

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

A Meeting of the Board of The Riverside Group Ltd (TRGL) was held  
on Thursday 11 December 2014 at Aloft Liverpool The Royal  
Insurance Building 1 North John Street Liverpool L2 5QW

**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 received their first update on the 'One Riverside' Corporate Plan which is our 'route map' for 2014 – 17. The Board was pleased with the progress made and gave suggestions about how future updates could be positioned.
  - As at every meeting, the Board reviewed the Performance Report, considering both financial and operational performance. The Board was able to note strong performance on both counts, creating financial capacity for some re-investment in improved repairs and maintenance services within the year. The Board also reflected on the effective role the Housing Services Committee is playing in holding Divisions to account for their performance, with a particular emphasis on health and safety and cash collection.
  - After detailed debate which considered feedback from the Tenants and Residents Federation, Housing Services Committee and a range of other issues, the Board agreed an assured rent increase of 2.2% from April 2015, based on September 2014 CPI of 1.2% + 1%. This is in line with regulatory requirements.
  - The Board agreed a number of proposals relating to Board member tenure and other governance items. We welcomed Walter MacFarlane to his first meeting as a Tenant Board Observer.

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 and Ms C M Matthews.

In attendance were 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 D Bullock and Mr A Coghill (staff).

### Apologies for Absence

Apologies for absence were received from Ms S E Trueman (due to recovery from a planned operation). The Board agreed that a Christmas basket be sent to Sally with best wishes for a speedy recovery.

The Chair, on behalf of the Board, welcomed the new Tenant Board Observer, Walter Macfarlane.

### Declarations of Interest

A declaration of interest was made by Joy Baggaley as Co-opted Board Member and Director of The Compendium Group Ltd.

#### 584/14 Minutes of the Last Meeting

The minutes of the meetings held on Wednesday 15 October 2014 and Wednesday 5 November 2014 including one set of separate confidential minutes (of 15 October) and six sets of separate formal minutes (3 from each meeting) were approved and signed.

#### 585/14 Matters arising from the Minutes

There were no matters arising from the minutes.

Recommendations of Governance and Remuneration Committee:a RECHG Name Change and Extension of Service of Chair

The Board:

- i authorised the Executive Director, Care & Support to commence negotiations with the Archbishop of Canterbury and General Secretary of the Baptist Union to change the name of RECHG to Riverside Care & Support and to enter into a deed of variation to achieve the name change
- ii agreed the recommendations of the Governance and Remuneration Committee (GRC) in relation to an extension of service for Philip Raw as Chair of RECHG Divisional Board until 31 May 2015.

b Role of Vice Chair and Treasurer

The Board approved the revised role descriptions for Vice Chair and Treasurer.

c Review of Governance points relating to Board Member Length of Service, Committees, Riverside Foundation and 'Commercial Group'

The Board agreed:

- i that the GFD is amended to state that all non-executive board member service on TRGL, divisional and subsidiary boards is to be set out in the appointment letter as being for one 3-year term, further terms being subject to performance and appraisal, and further review as set out below
- ii that as the current system is compliant with the Group's chosen governance code, there will be little benefit to increasing board turnover and therefore the current system should remain in place. However, after the first 3-year term, service on TRGL, divisional, subsidiary boards (and all relevant committees) may be extended for one further term by the Chair of that Board (thus permitting up to 6 years' service), but granting a third term would require specific consideration by the GRC
- iii that with effect from 31 December 2014 the Group Chair should:  
  
no longer attend meetings of the Group Audit Committee; and step down from the Group Treasury Committee
- iv that the Group Chair continues to be a member of the Scotland Committee

- v that when there is a future need to pull together a small group to consider a commercial proposition, Jonathan Dale, who has significant commercial and consultancy experience, is a suitable candidate for inclusion
- vi that from time to time the Group Chair will attend a meeting of each of the committees of TRGL Board of which he is no longer a member to oversee their performance and standards, possibly on an annual basis or otherwise as the Group Chair judges appropriate.
- vii that the GRC's terms of reference are amended to provide that the Chair of Audit Committee cannot also be a member of the GRC.

