

**THE RIVERSIDE GROUP LIMITED**  
(Registered number 30938R)

A Meeting of the Board of The Riverside Group Ltd (TRGL) was held on Thursday 12 February 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 was disappointed to hear of the withdrawal of Barony from the proposed constitutional partnership with Irvine and Riverside in Scotland. They are keen that we reflect further and share lessons learnt at a future date. Growth in Scotland is central to the corporate plan.
  - They were impressed by the 'Think Homes' presentation by the Director of Asset Management which detailed the work underway around our repairs service and asset management to improve both the customer experience and value for money.
  - The Board focused on a range of compliance, health & safety and performance issues, to ensure customers and homes are safe. They were pleased to note the HCA viability report which demonstrates Riverside's financial stability.

Carol Matthews, Group Chief Executive

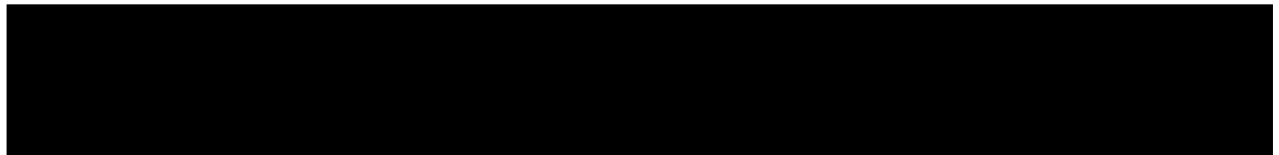
## MINUTES

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, Ms C M Matthews and Ms S Trueman.

In attendance were Mr R Clawson and Mr J R W Wood (staff), Ms D Hughes (Assistant Company Secretary) and Mr W Macfarlane (Tenant Board Observer). In attendance for part of the meeting were Mr A Coghill and Mr I Gregg (staff).

### Apologies for Absence

There were no apologies for absence.



### New TRGL Rules – Quorum for Board Meetings

The Chairman reported that TRGL's new Rules became effective on 30 January 2015 and that one of the changes resulting from the new Rules was a new quorum for Board meetings. This was noted as being:

Rule D16.1: Subject to the provisions of rule D16.2 three board members shall form a quorum. The board may determine a higher number.

Rule D16.2: The Board is not quorate unless less than half the quorum are employees of the association or any other group member.

### Declarations of Interest

There were no declarations of interest.

#### 600/15 Minutes of the Last Meeting

The minutes of the meeting held on Thursday 11 December 2014, including separate confidential minutes, were approved and signed.

#### 601/15 Matters arising from the Minutes

- a Minute 586/14a – RECHG Name Change and Extension of Service of Chair: The Board was pleased to hear from the Vice Chair that the General Secretary of the Baptist Union of Great Britain had agreed

the name change from RECHG to Riverside Care & Support, subject to processing this via a Memorandum of Understanding in respect of relinquishing their nomination rights; noted their desire to be kept informed, and that the process may be concluded by the end of March. It was further noted that the Anglican Church had agreed in principle to the name change but that this was subject to processing through their normal channels. The Board expressed appreciation to the Vice Chair for his work in this respect.

- b Minute 591/14 – Annual Assured Rent Increase for 2014 and Rent Setting in Context: The Board noted that the Regulator’s ‘Rent Standard’ determination had been received; and looked forward to presentation of the Rent Policy at the next Board meeting in April.

602/15 Recommendations of Governance and Remuneration Committee:

a Review of Board/Committee Member Skills and Appraisal

The Board noted the results of the review and:

- i approved the selection of skills in the Board Member Skills Audit and noted that responses in relation to the Guidance on ratings in respect of No 1, ie “I have very little knowledge of this area”, will indicate a learning need which should be considered in the board member’s appraisal
- ii approved the proposals for individual board member appraisal
- iii approved that the Group Chair has an appraisal discussion with the Vice Chair and Group Treasurer in the years when he is not appraised externally
- iv approved the recommendations for whole board appraisal
- v resolved that external evaluation should be conducted in 2016 for Group Board only
- vi approved the proposed timescales in paragraph 8.5 of the report.

