

**THE RIVERSIDE GROUP LIMITED**  
(Registered number 30938R)

A Meeting of the Board of The Riverside Group Ltd (TRGL) was held on  
Thursday 11 May 2017 at 10 am at  
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 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 Board were pleased to note that Riverside had retained G1:V1 status, the highest rating possible, following the Regulator's In Depth Assessment earlier in the year.
  - The Board reviewed and discussed at length Riverside's Business Plan for the next 30 year period. It was content that the Business Plan supported Riverside's ambitions and had been subjected to adequate testing to confirm that the Corporate Plan could be delivered and risk managed. Therefore the Board approved the Business Plan for years 2-30.
  - The Board reviewed performance in delivering the previous Corporate Plan (2014-17), and were pleased that performance had been good and the Group remained financially sound. Improvements with Customer Satisfaction and supporting tenancy sustainment were welcomed. Digital service provision and employee engagement were carried forward for renewed focus in the new Corporate Plan.
  - The Board agreed several arrangements to strengthen how risk is managed in relation to Riverside's affordable homes programme.
  - The Board conducted a review of financial and business performance in the year 2017/18 and were pleased that targets had largely being met and/or exceeded.
  - The Board approved the appointment of Geoff Fodgen as Prospect (GB) Ltd.'s interim Chair and also the appointment of Tim Croston as Group Audit Committee Chair, TRGL shareholder and as Director of both Riverside Urban Services and Riverside Consultancy Services.

**Carol Matthews, Group Chief Executive**



**MEETING MINUTES**

**Board/committee:** The Riverside Group Limited (TRGL) Board (the “Board”)

**Date and time:** 10.00, 11/05/17

**Location:** 2 Estuary Boulevard, Estuary Commerce Park, Liverpool, L24 8RF

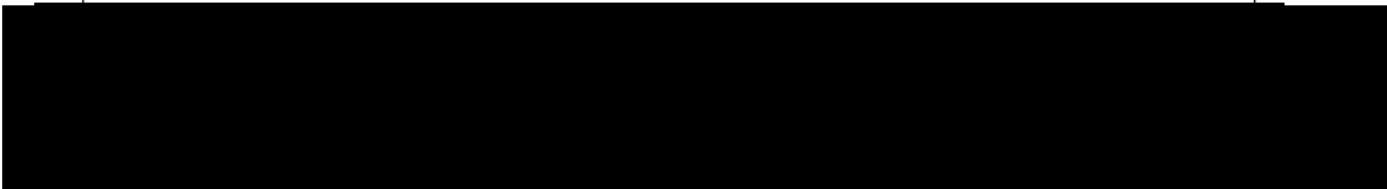
- Present:**
- Max Steinberg - chair
  - Pauline Davis (PD) vice-chair
  - Susan Jee - treasurer
  - Jonathan Dale - board member
  - Philip Han - board member
  - Sally Trueman - board member
  - Peter White (PW) - co-opted board member
  - Carol Matthews (CMM) - co-opted board member

- In attendance:**
- Rosemary Farrar (RF) - Interim Chief Financial Officer
  - John Glenton - Executive Director of Care and Support Services
  - Ian Gregg - Executive Director of Asset Services
  - Léann Hearne (LH) - Executive Director of Shared Services and Business Transformation
  - John Wood (JRWW) - Executive Director of Neighbourhood Services
  - Anne-Marie Owens - Governance Manager (Secretary)
  - Mike Lawrie-Simmons (MLS) - Director of Finance Business Partner for item 7
  - Alison Stock (AS) – Director of IT for item 10

Min ref:	Agenda item	Action
900/17	<u>Apologies for absence (item 1)</u>  Apologies were noted from Janice Murray.	
901/17	<u>Declarations of interest (item 2)</u>  CMM declared an interest in item 20, the subject of which was the CEO’s remuneration. It was agreed that CMM would absent herself from the meeting for this item.	
902/17	<u>Chair’s matters (item 3)</u>  The Chair welcomed MLS and AS to the meeting to provide subject matter expertise in respect of items 7, ‘Riverside Business Plan Years 2-30’ and item 10, ‘IT Strategy 2016-2020: Annual Update’ respectively.	

