

THE RIVERSIDE GROUP LIMITED
(Registered number 30938R)

A Meeting of the Board of The Riverside Group Ltd (TRGL) was held
on Thursday 10 July 2014 at the offices of Liverpool Vision
The Capital Building 39 Old Hall Street Liverpool L3 9PP

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 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.
 - There were a number of items on the agenda concerning the governance of Riverside, and specific parts of the Group. These included an annual 'health check' against the National Housing Federation's Governance Code, a review of the skills, knowledge and education of Board members, and a review of the pay of non-executive Board members. In general terms these reviews reassured the Board that Riverside is being governed effectively, by Board members with appropriate skills and experience.
 - As usual the Board reviewed financial and operational performance, with a particular emphasis on cash collection and rent arrears, within the context of welfare reform.
 - Financial statements for 2013/14 (last financial year) were approved for presentation to the annual general meeting in September.
 - The Board gave consent to enter a number of funding arrangements to secure finance for our development programme (new homes) and to support our commercial activities.

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, Ms C M Matthews and Ms S E Smith.

In attendance were Mr R Clawson, Mr A Gladwin and Mrs L Hearne (staff) and Ms D Hughes (Assistant Company Secretary).

Apologies for Absence

There were no apologies for absence.

Declarations of Interest

There were no declarations of interest.

544/14 Minutes of the Last Meeting

The minutes of the meeting held on Thursday 12 June 2014 were approved and signed.

545/14 Matters arising from the Minutes

There were no matters arising from the minutes.

546/14 Recommendations of the Governance and Remuneration Committee:

a Review of Skills, Knowledge and Experience of the Board of TRGL and Proposed Election of Board Members

The Board:

- i noted the conclusions of the review of skills, knowledge and experience of TRGL Board members conducted by the Governance and Remuneration Committee (GRC)
- ii resolved to put forward: Jonathan Dale, Paul Forster-Jones, Susan Jee, Philip Raw, Max Steinberg and Sally Smith to its shareholders for election at its Annual General Meeting.

b Review of Board Member Remuneration

The Board noted the recommendation of the GRC that the Group's current remuneration scheme is satisfactory, and agreed:

- i a modest cost of living increase in line with that made to staff (who received 1%) backdated to 1 October 2013 should be made to remunerated non-executive board members
- ii Divisional treasurer roles should lapse when the current incumbents retire
- iii the role and responsibilities of the Group Vice Chair should be reviewed and payment to the Group Vice Chair should be increased to the same level as the Group Treasurer with effect from 1 April 2014
- iv the next review of Board pay should take place towards the end of the 2014/15 financial year and moving towards a 3-year cycle of reviewing board member remuneration should be explored.

c Proposed Appointment of Mr M J Little as New Committee Member of the Governance and Remuneration Committee

The Board agreed the appointment of Mike Little as a new Committee Member of the GRC with immediate effect.

547/14 Annual Assessment of the Group's Governance

The Board considered whether the Group is compliant with the National Housing Federation (NHF) Governance Code, and:

- a resolved that the Group's governance remains satisfactory
- b resolved that the proposed Rules which were approved at the June Board meeting should be amended to permit extensions of board member service in exceptional circumstances
- c delegated authority to the Group Chief Executive to approve any amended wording in relation to 'b' above.

548/14 Review of Rules of Irvine Housing Association Ltd

The Board:

- a approved the draft new Rules of Irvine Housing Association as set out in Appendix 1
- b delegated authority to the Group Chief Executive to approve any minor changes required to the proposed new Rules following the

Board's discussions or required by the Financial Conduct Authority or the Scottish Housing Regulator in order to give their respective approvals to the new Rules.

549/14 Review of Subsidiary Constitutions – Private Limited Companies

The Board:

- a approved the proposed articles for adoption by the subsidiaries
- b delegated authority to the Company Secretary to approve any minor changes to the proposed articles required following the Board's discussions and to undertake any transactions that are needed regarding specific subsidiaries and the Board's objectives in relation to the next suite of year end accounts
- c resolved that the Company Secretary or Chair may sign a written special resolution repealing the current constitutions and adopting the proposed articles for each relevant subsidiary subject to:
 - i in the case of Riverside Urban Services Ltd, to the consent of the Department of Trade and Industry (or reasonable attempts being made to obtain such consent)
 - ii in the case of Riverside Group Pension Trustees Ltd, Naylands (51-68) Ltd and Riverside Consultancy Services Ltd, to the new articles being approved by their boards and put, by way of written special resolution, to their members/shareholders.

