

THE RIVERSIDE GROUP LIMITED
(Registered number 30938R)

A Meeting of the Board of The Riverside Group Ltd (TRGL) was held on
Thursday 7 July 2016 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 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.
 - As it had been the first meeting since the results of the UK referendum on EU membership, the Board reflected on the strength of the organisation and its ability to respond to the uncertainty this had created
 - In relation to year-end and annual reporting the Board approved the Group's Financial Statements and considered the Care and Support annual report, summarising its activities and the challenges currently faced by Government proposals to limit housing benefit payments to social housing tenants and the impact this would have on supported housing
 - The Board approved a range of governance matters which included changes to the governance structure to establish a Neighbourhood Services Committee and dissolve Divisional Boards from October 2016, Board appraisal, a review of Board Members' skills, knowledge and experience and appointments in advance of the AGM on 8 September 2016
 - The Board discussed a number of development and regeneration opportunities ahead of a review of the Group's development strategy to take place in September 2016
 - The Board approved the Equality, Diversity and Inclusion policy which had been informed by best practice and an equality analysis.

Carol Matthews, Group Chief Executive

Agenda Item 4a

THE RIVERSIDE GROUP LIMITED

A Meeting of the Board of The Riverside Group Ltd (TRGL) was held on Thursday 7 July 2016 at 10 am at the offices of TRGL 2 Estuary Boulevard Estuary Commerce Park Liverpool L24 8RF

MINUTES

Present

Mr M Steinberg (Chair), Mr P H Raw (Vice Chair), Mrs S Jee (Treasurer), Ms J E Baggaley, Mr J C Dale, Mrs P Davis, Mr P J Han, Ms C M Matthews, Ms S E Trueman and Mr P White.

In attendance

Mr W Macfarlane	Tenant Board Observer
Ms Juliet Blackburn	Director of Business Transformation (minutes 784 - 789)
Mr D Bullock	Managing Director, Compendium (minute 796)
Mr A Gladwin	Group Financial Controller (minutes 791 & 792)
Mr R Clawson	Executive Director, Corporate Services
Mr J Glenton	Executive Director, Care and Support
Mr I Gregg	Executive Director, Asset Services
Mrs L Hearne	Executive Director, Shared Services
Mr P Hillard	Interim Director, Mersey South Division (minute 801)
Mr M Lawrie-Simmons	Interim Director, Business Planning & Analysis (minute 787)
Mr M Patchitt	Director of Development and Growth (minutes 794 & 795)
Ms J M Vail	Senior Governance Officer (minutes).

Apologies for Absence

There were apologies for absence from Paul Forster-Jones.

Declarations of Interest

There were no declarations of interest.

Chair's Matters

The Chair:

- a welcomed Pauline Davis and Peter White to their first meeting as Board members;
- b reported that Paul Forster-Jones had resigned from TRGL Board, which would take effect from September 2016 Annual General Meeting, as he had been appointed to his local NHS Foundation Trust (County Durham & Darlington)

where he would be chairing the Finance and Commercial committees and therefore required to spend more time in his local community. On behalf of the Board the Chair proposed a vote of thanks to Paul Forster-Jones for his service to the Group and wished him well for the future;

- c advised that there would be a number of presentations at the meeting as follows: Juliet Blackburn for item 9 'Target Operating Model (TOM)', Andy Gladwin for items 11 and 12 'Financial Statements for the Year Ended 31 March 2016 and 'Finance Policy', Joy Baggaley for item 13 'Homes & Community Agency In Depth Assessment', Mark Patchitt for items 14 'Shared Ownership Affordable Homes Programme 2016-21' and 15 'London Asset Regeneration – Phase 2, Dave Bullock for item 16 'Compendium Living – Proposed Development Leicester Waterside' and Paul Hillard for item 21 'Neighbourhood Services Committee Terms of Reference';
- d reflected on the additional uncertainty in the United Kingdom (UK) following the result of the referendum two weeks before the meeting on 23 June 2016, which had been in favour of the UK leaving the European Union (Brexit), highlighted that the Group was strong, therefore well placed to respond to further challenges and emphasised the role of the Board in leading the Group through the additional uncertainty in the Group's external environment.

784/16 Minutes of the Last Meetings

The minutes of the last meetings were approved and signed as follows:

- a Minutes of 9 June 2016
- b Minutes of 9 June 2016 – confidential

785/16 Matters Arising and Action Points

The Board agreed the Action Points document which tracked the actions arising at Board meetings.

