

## **THE RIVERSIDE GROUP LIMITED**

### A Meeting of the Board of The Riverside Group Ltd (TRGL) 18<sup>th</sup> April 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 have been '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.
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- The Board approved the Group's budget for 2013/14 and 5 year business plan for 2013-18, meeting efficiency targets set by the Board earlier in the year. This is something it does every April.
  - It also approved a 5 year £181m investment programme in Riverside's housing stock - £34m for the coming year (2103/14) – as well as a bid to the Homes and Communities Agency (HCA) for grant funding to build more new homes.
  - The Board approved a new approach to improving transparency at Riverside – including the publication of a transparency statement, improvements to the website and the publication of these minutes.
  - There were a number of minor governance changes to streamline our internal committee structure, and appoint new members to boards.
  - The Board noted some proposed changes to Riverside's pension arrangements (for staff), and the fact that the regulator has confirmed the highest level of grading for governance and viability.

**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 18 April 2013 at the offices of The Riverside Group Ltd  
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 P J Han, Ms A-M Jones, Mrs C J Kennefick, Ms C M Matthews and Mr Y Turgut.

In attendance were Mr R Clawson, Ms L Hearne 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 were Mr A Coghill, Mr A Gladwin and Mr M Patchitt (staff).

#### Apologies for Absence

Apologies for absence were received from Mr D A Jepson.

#### Declarations of Interest

Declarations of interest were made by:

- Joy Baggaley – co-opted Board Member of TRGL and Director of Prospect (GB) Ltd
- Susan Jee – Board Member of TRGL and Director of Riverside Group Pension Trustees Ltd
- Carol Matthews – co-opted Board Member of TRGL, Director of Prospect (GB) Ltd and Director of Riverside Group Pension Trustees Ltd
- Yashar Turgut – Board Member of TRGL, Director of Evolve Facility Services Ltd and Director of Riverside Group Pension Trustees Ltd

#### 382/13 Minutes of the Last Meetings

The minutes of the meeting held on Thursday 7 February 2013, including separate confidential minutes, were approved and signed, following two minor amendments made at the meeting.

#### 383/13 Matters arising from the Minutes

There were no matters arising from the minutes.

Recommendations of the Group Membership Committee:a The Shareholding of TRGL and Gifts to Shareholders

The Board:

- i resolved that non-housing subsidiaries should no longer have shares in TRGL, that the Governance Framework Document should be amended accordingly, and that the Prospect (GB) Limited share should now be withdrawn
- ii resolved that otherwise the current shareholding structure is appropriate
- iii approved the amendment to the Board and Committee Member Code of Conduct as set out in Appendix 1.

b Appointment of Mr Darren Warneford as Shareholding Member

The Board noted the recommendation of the Group Membership Committee and approved the appointment of Mr Darren Warneford as a Shareholding Member of TRGL, subject to the agreement of Riverside North Divisional Board.

c Proposed appointment of Ms Anna Bishop as Group Nominee to the Board of Riverside Carlisle

The Board noted the recommendation of the Group Membership Committee and approved the appointment of Ms Anna Bishop as Group Nominee to the Board of Riverside Carlisle.

d Restructure of Group Finance Committee

The Board noted the support of the Group Membership Committee, and:

- i approved the dissolution of the Group Finance Committee, with the technical aspects of its role to be taken on by a newly formed Group Treasury Committee (GTC) and the review of the financial statements to be taken on by the Group Audit Committee, with effect from 1 July 2013
- ii appointed Paul Brant, Philip Han and Susan Jee as members of the GTC and Susan Jee as Chair, also with effect from 1 July 2013
- iii agreed interview of suitably qualified divisional and subsidiary board members with a view to appointing one additional member to the new Committee.

e Terms of Reference for Housing Services Committee

The Board noted the support of the Group Membership Committee, and approved the revised terms of reference of the Housing Services Committee.

385/13

Recommendations of the Group Remuneration Committee:

a Better Together 3 and Remuneration of New Divisional Chairs

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

b Group Directors

For this item, only non-executive Board Members, the Chief Executive, Assistant Company Secretary and Tenant Board Observer were present. A report was discussed by the Board and a separate minute will be recorded in TRGL Board Confidential Minute Book.

c KPMG Pensions Review and Auto Enrolment

The Board considered the report and noted a verbal update that although auto enrolment may extend to board members who receive remuneration, advice has been sought from consultants that this does not apply to TRGL board members due to the existence of board members' agreements for services.

The Board approved the decision of the Remuneration Committee to:

- i introduce a defined contribution auto-enrolment scheme to be delivered via SHPS (Social Housing Pension Scheme) with effect from 1 August 2013 on the following basis:

Employer	Employee
4% contribution	1% to October 2017 3% from 1 October 2017 to October 2018 4% from 1 October 2018

- ii close the current CARE (Career Average Revalued Earnings) scheme to new entrants with effect from 1 August 2013 following a period of amnesty to allow current non-members to join
- iii introduce from 1 August 2013 a new Defined Contribution provision for new staff to be delivered via SHPS with an employer contribution rate of 12% and an employee contribution rate of 6%.



