

THE RIVERSIDE GROUP LIMITED

(Registered number 30938R)

A Meeting of the Board of The Riverside Group Ltd (TRGL) was held on Wednesday 25 January 2017 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 welcomed observers from the HCA - the social housing regulator - to the meeting as part of an In Depth Assessment they were undertaking in January and February 2017
 - The Board continued discussions on the new Corporate Plan from April 2017, highlighted the Group's competing objectives which included those set by the Government and social housing regulator and noted that the Corporate Plan would be submitted to the next Board meeting on 9 March 2017 for approval. The Board also agreed future priorities for influencing activities for the new Corporate Plan and noted that, as the Group's key risk, the Local Housing Allowance was the first influencing priority
 - A comprehensive update on asset management services was received with a focus on actions to address below target Customer Satisfaction with Repairs performance which included reporting to the Group's Neighbourhood Services Committee (NSC). Cost savings of £14.5m - after reinvestment of £4.5m - over the period 2015/18 were highlighted
 - A Statutory Compliance Strategy, effective from 2017, was discussed which took a structured and rigorous approach to providing assurance on compliance with the six areas governed by statute: Gas; Fire; Electrical; Asbestos; Legionella; and Lifts
 - The Board received an update on the Voluntary Right to Buy (VRTB) pilot programme 2015/17 and agreed that it would consider participation in any future proposed Government VRTB initiatives
 - The Board marked the retirement of Philip Raw, Vice Chair after nine years' service on TRGL Board and before that, on the Board of the former English Churches Housing Group Ltd (ECHG) noting that he had been at the centre of bringing the Care & Support business to the heart of the Group.

Carol Matthews, Group Chief Executive

THE RIVERSIDE GROUP LIMITED

A meeting of the Riverside Group Limited (TRGL) was held on
Wednesday 25 January 2017 at 10am at
The Hope Street Hotel, 40 Hope Street, Liverpool L1 9DA

APPROVED MINUTES

Present

Mr M Steinberg (Chair), Mr P Raw (Vice Chair), Mrs S Jee (Treasurer),
Ms J E Baggaley, Mr J C Dale, Mrs P Davis, Mr P J Han, Ms C M Matthews,
Ms S E Trueman and Mr P White

In attendance

Mrs J Murray	Tenant Board Observer
Mr D Brice	Homes & Communities Agency (HCA) Observer
Ms A Connolly	Homes & Communities Agency (HCA) Observer
Mr J Glenton	Executive Director, Care & Support
Mr I Gregg	Executive Director, Asset Services
Mrs L Hearne	Executive Director, Shared Services
Mr J R W Wood	Executive Director, Neighbourhood Services
Mr M Lawrie-Simmons	Director of Business Planning & Analysis
Mr H Owen	Director of Strategy & Public Affairs
Ms J M Vail	Senior Governance Officer (minutes)

Apologies for absence

There were no apologies for absence.

Declarations of Interest

There were no declarations of interest.

Chair's matters

The Chair

- a. welcomed David Brice and Angela Connolly, Observers from the HCA - the social housing regulator - to the meeting as part of an In Depth Assessment they were undertaking in January and February 2017;
- b. thanked Board members for the thoughtful and productive discussion on the first draft of the Corporate Plan 2017-20 which had taken place the previous evening at the dinner to mark the forthcoming retirement of Philip Raw, Vice-Chair and which built on the discussions started in September 2016. The Chair reported that summary feedback from the discussion would be tabled under Agenda Item 8 and that the Board would be asked to review and formally approve the Corporate Plan at the next meeting on 9 March 2017.

- c. directed Board members to the Corporate Plan 2017-20, Asset Management, Statutory Compliance Strategy and Influencing Update and Priorities Agenda items, as key areas for particular focus at the meeting.

857/17 Minutes of the last meeting

The following minutes were approved and signed:

- TRGL Board meeting on 8 December 2016
- Confidential minutes of TRGL Board meeting on 8 December 2016.

858/17 Matters Arising and Action Points

- a 835/16 e: Recommendations of the Governance and Remuneration Committee (GRC): The Board confirmed that it had already delegated the appointment of Board members to other non-Registered Provider (RP) subsidiaries to the GRC, as stated in the GRC's Terms of Reference.
- b 842/16: London Asset Regeneration Update: John Wood reported that, as a major project within the Business Plan, he had arranged a site visit for members of the Group's Commercial Ventures Group and relevant members of staff which would take place on 24 and 25 February 2017.
- c Action Points: The Board noted that the majority of Action Points had been cleared at 8 December 2016 Board meeting. The Board agreed the Action Points document which tracked the actions arising at Board meetings.