786/16 Chief Executive's Round Up – Confidential

A report was discussed by the Board, a presentation received and a separate minute is recorded in TRGL Board Confidential Minute Book.

787/16 Performance Report

The Board considered the Performance Report and highlighted the following:

Financials

- interest and gearing targets had been stretched to challenge and ensure performance
- as one of the key messages of the report, there had been a solid start to the new financial year

- lower than budgeted land and property sales had been identified as a trend in the sector.

Operational Performance

- the KPIs were all positive across housing services, particularly at Riverside Home Ownership
- of the top 10 KPIs, Stock Voids and Positive Customer Exit were red. In relation to Stock Voids, it was noted that this was due to the short term impact of a system change. In relation to Positive Customer Exit, it was noted that customer experience is a complex KPI to measure so that the make-up of this KPI was under review.

The Board

- a noted the report;
- b was pleased with the financial performance;
- c commented on the suite of performance information; and
- d welcomed the new report format.

788/16 Housing Services Committee (HSC) Highlights From 30 June 2016

The Board:

- a confirmed its full support for Peter White, new interim Chair and emphasised the vital role of the HSC in holding housing services to account on behalf of the Group; and
- b discussed and noted the HSC highlights from 30 June 2016.

789/16 Target Operating Model (TOM) Update

The Board received a presentation and a separate minute is recorded in TRGL Board Confidential Minute Book.

790/16 Riverside Group Pensions Strategy – Phase II: Local Government Pension Schemes

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

791/16 Financial Statements for the Year Ended 31 March 2016

The Board highlighted that the Group Audit Committee (GAC) had discussed the Financial Statements at its meeting on 16 June 2016 and recommended amendments which had been incorporated in the suite of documents presented to the meeting.

a 2015/16 Annual Report on the System of Internal Control

The Board approved the statement on internal control assurance included in the draft Financial Statements.

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, subject to addition of a paragraph confirming that there had been no material changes since the date of this meeting, as follows:

- i & ii to the Chair and Secretary; and
- iii,iv & v to the Chair and Chief Financial Officer.

c Key Issues for consideration in recommending the 2016 Financial Statements for approval

The Board noted the key issues highlighted in the report and the year-end challenges in producing the Financial Statements which included reporting under FRS 102 for the first time, amendments to accounting disclosures in respect of the Social Housing Pension Scheme (SHPS) and treatment of property disposals.

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:

- i approved the Financial Statements of the above entities for the year ended 31 March 2016, subject to addition of reference to Brexit to the Chair's Introduction; and
- ii delegated authority to approve any further amendments to the Financial Statements to the Chair of the GAC, should they be required by KPMG, the Group's external auditors; and

- iii thanked and commended the Group Finance Team and the GAC for their work in producing the Financial Statements.

792/16 Group Finance Policy:

The Board considered the report which proposed an update to modernise presentation of Part 1 of the Group Finance policy, in the form of the 'Finance Fundamentals and Enablers'.

The Board approved the revised Group Finance Policy.

793/16 Homes & Community Agency (HCA) In Depth Assessment

The Board received a presentation and a separate minute is recorded in TRGL Board Confidential Minute Book.

794/16 Shared Ownership Affordable Homes Programme 2016-21

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

795/16 London Asset Regeneration – Phase 2

The Board considered the report which outlined proposals to redevelop general needs sites in [REDACTED] as Phase 2 of the London Asset Review agreed by the Board at its meeting on 10 December 2015.

The Board noted that the Group owns 219 affordable homes to rent at the four sites where the accommodation is poor in comparison to other social housing schemes and which under-utilise the land on which they are built.

The Board tested, sought clarification of and confirmed the following aspects:

- in [REDACTED] the combined value of the new developments would be less than the existing use value due to lower market values which required consideration of not only the financial costs to the Group but also the social value and benefits for customers, as aligned to the Group's history and present day Vision and Values
- other risks identified included; uncertainty following the appointment of the new mayor of London and influence of the Greater London Authority (GLA) on decisions; decanting delays and costs; planning and local political concerns; the availability of labour and tender costs in London; and reliance on housing market valuations on completion of the re-development in 3 to 4 years' time
- that declaration of the sites as Regeneration Schemes would now exclude them from Voluntary Right to Buy (VRtB), which remains portable, subject to affordability for customers and the Group's policy on exclusions
- that the four sites were separate and not interdependent.

