

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

A Meeting of the Board of The Riverside Group Ltd (TRGL) was held on  
Thursday 9 July 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 July meeting continued some of the themes considered at the June Board meeting, with the year-end reporting of the financial statements of the organisation's entities approved. A number of annual reports were received, such as a comprehensive report on customer service (including customer feedback via our annual STAR satisfaction survey) and a report on Care & Support.
  - A range of governance matters were progressed around Board member skill sets, succession planning, appointments and compliance with the NHF 2015 Code of Governance.
  - As it was the day after the Chancellor's summer budget the Board explored the initial review of the Budget headlines, with the proposed rent reduction having a profound impact on income across the sector. The Board recognised that some of the announcements would benefit customers. The 1% rent reduction would be welcomed by customers but would be a significant business challenge for Riverside because of its impact on the business plan against which commitments and borrowings have been made.

**Carol Matthews, Group Chief Executive**

## MINUTES

Present: Mr P H Raw (in the 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 were Ms A Bishop, Mr R Clawson, Mrs L Hearne 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 A Gladwin (staff).

### Apologies for Absence

Apologies for absence were received from Mr M Steinberg (Chair) and Ms S E Trueman.

### Declarations of Interest

A declaration of interest was made by Carol Matthews as Co-opted Board Member and Group Chief Executive in respect of the report 'Review of Compliance with Revised National Housing Federation Code of Governance – 2015 version'.

#### 654/15 Minutes of the Last Meeting

The minutes of the meeting held on Thursday 11 June 2015 were approved and signed.

#### 655/15 Matters arising from the Minutes

- a Minute 639/15 – RECHG Name Change and Extension of Service of Chair: The Board noted that during the process of obtaining signed agreements from the Churches to the name change to Riverside Care & Support, which is well underway, a plan is being produced in respect of the practicalities of changing the name within all Riverside systems, records, offices and RECHG schemes throughout the Group including appropriate communications to ensure a smooth transition.

- b Minute 646/15 – Annual Health and Safety Review: The Board was very pleased to hear that all outstanding actions from survey programmes had been cleared by the end of June.

656/15

Recommendations of Governance & Remuneration Committee:

- a Review of Skills, Knowledge and Experience of the Board of TRGL and Future Election of Board Members

The Board:

- i noted the revision to and strengthening of the skills audit because it had been in place for a number of years and in preparation for changes coming through from the Homes and Communities Agency (HCA)
  - ii noted that succession work is underway in respect of the planned retirement of several board members due to take place within the next few years
  - iii noted the conclusions of the review of skills, knowledge and experience of TRGL Board Members, and the review of the Board's size and diversity conducted by the Governance & Remuneration Committee (GRC)
  - iv resolved to adopt the transitional arrangements and the dates for board member re-election approved by the GRC as set out in Appendix 1
  - v resolved that applicants from prospective candidates (other than retiring board members) must be submitted by 1 May each year from 2016 in order to be considered at the Annual General Meeting
  - vi resolved to delegate initial consideration of any such applications to the GRC and that they are only submitted to the Board if approved by the GRC.
- b Review of Compliance with Revised National Housing Federation Code of Governance – 2015 version

The Board resolved:

- i that the Governance Framework Document (GFD) is amended so that the essential functions of Group Board align with that in the 2015 Code (as detailed in paragraph 2.3.1 of the report)
- ii that to streamline governance, individual board member appraisal should be held every other year

