

THE RIVERSIDE GROUP LIMITED

(Registered number 30938R)

A Meeting of the Board of The Riverside Group Ltd (TRGL) was held
on Thursday 8 December 2016 at 10 am at
The Doubletree by Hilton, 6 Sir Thomas St, Liverpool L1 6BR

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 approved a number of appointments including that of Pauline Davis as TRGL Vice Chair with effect from 6 February 2017, following the retirement of Philip Raw
 - The Board approved rent variations for 2017/18 as year two of the requirement under the Welfare Reform and Work Act 2016, to reduce social housing rents by 1% each year, for four years
 - Financial performance remains strong in spite of the required rent variations, as measures within the business plan are implemented, including the Transformation work which is progressing at pace, fully supported by the Board
 - The Board discussed in detail the impact of Local Housing Allowance caps to housing benefit, another welfare reform policy which applies to all universal credit claimants with effect from 1 April 2019. The Board expressed serious concern about the potential detrimental impact on both the Group's customers and the Group and approved a series of measures to mitigate the impact in respect of: policy and practice; influencing and working with others to influence Government policy and service charges
 - The Board was pleased to note the work undertaken to date to deliver the gas assurance action plan
 - a report from the first meeting of the Neighbourhood Services Committee (previously the Housing Services Committee) was received, including that a new dashboard for customer services is to be developed taking into account tenant members' views.

Carol Matthews, Group Chief Executive

Agenda Item 5a

THE RIVERSIDE GROUP LIMITED

A meeting of the Riverside Group Limited (TRGL) was held on
Thursday 8 December 2016 at 10am at
The Doubletree by Hilton, 6 Sir Thomas St, Liverpool L1 6BR

MINUTES

Present

Mr M Steinberg (Chair), Mr P 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	Outgoing Tenant Board Observer
Mrs J Murray	Incoming Tenant Board Observer
Mr J Glenton	Executive Director, Care & Support
Mr I Gregg	Executive Director, Asset Services
Mrs L Hearne	Executive Director, Shared Services
Mr J R Wood	Executive Director, Neighbourhood Services
Ms J Quirke	Interim Governance Consultant (minutes)
Mr D Bullock	Managing Director, The Compendium Group Limited, for item 12 (841/16)

Apologies for absence

There were no apologies for absence.

Declarations of Interest

There were declarations of interest from Susan Jee and Carol Matthews in respect of their roles as Riverside Pension Trustees for item 15 (844/16), John Wood and Joy Baggaley for Compendium item 12 (841/16). John Wood and Pauline Davis declared an interest in item 6, GRC appointment recommendations (835/16). Pauline Davis declared an interest in the matter of regional housing strategy in the Group CE's round up item 7 (836/16).

Chair's matters

The Chair

- a. welcomed Janice Murray to her first meeting as Tenant Board Observer

- b. thanked Board members for an enjoyable and productive evening on 7 December; feedback had been positive about our ambitions for our next corporate plan
- c. notified that Robert Towers from Prospect (GB) Ltd would be invited to a Board meeting early in 2017 to discuss open market sales and Riverside's risk appetite as he is not available for this meeting
- d. advised that the meeting should focus particular attention on the transformation agenda, gas assurance, the proposals around how Riverside responds to Local Housing Allowance caps, London Asset regeneration and Compendium.

833/16 Minutes of the last meeting

With extensions to two sentences to be redacted in the open minutes, the following minutes were approved and signed, and the resolution was duly noted.

- TRGL Board meeting on 5 October 2016
- Confidential minutes of TRGL Board meeting on 5 October 2016
- Separate formal minute of Resolutions passed for Housing Association Funding transaction.

834/16 Matters Arising and Action Points

The matters arising were noted; a number of actions would be reported in items under discussion at the meeting.

835/16 Recommendations of the Governance and Remuneration Committee

The Board agreed that Pauline Davis and John Wood should remain present for this item. It was clarified that the GRC resolution was taken on 14 November (not 14 December as reported in the paper).