The Chief Executive tabled a letter from the HCA and a discussion document 'Protection of social housing assets in a more diverse sector', and asked board members to review the document and forward any comments. The Board delegated detailed consideration of the document, including board members' comments, and response to the ad hoc Commercial Ventures Group comprising Philip Han, Susan Jee and Yashar Turgut.

The Board also:

- a noted a verbal report about numerous consultation responses submitted recently including those concerning Universal Credit, energy and a draft Care and Support Bill
- b noted a verbal update about The Dales (section 6 of the Chief Executive's Round-up report)
- c was pleased to note that in addition to the awards detailed in the report, Riverside was named Specialist Landlord of the Year in the UK Housing awards for the RECHG SPACES project (which provides assistance nationally to homeless veterans) and then shortlisted in the Overall Landlord Category due to the quality of this work.

The Chair reported that the Chief Executive had joined the magazine Housing 24's list of top 50 influential people in housing at number 8, which the Board agreed was an excellent achievement.

388/13

#### Monthly Performance Review (MPR)

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

##### Financial performance:

- that year-end is still in progress, with a key focus being operating margins
- the success with Moody's credit rating
- at consolidated Group level the full year budget was 20.9% but at present, before exceptional items such as Prospect impairment, the position is 21%.

##### Operational KPI (Key Performance Indicator) highlights:

- the blended result at the end of period 11 of 61% (as shown in the Strategic Performance Review), with a year-end blended result of 70.3%
- although year-end targets overall were not hit, some excellent results were noted: both Midlands and Riverside Home Ownership hit all of their local targets and Carlisle only missed one.

Particular Group-wide highlights (as shown on a tabled sheet containing two graphs) were:

- a great result of 0% of homes without a valid gas service certificate and that the overall programme of gas servicing had been much more smooth in the last year
- continually good results throughout the year on arrears and a good position at year end prior to Welfare Reform.

Two queries were raised about comments included in Section 4.1.2 - Full year forecast (Page 21) and provision for rent arrears (Page 28). It was agreed that a detailed response would be circulated to board members via email.

389/13

### Group Business Plan

The Board noted:

- a that the initial operating margins challenge, set by the Board at the Strategy day in September, had been delivered
- b that delivering the challenge was a precursor for developing the 'One Riverside' strategy, and the potential financial impact for this programme had been built into the Plan, although detailed projects have yet to be established
- c that the Plan reflects continued development on a modest scale for three years, as agreed at the September Strategy day
- d that Moody's credit rating exercise introduced a number of potential new measures to the organisation, although the one with most focus at the moment is improving operating margins
- e that in this year's Plan, the margin for 2013/14 will be lower than that included in last year's Plan, due to the lower rent increase than planned (the Retail Price Index in September 2012 being 1% lower than the assumption in last year's Plan) and the initial investment included in this Plan for the 'One Riverside' and modernisation proposals.

It was agreed that further details confirming that the organisation is on track in terms of the ongoing drive to improve the Group's underlying efficiency would be presented as an information item to the next meeting.

The Board commended the report and Business Plan, containing appropriate consideration of sensitivities.

The Board approved the Group Business Plan for the years 2013/14 to 2017/18 as set out in Appendix 1.

The Board asked for thanks to be passed on to the finance team for the work that had gone into producing the Business Plan and to other teams and divisions for their contribution.

390/13 Annual Treasury Management Strategy 2013/14

The Board considered the report and noted a verbal update including that the Group had received an Aa3 credit rating from Moody's. The Board commended the Group Financial Controller and the team.

The Board approved the recommendations contained in the 2013/14 Annual Treasury Management Strategy report.

391/13 Additional Money Market Funds

The Board considered the proposals detailed in the report and approved the opening of accounts with the following two money market funds:



392/13 Barclays Bank Plc – Replacement Mandate

The Board approved the amendment to the Barclays Bank Plc mandate to allow the following Directors as authorised signatories:

Joy Baggaley	-	Deputy Chief Executive & Group Finance Director (Chief Financial Officer with effect from 1.06.13)
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
Pam Welford	-	RECHG Financial Controller & Director of FSC
John Wood	-	Group Director of Housing Services
Sue Worden	-	Project Director.

393/13 Investing in Our Homes 2013/14 – 2017/18

The Board commended the report and agreed that it provided a good illustration that the Group should be genuinely proud of working to make lives better for its tenants.

The Board:

- a noted that the Housing Services Committee had reviewed the report
- b noted the stock investment need of £180.909 million over the 5 year business plan period 2013/14 to 2017/18



- c agreed the Divisional funding level of £33.727 million for 2013/14 allocated as in Table 9 of the report
- d agreed to commit financial resources, which will be expended in 2014/15 to maintain the momentum of the programme, the limit of that commitment to be 50% of the programme (50% of £35.663 million = £17.831 million).

394/13 Affordable Homes Guarantee Programme

The Board thanked the Director of Regeneration for the report, and:

- a approved the submission of a bid under the Affordable Homes Guarantee Programme on the basis of the Strategy proposal set out in section 3.2 of the report; and within the financial parameters set out in the proposal in section 3.3 of the report
- b approved the funding conditions contained in Appendix A of the report in relation to the Affordable Homes Programme and Framework Delivery Agreement with the HCA and the Greater London Authority.

