

Agenda Item 3

THE RIVERSIDE GROUP LIMITED

(Registered number 30938R)

A Meeting of the Board of The Riverside Group Ltd (TRGL) was held on
Thursday 11 June 2015 at the Liverpool Marriott Hotel
One Queen Square Liverpool L1 1RH

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 June agenda always has a strong year end reporting theme to it with papers detailing performance and financial results for 2014/15. The annual review cycle was apparent, with reports on compliance around the NHF Governance Code and the appraisal outcomes, both for the board and individual members.
 - The year one outcomes of the One Riverside Corporate Plan were shared and Group Board were pleased with the progress made.
 - Group Board commended the teams involved in the procurement exercise for cyclical decorations as it was an excellent example of Value for Money which had at its centre delivering great consistency of approach and quality across Riverside's geography. Tenants had been involved in the whole exercise including the tender interviews.

Carol Matthews

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 M J Little, Ms C M Matthews and Ms S Trueman.

In attendance were Mr R Clawson, Mrs L Hearne and Mr J R W Wood (staff) and Ms D Hughes (Assistant Company Secretary) and Mr W Macfarlane (Tenant Board Observer).

Apologies for Absence

Apologies for absence were received from Mr P J Han.

Declarations of Interest

Declarations were noted in respect of the Governance and Remuneration Committee recommendations regarding Board Member Remuneration - from non-executive Board Members - and Chief Executive's Remuneration - from the Chief Executive.

638/15 Minutes of the Last Meeting

The minutes of the meeting held on Thursday 23 April 2015, including separate confidential minutes, were approved and signed.

639/15 Matters arising from the Minutes

Minute 618/15a – RECHG Name Change and Extension of Service of Chair:

The Board was pleased to hear that the Anglican Church had approved the name change to Riverside Care & Support, and thanked the Vice Chair, the Director of Policy & Communications and Executive Director Care & Support for their work in this respect.

640/15 Chief Executive's Round Up

The Board noted the contents of the report. The following issues were highlighted and discussed:

- a it was agreed that the discussions during the Board dinner the previous evening about the effects of the General Election and changes since had been very useful. Following on from those discussions, the Board noted a tabled report about the Benefit Cap; Removing housing benefit entitlement to 18-21 year olds; and the Introduction of the Right to Buy for Housing Association Tenants. It was agreed that post the Emergency Budget on 8 July 2015 there would be more information about the Government's plans
- b it was noted that a customer in the South East had made representation to the Regulator (the Homes and Communities Agency – HCA) under seven elements of the Regulatory Standards around the

right to acquire, consultation to dispose and building issues. The Board noted that the Executive Director of Housing Services was confident that a robust response would be shaped refuting the allegations

- c the Board's attention was drawn to the Risk Profile & Mitigation appendix to the report where the Chief Executive had detailed the elements that are covered by the Regulator in an in-depth assessment (IDA) of a Registered Provider
- d it was noted that the Chief Executive had been advised by Riverside's Lead Regulator that the Regulator would like to carry out an IDA of Riverside during 2015/16 and that she had responded expressing a preference for this to take place during the last quarter of the year in order for the HCA to review Riverside's progress in enhancing its Asset and Liability Register. It was agreed that an IDA during the last quarter would also give the Board an opportunity during the Board Strategy Session on 9/10 September 2015 to prepare and to understand what is expected of board members. It was agreed to make the Strategy Session a full working day so board members were asked to provide feedback on whether they wish a tour of stock to proceed before or after the event
- e there was an update about Rents and the New Regulatory Standard following the discussion at the last meeting, and it was noted that a detailed report had been sent to the Regulator early in June as soon as the further work, as discussed at the last meeting, had been undertaken.

The Board was pleased to hear about progress being made in respect of all the issues involved, including the significant viability issues around high rents for tenants with profound disabilities which needs further consideration before discussions with the Regulator can commence. It was noted that the Regulator was comfortable with the decision that the Board took in April around properties subject to the ECHG waiver and supported housing rents. The Board looked forward to a further update in due course.

641/15 Performance Report (PR)

The Board considered the Performance Report noting that as the final year end operational KPIs (Key Performance Indicators) and a verbal update of expected full year performance was provided and discussed at the April Board meeting, the report focussed on 2014/15 highlights only.