The Board approved:

- a. The appointment of Pauline Davis as TRGL Vice Chair with effect from 6 February 2017
- b. The appointment of Pauline Davis as Committee Member and Chair of the Governance and Remuneration Committee (GRC) with effect from 6 February 2017
- c. The appointment of John Wood as Director of The Compendium Group Limited
- d. The appointment of John Wood as Director of Kings Waterfront Properties Limited (KWPL)
- e. The delegation of Authority to GRC to approve appointments of directors to Joint Venture subsidiaries.

In relation to the Board's delegated authority to GRC, PH asked whether this should extend to GRC approval to appoint board members to other non Registered Provider (RP) subsidiaries.

JRWW explained that TRGL was aware of the status of KWPL as a dormant Joint Venture organisation and it had been brought to the attention of the Executive Directors to seek a new Director.

836/16 Group Chief Executive's round up - confidential

The report was discussed and the Board received an oral update from the Chief Executive and a separate minute is recorded in TRGL Board Confidential Minute Book.

837/16 Transformation update - confidential

Leann Hearne gave a presentation to the Board and a separate minute of the discussion is recorded in TRGL Board Confidential Minute Book.

838/16 Gas Assurance update – confidential

Ian Gregg gave a presentation to the Board and a separate minute of the discussion on the presentation and the report is recorded in TRGL Board Confidential Minute Book.

839/16 2017/18 Rent Variation

The Board discussed the report and scrutinised the detail explained in the appendix. The proposals which frame a set of rules for each rent category had been considered in June 2016 by the Housing Services Committee (now the Neighbourhood Services Committee, NSC).

April 2016 was the start of the first year of implementation of a four year annual rent decrease of 1% required of RPs by the Welfare Reform and Work Act 2016 and 2017/18 will be the first year of rent reduction for the majority of Care and Support units. The rules previously produced for each rent category had been updated to reflect how the second year of rent reductions would be applied in compliance with the Act.

The Board approved the 2017/18 rent variation in line with the guidance for each rent category as set out in the appendix to the report:

- a. General needs
- b. Retirement living supported
- c. Fair rents secure tenancies
- d. Affordable
- e. Home ownership

- f. Exceptions
- g. Relets

840/16 Local Housing Allowance caps to housing benefit

The Board received the report which addressed one important feature of the proposed reforms on welfare. The LHA cap was determined by the household's location and composition. 1 April 2019 is the effective date and all universal credit claimants will be impacted from this date.

To mitigate against under-occupancy which will create a potential shortfall in benefits when the LHA cap is introduced, TRGL will aim for full occupancy of all homes, whilst acknowledging that changes to households was inevitable.

TRGL cannot absorb a £20m loss which will result if the Government continued its policy on welfare reform and the LHA caps to housing benefit. It was the Board's view that the impact of the policy will result in increasing homelessness which will, in turn, result in greater local authority and central government expenditure.

The Chair said that TRGL Board had a fiduciary duty to find the best outcome for our tenants from the impact of Government policy.

The Board agreed that a clear message will be sent on the long-term unsustainability of the policy and that any resulting reduction in rent levels will reduce capacity for TRGL's development programme.

The Board said that whilst influencing must be a priority it is essential that TRGL work with others on this influencing agenda.

With the additional point that the Local Government Association (LGA) should be contacted for joint lobbying, via the NHF, the Board approved the measures proposed:

- a. Securing policy changes relating to LHA caps, particularly as they apply to supported housing, should remain the highest priority in our influencing strategy up to the end of March 2018; in addition, other RPs will be encouraged to lobby in conjunction with TRGL
- b. In principle approval was given to amend the Riverside Tenancy Policy to require the issuing of two-year fixed term tenancies to all under-occupying applicants and any single applicant under 35 regardless of employment/benefit status. The Board noted that a new policy should be in place for April 2017, with a further report provided to the Board beforehand following discussion by the NSC

- c. The role of the front-line worker should be reviewed to ensure that they have explicit responsibility for working with tenants potentially affected by the LHA caps, with appropriate performance targets set for downsizing moves, referrals to advice etc
- d. Any lettings to tenants who will be affected by the caps because they are under-occupying the property (whether in receipt of benefits or not) should be explicitly approved by a manager and should result in a direct referral to the Employment and Training and Money Advice Teams
- e. An approach to the selective marketing and letting of homes to multi-adult joint tenants (under 35) will be developed in preparation for implementation from April 2018; in addition, TRGL's rent setting policy will be considered as part of this exercise
- f. From April 2018 the rent and service charges will be capped to the relevant LHA rate (based on property size) for general needs properties, subject to a minimum of the one bedroom rate; in addition, resource requirement would be assessed as part of this exercise
- g. A new service charge reduction workstream will be established and urgently scoped (within the overall LHA caps project), and appropriate project management resources will be identified to deliver it.