550/14 Chief Executive's Round-up

The Board noted the contents of the report.

The following issues were highlighted and additional verbal items reported:

- a Section 5 – Think Forward Programme: the Board was pleased to note that Evolve (Evolve Facility Services Ltd) had joined Riverside's network, with access to Academy and the RIC (Riverside Information Centre) - continuing to be absorbed into the systems that Riverside uses, which will drive out financial savings. Six offices are now Wi-Fi enabled, with another half dozen to follow quickly on, which demonstrates that infrastructure modernisation is ongoing thanks to the efforts of IT staff
- b Section 6 – Pay: it was noted that the employee relations environment is becoming more challenging after years of pay awards below the level of inflation were accepted in times of austerity; with an improvement in the economic environment, there is an expectation locally and nationally that this upturn should be shared with the workforce

- c That various Riverside staff had spent time at the CIH (Chartered Institute of Housing) Conference – at a main plenary session and on the main stand - taking advantage of good influencing opportunities
- d That there had been a marvellous opportunity to showcase Riverside’s work at Lee Valley as part of the International Festival for Business taking place in Liverpool during June and July
- e Section 7 – September Strategy session: that during dinner the previous evening following the Hull PFI (Private Finance Initiative) master class, feedback and clarification from board members had been helpful in planning the September Board Strategy session; and that domestic arrangements would be circulated to board members.

551/14 Performance Report (PR)

The Board noted the reduced and realigned Performance Report and that the new report is still in the process of being finalised, with some new performance measures to be agreed.

The following was highlighted:

- a that Prospect (Prospect (GB) Ltd) has had a really great start to the year
- b that during the next few months consideration will be given to prudent provisions made, in relation to major repairs and various aspects of modernisation
- c that the HSC (Housing Services Committee) is taking steps to improve operational performance, particularly in respect of cash leakage because welfare reform is continuing to have an effect and is predicted to do so for the next few years, including a continuing focus on the cash collection dashboard, and with Divisional Chairs challenging in order to improve performance
- d that specific reports are being produced to track and drive the number of repayment arrangements in relation to arrears cases. Additionally, a risk-based approach is being used to target specific support of individual tenancies
- e that Discretionary Housing Payments are available in cycles and there are differences in how the process operates in each area, which affects rent arrears.

The Board:

- i endorsed the HSC’s zero tolerance stance in respect of gas servicing
- ii agreed that qualitative assessments, eg in terms of customer satisfaction metrics, would be included in future Performance reports

- iii agreed that the information included in Appendix 3, Section 7 – Development – would be re-presented in the next Performance report
- iv was pleased to see commercials right at the heart of reporting.

552/14

Financial Statements for the year ended 31 March 2014

a 2013/14 Annual Report on the System of Internal Control

The Board approved the statement on internal control included in the draft Group financial statements presented to the Board.

The Board was pleased to hear that Riverside is doing all that is within its power and more to minimise risks following the explosion at Kenneth House, and continues to await the HSE (Health & Safety Executive) report.

b Management Representation Letters for:

- i The Riverside Group Ltd
- ii The St Michael's Housing Trust
- iii Donald Bates Charity
- iv Eleanor Godfrey Crittall Charity
- v Eventide Homes Trust

The Board noted that the letter for TRGL included a financial statement (item 5) in error and, subject to the omission of this statement, approved the management representation letters in the attached form, and delegated signature to the Chair or Chief Financial Officer.

c Key Issues for consideration in recommending the 2014 Financial Statements for approval

The Board noted the key issues highlighted in the report, and the following outstanding items:

- i Board member and Executive Director photographs
- ii the finalisation of the Value for Money table, charts, pictures and other graphics.

In respect of Pension schemes, it was noted that whilst there will always be different schemes with different benefits within Riverside, Riverside Group Pension Trustees Ltd (RGPT) is involved in a significant task to try and align as much as is possible.