The Board

- a approved that the Group should seek to redevelop the sites [REDACTED]
[REDACTED]
- b approved that the Group should seek to redevelop the sites [REDACTED]
[REDACTED] noting that this will provide an opportunity to improve the quality of social rented homes, but the net financial outcome will be less than the existing use value for these two sites;
- c noted that following the consultation with residents and the formal Pre-Application response from the Local Authority if the forecast outcome is materially different this will be reported to the Board. After receipt of the contractor proposals, Riverside will refer back to the Commercial Ventures Group to consider the options to retain costs, risks and return; or take a land value for the market units and the views and recommendations from the Commercial Ventures Group will be presented to Board for approval; and
- d confirmed that it would consider the Group's current strategy for development at the Board Strategy Day on 8 September 2016.

796/16 Compendium Living – Proposed Development Leicester Waterside

A report was discussed by the Board, presentation received and a separate minute is recorded in TRGL Board Confidential Minute Book.

797/16 Annual Care & Support Summary

The Board reviewed the Annual Care & Support Summary which gave an overview of the activities, challenges and achievements of the Care and Support business during the year, the work done to ensure compliance with regulatory frameworks and progress made in terms of the Strategic Plan approved by the Care and Support Board and the financial performance targets set for the year.

The Board highlighted as a major risk the potential impact of the Government's proposals to limit housing benefits payments to tenants in the social housing sector, noted that work was underway to evaluate this and that some schemes may have to close if the Government's proposals are implemented.

The Board congratulated the Care and Support Board, John Glenton and Léann Hearne on their work in the year, highlighting their flexibility and success in adapting to change.

The Board noted and commended the report as an exemplar of an annual report in terms of both content and format.

798/16 Review of Equality & Diversity Policy and Action Plan

The Board considered the policy and update on the Action Plan.

The Board:

- a approved the Equality, Diversity and Inclusion policy, noting that it had been the subject of wide consultation and informed by best practice and an equality analysis;
- b noted the progress made on the Equality and Diversity Action Plan and associated ongoing activity, including that there had been some delays due to postponement of recruitment of a specialist manager but which, following recent appointment, momentum would now be regained; and
- c requested an update in 6 months' time.

799/16 Employee Engagement Temperature Check Survey Results

The Board considered the results from the May 2016 internal employee engagement temperature check survey that is taken every six months in between the external biennial 'Best Companies' employee engagement survey.

The Board noted

- a the survey results which showed that employee engagement had generally strengthened further since the most recent Best Companies survey which was noteworthy in the light of current organisational challenges; and
- b the timeline and high level actions to communicate the results and how they would be incorporated into engagement and other planning, for example, to support culture change as part of the TOM.

800/16 Riverside Group Board Appraisal 2016 – Action Plan

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

801/16 Neighbourhood Services Committee (NSC) Terms of Reference

The Board discussed the draft Terms of Reference, recommended by the HSC at its meeting on 30 June 2016 and received additional feedback as follows:

- i from the HSC at its meeting on 30 June 2016:
 - remaining concern about the level of customer involvement as previously highlighted
 - concern about transitional arrangements for implementation to ensure that the governance of housing services is aligned with the management of housing services
 - the view that the Terms of Reference may need to be refined after implementation.
- ii that the Tenants and Residents Federation was fully supportive of the draft Terms of Reference.

The Board resolved:

- a to establish a Neighbourhood Services Committee (NSC) to commence operation from October 2016 with Terms of Reference as attached at Appendix 1, noting that this will mean that the current HSC and Divisional boards will cease to exist;
- b that the non-executive NSC roles will be remunerated and advertised at the level agreed by TRGL Board, subject to a recommendation of the GRC as outlined under paragraph c below;
- c that GRC should, with independent advice, consider relative levels of payment across all boards and committees in the Group to establish what is appropriate for NSC and make a recommendation, for decision by TRGL Board before September 2016;
- d that, if any successful applicant for NSC membership is currently in a paid non-executive role within the Group (such as a divisional chair), then they should retain that level of payment until the new level of payment is determined;
- e that Part 2 of the Scheme of Delegated authority is amended from the date Divisional Boards cease to exist as follows:

Transaction	Authority
Authority to evict	Director
EDs should oversee and scrutinise adherence to policy	
Approval of decision to dispose of individual properties <£3m which are already covered by the Business Plan previously approved by the Group Board	One Executive Director plus, where relevant, the Subsidiary Board

- f that a consultant is appointed as a 'critical friend' to provide a view on the regulatory compliance of the proposed governance model including the remaining concern voiced by the HSC about the level of customer involvement.