The Board agreed that points of enquiry would be explored and ideas developed for consideration by the NSC prior to presentation to the Board. The Board noted that there had been robust challenge and debate at NSC particularly around the letting proposals.

The Board noted the membership and scope of the proposed formal project which will use the report as its initial scoping document and will be grouped into the three workstreams of policy and practice, influencing and service charge.

The Board expressed concern and anxiety about the situation TRGL is trying to resolve and its potentially detrimental effect on the most vulnerable groups of Riverside tenants and on the Riverside business plan. It will be important that we have a nuanced narrative around this policy and its impact.

841/16 Compendium Living – Business Plan 2017 & 2018 - confidential

Dave Bullock was welcomed to take part in the discussion. A separate minute of the discussion is recorded in TRGL Board Confidential Minute Book.

842/16 London: asset regeneration update

The Board received the report on the regeneration of six estates in London and an update from JRWW on the recent appointment of a project manager and an employer's agent and the carrying out of soft market testing. Existing tenants were keen to see improvements to the estates.



The Board

- a. approved the proposed procurement strategy for the six sites



- c. noted the revised timetable and anticipated costs that will be incurred until the appointment of the preferred contractor.

843/16 Progress report on the Corporate Plan: One Riverside 2014-17

The Corporate Plan 2014-17: One Riverside was approved by the Board in April 2014 and has been delivered in a period of significant change in the operating environment and during a major transformation project.

The Board noted the progress made against the three year delivery plan and associated targets for One Riverside, the Corporate Plan 2014-17, noting performance against targets and the progression of activities.

844/16 *Pension Scheme Cashflow and Riverside Contributions – confidential*

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

845/16 P7 (October) Finance update

The Board received the report and a presentation and discussed the Period 7 (October) Finance update highlighting the following:

- performance was exceeding targets
- a favourable cost performance against budget indicated that the savings target had been exceeded by 20%.

The Board noted that the credit rating agents' current approach to downgrade the sector and individual RPs reflected the strategic intent across the country of RPs to

proactively respond to the housing crisis and take a less risk averse approach to housing provision through open market sales, diversification activities and rent cut responses.

The Chair requested that future finance reports include an overall cover sheet setting out an overarching commentary to aid clarity. A template will be circulated for comment.

846/16 Period 7 Performance Update

The Board discussed the Period 7 (October) Performance update and JRWW reported that he anticipated that eight out of 10 KPIs would be met at year-end. The Board noted the following issues:

Operational Performance

- The percentage of current Homes with a valid gas certificate was 98.89% against the target of 100%
- Health & Safety Compliance was 97.17% against the target of 100% and may not reach the performance target at year-end
- A recent spike in void performance was a new area of concern and would be assessed in detail and addressed
- A radical re-shaping of the Income Collection team in Liverpool City Region had been undertaken to improve the focus on results.

847/16 Headline issues from Neighbourhood Services Committee

A summary report of the NSC meeting held on 1 December 2016 had been circulated. Peter White reported on key features of the meeting as follows:

- a. To improve the information provided to NSC, a new dashboard for customer services will be developed (to report progress on call handling and complaints handling, customer satisfaction, cash collection and compliance issues)
- b. Tenant members' voices have been heard and changes are being made to reports as a result
- c. NSC was developing a different culture from previous governance vehicles and Executives are being held to account more effectively.

The Executive will consider the best way for the Care and Support Committee (CSC) to report to the Group Board, with review of the CSC terms of reference in due course and the existing suite of reports from CS Board to Group Board.

