

THE RIVERSIDE GROUP LIMITED

(Registered number 30938R)

A Meeting of the Board of The Riverside Group Ltd (TRGL) was held on Thursday 12 June 2014 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 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.
 - A number of important non-executive appointments were made to the Board, including Mike Little, who will also chair the Housing Services Committee, and Sally Truman (formerly Smith) as tenant member.
 - The monthly performance review indicated a strong start to the new financial year, both in terms of financial and operational performance.
 - The Board gave approval for a business case to be submitted to the Scottish Housing Regulator, to seek consent for Barony Housing Association (based in Edinburgh) to join the Group through a constitutional partnership with Irvine Housing Association (already a subsidiary of Riverside). This followed a thorough 'due diligence' exercise, where both organisations reviewed each other's legal and financial positions.
 - The annual review of the key area of Health and Safety was approved, together with a revised policy statement. The performance review had already noted improved performance in the completion of Health and Safety Risk Assessments.
 - A set of measure were approved which will enable the Board to track progress in the delivery of Riverside' corporate plan.

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 and Ms C M Matthews.

In attendance were Mr R Clawson, Mrs L Hearne and Mr J R W Wood (staff) and Ms D Hughes (Assistant Company Secretary). Also in attendance was Mr M J Little (Riverside Housing Services Committee Chair Elect) and, for part of the meeting, Mr A Coghill and Mr P Hillard (staff).

Apologies for Absence

Apologies for absence were received from Mr P J Han.

Declarations of Interest

There were no declarations of interest.

529/14 Minutes of the Last Meeting

The minutes of the meeting held on Thursday 3 April 2014 were approved, subject to the addition of the words "as set out in the report" in Minute 522/14, and signed.

530/14 Matters arising from the Minutes

There were no matters arising from the minutes.

531/14 Recommendations of the Governance and Remuneration Committee:

a Proposed Ratification of Mr M J Little's Appointment as New Housing Services Committee Chair and Consequential Appointment

The Board:

- i ratified the appointment of Mr M J Little as new Chair of the Housing Services Committee (HSC) with effect from 12 June 2014 until he reaches his 9 year term of office on 13 June 2016
- ii approved Mr M J Little as new Co-opted Board Member of TRGL Board
- iii agreed the appointment of Mr M J Little as a Director of Riverside Consultancy Services Ltd (RCS), pursuant to the Articles of RCS, with immediate effect, and agreed to notify the Board of RCS of the appointment in accordance with the Articles of Association of that Company

- iv agreed to recommend to the Board of Riverside Urban Services Ltd (RUSL) that Mr M J Little be appointed a Director of RUSL
 - v agreed to recommend to the Board of Riverside Care & Support Ltd (RC&S) that Mr M J Little be appointed a Director of RC&S.
- b Proposed Appointment of Ms S E Smith as New Tenant Board Member of TRGL

The Board:

- i agreed the appointment of Ms S E Smith as new Tenant Board Member of TRGL for an initial three year term effective from the date of this meeting, being 12 June 2014
 - ii agreed the appointment of Ms S E Smith as a Director of Riverside Consultancy Services Ltd (RCS), pursuant to the Articles of RCS, with immediate effect, and agreed to notify the Board of RCS of the appointment in accordance with the Articles of Association of that Company
 - iii agreed to recommend to the Board of Riverside Urban Services Ltd that Ms S E Smith be appointed a Director of RUSL
 - iv agreed to recommend to the Board of Riverside Care & Support Ltd (RC&S) that Ms S E Smith be appointed a Director of RC&S.
- c Proposed Appointment of Mr J Kent as New Director of The Compendium Group Ltd

The Board:

- i agreed the appointment of Mr J Kent as a Director of The Compendium Group Ltd (Compendium) with effect from the date of this meeting, being 12 June 2014
- ii agreed to notify the Board of Compendium of the appointment in accordance with the terms of the Articles of Association of that Company.

532/14 Chief Executive's Round-up

The Board noted the contents of the report.

The following issues were highlighted and additional verbal items reported:

- a that the Homes and Communities Agency (HCA) is planning to issue its report about Cosmopolitan Housing Association next Tuesday, with an embargoed copy being issued to TRGL on Monday
- b that in recent times the HCA has down-graded more housing associations than ever before
- c that Anchor House, an RECHG supported housing scheme, which was reported to the Board a year ago when it saw increased regulatory oversight, has received a clear inspection report following an unannounced visit by the Care Quality Commission
- d that the work on Net Worth Gearing Covenants, in connection with raising a bond, is progressing
- e it was agreed that prior to the Chair's dinner on the evening of Wednesday 9 July, there will be a briefing on the Hull Extra Care Private Finance Initiative
- f as proposed in the report on a value for money basis, it was agreed that in 2015 a dinner would not be held at the National Housing Federation Conference because this event follows on so quickly after the Board Strategy session
- g it was noted that more than 300 people had attended the Property Summit (referred to on page 4 of the report) including The Rt Hon Greg Clark MP, Minister of State for Cabinet Office (Cities and Constitution).