395/13 Oversight of Commercial Ventures

The Board approved the principles, reporting and structures laid out in paragraphs 3.2 to 3.15 of the report.

The Board considered and agreed that there were no other actions at this stage which should be taken to make the governance of commercial ventures even more transparent and effective.

396/13 Delivering Transparency at Riverside

The Board noted the progress made in the Transparency Project.

The Board approved the proposals in Section 3 of the report relating to each workstream, in particular:

- the publication of information prioritised by tenants
- the development of the website to accommodate the transparency proposals
- the sharing of information on value for money via the website
- the publication of approved Group Board minutes from April 2013 on a trial basis
- the development of staff guidance to reflect the agreed approach
- the disclosure of expenditure with top 50 suppliers from April 2013
- the inclusion of a transparency self-assessment in an annual report to Group Board on compliance with the NHF Code of Governance.

The Board approved the draft Transparency Statement, subject to the following minor amendments to Page 2:

- a 'How we are governed': first bullet point to include, "subject to provisos set out below"
- b 'Information available on request, and when we will not provide information': last bullet point to be amended to state "The information is not readily available or difficult to access".

The Board agreed that the steps approved to deliver transparency are in the nature of an experiment, the results of which will be reviewed in due course.

397/13 Proposal to Bring Forward the Date of the Annual General Meeting from Thursday 19 September to Monday 16 September 2013

The Board agreed to bring forward the date of the Annual General Meeting from Thursday 19 September to Monday 16 September 2013.

398/13 Information Items

The Board noted the following items:

- a Welfare Reform and Income Management: the Board noted the steps being taken to ensure that Riverside is as well prepared as it can be for welfare reforms, including a verbal update at the meeting:
  - there is still work to do to prepare for Universal Credit
  - there was a demonstration at the Berrybridge Office the day prior to the Board meeting about 'the bedroom tax'
  - Customer Service Centre staff are experiencing a lot of tension from calls and have been offered Samaritans' training
  - in Mersey North out of 2,000 affected by 'the bedroom tax', half paid and half did not pay
  - there is a continuing strong focus on chasing arrears.

The Board:

- suggested that part of the increase in rent arrears may be due to tenants affected by 'the bedroom tax' cancelling direct debits due to the changes
- noted that at a recent Tenants' Federation event, the Chief Executive's open letter to the Prime Minister and Deputy Prime Minister about the impact of the bedroom tax on tenants had been very well received
- noted that Riverside is sharing information with the sector but, at present, the information is anecdotal
- agreed that there would be a Board Briefing in about 6 months' time to keep the Board informed about the effect of Welfare Reform and the range of Riverside's interventions in respect of Welfare Reform and income management.

- b Housemark Benchmarking Results 2011/12 – Divisional Headlines:  
the Board noted:
- the headlines for the 2011/12 Housemark results and actions already being taken to address issues identified
  - the proposal to monitor trends on lettings' cost and performance
  - the proposal to report to Divisional Boards on local headlines and actions
  - that the Housing Services Committee has considered the report, which it found quite disappointing, and has asked Divisions to reflect on the results, which in turn will be reflected back at the next Board meeting in June.
- c Update of the Growth Project Summary: in response to a enquiry about the Home Improvement Agency, it was noted that the market is quiet in this respect at present
- d Housing Services Committee Minutes – 31 January 2013
- e Housing Services Committee Minutes – Confidential – 31 January 2013
- f Housing Services Committee Minutes – 26 March 2013
- g Housing Services Committee Minutes – Confidential – 26 March 2013
- h Group Audit Committee Minutes – 20 December 2012
- i Group Finance Committee Minutes – 20 December 2012
- j RECHG Divisional Board Meeting Core Brief – 14 February 2013
- k Prospect (GB) Ltd Board Minutes – 28 January 2013
- l Prospect (BG) Ltd Board Minutes – 27 February 2013
- m Evolve Facility Services Ltd Board Minutes – Confidential – 14 December 2012
- n Evolve Facility Services Ltd Board Minutes – Confidential – 17 January 2013
- o Riverside Group Directors' Minutes – 19 March 2013
- p Riverside Group Directors' Minutes – Confidential – 19 March 2013.

399/13 Any Other Business - Communication

The Board agreed that board members should be included in the circulation list to receive the Chief Executive's blog and the Group Director, Care & Support's blog.

The Chair reported that he plans to communicate with staff on a periodic basis – most likely every couple of months - within Riverside Matters, and asked board members to let him have suggestions for items they would like him to include.

400/13 Date and Time of Next Meeting

The next meeting was fixed for Thursday 6 June 2013 at 10 am.

Papers attached to the Minutes

Minute Numbers

384 a – e  
385 c  
386 a – b  
387 – tabled HCA letter only  
388 + tabled sheet/graphs  
389  
390  
391  
392  
393  
394  
395  
396  
398 a - p