It was noted that presentation of Board Briefings was being reviewed to ensure that these could be more easily accessed by those who could not attend in person or by video conferencing, eg the use of webinars.

It was further agreed:

- that the results of each board member’s Snap! Survey should be made available to them

- that there should be prioritisation of learning needs relevant to the business of the particular board or committee
- that the Group Board appraisal would be completed in May in order to present the results to the June Board when the Group Chair will be present.

b Proposed Appointment of new Directors of Riverside Care and Support Ltd

The Board noted that the current Directors of Riverside Care and Support Ltd intend to resign to facilitate the appointment of Directors with very specific skills relevant to the business of this Group subsidiary company, which is now a Special Purpose Vehicle for the Hull Extra Care PFI scheme.

Pursuant to the Articles of Association (Article 20.2) of Riverside Care and Support Ltd (RC&S), the Board:

- i approved John Kent, Dave Bullock, Pauline Davis, Lèann Hearne and Mark Patchitt as Directors of RC&S with effect from 12 February 2015
- ii agreed that TRGL notifies the Board of RC&S of the appointments in accordance with the terms of the Articles of Association of that Company (Article 20.5) and that the appointments are with immediate effect.

It was agreed that there would be a review of the position of the company within the Group structure when the PFI scheme moves from the construction phase into the development phase, which is likely to be during 2016.

c Appointment of Paul Forster-Jones as new Trustee of Riverside Foundation

The Board approved the appointment of Paul Forster-Jones as a new Trustee of Riverside Foundation with effect from 18 December 2014.

603/15 Record of Decisions of the Chair under Chair's Action Procedure: Changing Articles of Association for Riverside Care and Support Ltd

The Board noted the decision of the Chair, following discussion at the last Board meeting, to authorise the amendment of the Articles of Association of Riverside Care and Support Ltd as required by Aviva Public Private Finance Ltd.

604/15 Chief Executive's Round Up - Confidential

The Board considered and noted:

- a the Homes and Communities Agency Viability Report, demonstrating financial competence
- b the 2014 Peer Group Financial Benchmark report in the information suite on the REX (Riverside Extranet) and the hard copy appendix tabled at the meeting (a copy of which is attached to the minutes)
- c the remainder of the report, which will be filed in TRGL Board Confidential Minute book.

Additional issues were highlighted and verbal items noted (some of which are recorded in TRGL Board Confidential minutes), one of which was:

Barony Housing Association

The Board was disappointed to note that Barony had withdrawn from the proposed constitutional partnership with Irvine Housing Association and TRGL. Barony had decided that the partnership, with its complicated governance structure due to pension liabilities and Scottish regulatory requirements, was not the best for the organisation (the letter from Barony's Chief Executive, Rebecca Wilson, which was circulated to board members, on 11 February 2015, is attached to the minutes).

605/15 Performance Report (PR)

The Board noted the Performance Report and highlighted the following:

Financials:

- that excluding the one-off benefit of the capitalisation of prior year set up costs for Hull PFI (Private Finance Initiative), the aim is to deliver an operating margin of around 24%
- that there is a lot to be delivered between now and the year end, in particular in respect of major repairs, which are being closely monitored
- that the gearing figures now reflect the new agreed definition and the report shows the significant headroom to the funders' covenants following the finalisation of the bond and the additional investment made in the Full Year Forecast

- that there was a long discussion at the HSC (Housing Services Committee) about the additional investment that has been agreed in void properties to return them to a lettable standard in order to protect rental streams, and it was emphasised that there can be no excuse for missing the void stock % KPI (Key Performance Indicator) at year end, with Divisional Chairs all asked to keep the pressure on delivering the programmes within their Divisions.

#### Operational Performance:

- that the figures for outstanding Health & Safety (H&S) actions have improved since the last Board meeting, and have improved by a further 10% in January, which is a great step forward and which was discussed at length by the Group Audit Committee, focusing on the number of outstanding actions and plans to complete by year end
- that the forecast is to hit the 100% gas servicing target by year end
- that Divisions are confident of hitting the blended target on KPIs by year end – as demonstrated by the very positive trends in the report.

