

## **THE RIVERSIDE GROUP LIMITED**

A Meeting of the Board of The Riverside Group Ltd (TRGL)

3<sup>rd</sup> October 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.
  - We welcomed two new Group Board members appointed following a thorough recruitment and selection process: Paul Forster-Jones and Jonathan Dale
  - There was a real focus on cash collection and leakage as we continue to respond to welfare reform and its impact on voids, relet times, repair costs and rent arrears. We also reported on our continuing work to influence the Government to make fundamental changes to the under-occupation penalty ('bedroom tax') and other aspects of welfare reform.
  - There was a significant debate on the business plan and proposed rent increase for 2013/14 as the Board debated the dilemma of ensuring that Riverside has the resources to deliver high quality services and build more homes, with concerns about affordability for low income households at this challenging time. A further report on next year's rent increase will be considered at December's meeting.
  - The Board approved arrangements to build up to 500 new homes in 2014/15 under the Homes and Community Agency's Affordable Homes Guarantee Programme.

**Carol Matthews, Group 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 3 October 2013 at the offices of TRGL 2 Estuary Boulevard Estuary Commerce Park Liverpool L24 8RF

### **MINUTES**

Present: Mr P Brant (Chair), Mr P H Raw (Vice 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, Ms A-M Jones and Ms C M Matthews.

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

#### Apologies for Absence

There were no apologies for absence.

The Chair, on behalf of the Board, welcomed to the meeting two new Board Members – Mr Jonathan Dale and Mr Paul Forster-Jones – appointed by Written Resolution of the Board with effect from 3 October 2013.


#### Declarations of Interest

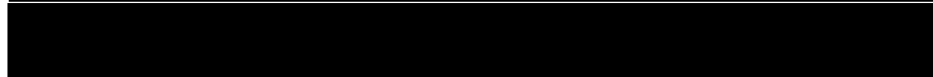
There were no declarations of interest.

#### 441/13 Minutes of the Last Meeting

The minutes of the meeting held on Thursday 4 July 2013, including separate confidential minutes, were approved and signed.

#### 442/13 Matters arising from the Minutes

Minute 432/13 – Rationalisation of Stock in Tower Hamlets London: 



#### 443/13 Governance Best Practice – Directors' Duties for Reference

The Board noted the reminder regarding Directors' duties to promote the success of a company.

444/13 Proposed Amendment to Scotland Committee Terms of Reference

The Board resolved that the terms of reference of the Scotland Committee be amended as set out in paragraph 2.1 of the report.

445/13 Recommendations of the Group Membership Committee: Proposed Appointment of Michael Little as a New Committee Member of the Scotland Committee

The Board approved the appointment of Mr Michael Little as a new Committee Member of the Scotland Committee of TRGL with effect from 3 October 2013.

446/13 Remuneration of Chair of Evolve Facility Services Ltd (Evolve)

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

447/13 Record of Decisions of the Chair under the Emergency Procedure: The Compendium Group – Variation to Joint Venture Agreement and Approval of Development Agreement for Ings Hull

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

448/13 Retirements and Elections at Annual General Meeting

The Board noted that the retiring Board Members – Mr Philip Han and Ms Anne-Marie Jones – were re-elected at the AGM.

449/13 Creation of Group Governance and Remuneration Committee

The Board resolved that:

- a the Group Membership Committee and Remuneration Committee are merged to form a Governance and Remuneration Committee (GRC)
- b the delegated authority for considering issues referred under the procedure for confidential reporting be transferred to the Group Audit Committee
- c the terms of reference at Appendix 1 of the report are approved, subject to:
  - i insertion of the words “where appropriate” following the words, “qualified external consultant” at the top of Page 3
  - ii deletion of point 5 under ‘Other Matters’ on Page 3, noting that under Riverside’s Complaints Procedure, there is no requirement for complaints to be considered by the Group Membership Committee/GRC

- iii deletion of point 6 under 'Other Matters' on Page 3 in accordance with 'b' above
- iv under point 2 in 'Chair of the committee' on Page 5, following the words "... to chair the meeting", insertion of the words "which will normally be the independent Committee Member"
- d the minutes of the new committee will be routinely reported to Group Board
- e the existing members of the two committees (apart from C J Kennefick whose co-option to the Board has ended) form the membership of the new committee
- f meetings will usually take place after TRGL Board meetings with recommendations sent to the following TRGL Board meeting
- g the first meeting of the new committee takes place on 3 October after TRGL Board meeting.

450/13 Amendments to Governance Framework Document (GFD) – Transparency and Accountability

The Board approved the amendments to the accountability extract of the GFD at Appendix 1 and the extract from the GFD which required a consequential amendment at Appendix 2, and also Appendices 31 and 32.