Min ref:	Agenda item	Action
903/17	<p><u>Minutes of the Previous Meeting held on 9 March 2017 (item 4)</u></p> <p>The minutes of the meeting held on 9 March 2017 were approved as an accurate record.</p>	
904/17	<p><u>Matters Arising from Previous Meetings (item 5)</u></p> <p>The status of matters arising from previous meetings were noted and it was agreed to close the items identified as complete for the purposes of the report.</p> <p><b>Hull PFI</b></p> <ul style="list-style-type: none"> <li>• PD provided an additional update on the status of Hull PFI. The Board was pleased to note that the mobilisation of Scheme 1 was going well and initial feedback from tenants had been very positive. It was noted that Scheme 2 was due for handover on 19 May and Scheme 3 on 27 July and there were no delays anticipated.</li> </ul>	
905/17	<p><u>Group Chief Executive's Round-up (item 6) - <b>CONFIDENTIAL</b></u></p> <p>The Board noted the Group Chief Executive's report and the following matters were highlighted in the subsequent discussion:</p> <p><b>IDA</b></p> <ul style="list-style-type: none"> <li>• The Board welcomed the news that Riverside had retained G1:V1 status following the Regulator's In Depth Assessment and noted the positive feedback received by the Chair and CEO at their meeting with HCA. It was noted that where the assessment found enhancements were required, primarily cash flow management, stress testing and data quality, Riverside had already identified these areas for improvement/development and work was underway.</li> <li>• Feedback from the Panel had focused on whether Riverside was too risk averse in its approach to development but the IDA had enabled the regulator to understand what Riverside had been focusing on and the ambition contained in the new plan. There was a lengthy discussion on whether the Government intended a 'V2' rating to identify organisations which required improvement around viability or to demonstrate where appropriate risks were being taken to optimise assets in a challenging environment. It was agreed that clear definitions were needed from Government to ensure that individual organisations and the wider sector had a clear understanding of the implications of the viability ratings applied.</li> <li>• Having noted that the shelf-life of the regulatory judgement might be affected by the succession planning around Group Board, it was agreed that at an appropriate point discussions would be held between the CEO and Vice-Chair and subsequently the</li> </ul>	JRWW

Min ref:	Agenda item	Action
	<p>wider Board (with the exception of the Group Chair) to determine what arrangements for Chair succession would best support Riverside’s governance.</p> <ul style="list-style-type: none"> <li>It was noted that Homes for the North had recently been consulted and asked to sign off on the National Federation Strategy for Influencing manifesto which demonstrated the increasing influence and credibility of the group.</li> </ul>	
906/17	<p><u>Riverside Business Plan Years 2-30 including Treasury Strategy (item 7)</u></p> <p>The Interim Chief Financial Officer (“CFO”) presented the Group Business Plan 2017/18 to 2021/22 (the “Plan”) which set out the financial position underpinning Riverside’s Corporate Plan and Growth Strategy including key financial factors, risks and mitigations. The Board noted an executive summary of the Plan, a report from Centrus on treasury review and strategy and the outcome of additional stress-testing as requested at the previous meeting. The following matters were highlighted for discussion:</p> <ul style="list-style-type: none"> <li>The Board noted that the Plan was a ‘live’ document subject to ongoing stress testing and responsive to changing requirements however it set out a business planning process and direction for Board approval.</li> <li>Key risks relating to delivery of the new Corporate Plan were discussed including Riverside’s dependency on its own reserves to fund its significant growth ambitions. Diluting the dependency on achieving ambitious sales via Prospect and Compendium was highlighted as a possible area for risk mitigation as was adopting a more measured rate of growth.</li> <li>Having reviewed the mitigations identified through scenario testing, the Board challenged the emphasis placed on ceasing various activities and asked that other mitigants be explored to allow the Board to understand the options.</li> <li>Board paused and reflected on the Moody’s rating and the view that the increasing outright sales development will lead to a grading review. They sought assurance on which organisations sat in lower graded areas and were advised that large providers such as London Quadrant and Clarion Housing Group were rated at a lower level without any apparent adverse affect on their ability to raise finance.</li> <li>The viability of achieving the operating margin target was debated and although the Board expressed confidence that it could be achieved, it requested that an impact analysis be carried out to assist its understanding of the potential impacts on services and customers. It was acknowledged that achieving the target would be challenging and actions to achieve efficiencies would need to be carefully focused but there was known scope for delivering more efficient ways of working and for reducing overheads. The Board requested that a plan of actions required to improve the operating margin be produced and that this matter should be returned to at September’s Strategy day.</li> <li>The Board commented that the report from Centrus provided welcome external assurance around Riverside’s ability to fund its ambitions and helped to shape some strategic options around funding development aspirations. The CFO advised that work had been commissioned on an investment policy.</li> </ul>	<p>RF</p> <p>RF</p>