533/14

Monthly Performance Review (MPR)

The Board noted the Performance Review and that this was the last time it would be presented in its current format due to separate Corporate Plan reporting in future.

The Board highlighted the following:

- a strong financial performance, with both operating margin and surplus higher than budget, and strong performance elsewhere
- b that although the budget was prudent for potential welfare benefit impact, performance was strong in a number of other areas too, which was pleasing as it was the first year of the financial challenge and teams delivered in line with commitments - better in some cases
- c that it was good to see the upturn in the commercial entities where benefits can be seen of both investment and the slight change in the economy, with sales in Prospect increasing and favourable variances being reported across the board

- d it was also pleasing to see the positive revaluation of Prospect commercial properties
- e the strong cash position at the end of the year was noted, which will cover two years of business strategy
- f that as anticipated at the last meeting the blended operational KPI (Key Performance Indicators) target for the year was achieved and exceeded due to a lot of effort by a number of teams throughout the Group
- g that the focus still remains on cash leakage - re-let times in particular and, in this respect, it is pleasing to note that performance this year has started positively with re-let times already 3.5 days better than at year end
- h performance in respect of Health and Safety risk assessments was considered to be hugely encouraging.

There was a discussion about performance planning and the balance between the scrutiny role of the HSC and overview by the Board. It was noted that during the last couple of years the Board had concentrated on welfare reform, noting information coming through from the HSC, and the cash dashboard - cash leakage, void loss and void repairs.

The Board expressed gratitude to the finance team and to the Executive Director Housing Services and teams across the Group for the huge amount of work that had resulted in out-performing in terms of delivery.

534/14

Proposal to Form a Constitutional Partnership with Barony Housing Association

The Board noted that the process of creating a business plan, devising a governance structure and completing due diligence had reinforced the case that a union between Irvine Housing Association (Irvine) and Barony Housing Association (Barony) would make both organisations stronger and better able to deliver excellent services to their customers in a rapidly changing market. A strong, growing business in Scotland would in turn help Riverside fulfil its Corporate Plan objectives. Most importantly, it would help all three organisations live out their visions and values to transform lives, revitalise neighbourhoods and enable everyone to live full and active lives based on good quality, safe and affordable homes.

The Board considered the business case and due diligence exercise, noting:

- a that the constitutional partnership would affect the shape of the sector in Scotland with operations across the main areas; that care and support is a critical part of the partnership due to the nature of the business demographics; and that Barony brings a very strong care and support business together with a good track record
- b that the constitutional partnership would be a small but important step towards the 6,000 unit aspiration for Scotland, with the geographical spread being significant
- c that lessons learnt from the potential merger with Cosmopolitan Housing Association had been used in terms of the due diligence exercise
- d that the business case is felt to be solid, with the expectation that the short-term downward effect on the margins will improve in the medium term
- e the ability to use capacity in the business to reduce dependence on RPI (Retail Price Index) in terms of rent increase
- f that the proposed constitutional partnership is the best structure to meet regulatory standards
- g that both boards have an aspiration for a unified board
- h that it may take time for the Regulator to consider the proposal.

All board members expressed their views about the proposal and comments included:

- looking forward to hearing how Riverside's care and support in England and Scotland would mesh together over time and result in business effectiveness
- a request to consider a Riverside care and support representative for the future board
- pleased to hear that regulation of care and support is tight in Scotland
- for a lot of reasons this is a very exciting opportunity
- the Treasurer, Susan Jee, reported that she and Philip Han had reviewed this proposal with the Chief Finance Officer and, given Philip Han's absence, reported that they were pleased that due diligence was very clean but flagged two matters regarding any future Scotland proposals:
 - i. that the proposed governance structure was very involved but was felt to be the best option in the circumstances and

perfectly manageable in this instance but would need consideration for any future mergers

- ii. that the restriction of the use of any surpluses generated is manageable on this transaction but would need further consideration before any further proposals
 - that the constitutional partnership would require trust and respect, with attention paid to promises made and the need to demonstrate to the Regulator and communities commitment to see it through in the long term
 - that the Riverside brand should be built on immediately but that might be more difficult than usual due to the proposed governance structure
 - that effective due diligence has taken account of all identified risks.

The Board:

- i gave authority to proceed to submit the business case to the Scottish Housing Regulator
- ii subject to regulatory approval, delegated authority to the Group Chief Executive to take the necessary steps to complete the constitutional partnership with Barony Housing Association.

The Board paid tribute to Barony for its focus on what is best for its customers. The Board also expressed appreciation to Paul Hillard and everyone who has contributed to the huge Riverside team effort to progress Riverside's Scottish growth aspirations and to impact positively in more places.