- iii that a question be added to the whole board appraisal questionnaire to cover the additional items which are required to be reviewed under paragraph E4 of the 2015 Code, which pertain to standing orders, structures, systems and other formal documentation; the timing and frequency of meetings; and the format of agendas, papers, minutes and communications
- iv that in order to address the requirement to conduct a formal review of the items listed in paragraph E4 of the 2015 Code every 3 years, a formal review is added to the GRC and Group Board meeting schedules on a 3-yearly basis
- v that the GRC terms of reference be amended to provide that the Vice Chair chairs the GRC and, in the Vice Chair's absence, the Treasurer chairs GRC meetings; and that wording stating that the Group Chair does not chair the Committee should be set out in the section of the Financial Statements relating to the GRC
- vi that the GFD is amended and any material termination payment or benefit to the Chief Executive is specified as a matter reserved for Group Board decision
- vii that the Chief Executive's contract is reviewed every 3 years in line with the triennial review of the salary level of the Chief Executive and other Directors using independent consultants, and that a clause to this effect should be added to the contract of any future Chief Executive appointed to the Group.

c Proposed Appointment of Pauline Davis as New Shareholding Member of TRGL

The Board approved the appointment of Pauline Davis (new Chair of Riverside South & Central Divisional Board) as a new Shareholding Member of TRGL with effect from 9 November 2015.

d Proposed Appointment of Andy Gladwin and Léann Hearne

Pursuant to the Rules of ECHG (No. 1) Ltd, the Board:

- i approved the appointment of Andy Gladwin and Léann Hearne as members of the Committee of Management and as Shareholding Members of ECHG (No. 1) Limited with effect from 9 July 2015
- ii agreed to notify the Committee of Management of ECHG (No. 1) Ltd of the appointments in accordance with the terms of the Rules of that entity and that the appointments are with immediate effect.

a 2014/15 Annual Report on the System of Internal Control

The Board agreed that the report presented a most robust analysis of the framework of internal control which it was very pleased to see.

The Board strongly endorsed and approved the statement on internal control included in the draft Group Financial Statements presented to the Board.

b Management Representation Letters for:

- i The Riverside Group Ltd
- ii The St Michael's Housing Trust
- iii Donald Bates Charity
- iv Eleanor Godfrey Crittall Charity
- v Eventide Homes Trust

The Board approved the management representation letters in the attached form, and delegated signature to any two board members of each entity.

c Key Issues for consideration in recommending the 2015 Financial Statements and Business Effectiveness Document for approval

The Board noted the key issues highlighted in the report, and the following outstanding items:

- i Board member and Executive Director photographs
- ii charts, pictures and other graphics.

It was confirmed that the RECHG scheme Chelsea Court (referred to in paragraph 7.4 of the report as no longer fit for purpose) is empty.

The Board approved the full Business Effectiveness document and the inclusion of a shortened version in the Financial Statements, and expressed thanks to Andy Coghill, Director of Business Planning & Analysis, and Hugh Owen, Director of Policy & Communication, for the work they did to produce the report, aligned this year with the Corporate Plan, which the Board found very helpful.

It was noted that although the shortened version is required for inclusion in the Financial Statements, as the deadline for submission of Riverside's self-assessment against the social housing Regulator's (HCA) Value for Money standard is 30 September 2015, there is scope for further work to be done in terms of the full document, eg on further benchmarking.

The Board delegated agreement of the final version of the full document to the Chair of the Audit Committee and agreed that it would be circulated to board members.

d Approval of Financial Statements:

- i The Riverside Group Ltd
- ii The St Michael's Housing Trust
- iii Donald Bates Charity
- iv Eleanor Godfrey Crittall Charity
- v Eventide Homes Trust

The Board approved the Financial Statements of the above entities for the year ended 31 March 2015, subject to outstanding items noted in Minute 657/15c above, and agreed that the Operating and Financial Review would be tidied up and considered in the context of the budget announcements.

It was noted that prior to signing the Financial Statements, assurance would be sought that there had been no significant changes, and any changes would be highlighted and details circulated to board members. It was agreed that the Group Chair and Group Treasurer were authorised to sign these off on the Board's behalf.

The Chair, on behalf of the Board, commended all involved in the production of the Financial Statements.

658/15 Chief Executive's Round Up

The Board was pleased to receive a tabled report of headlines from The Emergency Budget including the likely consequential impact on Riverside's customers and business, and expressed appreciation to Hugh Owen for his work to produce the report in the short space of time since the Budget was announced the previous afternoon.