Min ref:	Agenda item	Action
	<ul style="list-style-type: none"> <li>In response to a query, the CFO advised that the Treasury Team were positioned to arrange revolving credit facilities from banks quickly should the need arise.</li> <li>In respect of the recommendation for further risk planning around the London area development programme, assurance was sought that Riverside continued to be committed strategically to moving ahead with the project. It was confirmed that London remains a key part of the Riverside corporate plan and it is essential to complete. Further stress testing and modelling on the variation to the shape of any potential JV and phasing of the project.</li> </ul> <p>Following significant discussion and on the basis that appropriate assurances had been provided that the Business Plan supported Riverside's ambitions and had been subject to adequate stress testing to determine appropriate resilience and risk management, the Board approved:</p> <ul style="list-style-type: none"> <li>The 2017/18 to 2021/22 Business Plan;</li> <li>A request for further risk planning to mitigate risk including further flexing of the proposed development timetable and of the London Area Development programme;</li> <li>The tightening of cash management including improved cash flow reporting and the implementation of an appropriate Treasury system;</li> <li>The Headlines of the proposed new Treasury Strategy, delegating to the Group Treasury Committee the consideration and shaping of a series of detailed</li> </ul>	
		
907/17	<ul style="list-style-type: none"> <li>That further work would be undertaken to clearly define areas for potential efficiencies, actions required to achieve these and the potential impacts of such on services and customers; and</li> <li>That further work would be undertaken on cash flow management, stress-testing and mitigations, in addition to the work on improving the operating margin referred to above and it would return to these at its Strategy session in September.</li> </ul> <p><u>Financial Assumptions and Parameters for the 2017-20 Affordable Development Programme (item 8)</u></p> <p>The Board considered proposals for additional affordable housing programme parameters to help manage risk and improve project control in light of the step change in the size and pace of development risk arising from the new Business Plan.</p> <ul style="list-style-type: none"> <li>The alignment between the number of completions in 2018/19 quoted in the report and the completion figures stated in the Business Plan was challenged. Assurance was provided that this apparent discrepancy was the result of the transition between Business Plans however it was agreed that a full reconciliation would be provided following the meeting.</li> <li>It was noted that the cost of the programme stated as £207.5m in 2.3.2 of the paper should read £277.5m.</li> <li>The Board observed that although the proposal not to set a borrowing limit for Shared Ownership Schemes was sensible, a clear structure for assessing where capacity should be allocated was needed. It was agreed that action would be taken to more clearly demonstrate consistency in this area.</li> </ul>	<p>JRWW</p> <p>RF</p>