The Board also agreed that references to the Group Membership Committee and Remuneration Committee in the GFD be amended to reflect the merger of those two Committees to form the Governance and Remuneration Committee (in accordance with Minute 449 above).

451/13 Change of Name of Division: Riverside Carlisle to Riverside Cumbria

The Board agreed the change of name of Riverside Carlisle to Riverside Cumbria.

452/13 Chief Executive's Round-up

The Board noted the update.

The following issues were highlighted:

- a that real progress was made by spending time at the Conservative Conference in Manchester this week: Mark Francois, the Veterans' Minister, heard about the 'cliff' that Riverside is facing in 2015 in terms of the review of funding; at a private meeting with the Housing Minister, Mark Prisk, he was very complimentary about the work Riverside is doing; during a useful 45 minute meeting with the Welfare Reform Minister - Lord Freud, he was keen to continue to work with Riverside on its implementation of Welfare Reform changes; and that the Centre for Social Justice and the Institute for Public Policy Research, which are

both talking to all political parties looking at implementation of training and time-limited welfare, wanted to talk to Riverside

- b a report from the Chief Financial Officer about her attendance at a Providers' Panel meeting, including a sense that some Providers are prepared to pay for effective regulation; a discussion about Value for Money; and that the 'Living Will' - now known as the Resolution and Recovery plan - is being worked on further and will need to be incorporated in the Corporate Plan
- c that the Chief Executive also spent time in Scotland last week meeting with Michael Cameron – the Scottish Regulator – to discuss TRGL's Corporate Plan aspirations. It is clear that Paul Hilliard (Managing Director - Irvine Housing Association - IHA) is doing a good job for Riverside in Scotland
- d that following publication of an article in 'Inside Housing' about David Jepson's severance package, the Chief Executive confirmed that this matter was discussed at the time with regulatory staff and it has been confirmed that they are satisfied that the matter had been properly dealt with, ie by a contractual payment
- e a report from the Group Director – Housing Services about Welfare Reform, which remains high profile: with the Leader of the Opposition declaring that he would abolish 'bedroom tax'; that there has been a lot of activity in terms of tribunals – mainly in Scotland but also elsewhere – and also High Court challenges on 'bedroom tax' disability issues, with a couple of cases where there have been interesting contrasting responses from County Court Judges – one in Carlisle and the other on Merseyside
- f the intention for Riverside (along with other local housing associations and validated by the University of York) to publicise a report about savings assumptions from the introduction of the 'bedroom tax', eg savings are only generated if tenants stay and pay. It was agreed that before publication, the report would be circulated to Board Members, to ensure they are comfortable with the tone and balance, and that prior notice of publication would be given to senior Treasury Ministers
- g that the proposed merger between IHA and Barony Housing Association (paragraph 5 of the report) is progressing very slowly, particularly around pension issues
- h the Board agreed that agreement of the financial model around the Sandwell PFI (Private Finance Initiative) by Sumitomo Bank (paragraph 8.2 of the report) is a major step forward in terms of gearing, and that the staff involved should be congratulated for their work
- i a report will be presented to the next meeting on Scunthorpe Housing Accommodation Service (paragraph 8.3 of the report).

453/13

Monthly Performance Review (MPR)

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

- a three key interlinked issues of concern in terms of operational and financial performance:
  - level of void properties
  - re-let times
  - repairs and maintenance costs
- b arrears also continue to be a concern, although it was agreed there is at least an opportunity to recover arrears, whereas empty properties result in loss of income
- c that various reports are coming through in terms of Welfare Reform and it is encouraging that more is being collected in terms of 'bedroom tax'
- d that the Cash Collection Dashboard is constantly in front of Divisions, and those Divisions most affected by the increase in voids and re-let times are taking full responsibility and reporting back to the Housing Services Committee (HSC); exit surveys also provide useful information.

The Board:

- i agreed that it is very early days in terms of assessing the impact of Welfare Reform and 'bedroom tax', eg there has been a good summer, with Discretionary Housing Payment but winter is coming and a lot of work must continue to be done to mitigate the effects
- ii agreed that further discussion would be useful when information is provided via the HSC
- iii noted that the issue of choosing tenants, eg not just using Choice Based Lettings but also including affordability checks, is being increasingly used
- iv agreed that there is a lot of pressure on Divisions but that landlord services must be improved.

454/13

Outcomes of Group Board Strategy 10/11 September 2013

The Board:

- a noted the outcomes and next steps around the Corporate Plan
- b approved the Value For Money self-assessment.

455/13 Business Plan Assumptions 2014/15 to 2018/19

There was considerable debate about the business plan assumptions including the dilemma of rent increase affordability verses business capacity. It was agreed that the rent increase report should be presented to the Board in December, rather than February.