859/17 Group Chief Executive's round up - confidential

The report was discussed and a separate minute is recorded in TRGL Board Confidential Minute Book.

860/17 Corporate Plan 2017-20 – Feedback from Group Board Dinner 24 January 2017

The Board received tabled summary feedback from the discussion that had taken place at the dinner the previous evening and agreed that it confirmed the overall direction of travel already discussed whilst fine-tuning some aspects of both style and substance. The Board highlighted the following main points:

- i that as a Registered Provider the Group operates in the context of competing objectives, from those set by the Government and HCA, to those determined by the Board itself such as the Group's existing customer base and ambitions for growth;
- ii that there should be a clear operational plan for three years but the Corporate Plan time frame should be extended beyond 2020, this being necessary for Development activity and which would require further work with the Group's Development team and Commercial Ventures Group to test scenarios;

- iii after a period of change and consolidation under 'One Riverside' and the TOM there was now an appetite for growth, through mergers and acquisitions, which would require investment of resources; and
- iv the approach taken for the TOM would serve as a model for 'smart' delivery of the Corporate Plan from 2017, including the significant role of IT.

The Board agreed that a framework for the Corporate Plan is submitted to the next Board meeting on 9 March 2017, with a recommendation for its review and approval, subject to the following:

- a that the strapline 'Transforming Lives, Revitalising Neighbourhoods' is retained in the new Corporate Plan from 2017;
- b that the particular environment within which the Group operates, which requires a balance between a range of fast changing and potentially conflicting objectives, is brought out in the Corporate Plan from 2017 and that a balance is retained between Development aspirations and the need to continue to improve customer services for existing and future customers of the Group;
- c that it includes additional modelling over a three, five and ten year time frame and sensitivity analysis and that the modelling options that are explored but not included in the proposed Corporate Plan are tracked and explained as part of the report; and
- d given the importance of this item, that the proposed Corporate Plan is circulated at least two weeks before the Board meeting on 9 March 2017, this being longer than the time required for circulation under the Group's governance arrangements (the Governance Framework Document), so that Board members have sufficient time to consider it in detail and liaise with Hugh Owen and Mike Lawrie-Simmons direct and provide feedback before the Board meeting on 9 March 2017.

861/17 Asset Management Update

The Board discussed the report in detail and:

- i was pleased to note asset management financial savings of £14.5m from 2015/16 to 2017/18, net of a reinvestment of £4.5m, as a result of actions under the Think Homes and Business Plan initiatives;
- ii noted that improvements to customer satisfaction with the quality of home had increased to 87% whilst customer satisfaction with repairs had increased from 69% to 72% compared with a target of 82% and questioned the impacts on surveys of summer/winter timing, property MOTs, time lapse between completed repair and survey undertaken and sample sizes;
- iii questioned the financial impact of the 30 year Stock Condition Survey, the options to address a shortfall of £47.5m over the 30 year financial plan and

recommendation to make an increased provision of £1m per annum from years 6-30 under the existing plan. The Board requested further details of the shortfall and increased annual provision accordingly; and

- iv noted the update on stock rationalisation activity in 2015/16 and debated whether the stated strategic aim of reducing the number of Local Authorities in which the Group operates should remain an absolute criterion for the new Corporate Plan from 2017 due to the Group having three component businesses which, potentially, requires a nuanced approach to this identifier.

After lengthy debate the Board, in relation to:

- a Customer Satisfaction with Repairs performance, noted the actions being undertaken and that a cross functional group had been set up to review improvement measures which was reporting to the Neighbourhood Services Committee (NSC). The Board welcomed the visibility and scrutiny by the NSC as customer satisfaction measures were stubbornly below the One Riverside targets whilst the telephone surveys were at least 10% below where they needed to be;
- b the Stock Condition Survey Results, approved:
 - i £20m saving through a 20% reduction in bathrooms, based on customer refusal rates resulting from European Union rules which specify smaller sized bath replacements;
 - ii the option in paragraph 2.3.4 of the report to add an additional £1m per annum into the Major Works provision from years 6-30 of the existing plan, subject to clarification of the shortfall and increased provision at the next Board meeting on 9 March 2017 or, if a decision is required before then, subject to circulation of further details and agreement by written resolution and noted at the next Board meeting on 9 March 2017; and
- c Stock Rationalisation, agreed:

the Board's strategic position moving forward to the next Corporate Plan from 2017, due to the emerging theme in terms of disposals, as an amendment to paragraph 2.4.3 of the report as follows:

'the strategic aim should now be driven by the sustainability of the neighbourhood and then its profitability as well as consideration of whether the Group has less than 50 properties in the Local Authority, this de minimus measure being a key criterion within the current One Riverside plan'.