The challenges noted were the 1% rent reduction for 4 years from 2016/17; market rent for tenants earning over £30k pa (£40k in London); significant welfare changes; and the re-examination of 'lifetime tenancies' as part of the core offer. The benefits noted were the introduction of a compulsory National Living Wage; the increase in personal income tax allowance; the increase in free childcare; and tax-free child care. The Board agreed that the rent reduction, whilst good for tenants, would be a business challenge because of its impact on the business plan against which commitments and borrowings have been made.

From an initial review compiled on the basis of the Budget headlines, whilst awaiting detail of the legislation, the Board noted that:

- rent reduction would have a profound impact on income across the sector which comes on top of a potential extension of Right to Buy
- rent clauses would be laid down through primary legislation

- there would still be headroom on interest cover covenants but that this and the operating surplus would be reduced
- there would be no impact on gearing or security
- development capacity is likely to be seriously eroded
- there will be some queries from the rating agencies about Registered Providers' ratings
- there may be impairment of some assets.

It was agreed that there is much work to be done to study the details of the Budget and to fully understand the consequences for Riverside. This would be done leading up to and feeding into the Board Strategy session in September, including further stress testing as a result of the Budget in order to better inform the Board, and the production of case studies to show how the Budget is likely to affect a variety of households, which would be shared with the Board.

The Board debated the range of risks and implications arising from the Budget headlines and agreed to use the September Strategy session to get on the 'front foot' in response to what is now the operating environment from April 2016.

The Board:

- a agreed the sale of Riverside's shareholding in Circle Liverpool Ltd on the terms stated in the report
- b received and reviewed the HCA Compliance Audit 2014 and recognised the steps being taken in Riverside and with partners
- c noted the rest of the update.

659/15

Performance Report (PR)

The Board considered the Performance Report and the following was highlighted:

Financial headlines:

- the usual timing issues around budget phasing, noting that once the new structures and processes within Asset Management are in place, there will be another step change
- the underlying benefits in terms of the operating margin:
  - bad debt and performance versus budget contingency
  - RECHG: additional income as a result of the ongoing Managed Agents review and the new Park View contract
  - Riverside Home Ownership sales: although timing related, the excellent sales performance at Napps Way
  - stock issues that will impact in terms of the operating margin, eg the delayed ARHAG sale in South & Central, which completed a week ago
  - stock in Kent purchased earlier than assumed

- although there is significant headroom in gearing, this has been impacted by both the slippage of handovers from 2014/15 and earlier draw-down of loans (for purchase of stock in Kent) but these elements should correct themselves as the year progresses.

Operational Performance:

- as both Health and Safety (H&S) and First Time Fix KPIs (Key Performance Indicators) have new definitions this year, a comparison with the prior year is difficult
- the good news that the outstanding H&S actions throughout the last financial year have been cleared
- that the new H&S KPI refers to outstanding risk assessments as well as actual corrective actions
- the general slippage in KPIs in April but recovery in May, with June's results being mixed but with both stock void and re-let periods improving slightly
- on Customer Service KPIs, there has been a clear performance hit following the transfer of Cumbria's calls to the Customer Service Centre, and absence continues to be an issue, but there are recovery actions in place.

The Board agreed that it is essential that the culture is to achieve improved performance throughout the year, rather than a big push at year end but it was noted that some KPIs have targets set throughout the year, rather than one year-end target. There was challenge around the visibility of forecasting and improvement plans, performance management and consequences of not achieving targets.

It was recognised that the Housing Services Committee (HSC) is working hard to improve performance and challenging Divisions particularly in certain areas where improvement is specifically required, ie cash leakage and income collection. The HSC is also assessing performance against peers and further information will be presented to the Board following the October HSC meeting. It was noted that board members are welcome to attend an HSC meeting.

The Board was pleased with the revised Performance report which has been extended to ensure increased visibility of more customer service areas.