It was agreed that the streamlined system, utilising checks and balances within the possible 9 year cycle, demonstrates strengthening of appraisal and continuing good governance practice.

The Chair reported that he had attended a Tenants' and Residents' Federation meeting recently, and had been impressed by the level of debate and sense of ownership by the Federation of Riverside's Corporate Plan and the strong willingness to work towards developing the best service to customers. This was confirmed by the new Tenant Board Observer, Walter Macfarlane.

d Proposed Appointment of Kathleen Forsyth-Smith as New Tenant Member of the Housing Services Committee

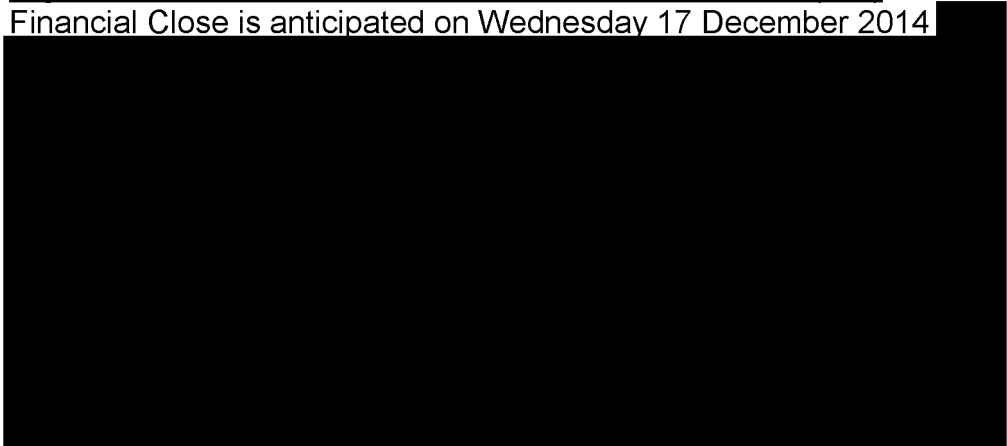
The Board appointed Kathleen Forsyth-Smith a Tenant Member of the Housing Services Committee.

587/14 Chief Executive's Round Up

The Board noted the update, which will be filed in TRGL Board Confidential Minute book.

The Board noted the contents of the report. The following issues were highlighted and additional verbal items reported:

- a External Environment: that the Corporate Strategy team, ably assisted by staff from other teams throughout the Group, had responded to a huge amount of consultation in England and Scotland, eg from the Department for Energy and Climate Change on proposals for a new fuel poverty strategy for England; from the Department for Work and Pensions on Universal Credit data sharing with social landlords; from the Department for Communities and Local Government – a technical consultation on housing standards; from the Work and Pensions Select Committee's inquiry into benefit sanctions

- b High Finance - Hull Extra Care Private Finance Initiative (PFI): that Financial Close is anticipated on Wednesday 17 December 2014
- 
- c Asset Management Review: the Board noted the written report and agreed that Ian Gregg, Director of Asset Management, should give a presentation to the next Board meeting on Thursday 12 February 2015
- d Salary Review: the Board noted the written report and a further verbal update, noting that the next stage is to reduce the number of job titles
- e Scotland: the Board noted that the Vice Chair and the Executive Director, Care & Support had visited Edinburgh to see the Barony Housing Association care business and noted a verbal report from the Vice Chair about the huge challenge in Scotland in terms of CQC (Care Quality Commission) inspections twice a year but also the opportunities for growth as there are a lot of small housing associations in Scotland. It was further noted that the Regulator had asked Barony to undertake additional consultation with tenants prior to a ballot, which may cause a further delay of about 6 weeks
- f Moving on: the Board acknowledged Divisional Director, Mersey South - Neil Townsend's excellent service as ambassador and leader at Riverside and asked for best wishes for the future to be passed on to him.

