accommodation project is a legacy of the merger with English Churches Housing Group, which has fairly onerous restrictions attached to the contract with the NHS Trust which can be terminated by the Trust at will. It was noted that a write-off figure has been built into the cash forecast because, although there is no certainty that this will happen or when, a prudent approach is being taken.

477/13 Monthly Performance Review (MPR)

The Board noted the Performance Review and the following points were highlighted :

- a that there is more financial detail in the MPR than usual because the full year re-forecasting exercise has just been completed
- b the year to date (YTD) Group surplus of £8.5m favourable to budget, and the full year forecast (FYF) of £5.4m favourable, which at the operating margin level changes to YTD favourable of £7.3m and FYF variable of £1.4m, with a large element of that swing relating to timing, in particular major repairs in Mersey South and RECHG, which is a common story at this time of the year
- c a number of one-offs impacting the FYF, the most significant being the potential Scunthorpe Hospital impairment
- d the main area of concern, ie the combined effect of higher turnover, voids, re-let times and repairs which are all inextricably linked; and that all Divisions are working hard to drive improved performance
- e that monitoring in the cash leakage area has stepped up dramatically over the last few months and the Cash Collection Dashboard (monitoring voids, re-lets and arrears) is now part of management

reviews both locally within Divisions and in the wider Group reviews by Housing Services Directors and the Housing Services Committee (HSC) in particular, where all Divisional Chairs provide updates on issues and plans in these areas

- f that there are some process and cost control issues in a couple of Divisions but these have been reviewed and changes made to drive improved performance by the year end, which is predicted to deliver better performance than budgeted
- g it was agreed that further information about arrears levels would be included in the MPR in future, notwithstanding the fact that the HSC is carefully monitoring arrears
- h there was a debate about the operating surplus which could facilitate additional borrowing
- i in terms of the Strategic Performance Review, it was noted that the weighted top 10 operational KPIs' performance is still red but has improved from the last Board meeting (from 53.1% to 58.1%) and that period 8 results are now available showing that this has improved once again to 60%
- j that a new year end forecast for KPIs has been completed and, if delivered, would exceed the target for the year
- k the good news that the percentage of new employees who have completed the e-start induction training within 3 months of joining is 100% - exceeding the target of 98%.

478/13

Annual Assured Rent Increase and Affordability

The Board:

- a noted that 3 of the 5 Divisional Boards agreed option A, ie the recommendation in the report, with the fourth going for the middle ground and the fifth not yet having met to discuss this, but that the clear steer from the HSC was again option A
- b noted that there are ideas for developing further mitigation projects, which the Board is keen to see in substance and quantum
- c agreed that the HSC should oversee the development of a framework for rent levels in specific markets within TRGL's rent policy so there is some flexibility for low and high rent markets going forward.

The Board agreed an increase of RPI (Retail Price Index) + 0.5% in full, which would be 3.7%, with an element of the additional funds from this increase being used to support more mitigation projects.

479/13 Corporate Plan 2014-17 - Progress

The Board noted the report, agreed the importance of noting the progress of the new Corporate Plan, and approved the proposed timetable for completion. It was agreed that the report encapsulated very well the conversations and emerging themes.

The Board looked forward to a further report in February prior to receiving the new Corporate Plan in April.

480/13 Anti-Bribery and Corruption Policy

The Board:

- a noted that when the Bribery Act came into effect, anti-bribery provisions had been embedded into other Group policies but the draft Anti-Bribery and Corruption Policy had now been produced and presented to the Board, prior to required consultation across the Group, in order to deliver compliance with the National Housing Federation Code of Conduct revised in 2012, the target for compliance being May 2014
- b approved the draft Anti-Bribery and Corruption policy at the appendix to the report subject to any recommendations of the Group Audit Committee
- c resolved that the policy should be sent to suppliers as the Board's approved policy, and at the same time sent for consultation with boards across the Group, and the Tenants' & Residents' Federation, and that any substantive feedback received will be reviewed by the Board which may lead to subsequent revision of the policy
- d noted that staff training in this respect is underway.

481/13 Priorities for the 2014 Bid for Affordable Homes

Noting that the priorities for the bid fit strategic objectives, the Board considered and approved the following principles that will shape the AHP2 (Affordable Homes Programme) bid:

- a that general needs development bids will be limited to a list of 20 local authorities, with 10 local authorities being set as priorities
- b that Riverside should actively encourage an increase in the shared ownership programme up to 25%
- c that a 5% target for supported homes to meet important strategic priorities is set

- d that older persons' homes from bungalows to extra care schemes are promoted to link in with and support Neighbourhood Investment Strategies.