848/16 TRGL – Amendment to National Westminster Bank PLC Global Mandate

The Board approved the amendments presented to the National Westminster Bank PLC Global Mandate to include Officers listed below as duly authorised signatories for B Panel:

- Michael Lawrie-Simmons, Director of Business Planning and Analysis
- Alison Stock, Director of IT
- Sarah Paton, Regional Director, Neighbourhood Services

849/16 TRGL – Amendment to Barclays Bank PLC Mandate

The Board approved the amendments presented to the Barclays Bank PLC Mandate to include Officers listed below as duly authorised signatories for the Riverside Group Limited bank account. Any two signatories will be required to make changes to the account:

- Michael Lawrie-Simmons, Director of Business Planning and Analysis
- Ian Gregg, Executive Director of Asset Services

850/16 TRGL – Amendment to Sumitomo Mitsui Banking Corporation Limited Mandate

The Board approved the amendments presented to the Sumitomo Mitsui Banking Corporation Limited Mandate to include Officers listed below as duly authorised signatories for the Riverside Group Limited bank account. Any two signatories will be required to make changes to the account:

- Michael Lawrie-Simmons, Director of Business Planning and Analysis
- Ian Gregg, Executive Director of Asset Services

851/16 TRGL – Amendments to all Loan Agreement Signatory Mandates

The Board approved the amendment to all TRGL loan agreement signatory mandates, for those lenders named below, to include Ian Gregg, Executive Director of Asset Services and Michael Lawrie-Simmons, Director of Business Planning and Analysis:

Affordable Housing Finance, Barclays, Funding For Homes, HACO, HAF, HAVEN, Lloyds, Nationwide Building Society, Newcastle Building Society, Orchardbrook, Royal Bank of Scotland (Nat West), Santander (Abbey), Staffordshire County Council, Sumitomo Mitsui and The Housing Funding Corporation.

Any two signatories will be required to make changes to the loan agreements.

852/16 Annual Returns

Annual return for the following subsidiaries were noted:

- a. Donald Bates Charity – Annual Return to the Charities Commission

- b. Eleanor Godfrey Crittal Society - Annual Return to the Charities Commission
- c. Eventide Homes Trust - Annual Return to the Charities Commission
- d. The St. Michael's Housing Trust - Annual Return to the Charities Commission
- e. Naylands (51-68) Limited - Annual Return to Companies House

853/16 Information items

The following items were noted:

- Board Members' Interests in Group Board and Committees
- Riverside Executive Directors' Minutes – Open and Confidential – 18 October and 22 November 2016
- Housing Services Committee – 29 September 2016
- Riverside Care and Support – 28 July 2016
- Governance and Remuneration Committee – Confidential 5 October 2016
- Group Audit Committee – 15 September 2016
- Evolve Facility Services Ltd – Confidential 9 September and 12 October 2016
- Irvine Housing Association Ltd – Confidential 27 September 2016
- Prospect (GB) Ltd Board Minutes – Confidential 22 August and 26 September 2016
- Riverside Estuary Ltd – Confidential 19 September 2016

Susan Jee commented on reference in item 4 EDs minutes of 22 November 2016 (minute 7895) on performance management system values and asked whether there was a plan for corporate values to be revisited. CM explained that a five point appraisal system, including new corporate values, will hopefully be implemented in April 2017 the detail of which will be presented to the Board in due course.

An ambiguous sentence included in Item 12 Irvine HA minutes would be reviewed.

854/16 Any Other Business

- a. Walter Macfarlane received a unanimous vote of thanks from the Board for all he had done for Riverside in the course of his two year service as tenant observer on the Board.
- b. The Board agreed that, following on from the Board's discussion on 7 December, TRGL should be open to possibilities for future mergers and explore opportunities if they arose.
- c. The Chair commented warmly on the input to the discussion from those present for the Board dinner on 7 December and thanked everyone for their contribution in 2016 to an effective TRGL Board.

855/16 Date and time of next meeting

The next meeting was fixed for **Wednesday** 25 January at 10am. Venue to be confirmed by the CE's team. **NOTE:** There will be a dinner the evening before to mark the retirement of Philip Raw, Vice Chair.

Papers attached to the minutes by minute number

834/16
835/16
836/16 confidential
837/16 confidential
838/16 confidential
839/16
840/16
841/16 confidential
842/16
843/16
844/16 confidential
845/16 + presentation
846/16
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