

HIGHLIGHTS OF THE TRGL BOARD MEETING HELD ON 7 DECEMBER 2017

GRENFELL

As the consequences of the Grenfell tragedy continued to unfold, the Board discussed a forthcoming government green paper on social housing and its likely contents. These were anticipated to include material change to regulatory arrangements and a greater onus on large building companies to contribute to the housing solution and protect the quality and safety of homes.

RIVERSIDE FOUNDATION

The Board discussed and agreed the importance of sustaining Riverside Foundation, a charity associated with the Riverside Group, and a key element of the Group's Corporate Social Responsibility agenda. It was agreed that proposals would be considered at a future meeting to ensure that Riverside Foundation was appropriately supported in its work.

GROUP BUSINESS PLAN 2018/19 TO 2022/23

The Board considered and approved the assumptions used to build the business plan for 2018/19 to 2022/23 and a target margin to drive greater efficiency.

LONDON ESTATE REGENERATION

The Board noted progress made with the regeneration project at several sites in London and the success of resident engagement activity to date, which remained a central priority for the project.

RIVERSIDE SOUTH & CENTRAL REPAIRS AND MAINTENANCE PROCUREMENT

An update/overview on a procurement exercise to secure new contractual arrangements to provide asset management services in the Riverside South & Central region was received. The Board was interested to hear the views of the tenant observer who had been involved in the exercise, and were pleased to note that the process had been so far well-structured and robust, with residents taking a significant role.

PEOPLE POLICY

An updated policy, setting out how Riverside ensures that all employees are treated fairly and consistently to allow their talents to be most effectively used and developed, was approved.

NEW VALUE FOR MONEY STANDARD

The key components of a revised standard for Value for Money proposed by the housing regulator were reviewed. The overall approach to standardisation and benchmarking was welcomed, however the Board identified several areas of concern where the proposals would compromise a clear picture of Riverside's services and how they deliver value for money. It was agreed to communicate these to the Regulator as part of the consultation process.

INTEGRATED STRATEGIC PERFORMANCE REPORT

Both operational and financial performance was scrutinised and it was noted that the Group was in a fairly healthy position and performing well against each of the key Corporate Plan themes and against budget. There were however areas where improvement was required. The Board noted that focused efforts were being made to achieve occupancy targets by March 2018.

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CARE AND SUPPORT REGISTERED SERVICES ANNUAL SUMMARY

The Board received an update on progress made in the year in the quality of care services and the current status of Riverside's registered schemes. It was pleased to note that all of Riverside's registered care services were now rated as "Good" by the Care Quality Commission.

Following the meeting, Board Members toured the new extra care schemes across three sites in Hull. Comprising 316 apartments and created in partnership with Hull City Council, the schemes are designed to help meet the growing demand for support for people with care needs, balancing reassurance and independence for residents.

MEETING MINUTES

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

Date and time: 09.30, 07/12/17

Location: Cecil Gardens Extra Care Scheme, Hawthorn Avenue, Hull, HU2 9JY

Present:

- Max Steinberg - chair
- Pauline Davis (PD) - vice-chair
- Tim Croston - board member
- Jonathan Dale - board member
- Ingrid Fife – board member
- Sally Trueman (ST) - board member
- Peter White (PW) - co-opted board member
- Carol Matthews (CMM) - co-opted board member

In attendance:

- Victor Andrews (VA) - Tenant observer
- Rosemary Farrar (RF) – Interim CFO
- John Glenton (JG) - Executive Director of Care and Support Services
- Ian Gregg (IG) - 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)
- Dave Bullock – Managing Director, Compendium Living for item 12

Min ref:	Agenda item	Action
990/17	<p><u>Apologies for absence (item 1)</u></p> <p>Apologies were received and noted from Susan Jee.</p> <p>The Chair welcomed Ingrid Fife to her first meeting as a TRGL Board Member and Victor Andrews to his first meeting as a Tenant Board Observer.</p>	
991/17	<p><u>Declarations of interest (item 2)</u></p> <p>For item 17 – Final Triennial Actuarial Valuation Riverside Pension Scheme An interest was declared by the following individuals on the basis that they were deferred members of the Scheme.</p> <ul style="list-style-type: none"> • John Wood • Leann Hearne • Carol Matthews <p>An interest was declared by Susan Jee and Carol Matthews, on the basis of their position as Riverside Group Pension Trustees.</p>	

