

THE RIVERSIDE GROUP LIMITED

A Meeting of the Board of The Riverside Group Ltd (TRGL)

4 July 2013

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 now 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'. There are no redacted items in July's minutes.
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 July Board is one where the annual financial statements associated with the Group's companies (for 2012/13) are considered, alongside the statement of internal control and management representation letters.
 - There was a strong emphasis on governance, with election of board members, succession planning, board appraisal and planning for the annual Board Members' Conference all discussed. We said thank you and goodbye to two excellent Group Board members in Jo Kennefick and Yashar Turgut and discussed the process for the recruitment of new members.
 - The impact of welfare reform on landlord services was a recurring theme during the meeting with income management, empty properties and operational performance being explored in some depth.
 - The Board received a presentation from Abigail Davies (Chartered Institute of Housing) about the modernisation of housing services at Riverside, and agreed to embark on a major 2 year programme to transform housing services.

Carol Matthews, Group Chief Executive

Agenda Item 3 a

THE RIVERSIDE GROUP LIMITED

(Registered number 30938R)

A Meeting of the Board of The Riverside Group Ltd (TRGL)
was held on Thursday 4 July 2013 at The Hilton Hotel
3 Thomas Steers Way Liverpool L1 8LW

MINUTES

Present: Mr P Brant (Chair), Mr P H Raw (Vice Chair), Mrs S Jee (Treasurer), Ms J E Baggaley, Mr P J Han, Ms A-M Jones, Mrs C J Kennefick, Ms C M Matthews and Mr Y Turgut.

In attendance were Mr R Clawson, Ms L Hearne, Mr H Owen and Mr J R W Wood (staff), Ms D Hughes (Assistant Company Secretary), Mr J Murphy (Tenant Board Observer) and Ms A Davies (Assistant Director of Policy & Practice, Chartered Institute of Housing). Also in attendance for part of the meeting was Mr A Coghill (staff).

Apologies for Absence

Apologies for absence were received from Mr M Steinberg (Vice Chair).

The Chair, on behalf of the Board, welcomed Abigail Davies to the meeting.

Declarations of Interest

There were no declarations of interest.

421/13 Minutes of the Last Meeting

The minutes of the meeting held on Thursday 6 June 2013, including separate confidential minutes, were approved and signed.

422/13 Matters arising from the Minutes

- a Minute 402/13b – Welfare Reform and Income Management: the Board noted a tabled update (in the same format as the update tabled at the last meeting) of headline figures on key performance measures as a consequence of Welfare Reform:
 - i How have rent arrears moved in the first 3 months since year end (all arrears)?: the percentage of current rent arrears (HB – Housing Benefit – adjusted) had been falling but there has been a slight increase to 4.34% at week 12 (June), which is positive in the context of on-going concern

- ii How many tenants have paid 'bedroom tax' so far?: this shows a positive move to 70% who have paid all or something
- iii What have we collected so far from 'bedroom tax' tenants (full HB claimants only)?: it was noted that it is difficult to measure in terms of partial HB; and that the shortfall is growing in value but reducing in percentage
- iv What is happening to void property?: there was concern about recent trends on operational voids but, encouragingly, by the end of June, this has moved slightly back in the right direction compared to the end of May. However, compared to a year ago operational voids are significantly higher; these being predominantly in Carlisle (50 to 60) and Mersey North (over 100) 3 bedroom voids in concentrated estates.

The Board noted that different tenants are affected very differently by Welfare Reform and was pleased to note that a significant majority of tenants are paying all or something towards the 'bedroom tax'. Concern was expressed that rent arrears are increasing but it was agreed that there may be a degree of flux, partly due to the 'bedroom tax' and partly due to the effects of the rent increase from the start of the financial year.

In terms of comparison to Riverside's peers at the end of May, it was noted that the headline figures were not the best but not, by any stretch, the worst. It was further noted that the Tenants' Federation Annual General Meeting would provide an opportunity for the Chair to discuss Welfare Reform with tenants, and that Welfare Reform and income management would be considered in more detail at the Board Strategy day in September, all of which would shape the Corporate Plan.

The Board agreed that these are difficult times but was pleased to see one or two positive signs.