The Board approved the assumptions identified in Appendix 1 of the report but agreed that although the rent setting assumption of CPI +1% should be included and the void loss increase of 0.5%, that the remaining rental income benefit is netted against increased costs of collection and customer support. The 2014/17 Corporate Plan aspirations and projects need to be considered in this context too.

456/13 Help to Buy Agency

The Board approved the transfer of Riverside Home Ownership's Help to Buy and Mortgage Rescue Agency work to the TRGL dormant subsidiary, Riverside Regeneration Limited.

457/13 Affordable Development Programme for 2014/15

The Board approved:

a that officers are authorised to enter into all contracts and funding conditions in relation to the Affordable Homes Guarantee Programme (AHGP) to secure £6,892,500 grant, capacity to convert 1,133 homes to affordable rent; and invest £3,150,000 Recycled Capital Grant Fund (RCGF) in delivering 319 homes

b the delivery of 500 homes in the 2014/15 Business Plan

c changes to the assumptions for financial appraisals for 2014/15 as set out in Appendix A,

458/13 Property Rationalisation Update

The Board noted:

a that the Property Strategy team has developed a skill-set which allows it to be a first call for property related matters across the Group. The team provides advice and assistance for the majority of Divisions and it makes sense that this role is applied in a 'One Riverside' manner to ensure consistency of approach and the achievement of best value in property transactions across the Group. Divisions may not always be

best placed to deliver disposals which can be complicated at times with unforeseen risk

- b that, as a result, the team should be the first call for disposals in order that a consistency of approach is applied and TRGL's charitable objectives adhered to
- c the property rationalisation update and progress to date in achieving sales/transfer targets, as well as future aspirations.

459/13 Transfer of Stock to Tuntum Housing Association

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

460/13 People Policy Update

The Board approved the updated People Policy.

461/13 Loans to North Bransholme Social Enterprises



462/13 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 Director and Managers:

Dean Butterworth	Divisional Director Cumbria
Pam Birks	Property Services Manager
Kim Doran	Assistant Director Asset Management

463/13 Annual Return to Financial Services Authority

The Board noted that a copy of the Annual Return to the Financial Services Authority for the year ended 31 March 2013 was available for perusal at the meeting.

464/13 RAF Cosford – Inclusion of Royal Bank of Scotland Bank Accounts to The Riverside Group Limited National Westminster Global Mandate

The Board approved the amendment to the Royal Bank of Scotland mandate to allow the following Directors as authorised signatories:

Joy Baggaley	Chief Financial Officer
Ronnie Clawson	Group Corporate Services Director



Andy Coghill	Director of Business Planning & Analysis
Andy Gladwin	Group Financial Controller
Leann Hearne	Group Director – Care and Support
John Kent	Director of Commercial Ventures
Carol Matthews	Group Chief Executive
John Wood	Group Director Housing Services

465/13

Information Items

The Board noted the following items:

- a Quarterly Treasury Report
- b Private Finance Initiative (PFI) Risk Update: this report was circulated a few weeks before the Board meeting to enable the Board to consider the PFI risks around these two bids in relation to the scheme coverage of PFIs in place. The Board took note of the risk mitigations in place and the differences with those subject to press articles
- c Housing Services Committee Minutes – 27 June 2013
- d Housing Services Committee Minutes – 25 July 2013
- e Housing Services Committee Core Brief – 26 September 2013
- f Prospect (GB) Ltd Board Minutes – 24 June 2013
- g Prospect (GB) Ltd Board Minutes – 15 July 2013
- h Prospect (GB) Ltd Board Minutes – 22 July 2013
- i Evolve Facility Services Ltd Board Minutes – Confidential – 23 May 2013
- j Evolve Facility Services Ltd Board Minutes – Confidential – 25 July 2013
- k Group Audit Committee Minutes – 20 June 2013
- l Group Finance Committee Minutes – 20 June 2013
- m Group Audit & Group Finance Committee Minutes – 20 June 2013
- n Riverside Group Directors' Minutes – 22 July 2013
- o Riverside Group Directors' Minutes – Confidential – 22 July 2013
- p Riverside Group Directors' Minutes – 20 August 2013
- q Riverside Group Directors' Minutes – Confidential - 20 August 2013

r Riverside Group Directors' Minutes – 17 September 2013

s Riverside Group Directors' Minutes – Confidential –  
17 September 2013

466/13 Any Other Business

There was no other business.

467/13 Date and Time of Next Meeting

The next meeting was fixed for Thursday 5 December 2013 at 10 am.

Papers attached to the Minutes  
Minute Numbers

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