Min ref:	Agenda item	Action
992/17	<p>For item 12 – Compendium Living Business Plan 2018 & 2019 Carol Matthews, John Wood and Dave Bullock declared an interest as Directors of The Compendium Group Limited. <u>Chair’s matters (item 3)</u></p>	
	<p>The Chair provided a number of facts around the Hull PFI project to support Directors’ understanding as they toured the Schemes. He noted the progress achieved the previous evening in shaping Riverside’s approach to Merger and Acquisition, highlighting the strong sense of purpose which had emerged from the discussions.</p>	
993/17	<p><u>Minutes of the Previous Meeting held on 4 October 2017 (item 5)</u></p> <p>The minutes of the meeting held on 4 October 2017 were approved as an accurate record.</p>	
994/17	<p><u>Matters Arising from Previous Meetings (item 6)</u></p> <p>The status of matters arising from previous meetings was noted and it was agreed to close the items identified as complete for the purposes of the report. The following additional updates were noted:</p> <p>Minute 970/17 CEO’s Round-Up – Regulatory Matters The anticipated re-grading by the Regulator of a number of Associations from V1 to V2 had begun, and had impacted on organisations of varying scale. This action had received some challenge from the sector, on the basis that despite the regulator’s efforts to position moving from V1 to V2 as a positive indication of development and open market risk, a downgrade had historically been used as censure of an organisation’s viability.</p> <p>Minute 970/17 CEO’s Round-Up – Investing in Neighbourhoods PD noted that an interesting presentation had been received by the Neighbourhood Services Committee in November, on the work to be undertaken by ARC4/CLES. JRWW advised that an update would come to Board in March 2018, following the crucial stakeholder consultation stage of the work.</p> <p>Minute 973/17 Transformation Roadmap and Outline Business Case The Chair thanked L Hearne for the additional information provided, and J Dale for his contribution.</p>	JRWW
995/17	<p><u>Chief Executive’s Round-up (item 6) - CONFIDENTIAL</u></p> <p>The Board noted the Group Chief Executive’s report and the following matters were highlighted in the subsequent discussion:</p> <ul style="list-style-type: none"> • The consequences of the Grenfell tragedy continued to unfold, with Sajid Javid, indicating that the forthcoming green paper on social housing would include proposals to collapse four ombudsmen into one. It was agreed that this could deliver efficiency however social housing tenants should not be responsible for funding increased regulation. The changing relationship between the Government and big builders was also noted, with an increasing view that builders were solely profit-focused and not doing enough to contribute to the housing solution or protect quality of housing provision. • ST updated the Board on the recent round tables attended around the country by Alok Sharma, for which she acted as a tenant facilitator. The Board welcomed 	

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	<p>increased accessibility at Government level for tenants' views and ST agreed that she would send a letter to Mr Sharma offering Riverside's support for any future action to facilitate greater tenant engagement.</p> <ul style="list-style-type: none"> • The Board thanked JRWW for his skilled negotiation with Wates and were pleased that, subject to finalising details, a settlement with respect to the Hull PFI Project was close at a reasonable cost. • Riverside's success at being named the preferred partner for Hyde stock in Kent, which effectively doubled Group footprint in the area, was welcomed. This acquisition sent a clear message that the southern geographical area was of strategic importance to Riverside. • The Chair shared Susan Jee's query about the impact on front line services of the Transformation Programme. JRWW reported that customer metrics remained steady, and although cash collection metrics demonstrated challenges in this area, there was sufficient time before year end to recover ground. The impact of the transformation programme on the front line was substantial and it would be some time before a steady state was reached. • The Board discussed and agreed the importance of sustaining Riverside Foundation, as a key element of the Group's Corporate Social Responsibility agenda and from a financial planning perspective as a means to direct funds in an outcome specific way. With other large scale providers indicating increased input into Foundations, it was agreed that Riverside Foundation should be appropriately supported. On this basis, it was agreed to bring a suite of proposals with respect to the Foundation when the Business Plan was reviewed, perhaps linked to Riverside's 90th Birthday. The Chair suggested that 90 individuals could be selected to receive help from Riverside to achieve aspirations, perhaps a 'ladder of aspirations' and it was agreed that this would be explored in the proposals to come back to Board. • JG reported that feedback on Riverside's unsuccessful bid for the Manchester Social Impact Bond pointed to insufficient demonstration of strong governance in the bid, and this would be used to inform future bids. <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>	<p>ST/HO</p>

997/17

Group Business Plan 2018/19 to 2022/23 (item 8)

The Board considered a report setting out assumptions used to build the business plan for 2018/19 to 2022/23; the target margin and improvements made to the current plan position.