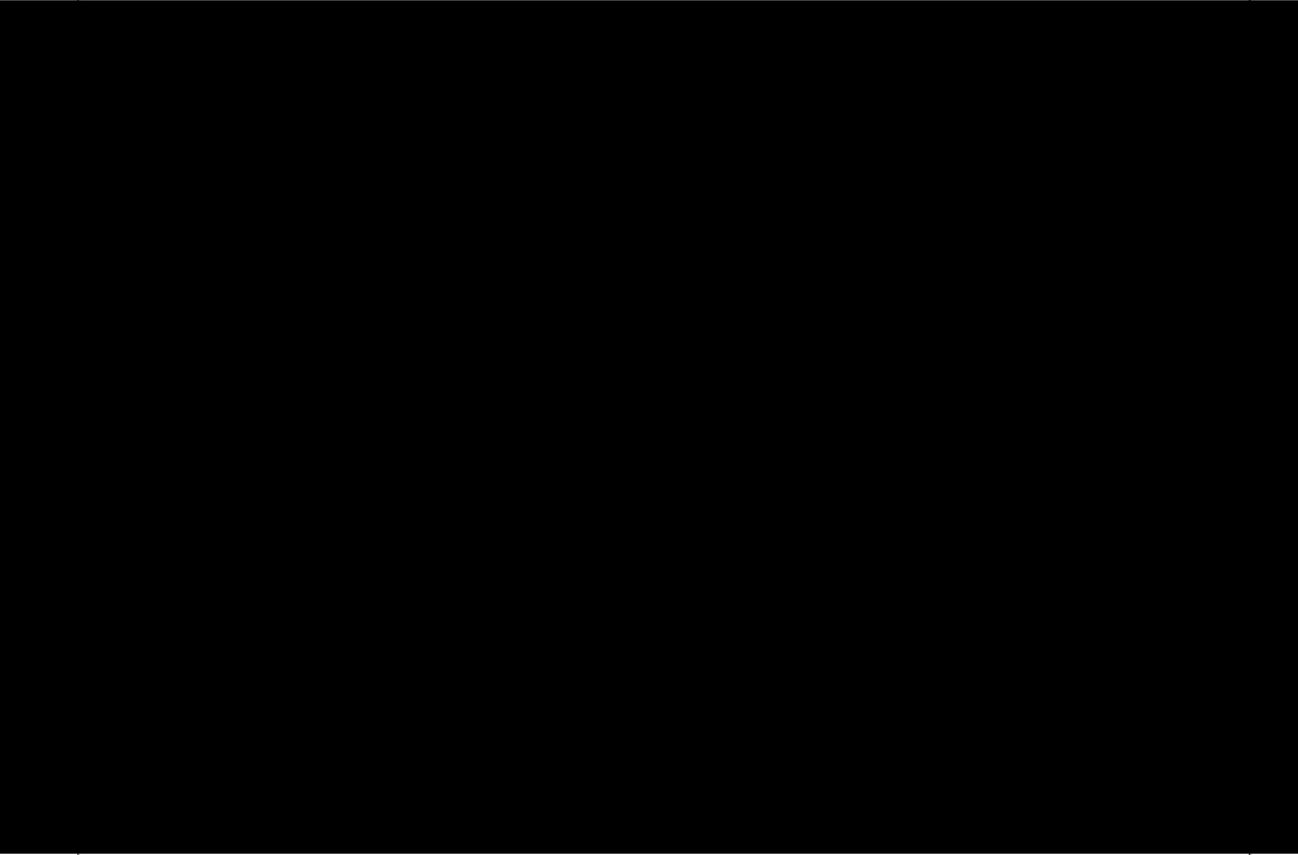
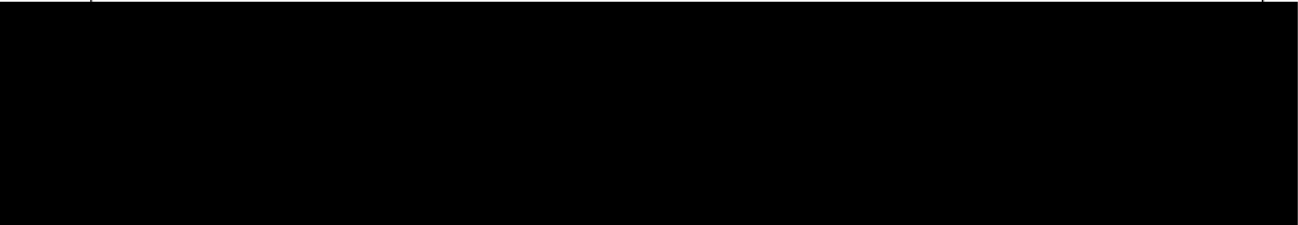
Min ref:	Agenda item	Action
	<ul style="list-style-type: none"> <li>• Assurance was received that the reporting arrangements would be such that visibility around the development programme and growth strategy would be enhanced.</li> <li>• Following discussion, and on the basis that the proposals enhanced oversight and assurance arrangements as well as risk management, the Board agreed: <ul style="list-style-type: none"> <li>○ the financial assumptions for the affordable development programme for 2017/18 set out in Appendix 1 to the report;</li> <li>○ that the total net investment in the affordable development programme, including shared ownership and vRTB is £9.3m;</li> <li>○ that the total additional funds to be raised on a phased basis to finance the affordable development programme including shared ownership and vRTB is £201.8m;</li> <li>○ that any variation between the current split between shared ownership and affordable rent (38:62) by more than 2% will require Board approval;</li> <li>○ that prior approval from Executive Directors is needed for exceeding any of the project financial limits set out in the report;</li> <li>○ that a quarterly report on progress and cash flow across the whole development programme is reviewed by Board</li> <li>○ that an annual report is presented to the Board reviewing the organic affordable development programme as part of the wider Group development programme.</li> </ul> </li> </ul>	
908/17	<p data-bbox="261 965 1177 999"><u>Annual Review of the Target Operating Model Business Case (item 9)</u></p> <p data-bbox="261 1032 1414 1167">The Board noted an update on progress made in the delivery of the Riverside Group Target Operating Model (TOM) and associated requirements which were approved in February 2016 and was pleased with the targets reached in delivery of Wave 1 of the programme.</p> <ul style="list-style-type: none"> <li>• LH was asked to describe the key programme risks causing concern and responded that the risks surrounding actual and potential redundancies were those which required particular focus and careful management.</li> <li>• The Board requested that a comparison be provided, of Riverside’s current premises by square footage against 2014 and what it is anticipated to be in 2018, as an indication of streamlining activity.</li> <li>• The Board queried if staff had been fully advised of what the target organisational culture was and were being supported and equipped to meet expectations. It was explained that the cultural ambitions had been communicated to staff at a strategic level with further detail shared at each phase. It was noted that staff communications would become more detailed as the programme moves on and the new performance management system embeds.</li> <li>• There was discussion on the risk around knowledge capture on exit and the Board was assured that there had been no significant instances of knowledge loss with exiting and ‘at risk’ staff actively assisting in ensuring knowledge capture.</li> <li>• Having received and noted the update provided for Wave 1, the Board reviewed and agreed the next steps proposed. A report would come to July’s meeting. Thanks were extended to all staff working on the Transformation Programme for the significant progress achieved to date.</li> </ul>	<p data-bbox="1501 1335 1544 1368">LH</p> <p data-bbox="1501 1872 1544 1906">LH</p>