- b Minute 402/13c – Housemark Benchmarking Results 2011/12 – Divisional Headlines: the Board noted from a verbal report by the Chair of the Housing Services Committee (HSC), Jo Kennefick, that a presentation by Housemark prior to the HSC meeting last week had moved understanding on; that TRGL is in a group of 40 Registered Providers of Social Housing (RPs) with a minimum of 10,000 units each, with many of the RPs being more localised than TRGL; that there is a need to re-visit the Benchmarking group in which TRGL is included to check that like-with-like is being compared; and that individual Divisional Chairs are now reporting to HSC meetings about action being taken to address issues of concern.

The Board was pleased to hear that the HSC is taking its remit extremely seriously; that headway is being made in getting a better explanation of the results; and that Chairs are being challenged, with

a clear focus on reducing costs. It was also noted that the Housemark presenter had provided reassurance that the Group's action planning is appropriately focussed.

- c Minute 406/13 – Chief Executive's Round-up – STAR Headline: the Board was pleased to note that the Group figure for overall satisfaction with the service provided by Riverside (which had been bobbing between 83 and 84% at the time of the June Board meeting) was officially 84%.
- d Minute 409/13 – Hull & Stoke Extra Care Private Finance Initiatives (PFIs): the Chair thanked all board members who had attended the master class on PFIs, which had been very informative and felt by some to have been the best presentation at Riverside in terms of raising skills.

423/13

Recommendations of the Group Membership 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 as outlined in the report
- ii noted that the Group Membership Committee (GMC) will be seeking to address the reduction in business skills and that disabled candidates and those with IT, change management and communication skills will be particularly sought in the forthcoming recruitment exercise
- iii approved the recommendation of the GMC to put forward Philip Han and Anne-Marie Jones to TRGL Members for re-election at the Annual General Meeting.

- b Group Board Succession Planning

The Board:

- i noted the contents of the report (particularly the quorum point)
- ii noted the GMC's decisions in relation to the selection of consultants and interview process: that the lead consultants would be Adderley Featherstone, the current location of the consultant who was involved in recruiting the current Treasurer, has a good knowledge of the organisation and quoted a favourable rate; that the timing for interviews may coincide with the September Board Strategy day or NHF conference; and that the interview panel will comprise current GMC members.

c Proposed Appointment of Mr Neill Skinner to the Group Audit Committee

The Board approved Mr Neill Skinner as a new Member of the Group Audit Committee.

d Proposed Appointment of Mr Robert Towers to the Group Treasury Committee

The Board approved Mr Robert Towers as a new Member of the Group Treasury Committee.

424/13 Whole Board Appraisal Review – Group Board – and Riverside Group Chair Appraisal

The Board considered the results of the 2013 TRGL whole board appraisal exercise, and the appraisal report on the Chair (which was circulated separately with the Chief Executive's Round-up report and will be filed in TRGL Board Confidential Minute Book).

The Board took reassurance from the fact that none of the key areas in Table 1 on Page 2 of the report fell below 4 (rated out of 5), and agreed that to address those areas which received the lowest scores in the whole board appraisal:

- a in respect of Recruitment and Retention (with a score of 4.3), it was agreed that the GMC should review the recruitment and induction process for board members, although it was noted that the Treasurer, who had been asked to rate a new induction process, felt that it had been satisfactory
- b in respect of 'The Tenant's Voice' showing the lowest score of 4, the Board takes assurance from the fact that the HSC undertakes this role and reports to the Board but agreed that the Board should continue to listen to tenants as it works through the Corporate Plan, and that there should be an informal discussion at the dinner prior to the Board Members' Conference
- c it would be a good idea to step back, consider the results of the appraisal, decide on any lessons learnt and return to this issue in October.

During discussion of this item, the appraisal of Divisional Chairs was raised. It was agreed that a more structured approach should be considered by the GMC with a view to amending the process to address the issue of the Chair of the HSC appraising Divisional Chairs as members of the HSC. There is a gap to be reviewed around Divisional Chairs' performance in that role and who leads on this.

Riverside Group Chair Appraisal

Philip Raw, Vice Chair, took the Chair for the discussion of Riverside Group Chair Appraisal report.

The Board agreed that the report showed excellent results and that it is fortunate to have, in Paul Brant, a very able Chair.