The following was highlighted:

Financials:

- that the final year-end operating margin was slightly better than budget
- that interest cover and gearing covenants had been met with significant headroom
- the improvement from forecast for commercial entitles

- that Prospect's (Prospect (GB) Ltd) properties had seen some reversal of the impairments suffered through the years following the crash
- that although RECHG was £1m down on the £3m target for new business, there was a surplus of £1m in terms of overall business performance.

In respect of the name change of RECHG to Riverside Care and Support, the Board agreed that the name of the Group subsidiary company Riverside Care and Support Ltd (which is being utilised in respect of the RECHG Hull Private Finance Initiative) should be changed to Riverside Estuary Ltd.

Operational Performance:

It was noted that with the overall year-end target achieved, the focus now is to achieve an improved result by the end of this year in respect of cash leakage KPIs, and that support and systems are being enhanced.

It was also noted that the Housing Services Committee at its meeting in October would be requesting progress reports on cash leakage KPIs and expecting more than incremental change.

The Board was pleased with a very satisfactory report and comfortable with the approach adopted, noting that although the results were good, the aspiration is to be the best in comparison with peer groups.

642/15

Review of Individual and Whole Board Appraisal of Group Board

The Board noted that the Chair had found 1-2-1 appraisals very useful, the results of which were included in the report. He appreciated the individual candid discussions with board members.

The Board considered the results of the 2015 TRGL whole board appraisal exercise and agreed:

- a that whilst it is valuable to note improvements that could be made, the overall result indicated that the Board was evolving and maturing to become more coherent and effective with improved scores across a number of appraisal themes
- b that individual board members should as far as possible take responsibility for their own learning
- c that there should be a discussion about learning opportunities outside the Board meeting setting, eg at the Strategy session in September, including consideration of the quality of papers and how board members continue to support and challenge
- d that when board members receive their Board papers, if they have immediate queries or require clarification of any technical issues or matters of detail, they should call Executive Directors, the Chief

Executive or the Chair so that Board discussions can be focussed on the strategic issues on the agenda.

The Board also considered the summary appraisal report at Appendix 2 of the report, and agreed that the Executive Director, Corporate Services should contact each Group Board member to agree the most appropriate means of addressing the development needs identified.

643/15 Annual Assessment of Riverside Governance

The Board noted that the Group is now working towards compliance with the revised governance and viability standard and the National Housing Federation's 2015 Governance Code.

The Board agreed that the Group's corporate governance remains satisfactory.

644/15 One Riverside – The Corporate Plan 2014/17: Review of 2014/15 and Delivery Plan 2015/16

The Board noted:

- a the context within which the Corporate Plan is being delivered
- b the progress made in 2014/2015
- c the performance results reported against agreed measures, and proposed targets for 2015/2016
- d the priority actions set out in the Delivery plan for 2015/2016.

A revised version of Appendix 3 of the report, following receipt of additional STAR survey results which detail customer feedback on a range of corporate plan measurements, was tabled at the meeting.

The customer feedback was considered as part of the review of outputs and outcomes delivered as part of the One Riverside Corporate Plan. Board members liked the 'train ticket' approach to capturing the activity and measurements relating to each of the objectives of the Corporate Plan. The percentage of projects complete detailed at the bottom of each theme review was considered less helpful to the Board. It was agreed that these should be dropped from future Board reports.

The Board recognised the progress being made with the modernisation programme and noted that IT support and development is a requirement and interdependency across the whole plan. Further resources, both internal and external contractors, are being pursued alongside robust reprioritisation to complete projects. The Board was pleased to hear of customer involvement in the web project locally and via the Tenants' Federation.

645/15 Riverside Growth Strategy

The Board approved the Riverside Growth Strategy.

646/15 Annual Health and Safety Review

The Board noted the update report and was very pleased with the progress made to clear the outstanding actions from survey programmes which had reduced to less than 100. The Board was also pleased to see the improvement in visibility and reporting of Health and Safety across the business.

The Board commended and approved the Riverside Group Health and Safety Policy.

647/15 Disposal of 29 Vacant Properties in Picton Area Wavertree Liverpool

The Board noted receipt of a written valuation report confirming the valuation advice contained in the report. The Board noted the significant annual costs related to keeping these derelict properties empty and secure.

The Board agreed the disposal of the 29 vacant properties in the Picton area of Liverpool to Liverpool City Council for £1 having considered the circumstances in full, noting that:

- a the promotion of urban regeneration for public benefit in areas of social and economic deprivation is a charitable purpose in its own right
- b the Board considers it is within TRGL's charitable objectives to participate in a regeneration scheme such as regeneration of the Picton neighbourhood of Liverpool
- c that the disposal is in the best interests of the organisation and in line with its charitable objectives.