862/17 Statutory Compliance Strategy

The Board welcomed the report which, by applying the lessons learned from issues identified with Gas assurance in 2016, recommended a strategy to provide assurance that the Group meets its compliance obligations in the six areas governed by statute: Gas; Fire; Electrical; Asbestos; Legionella; and Lifts, effective from 2017.

The Board:

- a discussed and noted the Statutory Compliance Strategy and Compliance Dashboard which they were sure would develop further over time. The Board was pleased with the work to date and proposed that the next work needed to be around the risk register and looking at the pre and post mitigation scoring of risks around property compliance;
- b commended the structured and rigorous approach taken to providing assurance in the six statutory areas for all the Group's stock through building in review at three separate levels as follows:
 - 1. appointment of an external 'critical friend'
 - 2. oversight by the Group Audit Committee (GAC)
 - 3. review by the NSC of the detail of the Compliance Dashboard to ensure delivery of the strategy; and
- c commended Ian Gregg and his team on delivery of the Statutory Compliance Strategy within 12 months and looked forward to receiving a report on its implementation for 2017/18, with particular reference to staff training and qualifications.

863/17 Action Housing

The report was discussed and a separate minute is recorded in TRGL Board Confidential Minute Book.

864/17 Voluntary Right to Buy (VRTB)

The Board received an update on the VRTB pilot programme from November 2015 to March 2017 which outlined the outcomes for each of the five participating housing associations and main learning points from an action learning review of the pilot.

The Board highlighted two lessons learned for the Group:

- i demand for VRTB had been relatively strong due to the income/stock value ratio in the Liverpool City Region, which made it more affordable; and
- ii a need for effective communications with customers about exclusions under the policy.

The Board:

- a thanked Hugh Owen and the extended team, with particular commendation to home ownership colleagues, for their work in successfully implementing the 2015/17 VRTB pilot programme, particularly in view of the very short lead in time following the July 2015 Budget; and

- b noted that Hugh Owen was due to meet the Housing Minister with the other pilot Housing Associations to discuss a potential role for the Group in an extended pilot and confirmed that it would be willing to consider participation in any future proposed Government VRTB initiatives.

865/17 Influencing Update and Priorities

The Board discussed the report and attachment 'Influencing Update and Priorities' which gave an update on the Group's influencing successes. The Board highlighted that extended influencing can be achieved through working with others, for example, as a member of Homes for the North (H4N) and the National Housing Federation (NHF). The Board was pleased that the Group's key risk around Local Housing Allowance was the first influencing priority.

The Board approved, as part of the Corporate Plan from 2017:

- a the future priorities for influencing activities in section 4 under Local, Regional and National categories; and
- b the targets in section 5 for evaluating the success of the Group's influencing activities.

866/17 Update on Equality & Diversity (E&D) Action Plan 2016

The Board discussed the report which provided an update on 2016/17 Action Plan and proposed the scope for 2017/18 Action Plan.

The Board noted that, following approval of the new policy on 7 July 2016, progress had been good in parts but uneven overall, due in part to the TOM but considered that the work demonstrated a step change at a strategic level and highlighted the position of John Glenton who, as a Stonewall Champion was a role model and LGBT lead within the Group. The Board was delighted to hear of the Group's success in the Stonewall Top 100 Employers' survey for 2016.

The Board:

- a noted the updated Equality and Diversity Action Plan 2016-17 and progress made; and
- b approved the scope of the Action Plan 2017-18.

867/17 Anti Bribery and Corruption Policy

The Board noted that, in accordance with Group requirements the policy had been reviewed after three years and no amendment was proposed, other than very slight updating.

The Board approved the amended Anti Bribery and Corruption policy.

868/17 Updates to the Schedules of Recurring Items for TRGL and Governance and Remuneration Committee

The Board noted that, following TRGL Board's approval in 2016 of new Board meeting dates for 2017 that it was necessary to re-align the new dates for TRGL Board and also GRC meetings, which take place on the same day after TRGL Board meetings.

The Board approved the updated Schedules of Recurring Items for TRGL Board and GRC meetings.

869/17 Period 9 (December) and Full Year Forecast Finance Update

The Board discussed the Period 9 (December) Finance Update and Quarter 3 (December) Forecast Update in detail.