Min ref:	Agenda item	Action
909/17	<p data-bbox="261 192 895 226"><u>IT Strategy 2016-2020: Annual Update (item 10)</u></p> <p data-bbox="261 259 1423 394">The Director of IT provided an update on delivery of the Riverside Group IT Strategy for 2016-2020. The Board noted (i) steps taken to date; (ii) changes made in response to further issues identified; and (iii) the current position as fundamental projects for Riverside’s transformation journey are delivered.</p> <ul data-bbox="261 427 1423 1111" style="list-style-type: none"> <li data-bbox="261 427 1423 663">• The Board drew attention to the challenge of ensuring that key IT projects would be designed to support changing or new processes emerging from TOM without the need for bespoke solutions. Assurance was provided that projects such as Open Housing were part of the Transformation Programme and fully aligned with process review activity. Impact assessments and changes control processes were in place to carefully manage the complex interdependencies and the focus of the programme on streamlining and simplifying further mitigated the risk in this area.</li> <li data-bbox="261 696 1423 797">• The Board commented that although it was confident that the investment in IT was prudent, evidence in future reporting of financial efficiencies achieved and anticipated against the investment made would be helpful in demonstrating actual benefits.</li> <li data-bbox="261 831 1423 931">• Actions taken to encourage and support the transition to digitally provided services were discussed and it was noted that digitalisation was a key part of the Corporate Plan and TOM and was supported by the IT transformation.</li> <li data-bbox="261 965 1423 1111">• Having reviewed the update provided, the Board confirmed its support for the strategic direction and actions both taken and planned to enhance IT capability across Riverside and requested that an update be provided at a point within the next six month period deemed appropriate by the Director of IT.</li> </ul>	<p data-bbox="1439 763 1551 797">RF/LH</p> <p data-bbox="1439 999 1551 1032">LH</p>
910/17	<p data-bbox="261 1144 895 1178"><u>One Riverside Corporate Plan 2014-17 (item 11)</u></p> <p data-bbox="261 1211 1423 1279">Following approval of the new Corporate Plan, the Board considered a final report on the delivery of the outgoing 2014-17 Plan.</p> <ul data-bbox="261 1312 1423 1626" style="list-style-type: none"> <li data-bbox="261 1312 1423 1480">• It was noted that Riverside is financially sound and had performed well over the three-year period with development targets comfortably met, improvements in customer satisfaction achieved and improved web presence. It was further noted that the care and support business was thriving and added value services had been successful in supporting tenancy sustainment.</li> <li data-bbox="261 1514 1423 1626">• Assurance was provided that areas in which performance had not been as hoped, e.g. digital service provision and employee engagement, had been carried forward for renewed focus in the new Corporate Plan.</li> </ul> <p data-bbox="261 1648 624 1682">The Board noted the report.</p>	
911/17	<p data-bbox="261 1715 1062 1749"><u>Performance Update and Year end Review 2017/18 (item 12)</u></p> <p data-bbox="261 1783 1423 1883">The performance update for period 12, March 2017 was noted and a divisional breakdown of the top 10 KPIS was tabled for review. The following points were highlighted for discussion:</p> <ul data-bbox="261 1917 1423 2020" style="list-style-type: none"> <li data-bbox="261 1917 1423 2020">• The Board welcomed the improvement in rent arrears performance and queried what had driven the upturn. It was explained that there had been significant cultural change achieved as well as an overhaul of the system and staff were now better focussed on</li> </ul>	