- RF explained the basis of the assumptions and the improvements to the base position of the Business Plan, noting that firm projections would be reported at the Board meeting in January.
- In response to a query, RF advised that although there was some variance in the average margin across the sector primarily due to the varying scale of development activity, it mostly sat between 25-30% as a minimum.
- RF agreed to reword 'Improve Stock Value' in the Six Point Plan to be non-specific about the approach to enhancing stock value.
- Following discussion, the Board:
 - Approved the assumptions used to build the business plan for 2018/19 to 2022/23 outlined in 1 above;
 - Agreed with the target margin of 30% over the next five years; and
 - Noted the improvements to the current plan position.

RF

998/17

Rent Variation 2018/19 (item 9)

Rent variations for Riverside's social housing tenants in 2018/19 were considered and the following matters raised for discussion:

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	<ul style="list-style-type: none"> • It was noted that this was a complex issue and RF explained that substantial time had been invested by the Finance and Housing Management teams to develop the proposed variations within the rent regime framework. • The Board discussed affordability, a priority for organisations across the sector. It agreed that the most effective way of combating the increasing inaccessibility to housing for the poorest quartile, would be for the social housing sector to be empowered to define affordability and set rents accordingly. • Following discussion, the Board approved: <ul style="list-style-type: none"> ○ rent variations for Riverside social housing tenants as proposed in the papers; and ○ removal of the cap to restrict general needs rent to the relevant LHA rate (post 2016) in light of the change in Government position. 	
999/17	<p><u>London Estate Regeneration Update (item 10)</u></p> <p>An update was noted on progress made to date with the London Estate Regeneration Project. The following matters were raised for discussion:</p> <ul style="list-style-type: none"> • It was highlighted that decanting and decommissioning activity would step up which might create greater challenges than currently being experienced however resident engagement had been successful to date and remained a central priority of the Project. <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>	
1001/17	<p><u>Compendium Living Business Plan 2018 & 2019 (item 12)</u></p> <p>The Board reviewed the Business Plan 2018 & 2019 for Compendium Living.</p> <ul style="list-style-type: none"> • DB reported that there had been demonstrable progress at Compendium in the previous 12 month period, with particular growth in business development activity and although it had been a slow year for sales, a strong development pipeline indicated improved sales performance in the coming year. 	

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	<ul style="list-style-type: none"> RF highlighted that Compendium expectations had been removed from the Riverside Business Plan to reduce dependency particularly in light of Prospect's underperformance. In 2018/19 the total Riverside investment since Compendium was established in 2015 would match book value. Focus would now be on achieving gains against investment which would effectively create a contingency for Riverside. The Board queried levels of confidence in winning the four opportunities Compendium was currently in competition for. DB responded that the bottom target was securing one opportunity however Compendium was in a strong position with respect to three. He added that the outcome of three bids would be known in quarter 1 of the new year (January 2018-March 2018). The forecasted margin was challenged. DB acknowledged that although there was confidence in the forecasted margins for the next few years, projections beyond that were fairly notional at this time. Following discussion, the Board approved the Compendium Living Business Plan for 2018 and 2019 and its funding requirements, noting that a further report would be provided at the Board meeting in March 2018. 	RF
1002/17	<p><u>Riverside South & Central Repairs and Maintenance Procurement (item 13)</u></p> <p>An update/overview on the proposed procurement exercise to secure new contractual arrangements to provide asset management services in the Riverside South & Central region was noted.</p> <ul style="list-style-type: none"> The Chair reported that Susan Jee had noted the familiarity of the proposed model for adoption. However, she highlighted that there was a risk of losing management staff at specific stages throughout the process. As part of the Board discussion on the importance of placing customer involvement at the heart of the exercise, VA was invited to provide his view so far from a customer perspective. VA, having taken part in evaluating submissions, praised the good work of Echelon, Phil Pemberton and team. Tenants had received training around scoring and the process followed was demonstrably robust and appropriate. The central position of Care and Support as service users had been strongly emphasised as had the requirement to deliver on promises made. VA agreed to write a piece about his involvement for an appropriate Riverside publication. The Board discussed potential impacts on Evolve, and IG advised that the four-way TUPE process would probably see a neutral impact on Evolve's margin. The Board requested assurance at its next meeting that there would be no adverse impact. IG added that care was being taken to get the cultural merge right, and would bring a report back to Board in March. 	VA IG/RF IG