425/13

Chief Executive's Round-up

The Board noted the update (together with the Riverside Group Chair Appraisal report, which was an appendix and was discussed under Minute 424/13 above).

The following issues were highlighted:

- a a 'bedroom tax' demonstration at the Chartered Institute of Housing Conference; and the connected issues of keeping staff safe, that maintaining the Group's reputation is a high priority and that tenant representatives need to report any related problems
- b completion of the salary structure review of TRGL bands 1-3, following a very effective process working closely with the Unite Union, affecting almost 500 employees and addressing perceptions of unfairness. Mairi Martin from Irvine HA was commended for her excellent work as Project Director and the Board expressed appreciation to all involved in this task
- c that, as referred to in Section 5 of the report, the GMC had agreed to make a recommendation to include Mike Little (Chair of Riverside Carlisle) in the Scotland Committee, and that the Scotland Committee is very pleased to hear of this proposal, which will be reported formally to the Board in October and is subject to a change to the Terms of Reference of the Scotland Committee.

426/13

Monthly Performance Review (MPR)

The Board noted the Performance Review and the following points were highlighted:

- a the new style MPR – slimmed down with a new focus – but that the Strategic Performance Report (SPR) format has not changed because this is the last year of the current 3 year Corporate Plan and the aim is to develop this during the year, in conjunction with the development of the next Corporate Plan, to provide a more succinct content
- b that the diagram on Page 3 – Group Surplus and Operating Margin – is very informative; and that the Commercial Entities and Development Update has improved

- c that it is too early in the year to start drawing major conclusions but the two key areas affecting all sections of the report are re-lets and voids; performance in these areas not only impacts on operational KPIs (Key Performance Indicators) but also the SPR and the financials
- d Financial performance
I&E (Income and Expenditure) looks like good performance but repairs expenditure, primarily voids, is of concern, ie where there are overspends against budget in a number of divisions
- e Strategic Performance
Good news apart from voids and re-lets
- f Operational KPIs
 - i a key message here again is re-lets and voids and a clear correlation with what is shown in the I&E with void repairs spending
 - ii ASB (anti-social behaviour) compliancy failing to meet target in some Divisions may be connected to reporting by newly created Divisions, which should improve over time but this will be monitored
 - iii Estate & Scheme Inspections surpassing the target for the Group (of 90%) at 92.7% is great news
 - iv First Time Fix (Repairs) results - on target for the Group at 85% - does not tally with what tenants are reporting.

It was agreed that it is important to carefully monitor voids because that is a genuine cash loss for the Group but that this matter will take time to bed-down - for example, private rented tenants may apply for 3-bedroom voids over time. It is vital to challenge information being reported around first time fix because it seems to be different to anecdotal reporting by tenants and the STAR survey feedback does not suggest that the KPI figures are accurate, ie they may be in line with definitions but full feedback is not getting through. It was noted that work is being done to interrogate data, and that consultants (Ark) have been commissioned to see how the Group's asset management processes work, which will involve spending time in the Customer Service Centre and other areas of the association.

427/13

Financial Statements for the year ended 31 March 2013

a 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.

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 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 2013 Financial Statements for approval

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

- i the Value for Money statement is still to be compiled
- ii following a review at the Finance Committee, the Chair's report and the Operating and Financial Review will be re-considered
- iii the inside cover and highlights pages are to be replaced
- iv board member photos, other photos, pictures and charts are to be refreshed.

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 2013, subject to outstanding items noted in 9c above and amendment as follows:

- on Page 20 – right-hand column, penultimate paragraph to be worded, "...in addition to the NHF 'Excellence in Standards of Conduct' code for members (2010) with which the Group complies"
- on Page 43 – note 3 - disclosure of Directors' and senior staff emoluments to be amended as shown on a separate sheet tabled at the meeting.

428/13

Housing Services Modernisation for Riverside

Abigail Davies, Assistant Director of Policy & Practice, Chartered Institute of Housing (who spent time on loan to Riverside from November 2012 to March 2013), presented her report to the Board, describing the multi-directional scale of the challenges she feels the business will face and how she had approached the task. She emphasised that she believes people have aspirations that are different from the current Corporate Plan, so fairly significant "transformational", rather than incremental "evolutional", change is required. She also expressed the view that all the work going on,

as described in the covering report to the Board, is a good foundation for change.