Min ref:	Agenda item	Action
	<p>(i) commerciality; (ii) effective performance management; and (iii) applying consistent good practice.</p> <ul style="list-style-type: none"> <li>• The improvement in gas performance was also acknowledged and in response to a query, it was confirmed that reconciliation was carried out daily therefore the data provided to the Board was, to the best of the executive team’s knowledge, accurate.</li> <li>• The Board congratulated the team and staff on achieving targets, a number of which were stretch targets but agreed the importance of maintaining focus and efforts to continue driving performance improvement.</li> </ul>	
912/17	<p><u>Finance Update and Year end Review 2017/18 (item 13)</u></p> <p>An update was noted on financial performance in period 12, March 2017. The CFO summarised the key performance data for the period and highlighted that there were no material concerns identified and that the positive year end business performance had landed largely as forecast.</p> <p>The Board requested that the executive summary in future reports includes a cash flow status update.</p>	RF
913/17	<p><u>Neighbourhood Services Committee (“NSC”) Highlights (item 14)</u></p> <p>The Chair of NSC preceded his report on the outcomes of the NSC meeting held on 4 May 2017, by observing the high levels of confidence and respect held for the executive team by the committee.</p> <ul style="list-style-type: none"> <li>• The Board noted the key committee meeting outcomes and were pleased to hear that NSC was developing its role as an assurance group actively seeking evidence of robust and planned action to address customer satisfaction issues which it was closely monitoring.</li> <li>• The Chair expressed the Board’s support for the committee’s development and focus on delivering effective services and asked that thanks and recognition be conveyed to members for their commitment and contribution.</li> </ul>	
914/17	<p><u>Recommendations from Governance and Remuneration Committee (“GRC”) 09/03/17 (item 15 a – d)</u></p> <p>The Board considered the GRC recommendations and associated business cases and on the basis of assurances provided by the committee, approved:</p> <ul style="list-style-type: none"> <li>• The Riverside Care &amp; Support Committee Terms of Reference;</li> <li>• The appointment Geoff Fogden as interim Chair of Prospect (GB) Ltd with effect from 26 June 2017; and</li> <li>• The appointment of Tim Croston as Group Audit Committee Chair Designate, Board Member and Shareholding Member of The Riverside Group Limited and Director of Riverside Consultancy Ltd and Riverside Urban Services Limited with effect from 7 September 2017.</li> </ul>	



