

THE RIVERSIDE GROUP LIMITED

A Meeting of the Board of The Riverside Group Ltd (TRGL)
6th June 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 have been '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 considered an early report on the impact of welfare reform. Whilst acknowledging that it is still 'early days', this is an area that the Board will keep under very close review over the coming months.
 - The first set of performance results for the new financial year (strategic, operational and financial) were considered. An increase in overall tenant satisfaction was noted following our annual STAR survey.
 - Achievements against Corporate Plan targets for the previous year were noted. The overall picture is very positive, and we are on course to meet the majority of our three year targets by the end of the plan (March 2014).
 - A number of confidential items were considered relating to commercially sensitive bids and property disposals.
 - The board considered an annual report into the effectiveness of governance at Riverside, concluding that governance remains satisfactory.
 - The sad death of Prof Joe Hendry, a Carlisle Divisional Board member, was noted.

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 6 June 2013 at the offices of The Riverside Group Ltd
2 Estuary Boulevard Estuary Commerce Park Liverpool L24 8RF

MINUTES

Present: Mr P Brant (Chair), Mr P H Raw (Vice Chair), Mr M Steinberg (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 and Mr J R W Wood (staff), Ms D Hughes (Assistant Company Secretary) and Mr J Murphy (Tenant Board Observer). Also in attendance for part of the meeting were Mr P Anson and Mr A Coghill (staff).

Apologies for Absence

There were no apologies for absence.

Declarations of Interest

Declarations of interest were made by:

- Joy Baggaley - co-opted Board Member of TRGL, Director of The Compendium Group Ltd and Director of Prospect (GB) Ltd
- Carol Matthews - co-opted Board Member of TRGL and Director of Prospect (GB) Ltd
- Yashar Turgut - Board Member of TRGL and Director of Evolve Facility Services Ltd

401/13 Minutes of the Last Meeting

The minutes of the meeting held on:

Thursday 18 April 2013

Thursday 18 April 2013 - separate confidential minutes

Thursday 18 April 2013 - separate formal minutes

were approved and signed.

Matters arising from the Minutes

- a Minute 396/13 – Delivering Transparency at Riverside: the Board was pleased to note that there had been a positive response from tenants following publication of the February Group Board minutes on Riverside website.
- b Minute 398/13a – Welfare Reform and Income Management: the Board noted that there will not be a very full picture of the exact impact of welfare report for some time yet but noted a tabled sheet giving some key indicators including the impact on void property under the following headings:
- i How have rent arrears moved in the first 2 months since year end?: this showed the scale and range of arrears (ie week 52 - 5.10%; week 4 - 5.31%; and week 8 - 4.60%), prior to adjustment due to Housing Benefit timing
 - ii How many tenants have paid 'bedroom tax' so far?: this showed a positive move across the Group from the position reported in April (of half paying and half not paying) to 65% paying all or something and 35% paying nothing. It was noted that these figures are pretty much the same as those of other housing associations (albeit from a comparison of only 10 or 12)
 - iii What have we collected so far from 'bedroom tax' tenants?: it was noted that although this shows a shortfall of £104,188, some tenants would have been in arrears prior to 'bedroom tax', and it is an indicator that 'bedroom tax' arrears are increasing more than other arrears
 - iv What is happening to void property?: it was noted that the fact that operational voids have increased since the end of March may or may not be welfare reform or 'bedroom tax' related, and although more time is needed to assess this, there is a need to pay as much attention to what is being done about empty property as about 'bedroom tax'.

It was also noted that there will be a lot of intended and unintended consequences, eg tenants moving back in with parents, tenants moving to the private rented sector and a potential increase in 'Right to Buy' purchases, and it will probably take about 18 months for consequences to be seen fully, during which time the issue is likely to remain high profile.

The Board was pleased to hear that the Housing Services Committee (HSC) would be considering the detail and consequences at its next meeting. It was also suggested that there could be a session about welfare reform at the Board Strategy day in September, possibly inviting someone to do a sector analysis.

A question and answer sheet was made available to board members to help answer any queries they might receive.

- c Minute 398/13b – Housemark Benchmarking Results 2011/12 – Divisional Headlines: the Board noted that in the light of disappointing results, the HSC had held a session at its recent Strategy day where constructive ideas had been suggested; and at its next meeting on 27 June the HSC would be discussing a report and would in turn report back to the next Board meeting. It was agreed that the HSC could hold a briefing session about Housemark Benchmarking, inviting Housemark to give a more detailed analysis of the results.

403/13 Recommendations of the Group Membership Committee:
Memberships & Directorships of David Jepson

The Board received a tabled CV.

The Board:

- a noted David Jepson's resignation as co-opted TRGL Board member and approved that no other executive is co-opted to Group Board
- b approved the appointment of Léann Hearne, Group Director of Care & Support, as a new Group Nominee of Riverside Mersey North Divisional Board with effect from 6 June 2013
- c approved the appointment of James Hill, Director of Property Strategy, as new Director of the Board of Circle Liverpool Limited with effect from 6 June 2013, and that the Company Secretary of TRGL is authorised to sign and send notice of this to Circle Liverpool Limited
- d approved the appointment of Joy Baggaley, Chief Financial Officer, as new Director of the Board of Riverside Regeneration Ltd with effect from 6 June 2013
- e agreed a holding position on Compendium directorships.

404/13 Recommendations of the Group Remuneration Committee:
Annual Review of Board Member Pay

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

405/13 Record of Decisions of the Chair under Chair's Action Procedure:
Group Business Plan 2013/14 to 2017/18 - Revision

The Board noted the Chair's Action to approve the restructuring of the Group business plan for the years 2013/14 to 2017/18 and that there was no fundamental change to the business plan itself, only a reporting line change.