588/14

Performance Report (PR)

The Board noted the Performance Report which included the output from the second financial reforecast for the year, based on half year actuals, and highlighted the following:

- a the operating margin remains at the 24% included in the first forecast, 0.9% higher than budget, the key benefits having arisen from:
- bad debts contingency built into the plan which has not been required
  - higher major repairs capitalisation % - non cash but I&E benefit

- depreciation being lower following the final Promaster fixed asset review – non cash but I&E benefit
  - Evolve (Evolve Facility Services Ltd) profitability. Whilst some of this is volume related, Evolve has also negotiated lower material prices and generated higher VAT savings - a great result for the Group
- b the FYF (Full Year Forecast) includes the plan to reinvest some of this benefit but not all, in the following ways:
- supporting the earlier setting up of the MOT team and processes within Mersey South – generating benefits earlier next year than originally expected
  - investing in long term high cost voids, where it is commercially sensible, in order to generate additional rental streams
  - additional investment in the public realm, eg car parks, footpaths, boundaries
  - significant electrical testing programme within RECHG schemes

clearly there is a cash implication for doing this but this can be supported within the business

- c the interest forecast recognises the impact of restructuring the Group's funding arrangements

d Commercials:

- as stated at the last meeting, there is evidence of the slowing in the housing market that is being generally reported but all commercial entities are expecting to generate profits on or above budget by year end
- the impact of Evolve can be seen - now forecasting an even higher profit compared to the last forecast - £1.5m vs £0.8m

- e Development: one item of note is the potential risk with the young homeless project in Sefton: although the completion timing looks to have slipped into 2015/16, Mark Patchitt, Director of Regeneration, is following progress closely and is confident that the grant will be paid on completion

f Operational Key Performance Indicators (KPIs):

November actual results were tabled at the meeting and although they had not changed too dramatically from October, the following was noted:

- the good news of lots of green to the right hand side of the sheet
- the blended score showing ahead of target and expected to continue to year end which is also good news

- that gas servicing is clearly on target to hit target by year end
- that re-let times continue to be better than Year To Date target and significantly better than at last year end
- in terms of the Health & Safety (H&S) actions' KPI, the step change in performance since the last meeting but that there is still some way to go and that there are some reporting issues being investigated to ensure absolutely everything is being captured accurately.

The Board further noted:

- the concern and frustration in dealing with a complex process in respect of H&S actions, involving two third parties, with co-ordination proving tortuous
- that Housing Services Directors would be having full and frank conversations in the coming week about what is required and prioritisation of actions, with a sensible programme of work to allow a positive report to be made to the February Board meeting
- that a huge amount of work has taken place, with the Audit Committee involved in assessing progress
- that, as many H&S actions are required on an annual basis, as items are dealt with/crossed off the list, further items arise which are added
- that Executive Directors had been receiving monthly updates and are now receiving updates on a weekly basis.

589/14

Headline Issues from the Housing Services Committee

The Board noted the key headline issues from the Housing Services Committee (HSC) and board members were asked for feedback on format and content. It was also noted that the draft minutes were included with Board Information items.

The following issues were highlighted:

- a that under item 3 – Cash Leakage Update from each Chair – every Chair was expected to account for performance within their own Division and give a very thorough explanation
- b concern was expressed about Mersey North's high rent arrears; it was noted that the situation is stable at present but that it is a large Division with the biggest legacy from stock transfer from Liverpool City Council of long-standing rent arrears - in Berrybridge in particular – and that there are also some performance issues, which are being addressed
- c that the 'bedroom tax' has had a negative impact on rent arrears
- d that the HSC agenda is changing to be more focussed on issues that are important to the organisation, eg cash leakage and H&S.

There was a discussion about additional investment that could be made and it was agreed that this should be in line with the Corporate Plan. It was also noted that there is now a more proactive process of managing repairs and that, as a result, an improvement in tenant satisfaction should be seen.

The Board noted that the HSC is satisfied that it has the explanations it requires, and that there is work in hand to address performance. It was agreed that the report from the HSC was as anticipated, that it was comforting to see the challenge by the HSC to Divisions, and that this is fully supported by the Board.

590/14

One Riverside Progress Report 2014/2015

The Board was reminded that 6 monthly reviews of progress had been agreed as well as year-end reviews and that this was the first report after 6 months of year one of the 3 year Plan.

The Board noted:

- a the fairly good progress made against the Corporate Plan delivery plan for 2014/2015 across the range, with very good progress made on those targets able to be measured at this time of the year (some are measured annually)
- b the position in terms of achievement of One Riverside targets.