The Board:

- a noted the new format cover sheet with overarching commentary, sought clarification of some figures and requested that the report format be reviewed again for additional clarity, with input from a small number of Board members, for submission to the next Board meeting on 9 March 2017;
- b noted that the strong performance seen in previous periods continued with the year to date and full year forecast exceeding the stretch targets for the Group Surplus and Operating Margin, with cash and covenant measures also in excess of targets;
- c drew attention to the Risks and Opportunities Identified slide which confirmed that the Group was well placed financially for growth, as discussed under the Corporate Plan 2017-20 Agenda item; and
- d highlighted the year to date Cash Flow position and that the Board would approve the 2017/18 Cash Flow budget and forecast at the next Board meeting on 9 March 2017.

870/17 Period 9 (December) Performance Update

The Board discussed the Period 9 (December) Performance Update and received a tabled Forecast Update, analysed by Division.

The Board highlighted the two adverse Key Performance Indicators (KPI) variances as follows:

- a The Voids Year to Date performance showed a spike at 2.29% due to a policy change to the approach to voids which has resulted in more properties being held for disposal rather than re-let however it was expected that this would level off and revert to the long term downward trend. The decant process in South & Central was beginning to have an impact as properties are held to enable the London Asset Strategy to progress; and
- b the aggregate Year to Date Health & Safety compliance performance was 97.28% adverse to target of 100%. The Board requested further information

about the Mersey North and South Divisions' performance which were the poorest of the Group's Divisions for this KPI in the Forecast Update.

Subject to the forecast Health and Safety performance in the Mersey North and South Divisions, the Board was pleased to note the suite of Performance data which was encouraging and forecast better overall performance at the end of 2016/17 than has been achieved previously.

871/17 Headline Issues from NSC on 19 January 2017

Peter White, NSC Chair reported on key features of the meeting and highlighted the debate that had taken place about tenancy policy and fixed term tenancies with the tenant NSC members who were fundamentally opposed to many of the changes happening outside of the Group's control but which were agreed. It was noted that the NSC would scrutinise their impact and implementation.

872/17 Information Items

The following items were noted:

- Quarterly Treasury Report - October to December 2016
- Riverside Executive Directors' Minutes - Open & **CONFIDENTIAL** - 13 December 2016 and 10 January 2017
- Riverside Care and Support Divisional Board - 17 November 2016
- Neighbourhood Services Committee - 1 December 2016
- Group Audit Committee - 15 December 2016
- Governance & Remuneration Committee - **CONFIDENTIAL** - 8 December 2016
- Irvine Housing Association Ltd - **CONFIDENTIAL** - 22 November 2016
- Evolve Facility Services Ltd - **CONFIDENTIAL** - 17 November 2016
- Prospect (GB) Ltd Board Minutes - **CONFIDENTIAL** - 31 October and 28 November 2016
- Riverside Estuary Ltd - **CONFIDENTIAL** - 14 December 2016
- Riverside Finance plc - 7 July 2016.

Susan Jee commented on minute 7930 of the Executive Directors' Minutes of 10 January 2017 (the Riverside Employee Engagement Temperature Check Survey Results) and asked about the drivers for the negative change in the average score since the last temperature check survey. The Group Chief Executive reported that there had been a lot of feedback on implementation of the TOM but that further analysis was underway and a report would be submitted to the next Board meeting on 9 March 2017.

873/17 Any Other Business

a Retirement of Philip Raw, Vice-Chair on 5 February 2017

The Chair confirmed that this was Philip Raw's last Board meeting as he was due to retire on 5 February 2017, having served on TRGL Board for 9 years.

The Chair reminded the Board that Philip had joined the Group as a result of the merger with the former ECHG Limited (ECHG) in 2006, that he had been at the centre of bringing the Care & Support business to the heart of Riverside, had served as Acting Chair between October 2013 and March 2014 thereby providing stability in a time of change and expressed appreciation of his supportive, yet challenging approach to his role as Vice-Chair and as a Board member.

Philip Raw received a unanimous vote of thanks from the Board for his exceptional performance and service to ECHG and the Riverside Group.

b New Federation Executive

The Board welcomed an invitation for a TRGL Board member to form part of a selection panel to nominate candidates for election to the Federation Executive Committee of the Riverside Group Tenants and Residents Federation, the approved national tenant body for the Riverside Group. The Board agreed that Board members would liaise with Sally Trueman direct accordingly.

874/17 Date and time of next meeting

The next meeting was fixed for Thursday 9 March 2017 at 10am.