406/13 Chief Executive's Round-up

An updated Appendix was tabled. The Board received the update, which will be filed in TRGL Board Confidential Minute book, together with the minute.

407/13 Monthly Performance Review (MPR)

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

Financial performance:

- KPMG has finished its audit
- the surplus for the year was higher than budgeted
- the operating margin for the consolidated Group, following final adjustments, will be 20.1%, which is slightly below budget but that includes the £3.5m Prospect (Prospect (GB) Ltd) impairment and if this was excluded, the underlying operating margin would be 21.3%, which shows that growth continues – about the same level budgeted for this year - which is a good result.

Commercial entities:

- although the combined commercial entities delivered a net loss and a result lower than budgeted, again without the Prospect impairment, they would have delivered a surplus and a result better than budgeted, which is again a good result.

Strategic Performance Review (SPR):

- Pleasing to see the STAR survey results with an improvement in tenant satisfaction with the service provided
- A fairly mixed set of results across all parts of the SPR, with 15 greens, 15 ambers and 6 reds – so more positive than negative
- Moving into the final year of the 3 year Corporate Plan, it is hoped that there will continue to be improvements in results through 2013/14.

Philip Han raised a query about the development programme, and it was agreed that a detailed response would be sent to him following the meeting.

It was noted that a couple of Divisions are quite a way short of their operating surplus targets. It was reported that the Finance team is working with all Divisions who are being challenged to meet their targets.

This gave rise to a brief discussion about operating surplus margins for the various different parts of the business, including PFIs (Private Finance Initiatives) and risk in the context of margins. It was agreed that there would be a wider strategic discussion of this subject in July.

It was agreed that the Executive summary of the MPR should be refreshed. It was noted that the format of the MPR is being reviewed and it was agreed that a draft of the revised format would be circulated to all board members for comments.

408/13 The Riverside Plan 2011-14: Achievements in Year 2 and Looking Ahead to Year 3

The Board noted the positive progress made during the last 12 months and, looked forward to the final year of the plan, including reports on the 2 areas 'One Riverside' and 'Modernisation' which came out of the Board Strategy day in September 2012. It was noted that further information would be provided to the Board Strategy day in September 2013 as work to shape the next Corporate Plan would be taking place during the next 6 months.

It was agreed that the report was extremely well written and presented in an easy to digest format.

The Board noted the report and endorsed the main priorities for delivering the Riverside Plan themes in 2013/14.

Although it was acknowledged that performance reporting requires balance, it was agreed that, as an organisation, Riverside should not tire of telling people about the good things it has achieved and that these should be publicised through the website, Facebook, by tweeting, etc.

409/13 Hull & Stoke Extra Care Private Finance Initiatives



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

410/13 Compendium Living – Proposed Development, Ings Estate, Hull

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

411/13 Caribou: Green Deal SPV

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

412/13 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.

413/13 Rationalisation of Nicholas Court, Plaistow, London, E13

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

414/13 Nationwide Building Society – Replacement Loan Mandate

The Board approved the amendment to the Nationwide Building Society loan mandate to allow the following Directors as authorised signatories:

Joy Baggaley	Chief Financial Officer
Ronnie Clawson	Group Corporate Services Director
Andy Coghill	Director of Business Planning & Analysis
Andy Gladwin	Group Financial Controller
Leann Hearne	Group Director – Care and Support
John Kent	Director of Commercial Ventures
Carol Matthews	Group Chief Executive
John Wood	Group Director Housing Services

415/13 Additional ‘Panel A’ Signatory

The Board approved Andy Gladwin as a “Panel A” signatory.

416/13 Annual Assessment of Group’s Governance

The Board:

- a considered whether the Group is compliant with the NHF Governance Code
- b resolved that the financial statements state that the Group remains compliant with its chosen code of conduct - the NHF’s ‘Excellence in standards of conduct’ Code for members 2010;
- c noted that the Group is working towards compliance with the revised NHF Code of Conduct 2012; and
- d resolved that the Group’s governance remains satisfactory.

417/13 The St Michael’s Housing Trust
Adoption of the Riverside Governance Framework Document

The Board agreed to adopt the Riverside Governance Framework Document (GFD) 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 (RIC).

418/13 Information Items

The Board noted the following items:

- a Update of the Growth Project Summary
- b Group Audit Committee Minutes – 14 March 2013
- c Prospect (GB) Ltd Board Minutes – 25 March 2013

- d Prospect (GB) Ltd Board Minutes – 29 April 2013
- e Evolve Facility Services Ltd Board Minutes – Confidential – 21 February 2013
- f Riverside Group Directors’ Minutes – 23 April 2013
- g Riverside Group Directors’ Minutes – Confidential – 23 April 2013
- h Riverside Group Directors’ Minutes – 21 May 2013
- i Riverside Group Directors’ Minutes – Confidential – 21 May 2013
- j Riverside Group Membership Committee and Group Remuneration Committee Minute Books: the Board noted that the two minute books were available for inspection at the meeting.

419/13 Any Other Business – Professor Councillor Joe Hendry

The Board was shocked to hear of the sudden death of Professor Councillor Joe Hendry, Carlisle Council leader and stalwart of Riverside Carlisle since 2004, and expressed its appreciation of Joe’s services to tenants, the organisation and the community of Carlisle – Joe had a strong vision for the development of Carlisle into the future, being concerned to ensure that it was not isolated. The Group Chief Executive will be representing Riverside at his funeral.

420/13 Date and Time of Next Meeting

The next meeting was fixed for Thursday 4 July 2013 at 9 am at The Hilton hotel, 3 Thomas Steers Way, Liverpool L1 8LW.

Papers attached to the Minutes
Minute Numbers

402 b – 2 tabled sheets only
403 + tabled CV
405
407
408
414
415
416
418 a – i