#### Other Items:

- that Commercials are still on target to deliver better results than budget
- that Evolve is delivering great financial results based on both volume and lower costs, along with the VAT benefit. Also, that customer satisfaction results are quite impressive, with significant increases in Mersey North and Mersey South, which confirms the impact of Evolve.

The Board congratulated all involved on the significant improvement in outstanding H&S actions but recognised that there is still a long way to go and noted that the HSC has asked for a full report on H&S.

606/15

#### Headline Issues from the Housing Services Committee

The Board noted the headline issues from the HSC.

The following matters were highlighted:

- a the action plan is being followed through in respect of the pressure system problem which presented in the Midlands and is being picked up association-wide
- b it was confirmed that Divisional Chairs are focused in respect of gas servicing, with Divisions reporting that they will clear any outstanding by year end as above
- c that the HSC remains focussed on H&S and cash leakage, with cash leakage metrics in a mixed position: re-let days currently performing better than target; stock void worse than target and last year-end; and arrears, though worse than last year at the same time, have improved since October

- d that a lot of resources have been put into clearing voids and that there is a heightened focus on clearing as many as possible by year end
- e that the HSC received interesting presentations aligned to the Corporate Plan, eg on income collection where, despite a robust approach, there is an attempt to tackle income collection in a better way; with Dean Butterworth (Director of Cumbria Division) giving a presentation on the wider implications of tenancy sustainability.

The Board noted that the Chair of the HSC, Mike Little, was satisfied with the way performance was being handled and with the deeper issues into which the HSC was delving, and requested that he report back to the HSC the Board's acknowledgement of progress being made and of aspirations to achieve targets at year end.

607/15 'Think Homes' Overview

The Board received a presentation (shown attached to the minutes) by Ian Gregg, Director of Asset Management, on how Riverside is planning to improve both customer experience and value for money.

The Board was impressed by the presentation and welcomed the positive changes being made. It was agreed that a progress report would be presented to the Board later in the year.

608/15 Disposal of 61 Individual Plots of Land in Edge Hill Kensington Liverpool

The Board discussed the proposed disposal of the subject plots in some detail and considered all the relevant circumstances. The Board's deliberations were further informed by photographic evidence tabled at the meeting (shown attached to the minutes) that illustrated:

- the impact of clearance on the immediate Edge Hill neighbourhood
- the benefits that have accrued for the neighbourhood by redevelopment of adjacent sites, the cleared site being subject of a later phase of a proposed similar development
- the condition of stock prior to its demolition by reference to very similar stock in the nearby Picton area.

The Board recognised that the circumstances surrounding properties of this nature in a number of inner city neighbourhoods had changed dramatically with the demise of the Housing Market Renewal Initiative. The Board was clear that best value is more than just price consideration. However, the price issues also measure up alongside best consideration for the area.

In reaching its conclusion, the Board took into account the legal advice and Charity Commission guidance that had been obtained and the cost benefit analysis of the proposed transaction.

On that basis, the Board agreed to the disposal of 61 plots of land to Liverpool City Council for £1, having considered the circumstances in full, noting:

- a that the promotion of urban regeneration for public benefit in areas of social and economic deprivation is a charitable purpose in its own right
- b that the board considers it is within TRG's charitable objectives to participate in a regeneration scheme such as regeneration of the Edge Hill neighbourhood of Liverpool
- c that the disposal is in the best interests of the organisation and in line with TRGL's charitable objectives.

609/15 Acquisition of 75 Properties in Halton Cheshire from Sanctuary (NW) Housing Association

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

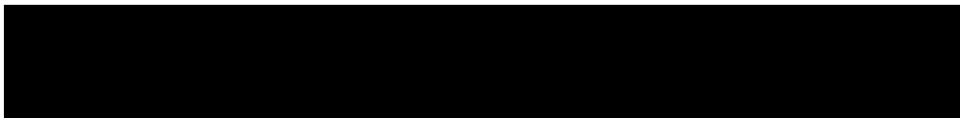
610/15 Acquisition of 214 Tenanted Properties in Kent

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

611/15 Distribution of a Return on Riverside's Investment in Scotland

The Board noted the conclusions of the report. An error in paragraph 1.4 was also noted: the last sentence should have stated "Rate of Return is in line with the plan".