660/15

Housing Services Committee Highlights from 2 July 2015

The Board noted the HSC highlights from the last meeting. It was also noted that the first paperless HSC meeting had gone quite well with support from IT staff, and that a report would be presented to the Board following the results of a survey of board members about electronic versus paper meetings.

It was agreed that Juliet Blackburn, Head of Housing Modernisation, would present a report to the October Board meeting on progress on the Think Forward programme, which may also include an update on the Group-wide Target Operating Model work which has recently begun.



Annual Customer Service and Star Report

The Board reviewed the performance presented in the annual report and was pleased to see the key elements of the results of the recent STAR survey.

The Board also received a presentation from Anna Bishop, Director of Customer Service and Community Engagement about the development of customer services and the Group's priorities in this respect. The following was highlighted:

- the results of customer satisfaction surveys being fairly static for about 7 years
- the STAR survey revealed that 80% of tenants now have access to the internet
- it should be made as easy as possible for customers to contact Riverside and, in this respect, resources should be concentrated where they are most needed to improve service
- from discussions with customers at the RECHG Conference, it appears that they are keen to be prepared for communication in today's world of technology; this may be due to the fact that RECHG has very active teams of service users so may be ahead of other Riverside teams in this respect
- the new Riverside website being developed will be a customer service website (whereas the previous one focussed on marketing and communications)
- various forms will be available on-line as well as the ability to make appointments, eg for gas servicing; in due course, the aim is to pay rent on-line; and, in respect of repair reporting, to have the whole process available on-line, eg customers will be able to upload photographs of repairs required, choose an appointment and track progress of repairs
- one of the aims is to make rent statements, including service charges, available on-line from August; the Customer Service Centre (CSC) is currently preparing to answer additional queries as a result of this change
- there are issues of secure access to be considered, which are being worked through
- data protection advice is being sought from Riverside's Data Protection Manager
- it was confirmed that there is no desire to force customers to go on-line but the website should be so clear that customers don't need to visit offices but can contact Riverside more easily
- other methods of communication are also being considered, eg web chat in case of high volume telephone calls
- there is a need to have the ability to capture all information in Riverside systems including customer feedback
- having moved to annual STAR customer surveys to avoid customer fatigue with a wide array of questionnaires and, whilst recognising that this has provided better quality data, it is felt that it is time to

move forward from this discipline and obtain feedback in a more timely manner, eg within hours of service delivery, in order to feed this back into performance management processes in order to get things right first time on a more iterative basis

- CSC staff have benefited for many years from having coaches in the structure to provide systems, procedural and customer service feedback, to talk through their work and how they can do things differently and improve; there is now a plan to have coaching embedded throughout the organisation for front line staff who have customer responsibilities.

The Board thanked Anna for her report and presentation and was pleased to hear about the changes planned which are in line with the One Riverside Corporate Plan objectives.

During the discussion that followed, the Board agreed:

- that in order to be mobile-friendly, the new website should not offer too many options on one page, ie links should be included to enable users to access further information on each topic
- that forms of social media, such as Facebook and Twitter, should continue to be used to be respond to comments, rather than to communicate with customers.

The Board looked forward to an update on progress in due course.

662/15

#### Annual Care & Support Summary

The Board noted the Annual Care & Support Summary giving an overview of the activities, challenges and achievements of the care and support function during the year, the work done to ensure compliance with regulatory frameworks and progress made in terms of the Strategic Plan approved by RECHG Board and the financial performance targets set for the year. The following was highlighted:

- the significant changes made to the Business Growth and Strategy team as a result of the £3m new business income target not being achieved
- the hard work of many staff and compensatory savings and adjustments made in a timely manner in order to achieve an improved outturn on the operating margin against budget
- that CQC (Care Quality Commission) compliance has been turned around from some non-compliance to full compliance within 18 months
- the introduction of the Living Wage
- better pay, terms and conditions for RECHG staff compared to other providers in the care and support sector
- that staff turnover at just over 10% is significantly better than other providers in the care and support sector.