Min ref:	Agenda item	Action
915/17	<p><u>Recommendations from Group Audit Committee (“GAC”) 23/03/17 (item 16)</u></p> <p>The Board considered the GAC recommendations and associated reports and on the basis of assurances provided by the committee, approved:</p> <ul style="list-style-type: none"> <li>• The updated Scheme of Delegated Authority;</li> <li>• The revised Group Risk Map; and</li> <li>• The revised GAC terms of reference.</li> </ul> <p>It was acknowledged that the risk map would need to be reviewed and updated as necessary to reflect the outcomes of the IDA. The Board agreed that a traffic light format and arrows indicating the direction of travel for key risks, would better enable oversight and understanding of the risk position and asked that this be incorporated.</p>	CMM
916/17	<p><u>Chair’s Action Dated (item 17)</u></p> <p>It was noted that the Chair, in accordance with the provisions set out in the governance framework document and the scheme of delegation, had taken two decisions since the last board meeting, as set out below:</p>	
917/17	<p><u>Information items (item 18)</u></p> <p>The information items were noted.</p> <p>The Board considered and approved two recommendations from the CFO to cover the period until the Group Treasury Committee meets to recommend for approval the new Group Treasury Strategy and Policy;</p> <ul style="list-style-type: none"> <li>(i) to allow the treasury team to continue to work with RBS/Natwest as Riverside’s daily banker in 2017/18 as an exception to credit rating limits set by the existing treasury policy; and</li> <li>(ii) to allow excess funds to be placed up to a £20m limit with RBS/Natwest.</li> </ul> <p>The Board noted the change in format of the HR quarterly report and agreed that the quality and value of the report was much improved.</p>	

Min ref:	Agenda item	Action
918/17	<p><u>Recommendations from Governance and Remuneration Committee 09/03/17 - CEO Remuneration (CONFIDENTIAL) (Item 20)</u></p> <p>The Executive Directors left the room with the exception of the Executive Director of Shared Services and Business Transformation.</p> <ul style="list-style-type: none"> <li>It was noted that at its meeting in March, GRC had discussed CEO remuneration and having taken into account the views of the CEO, agreed to recommend to the Board that there is no adjustment made to her salary however it would still be subject to any overall annual pay increase awarded to staff.</li> </ul>	
		
919/17	<p><u>Any Other Business (item 19)</u></p> <ul style="list-style-type: none"> <li>The Chair advised that Walter MacFarlane, former Board colleague and a valued member of Riverside's governance community, was unwell and extended best wishes on behalf of Riverside to Walter in his recovery.</li> </ul>	
		
920/17	<p><u>Date of next meeting (item 21)</u></p> <p>It was agreed that the next meeting would be held at Riverside, 2 Estuary Boulevard, Estuary Commerce Park, Liverpool L24 8RF at 10.00 on 6 July 2017. It was noted that Tim Croston would be attending this next meeting as an observer in preparation for joining the Board in September.</p>	