The Board agreed

- i that it would be premature to change any targets at this point and that reviews would continue with a view to changing targets in year 2 of the Plan
- ii that in Appendix One E2, revised wording should be considered instead of "Investment in *discretionary* activities"
- iii that it would be useful in future reviews to highlight areas of concern by adding a commentary.

591/14

Annual Assured Rent Increase for 2014 and Rent Setting in Context

The Board noted:

- i that presentation to the Board of the Rent Policy had been postponed pending the final version of the Regulator's 'Rent Standard' but as the decision about the rent increase could not be postponed, the draft 'Rent Standard' had been used
- ii that the HSC had debated and given full support to the proposal, as had the Tenants' and Residents' Federation.



After significant debate and consideration of a range of issues, the Board agreed the need to maximise income, and:

- a approved an annual assured rent increase of CPI (Consumer Price Index) +1.0% for assured tenancies which, based on September 2014 CPI of 1.2%, equates to a total rent increase of 2.2%
- b agreed that for those rents currently above target rent envelope levels, increases should be limited to CPI only, in line with the guidance accompanying the draft rent standard
- c agreed to receive a future report which detailed the range of rent increase outcomes across the stock and tenancy types.

592/14 Group Policy Framework and Review Process

The Board welcomed the Group Policy Framework and Review Process report, and approved:

- a simplification of content of policy documents and revised format including checklist
- b classification of reviews as minor or major based on risk assessment
- c reduced consultation requirement
- d policy approval process and changes to approvers.

The Board highlighted the need to be cautious about wording of policies to ensure compliance is possible.

593/14 Proposed Strategy for Riverside Extra Care Housing Developments

The Board endorsed the approval given by RECHG Divisional Board for Riverside to adopt the principles for extra care developments, summarised in Appendix 1.

It was agreed that a further report to the Board would be made in April or June 2015.

594/14 Stock Rationalisation Update

The Board noted the contents of the report.

There was a discussion about activities in Scotland, and it was agreed that the Chair and Chief Executive would continue the discussion following the meeting and report back to the next Board meeting in February.

595/14 The Compendium Group – Business Plan 2015 & 2016

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

596/14

Annual Returns

- a Donald Bates Charity - Annual Return to The Charity Commission
- b Eleanor Godfrey Crittall Charity – Annual Return to The Charity Commission
- c Eventide Homes Trust – Annual Return to The Charity Commission
- d The St Michael’s Housing Trust – Annual Return to The Charity Commission

In its capacity as Corporate Trustee of the above Charities, the Board noted that the Annual Returns for each for the year ended 31 March 2014 were ready for on-line submission to The Charity Commission and noted that a copy of each was available for perusal at the meeting.

- e Naylands (51-68) Limited – Annual Return to Companies House

In its capacity as Corporate Trustee of Naylands (51-68) Limited, the Board noted that the Annual Return for the year ended 31 March 2014 had been submitted on-line to Companies House and noted that a copy was available for perusal at the meeting.

597/14

Information Items

The Board noted the following items:

- a General Election Influencing Plan
- b Health and Care Landscapes report and ‘Getting Homes Staying Home’
- c Board Members’ Interests in Group Boards and Committees
- d Governance & Remuneration Committee Minutes – Confidential – 16 October 2014
- e Group Audit Committee Minutes – 15 September 2014
- f Draft Housing Services Committee Minutes – 27 November 2014
- g Evolve Facility Services Ltd Board Minutes – Confidential – 12 September 2014
- h Prospect (GB) Ltd Board Minutes – 29 September 2014
- i Prospect (GB) Ltd Board Minutes – 27 October 2014

j Riverside Executive Directors' Minutes – 21 October 2014

k Riverside Executive Directors' Minutes – Confidential - 21 October 2014

598/14 Any Other Business – Annual Report to Tenants 2014

Copies of Riverside and Riverside ECHG Annual Reports to Tenants were tabled at the meeting.

599/14 Date and Time of Next Meeting

The next meeting was fixed for Thursday 12 February 2015 at 10 am.

Papers attached to the Minutes

Minute Numbers

586 a - d

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597 a – k