482/13 Approval to Contract for Over 500 New Homes

The Board approved the potential commitment of up to 700 homes in 2014-15 where:

project provides 30 or more homes
can meet or improve on the following financial parameters -£17k per unit
and borrowing of £87k.

483/13 The Compendium Group – Business Plan 2014 & 2015

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

484/13 Barony Housing Association – Update

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

485/13 Whole Board Appraisal Review

The Board considered the contents of the report and agreed that as its previous concern about its score in the area of 'the tenant's voice' had been addressed by the high score in this respect for the Housing Services Committee, no specific action is required.

486/13 New Banking Facilities for Evolve Facility Services Ltd

The Board approved the application and implementation of the National Westminster Bank Plc business banking facilities for Evolve Facility Services Limited and the form of resolution detailed in the report appendix, noting that the definition of 'Director' in the resolution means Board Member, Chief Executive, Chief Financial Officer, Group Director – Housing Services, Group Director – Care and Support and Group Corporate Services Director.

487/13 Inclusion of the RAF Cosford Bank Accounts on Global Mandate

The Board:

- a approved that the Group's National Westminster Bank Global Mandate be applied to the RAF Cosford operating, debt service reserve and compensation bank accounts
- b agreed that the Interim Chair should sign the Nat West group mandate form to enable the global mandate to be applied to the RAF Cosford operating, debt service reserve and compensation bank accounts.

488/13

Indemnity in respect of Third Party Payee Cheques

The Board:

a approved the following resolution:

It is agreed that the Association will keep National Westminster Bank plc indemnified from and against all actions, proceedings, claims and demands which may be brought or made against it and all losses, costs, charges, damages and expenses which it may incur or sustain or for which it may thereby become liable, **and that** the Association hereby gives National Westminster Bank plc its irrevocable authority to debit its account(s) (whether or not an overdraft is so created or increased) with any sum it may claim from the Association under or in connection with this Indemnity

National Westminster Bank plc will notify the Association of such debits in writing as soon as reasonably practical after they are made

This Indemnity shall be governed and construed in accordance with English Law (except where we are registered in Scotland and/or our account or accounts are kept at one of your Scottish branches, where Scots law will apply). However the Bank may in its discretion commence proceedings in any other court of competent jurisdiction whether concurrently or not with any other proceedings

b approved the deposit of third party payee cheques to The Riverside Group Limited National Westminster Bank account for the cheques made payable to:

English Churches Housing Group Limited
English Churches
Riverside English Churches
Riverside English Churches Housing Group Limited
ECHG
RECHG
FTA Collections
FTA
Former Tenant Arrears
HIA.

489/13

To Account for the Change of Title to Chief Financial Officer

The Board approved the resolution attached as an appendix to the report as a separate formal minute.

490/13

Riverside Group Meeting Dates during 2014

The Board agreed the change of date for the October 2014 Board meeting – from 9 to 15 October – to coincide with the Board Members' Conference, and noted the updated meeting date schedule.

491/13

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 2013 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 2013 had been submitted on-line to Companies House and noted that a copy was available for perusal at the meeting.

492/13

Information Items

The Board noted the following items:

- a Board Members' Interests in Group Boards and Committees: noting the error in the report which states that Susan Jee is a Member of Riverside Tenants' and Residents' Federation, a declaration that should be shown under Anne-Marie Jones' name
- b Housing Services Committee Minutes – 26 September 2013
- c Housing Services Committee Core Brief – 28 November 2013
- d Prospect (GB) Ltd Board Minutes – 19 August 2013
- e Prospect (GB) Ltd Board Minutes – 23 September 2013
- f Prospect (GB) Ltd Board Minutes – 28 October 2013
- g Group Audit Committee Minutes – 16 September 2013
- h Scotland Committee Minutes – 10 May 2013
- i Evolve Facility Services Ltd Board Minutes – Confidential – 26 September 2013

- j Governance and Remuneration Committee Minutes – 3 October 2013 - Confidential
- k Riverside Group Directors' Minutes – 22 October 2013
- l Riverside Group Directors' Minutes – Confidential – 22 October 2013
- m Riverside Group Directors' Minutes – 19 November 2013
- n Riverside Group Directors' Minutes – Confidential – 19 November 2013

493/13 Any Other Business

There was no other business.

494/13 Date and Time of Next Meeting

The next meeting was fixed for Thursday 6 February 2014 at 10 am.

Papers attached to the Minutes
Minute Numbers

475 a - e
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