The Board welcomed the report which had been requested at the previous year's Strategy event, and found it balanced and helpful. The Board congratulated all involved in the excellent strides that have been made in the last 18 months.

663/15 Review of Riverside's Own Place Scheme

The Board was pleased to note the success of Riverside's Own Place scheme since inception in 2007.

The Board, having considered Trowers' legal advice and all other evidence presented, concluded that Own Place as an initiative satisfies Riverside's charitable objectives, and:

- a within those specific geographical areas in which Own Place applies currently, and which are detailed in this report, Own Place is satisfying Riverside's objectives
- b it accepts the principle that Own Place as an initiative may in future apply to other geographical areas beyond those to which approval has been given in paragraph 6.5 of the report, subject to the Board being satisfied that the new area satisfies all the criteria set out in Trowers' legal advice
- c both the concept and specific application of Own Place should be reviewed annually.

The Board also agreed that the set of eligibility rules listed in section 5.2 of the report should be clarified in respect of first time buyers being able to fund the purchase either through a mortgage or savings, and that those who can afford to buy outright are not eligible for the scheme.

664/15 Transfer of Riverside Stock in Garston, Liverpool

The Board noted:

- a the contents of the report and a tabled map showing the location of the stock
- b that the stock has an average net present value of £28,708 per unit, which could result in an overall valuation of £2,497,626 for the portfolio
- c that negotiating skills would be used in respect of agreeing the sale price.

The Board recognised that this was a group of well performing stock from a financial perspective. Whilst the Board was supportive of assisting a more local housing association with its growth aspirations, it was noted that the Association would only normally sell at a competitive price that recognised its performance value.

The Board approved the transfer of the Garston stock to South Liverpool Homes, and delegated approval of the sale price to the Group Chief Executive or two Executive Directors.

665/15 The Board Members' Conference 2015

The Board noted:

- a the venue and guest speaker for the 2015 Board Members' Conference
- b the draft agenda and that this would be subject to change as a result of the Emergency Budget implications
- c that the next TRGL Board meeting would be held at 3 pm on Wednesday 14 October; the Chairs' dinner would be held that evening; and the Board Members' Conference would be held the following day – Thursday 15 October 2015 - with all events being held at The Radisson Blu Edwardian hotel in Manchester.

666/15 Information Items

The Board noted the following items:

- a Quarterly Treasury Report: noted as essential reading for board members, and that future reports would include further information about covenants
- b Governance & Remuneration Committee Minutes – **CONFIDENTIAL** – 22 May 2015
- c Evolve Facility Services Ltd Board Minutes – **CONFIDENTIAL** – 24 April 2015
- d Riverside Executive Directors' Minutes – 22 June 2015.

667/15 Any Other Business

a Representation to the Regulator

The Board noted the excellent news that the HCA had declared that there had been no breach of regulatory standards in respect of the representation by the customer in the South East to the Regulator under seven elements of the Regulatory Standards around the right to acquire, consultation to dispose and building issues reported at the last Board meeting (minute 640/15b).

b 2011/14 Development Programme – Replacement of Approved Scheme

The Board noted the substitution of a new scheme - Emmaus - in place of a site that was lost from the Liverpool City Council site

disposal initiative approved by the Board as part of the Development Programme. The Board noted that there was no financial impact or increased risk attached to this substitution.

668/15      Date and Time of Next Meeting

The next meeting was fixed for Wednesday 14 October 2015 at 3 pm at The Radisson Blu Edwardian hotel, Free Trade Hall, Peter Street, Manchester M2 5GP.

Papers attached to the Minutes

Minute Numbers

656 a – d

657 a

657 b i – v

657 c

657 d

658 + tabled report

659

660

661 + tabled presentation

662

663 + 2 tabled reports

664 + tabled map

665

666 a - d