648/15 Cyclical Decorations Tender Recommendations

The Board commended the teams involved in the procurement exercise for cyclical decorations for an excellent example of value for money which should result in increased consistency across the Group and an improvement in Riverside service for customers. This was endorsed by the Tenant Board Observer who had been involved in the tender exercise.

The Board approved awarding 5 year Regional Cyclical Decorations contracts as follows:

Region 1 Riverside West:	A W Byrne	-	£2,998,820.14 + VAT
Region 2 Riverside North:	A Bagnall	-	£1,966,068.46 + VAT
Region 3 South and Central:	A W Byrne	-	£1,831,380.14 + VAT
Region 4 Cumbria:	A W Byrne	-	£1,040,486.04 + VAT
Region 5 Irvine:	Mitie	-	£1,384,108.53 + VAT

subject to resolution of concerns [REDACTED]. It was agreed that if the concerns become a reality [REDACTED] this would be awarded to the second place supplier, [REDACTED], which would produce an increase in cost of £202,957 and alter the projected savings from £2,434,964 to £2,232,006, which is still a substantial saving to Riverside. It was agreed that the lessons learnt from this exercise should be built into future procurement.

649/15 Proposed Meeting Dates During 2016

The meeting dates for 2016 were agreed by the Board including the date of the Annual General Meeting – Monday 12 September 2016. It was noted that as a result of Rule changes there was no longer any need to pencil in an August Board meeting to consider applications for shareholding membership made by 1 August.

650/15 Information Items

The Board noted the following items:

- a Asset Management Strategy 2015-17
- b Human Resources and Organisational Development Report 1 April 2014 – 31 March 2015
- c Annual IT Review
- d Riverside Foundation 2014-15
- e Governance & Remuneration Committee Minutes – Confidential – 23 April 2015
- f Evolve Facility Services Ltd Board Minutes – Confidential – 13 March 2015
- g Prospect (GB) Ltd Board Minutes – 23 March 2015
- h Prospect (GB) Ltd Board Minutes – 8 May 2015
- i Prospect (GB) Ltd Board Minutes – 18 May 2015
- j Riverside Executive Directors' Minutes – 28 April 2015
- k Riverside Executive Directors' Minutes – Confidential – 28 April 2015
- l Riverside Executive Directors' Minutes – 19 May 2015
- m Riverside Executive Directors' Minutes – Confidential – 19 May 2015.

651/15 Any Other Business

There was no other business.

652/15

Recommendations of Governance & Remuneration Committee:

a Proposed Appointment of William McCarthy – New Chair of RECHG Divisional Board – as New Shareholding Member of The Riverside Group Ltd

The Board agreed the appointment of William McCarthy, new Chair of RECHG Divisional Board, as a new Shareholding Member of TRGL with effect from 11 June 2015.

b Board Member Remuneration

The Board noted the tabled draft minutes of the Governance & Remuneration Committee (GRC) meeting held on 9 June 2015, and agreed:

- a that a cost of living award of 2% in line with that made to staff should be made to remunerated non-executive board members with effect from 1 July 2015
- b that the Group should move to a 3-year cycle of reviewing board member remuneration, so that the next pay review for remunerated non-executive board members would take place in 2018.

c Group Chief Executive's Remuneration

The Group Chief Executive, the Chief Financial Officer and Executive Directors Housing Services and Care & Support left the meeting for this item.

The Executive Director, Corporate Services, reported to the Board consideration by the GRC on 22 May 2015 of the Chief Executive's Remuneration in line with the minutes of that meeting.

The Board agreed the recommendations of the GRC that:

- i the Chief Executive receives a pay award in 2015 of a consolidated increase of 2% in line with that made to other employees with effect from 1 July 2015
- ii the forthcoming triennial market assessment considers the broader issue of how the Chief Executive's salary compares against the market.

653/15

Date and Time of Next Meeting

The next meeting was fixed for Thursday 9 July 2015 at 10 am.

Papers attached to the Minutes

Minute Numbers

640 + tabled document

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644 + tabled revised Appendix 3

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652 b tabled report

Governance/Group Board/Group Reports&Mins/2015/July 2015/TRGL Board Minutes.11.06.15 DH – 29.06.15.V3