In respect of Pension Investments, it was noted that RGPT has a duty to obtain the best return possible but when there are similarly performing investments, requires Investment Managers to invest in the most ethical scheme.

d Approval of Financial Statements:

- i The Riverside Group Ltd
- ii The St Michael's Housing Trust
- iii Donald Bates Charity
- iv Eleanor Godfrey Crittall Charity
- v Eventide Homes Trust

The Board approved the Financial Statements of the above entities for the year ended 31 March 2014, subject to outstanding items noted in Minute 552/14c above.

The Board noted that the external auditors, KPMG, had commended TRGL for providing an excellent set of audit papers. The Chair, on behalf of the Board, commended all involved in producing the financial statements.

553/14 Refinance of Prospect (GB) Ltd

The Board noted the offer received from Lloyds Bank and that Prospect's Board had approved the Lloyds offer.

In these circumstances, the Board agreed to approve the increase in TRGL's investment in Prospect by up to £3m.

554/14 Borrowing from Affordable Housing Finance PLC

The Board approved TRGL's participation in the next tap of the Affordable Housing Finance PLC (AHF) bond [REDACTED]

As a substantially complete loan facility will not be available until August, the Group Board delegated authority to the Group Treasury Committee to agree and approve the terms and conditions of the loan facility.

The Board approved the detailed resolution attached to the report, as a separate formal minute, which was prepared by Devonshires and agreed by Trowers on behalf of AHF.

555/14 Progress Update – Riverside Bond

The Board:

- a noted the indicative timetable at Appendix 1, which was agreed as extremely helpful, and the progress on the change of gearing covenants and the property security work stream
- b approved the detailed resolution attached to the report (Appendix 2) prepared by Devonshires and agreed by Addleshaw Goddard LLP representing Barclays as a separate formal minute; [REDACTED]

- [REDACTED]
- c approved the detailed resolution attached to the report (Appendix 3) prepared by Devonshires, as a separate formal minute, which resolves that:

TRGL proceeds with the bond issue, [REDACTED]

[REDACTED]

556/14 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 Assistant Director:

Paul Cleminson – Assistant Director of Finance, Riverside South & Central.

557/14 Proposed Dates for Meetings during 2015

The meeting dates for 2015 were agreed by the Board including the date of the Annual General Meeting – Monday 14 September 2015.

558/14 Information Items

The Board noted the following items:

- a Quarterly Treasury Report
- b Commercial Ventures Review – Confidential: the Board commended the annual review, noting that it had been shared with the Regulator, and agreed that it was a useful reference document, providing background and context particularly as regards the history of the commercial ventures. It was agreed that as the Board now receives full business plans of commercials and that they are included in every Performance report, next year's review should be briefer, eg a 4 page document should suffice
- c Governance & Remuneration Committee Minutes – Confidential – 12 June 2014
- d Prospect (GB) Ltd Board Minutes – 19 May 2014

- e Riverside Executive Directors' Minutes – 19 May 2014
- f Riverside Executive Directors' Minutes – Confidential – 19 May 2014
- g Riverside Executive Directors' Minutes – 23 June 2014

559/14 Any Other Business

- a Recommendations of the Governance and Remuneration Committee: Chief Executive Remuneration and Nominal bonus pot for employees: The Board approved the recommendation of the Governance and Remuneration Committee, which had been agreed at its meeting prior to the Board meeting, that the Chief Executive receives the same level of pay award in 2014 as other employees, namely: a consolidated increase of 1% and a non-consolidated lump sum payment of £250.

It was also noted that the GRC had approved a sum of £20k as a bonus pot for Chief Executive bonuses to nominated employees.

- b Riverside Extranet (REX): It was noted that all board members had been able to access board information reports via the REX. There was, however, an issue about accessing the REX via iPads through Wi-Fi which it was agreed should be resolved as soon as possible and before the next Board meeting.
- c Angela Connelly – Senior Regulation Manager – Homes and Communities Agency: It was noted that Angela Connelly would be attending the next Board meeting as an observer.

560/14 Date and Time of Next Meeting

The next meeting was fixed for Wednesday 15 October 2014 at 4 pm. It was noted that the meeting would be held at the Titanic Hotel and Rum Warehouse Conference Centre, Stanley Dock, Regent Road, Liverpool L3 0AN.

Papers attached to the Minutes
Minute Numbers

546 a – c	552 c
547	552 d
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552 a	557
552 b i – v	558 a – g