Min ref:	Agenda item	Action
	[REDACTED]	
1004/17	<p><u>People Policy (item 15)</u></p> <p>The revised Riverside People Policy, which had been subject to a recent in depth review, was considered.</p> <ul style="list-style-type: none"> • The Board agreed that the document was fit for purpose and the proposed revisions delivered improvement, and on this basis approved the Policy. It suggested that a 'policy on a page' should be developed to support accessibility for staff. • In response to a query, LH confirmed that work had been undertaken on gender pay gap and the analysis would be brought to Board in January 2018. 	LH
1005/17	<p><u>New Value for Money Standard (item 16)</u></p> <p>The Board noted the report setting out the revised Value for Money standard proposed by the Regulator and reviewed Riverside's proposed response to the formal consultation.</p> <ul style="list-style-type: none"> • There was strong consensus across the Board that, while the overall approach to standardisation and benchmarking was welcomed, the narrow selection of proposed metrics disadvantaged organisations with significant Care and Support businesses. It was noted that this point would be stressed in Riverside's response alongside the need for clarity on the treatment of non-social housing activity and how the commercial environment could be better taken into account. • The Board discussed the move away from a narrative based self-assessment, to a more objective commentary on a standard set of measures which it agreed was an improvement on existing methodology. • Following discussion, the proposed approach to the regulator's consultation was approved as were the delivery mechanisms for adoption as part of the overall approach to improving value for money at Riverside. 	
1006/17	<p><u>Final Triennial Actuarial Valuation Riverside Group Pension Scheme (item 17)</u></p> <p>The finalisation of the Riverside Group Pension Scheme 2017 triennial valuation and the Scheme's resolutions with regards to investment strategy and notification of pension transfer requests was noted.</p> <ul style="list-style-type: none"> • CMM advised that the Trustees had been delighted with the Board's appetite for a shared endeavour to achieve Scheme self-sufficiency. It was noted that at the next Trustees' meeting, the investment strategy would be considered and the outcome reported back to Board in due course. 	CMM
1007/17	<p><u>Social Media Position (item 18)</u></p>	

Min ref:	Agenda item	Action
1008/17	<p>The Board noted a paper summarising Riverside’s current strategic approach to social media. Assurance was provided that Riverside’s social media presence was closely monitored and managed.</p> <p><u>Integrated Strategic Performance Management Report (item 19)</u></p> <p>The Integrated Strategic Report for Period 7 was reviewed and the following matters raised for discussion:</p> <ul style="list-style-type: none"> • J Wood provided updated figures relating to the Business Health Summary and Stepping Up Supply Dashboard. He highlighted the increased momentum of the development programme and advised that both rent collection and occupancy targets were expected to improve before year end due to the impact of rent free weeks and focused efforts around occupancy performance. • The Board noted that there was little commentary on the “Adding Value” Route to Success, which would be of value in light of the number of red and downward arrows on direction of travel. It requested that future reporting contain enhanced commentary to better support its understanding of performance. • Key financial metrics were noted as being in line with forecast and better than budget with trend performance showing a generally improving position. Prospect performance remained of concern and it was noted that the Prospect Board would be considering a revised Business Plan at its next meeting, with a reduced sales target of 179. Against usual trends, interest in homes had risen in November which might positively impact on performance. • Although cash usage was slightly more than expected, the Board was assured that appropriate measures were in place to ensure facility available remained within minimum cover. 	CMM
1009/17	<p><u>Care and Support Registered Services Annual Summary (item 20)</u></p> <p>The Board received an update on progress made in the year in the quality of care services and the current status of Riverside’s registered schemes. The Board was pleased to note that all of Riverside’s registered care services were now rated as “Good” by the Care Quality Commission.</p>	
1010/17	<p><u>Asset and Liability Register Assurance Report (item 21)</u></p> <p>It was noted that all tasks relating to the Asset and Liability Register were completed with the exception of one, which had been delayed due to team structure changes and would be completed shortly. No matters were raised for discussion.</p>	
1011/17	<p><u>Reports of Board Committees and Subsidiary Boards:</u></p> <p>The Board noted the updates provided on activity since the last Board meeting and the following matters were highlighted:</p>	
1012/17	<p><u>Report of Governance and Remuneration Committee (“GRC”) (item 22.1)</u></p> <p>On recommendation of the Committee, the Board approved minor updates to the Terms of Reference of the Scotland Committee arising from a cyclical review.</p>	