It was agreed:

- a 
- b that the Board would reflect in due course on lessons learnt from the Barony experience
- c that a report should be presented to the Board later in the year about where Scotland sits in terms of its housing policies and the effect of those on any future investment by TRGL.



New Scheme of Delegated Authority

The Board approved:

- a the new Scheme of Delegated Authority for TRGL, attached as an appendix to the report, subject to:
  - amendment to link the Scheme to policies operating within the organisation
  - clarification within the Scheme that 'significant risk' includes reputational as well as financial risk
- b levels of delegated authority for entering into contracts, as follows:
  - the Group Chief Executive at £5m (increased from £3m)
  - Executive Directors at £3m (increased from £2m)
  - Directors at £1m (increased from £0.1m)
- c an increase in the Group Chief Executive's authority for authorising payments to £5m (from £3m). The authority for the Executive Directors will remain at £0.5m
- d exceptions to the Group Chief Executive's delegated authority limit of £5m, as follows:
  - contracts greater than £3m which are novel or create significant risk (eg Private Finance Initiatives) require TRGL Board approval
  - routine statutory and regulatory payments, for example VAT and tax, which are greater than £5m do not require TRGL Board approval and may be authorised by the Group Chief Executive
- e that Riverside Home Ownership (RHO) is treated as an operating department under the Group Chief Executive's Delegated Authority (therefore under Part 2 of the Scheme) and that changes to the Housing Services Committee (HSC) and Executive Directors' (EDs) Terms Of Reference are made accordingly
- f that the One Riverside approach is applied to evictions across Riverside, including RHO and all the Divisions so that evictions are approved by a Director, with Divisional Boards, where they are in place, overseeing and scrutinising adherence to policy (previously Divisional Boards were required to grant conditional authority to evict)
- g that supervision and reporting of Part 1 of the Scheme rests with the Director of Legal Services and Part 2 with the Director of Audit & Risk Management and in future both Parts 1 and 2 will be submitted to TRGL Board and the Group Audit Committee (GAC) for annual review.

613/15 Amendment to National Westminster Bank plc Global Mandate

The Board approved the amendment to the National Westminster Bank plc Global Mandate (Divisional petty cash accounts only) to include the following Officers:

Paul Hillard            Director, Mersey South  
George Moore         Project Manager, Mersey South.

614/15 Information Items

The Board noted the following items:

- a     Quarterly Treasury Report
- b     Peer Group Comparison – 2014 Results
- c     Governance & Remuneration Committee Minutes – Confidential – 11 December 2014
- d     Group Audit Committee Minutes – 18 December 2014
- e     Evolve Facility Services Ltd Board Minutes – Confidential – 30 October 2014
- f     Prospect (GB) Ltd Board Minutes – 24 November 2014
- g     Prospect (GB) Ltd Board Minutes – 15 December 2014
- h     Riverside Executive Directors' Minutes – 2 December 2014
- i     Riverside Executive Directors' Minutes – Confidential – 2 December 2014
- j     Riverside Executive Directors' Minutes – 16 December 2014
- k     Riverside Executive Directors' Minutes – Confidential – 16 December 2014
- l     Riverside Executive Directors' Minutes – 27 January 2015
- m     Riverside Executive Directors' Minutes – Confidential – 27 January 2015

615/15 Any Other Business

There was no other business.

616/15      Date and Time of Next Meeting

The next meeting was fixed for Thursday 23 April 2015 at 10 am.

Papers attached to the Minutes  
Minute Numbers

602 a - c

603

604 – report filed in confidential minute book but tabled appendix & letter from Barony attached to these minutes

605

606

607 + presentation

608 + tabled photo montage

611

612

613

614 a – m

Board/Group Reports&Mins/2015/April 2015/  
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