802/16

Recommendations of the Group Remuneration Committee (GRC):

a Riverside Group Life Assurance – Set Up of Corporate Trust for Distribution of Death in Service Lump Sum Payments

The Board considered the report and accompanying appendices and approved:

- i the set-up of a non-registered Riverside Group Life Assurance Trust with the Riverside Group Ltd as Corporate Trustee;
- ii that delegation of powers be assigned to GRC in respect of the distribution of death in service lump sum payments;
- iii the associated changes to the terms of reference of GRC at Appendix 1;
- iv the removal of the clause from the Rules of TRGPS in respect of the distribution of death in service lump sum payments; and
- v the due diligence mechanism for information gathering remains in place to ensure compliance under best practice.

b Review of Skills, Knowledge and Experience and Proposed Election of Board Members

The Board considered the report and;

- i noted the conclusions of the review of skills, knowledge and experience of TRGL Board members, and the review of the size and diversity of Group Board, as outlined in this report;
- ii resolved to put forward Philip Han to its shareholders for re-election to the Board at TRGL's 2016 AGM for a term from the date of the AGM until the date of the TRGL 2017 AGM, proposer Sally Trueman and seconder Susan Jee;
- iii resolved that Philip Han's appointment to the GAC should continue until the date of the 2017 AGM and noted that his appointment to Group Treasury Committee will continue until 31.3.18;
- iv resolved to recruit a board member for TRGL Board with financial skills, knowledge and experience; and

- v resolved to put forward Pauline Davis, appointed as a casual vacancy to the Board on 9 June 2016, to its shareholders for election to the Board at TRGL's 2016 AGM for a term of office ending at the conclusion of 2019 AGM, proposer Susan Jee and seconder Philip Han.

803/16 System for Appointing TRGL Representative for plc Subsidiaries' General Meetings

The Board discussed and agreed the following system:

- a the Board appoints the Group Chair as representative of TRGL at all or any future general meetings of: Riverside Finance plc, ECHG (Harrow) Homes plc and ECHG (Kensington & Chelsea) Homes plc ("the plcs");
- b should the Group Chair be unavailable or have a conflict of interest, the Board appoints the next person on the following list who is available and does not have a conflict of interest to be representative of TRGL at any general meeting of any of the plcs provided that the person is a Group Board member at the date of the said general meeting:
 - i Group Vice Chair;
 - ii Group Treasurer;
 - iii Chair of Group Audit Committee;
 - iv Chair of Governance & Remuneration Committee;
 - v the non-executive Group Board Member who is not covered above and who is next in alphabetical order by surname.

804/16 Adoption of NHF Code of Governance – The St Michael's Housing Trust

The Board resolved to formally adopt the National Housing Federation Code of Governance.

805/16 Stakeholder Strategy Day 2016

The Board:

- a noted the venue and approved the proposed content for the 2016 Stakeholder Strategy Day set out in paragraph 4.1 to 4.3 of the report; and
- b in relation to paragraph 4.4 agreed to hold a dinner on the evening prior to the event to meet with the chairs of divisions and subsidiaries.

806/16 Recommendation of the Treasury Committee:

Interest Rate Management

The Board noted the report and approved the delegation of authority to the Chief Financial Officer to enter into interest rate swap arrangements with an aggregate nominal value of £100m.

807/16 National Westminster Bank plc – Liverpool City Region

The Board noted the report and approved the opening of a current bank account with National Westminster Bank plc to hold the funds to be received for the Liverpool City Region (subscriptions) and from which to pay costs incurred.

808/16 Information Items

The Board noted the following items:

a,b,c&d Riverside Executive Directors' Minutes - Open & **CONFIDENTIAL** 24 May 2016 and 24 June 2016

e,f&g Riverside Estuary Ltd - 28 July 2015, 27 October 2015 and 2 February 2016 **CONFIDENTIAL**- 21 April 2016

h Evolve Facility Services Ltd **CONFIDENTIAL** - 10 March 2016:
noted the composition of the Evolve Board whose members have a range of skills, knowledge and experience which provide for effective challenge and discussion.

809/16 Any Other Business

There was no other business.

810/16 Date and Time of Next Meeting

The next meeting was fixed for Wednesday 5 October 2016 at 3 pm.

Papers attached to the Minutes and Minute Numbers

785	798
786 confidential	799
787	800 confidential
788	801
789 + presentation confidential	802 a & b
790 confidential	803
793 presentation confidential	804
794 confidential	805
795	806
796 confidential	807
797	808 a- h confidential