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1013/17	<p>The summary report of the outcomes of Board and Committee group appraisals carried out in 2017 was noted.</p> <p><u>Report of Riverside Care & Support Committee (item 22.2)</u></p> <p>It was noted that the Committee had raised concerns with the outstanding grade 1 audit recommendation relating to processes for ensuring Disclosure and Barring Service checks were up to date. The remaining issue related to inaccurate HR data compromising effective reporting. J Glenton advised that further enquiries made since the meeting had identified that data issues were very limited and did not have any significant impact on process effectiveness or present material risk. The Director of Risk and Internal Audit had agreed to look at the issue again to consider if the Grade 1 audit recommendation could be closed.</p>	
1014/17	<p><u>Report of Neighbourhood Services Committee (“NSC”) (item 22.3)</u></p> <p>P White stressed that a fuller conversation would take place at the Committee on the future of the MOT service before any changes took place. I Gregg advised that a report would come to NSC in January, and the matter would be subsequently considered at Board. S Trueman added that the Tenants and Residents Federation should also be consulted on significant changes to the programme.</p>	IG
1015/17	<p><u>Group Treasury Committee (item 22.4)</u></p> <p>It was noted that the Committee had selected the three parties with which Riverside would enter into new Revolving Credit Facilities and the facility agreements were under negotiation to be finalised.</p>	
1016/17	<p><u>London Development Committee (item 22.5)</u></p> <p>P Davis reported that the Committee was developing well and each of the non-executive directors appointed was bringing distinctive skills and experience to its work.</p>	
1017/17	<p><u>Report of Evolve Facility Services Ltd Board (item 22.6)</u></p> <p>CMM advised that the GRC had approved the recruitment of two new non-executives to the Board at its meeting the previous day.</p>	
1018/17	<p><u>Report of Prospect Ltd Board (item 22.7)</u></p> <p>CMM reported that Prospect Board meetings were currently characterised by vigorous discussion and debate. A halt on recruitment in a softening market was being encouraged to protect existing staff, and the Treasury Team was taking a more robust approach around loan requirements. A recent stock tour had shown evidence of specifications being adjusted without materially impacting on the product, a sign that consciously driving the margin was taking effect.</p>	
1019/17	<p><u>Report of Irvine Housing Association Board (item 22.8)</u></p> <p>JRWW highlighted that recent recruitment to the Board had materially enhanced the skill base. He noted that the rent restructuring was a significant event for Irvine, as Scotland sat outside the rent variation regime. Consultation was in progress on a range of rent increases.</p>	

Min ref:	Agenda item	Action
1020/17	<p><u>Any Other Business</u></p> <p>The Chair extended thanks on behalf of the Board to all those involved in organising the Extra Care Scheme visits.</p> <p>He also thanked P Davis for her invaluable contribution to the work of the RC&SC as she stepped down to focus on other roles within Riverside.</p> <p>The Chair ended the meeting by wishing everyone a happy festive season and New Year, and there being no further business closed the meeting at 12.30pm.</p>	
1021/17	<p><u>Date of next meeting</u></p> <p>10.00am, 18 January 2018, Speke Head Office, Estuary Boulevard, Liverpool.</p>	

Signed:.....
Max Steinberg, TRGL Board Chair

Date:.....