The Chair, on behalf of the Board, thanked Abigail for her observations in a well written, easy to read and well evidenced report, which was particularly welcome having come from an external source.

The Chair noted that staff had found it enjoyable to work with Abigail and that he was glad to hear that she had also enjoyed her time with Riverside.

Following discussion of the report and Abigail's response to questions raised by board members, the Board:

- a approved the report 'Housing Services Modernisation for Riverside' as the basis for the development of a two year housing services modernisation programme for Riverside
- b noted proposed next steps in the development of a framework for programme management.

429/13 Barony Housing Association

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

430/13 Riverside/Cosmopolitan Proposed Merger – Lessons Learned

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

431/13 Funding Proposal – JESSICA Funding

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

432/13 Rationalisation of Stock in Tower Hamlets London

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

433/13 Amendments to the Loan Document with Riverside Consultancy Services Ltd

The Board approved:

- a the proposed amendments to the loan agreement between TRGL and Riverside Consultancy Services Ltd
- b the delegation to the Group Chief Executive, the Chief Financial Officer and Group Directors to agree any changes to the draft document and sign on behalf of TRGL.

- 434/13 Communications and Influencing Plan 2013-14
- The Board approved the plan and expressed appreciation to the team for the work involved.
- 435/13 Proposals for the Board Members' Conference 2013
- The Board approved the proposals for the 2013 Board Members' Conference as set out in Section 3 of the report.
- 436/13 Adoption of the Riverside Governance Framework Document: Donald Bates Charity Eleanor Godfrey Crittall Charity and Eventide Homes Trust
- As Corporate Trustee of the above Charities, the Board agreed to adopt the Riverside Governance Framework Document and its appendices, as filed in TRGL's minute book for 7 June 2012 and available on the Board Members' site of the Riverside Information Centre.
- 437/13 Proposed Dates for Meetings during 2014
- The meeting dates for 2014 were agreed by the Board including the date of the Annual General Meeting – Monday 15 September 2014.
- 438/13 Information Items
- The Board noted the following items:
- a ICT (Information and Communications Technology) Review
 - b Peer Group Comparison 2012 Results
 - c Update of the Growth Project Summary Sheet
 - d Group Finance Committee Minutes – 14 March 2013
 - e Housing Services Committee Core Brief – 27 June 2013: the core brief was tabled, and the Board was pleased to note: that the HSC continues to hear 'The Tenant's Voice' via the TASQ (Tenant Assessors of Service Quality) team; and that the HSC is continuing to focus on income management performance
 - f Prospect (GB) Ltd Board Minutes – 20 May 2013
 - g Evolve Facility Services Ltd Board Minutes – Confidential – 24 April 2013
 - h Riverside Group Directors' Minutes – 18 June 2013
 - i Riverside Group Directors' Minutes – Confidential – 18 June 2013.

439/13 Any Other Business

a Board Strategy Dinner – 3 July 2013 - Summary

The Board noted a tabled summary, which will be filed in TRGL Board Confidential Minute Book.

b Mr Y Turgut and Mrs C J Kennefick:

At what was the last formal Group Board meeting for Yashar Turgut and Jo Kennefick, the Chair expressed his personal thanks and gratitude as well as that of the Board to both Yashar and Jo for their exceptional contributions over the years, including their extensive time commitment, their very strong voices in the various parts of the organisation and their business expertise, in particular including, but not only, Yashar's involvement in Evolve Facility Services Ltd.

It was agreed that Yashar's and Jo's contributions had played a huge part in transforming lives and revitalising neighbourhoods.

440/13 Date and Time of Next Meeting

The next meeting was fixed for Thursday 3 October 2013 at 10 am.

Papers attached to the Minutes
Minute Numbers

422 – tabled
423 a – d
424 (Riverside Group Chair Appraisal report to be filed in Confidential Minute book)
425
426
427 a
427 b i – v
427 c
427 d - tabled
428
433
434
435
437
438 a – d
438 e – tabled
438 f- i
439 a – tabled (to be filed in Confidential Minute book)