535/14 Compliance with National Housing Federation (NHF) Code of Conduct 2012

The Board resolved that Riverside is compliant with the NHF Code of Conduct 2012.

536/14 Review of Whole Board Appraisal of Group Board

The Board considered the results of the 2014 TRGL whole board appraisal exercise and agreed that the report was encouraging.

It was agreed that it is incumbent on all board members as individuals to seek information and take responsibility for their own development.

It was also agreed that the introduction of the Riverside Extranet (REX) for board members should be useful as it not only contains a wealth of reference information but should result in a reduction in the amount of hard copy information sent to board members, as should the plan to streamline the Strategic Performance Reports and to streamline policy consultation.

The Board looked forward to the planned review later in the year about whether some of the current reporting to the Board might be more effectively delegated.

537/14

Review of Rules of The Riverside Group Ltd

The Board noted that the review had been carried out in the context of modernisation.

The Board:

- a approved the amendments recommended by Anthony Collins Solicitors as set out in Appendix 1
- b delegated authority to the Company Secretary to approve any minor changes required to the proposed new Rules required following the Board's discussions or required by lenders or the Regulator or in order to give its approval to the new Rules
- c resolved that the amendments, subject to approval by the Regulator and the lenders, are put to the shareholding members of TRGL for approval at the TRGL AGM in September 2014.

It was noted that the Executive will be mindful of any issues which may arise from lenders and will bring these back to the Board if appropriate prior to the AGM.

538/14

Annual Health and Safety Report and Health and Safety Policy Statement

The Board reviewed and approved the Riverside Group Health and Safety Policy Statement.

The Board noted the update report and further noted:

- a that one estate in Riverside South & Central, involving a large number of properties with a very small communal area, had not been inspected but when an inspection was carried out it identified over 600 items. This has now been reduced to approximately 300 items, with the expectation that all high risk items will be cleared by 1 July 2014 and with progress being tracked
- b that the HSE (Health & Safety Executive) report on the explosion incident at Kenneth House is still awaited.

The Board recognised the achievement of being awarded the Gold Award for Occupational Health and Safety for the second year running by RoSPA (The Royal Society for the Prevention of Accidents).

It was agreed that the focus should now be on behavioural safety and culture; and that in future the report needs to focus on discretionary as well as mandatory items in the context of a 'safety first' culture.

539/14 Business Effectiveness in Riverside/Update of Value For Money Action Plan and Draft Self-Assessment for 2014

The Board was pleased with the inclusion of case studies in the report this year and agreed that it was an extremely comprehensive, well presented report.

The Board noted the progress made against the Value for Money action plan to date and approved the content of the draft self-assessment – Business Effectiveness Document for 2014.

540/14 One Riverside Strategic Report: Corporate Plan Measures and Targets

It was agreed that this was a first class report, and the Board found the metrics showing 'impact' as well as 'output' particularly useful.

During presentation of the report One Riverside Corporate Plan 2014-17 Journey Planners were circulated to each board member. It was also noted that the internal launch had included a short animated presentation, which had been well received by teams across the organisation. It was agreed that a hyperlink to the presentation would be emailed to all board members.

The Board approved the measures and targets set out in Appendix 1 to the report as the basis for a new One Riverside Strategic Report. It was agreed that the plan to report to the Board twice a year would be reviewed in due course.

541/14 Information Items

The Board noted the following items:

- a The Riverside Plan 2011-2014: Final Summary of Achievements
- b 2014 Employee Engagement Report: the Board was keen to watch, with interest, progress going forward
- c Group Audit Committee Minutes – 20 March 2014
- d Governance & Remuneration Committee Minutes – Confidential – 30 April 2014
- e Housing Services Committee Minutes – 27 March 2014
- f Evolve Facility Services Ltd Board Minutes – Confidential – 13 March 2014
- g Evolve Facility Services Ltd Board Minutes – Confidential – 2 May 2014
- h Prospect (GB) Ltd Board Minutes – 24 March 2014

i Prospect (GB) Ltd Board Minutes – 28 April 2014

j Riverside Executive Directors' Minutes – 29 April 2014

542/14 Any Other Business

Riverside Extranet (REX): the Board noted that the papers for today's meeting had been uploaded to the REX prior to the meeting.

It was agreed that for the next Board meeting hard copies of the main board papers would be circulated as usual, however, board information reports would not be circulated in hard copy form but would be available for board members to access via the REX prior to the meeting.

Board members received their individual REX username, password and contact details for access guidance, and were advised to access the REX as soon as possible so that any technical problems could be resolved in order for board members to review information reports ahead of the next meeting.

543/14 Date and Time of Next Meeting

The next meeting was fixed for Thursday 10 July 2014 at 10 am.

Papers attached to the Minutes

Minute Numbers

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541 a - j