

# HIGHLIGHTS OF THE TRGL BOARD MEETING HELD ON 12 DECEMBER 2018

## CHIEF EXECUTIVE UPDATE

The Board discussed the 'Northern Wave' consortium's unsuccessful bid to enter into a strategic partnership with Homes England to deliver more affordable homes across the country. Consortium Partners were in discussion to identify how the Partnership could be utilised to support partners in achieving their affordable housing goals.

The Board discussed its earlier visit to the site of a major development in Kettering which offered a potential for Riverside to contribute to the development of new homes and community facilities. All members were impressed with the scale and nature of the project and discussed relevant factors relating to Riverside's involvement later in the meeting.

## RENT VARIATION 2019/20

The Board approved the variation in rents for the year 2019/20 which was in line with the Government's rent reduction policy. It welcomed a significant piece of work underway to ensure that Riverside's affordable rent model was fair, realistic and effective for customers and the Group.

## BUSINESS PLAN 2019/20

The Board reviewed a report on the new approach to the thirty year Business Plan (2019/20), including refreshed key economic assumptions. It noted that the new arrangements were introduced to achieve a more holistic and consultative approach to business planning and fully supported this evolution in practice.

## SOCIAL HOUSING PENSION SCHEME (SHPS) STRATEGY

The Board considered and approved a number of changes to Riverside's Pension Scheme Strategy which were designed to reduce risk and increase control of pension liabilities.

## CUSTOMER SATISFACTION IMPROVEMENT

An update on the current status of customer satisfaction and actions taken and planned to achieve improvement were noted. The Board was satisfied with the wide and comprehensive programme of activity underway to drive up customer satisfaction, which was designed to build on operational efficiencies and improvements in service delivery achieved through changes already made in how Riverside operates.

## FORMAL CUSTOMER INVOLVEMENT STRATEGY

The Board reviewed and approved a proposed Formal Customer Involvement Strategy which had been renewed to reflect the redesigned organisation and meet a key requirement in the corporate plan to ensure effective and meaningful customer involvement and engagement. It noted that work continued to confirm arrangements for successful tenant scrutiny of services and these would be in place in the coming months.

## INTEGRATED STRATEGIC PERFORMANCE REPORT P7 2018/19 (INCLUDING HIGH LEVEL FINANCIAL PERFORMANCE REPORT FOR THE 8 MONTHS ENDED 30 NOVEMBER 2018 AND QUARTER 2 FORECAST)

Having reviewed both operational and financial performance in the period, the Board noted strong performance in the Development Programme, with improved customer satisfaction with the quality of homes. Income Collection showed a stabilising position, with this area of performance subject to close monitoring by the Neighbourhood Services Committee, which was content that the position was improving. While the Board was concerned with a number of issues impacting on repairs performance in the South and

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Central region, it was assured that appropriate action was being taken and that the Neighbourhood Services Committee were closely tracking progress.

### **ANNUAL COMPLIANCE REPORT**

The Board reviewed the annual compliance report, which detailed recent developments, current status, and key highlights within compliance in the past year. It was pleased that an external review had confirmed that all risks identified in an earlier audit of gas assurance had been fully addressed and Riverside's records relating to property assets and gas status were up to date and accurate. The significant improvements achieved in Riverside's approach to compliance activity were noted as were the further enhancements planned for 2019.

### **APPOINTMENT OF GROUP BOARD MEMBER**

Following an open and robust recruitment process, the Board approved the appointment of a new Board Member who would also act as Chair of Riverside's Treasury Committee and Riverside Foundation, the Group's charitable arm. Michelle Dovey would take up her new roles following the retirement of Susan Jee on 9 February 2019.



### CONFIDENTIAL MEETING MINUTES

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

**Date and Time:** 16.00, 12/12/18

**Location:** Kettering Park Hotel, Kettering Parkway, Kettering, Northamptonshire, NN15 6XT.

**Present:**

- Pauline Davis (PD) – Vice Chair and Acting Chair for the meeting
- Tim Croston (TC) – Board Member
- Jonathan Dale (JD) – Board Member
- Ingrid Fife (IF) – Board member
- Carol Matthews (CMM) – Co-opted Board Member
- Sally Trueman – Board Member
- Peter White (PW) – Board Member
- David Otty (DO) – Board Observer

**In Attendance:**

- John Glenton (JG) – Executive Director of Care & Support Services
- Ian Gregg (IG) – Executive Director of Asset Services
- Darren Levy (DL) – Interim Executive Director of Place
- Cris McGuinness (CAM) – Chief Financial Officer
- Anne-Marie Owens (AMO) – Governance Manager (Secretary)
- Dave Bullock (MC) – Managing Director, Compendium (item 10 onwards)
- Emma Turner (ET) – Head of Treasury
- Jayne Furber (JF) – Executive Assistant to Group Chair and Chief Executive

**Apologies**

- Max Steinberg – Chair
- Susan Jee – Treasurer

Min Ref	Agenda Item	Action
157/18	<p><u>Welcome and Apologies for Absence (Item 1)</u></p> <p>The Chair welcomed members and attendees to the meeting. Apologies for absence were <b>NOTED</b> from Max Steinberg and Susan Jee. The Chair advised that both Max and Susan were sincerely sorry to have missed the meeting; however, both had engagements which were unavoidable, and Susan would be present for the Board Dinner.</p> <p>David Otty was welcomed to his first Board meeting as the newly appointed Board Tenant Observer.</p> <p>CMM advised that Tom Rennie, Interim Executive Director of Business Support had been excused from Group Board meetings to allow full focus on delivering the IT and Facilities Strategies, and would be invited as and when his attendance was required.</p>	

Min Ref	Agenda Item	Action
158/18	<p><u>Declarations of Interest (Item 2)</u></p> <p>CMM and CAM expressed an interest in item 10, Compendium Business Plan, as directors of the Joint Venture company. The interest was noted as non-prejudicial.</p>	
159/18	<p><u>Chairs Matters (item 3)</u></p> <p>The Chair's matters were <b>NOTED</b>.</p> <p>[REDACTED]</p>	
160/18	<p><u>Chair's Action and Written Resolutions (item 4)</u></p> <p>The Board <b>NOTED</b> the summary of decisions taken since the last meeting either via Chair's action or written resolution. These were (i) approval of a bid submission to deliver a Generic Floating Support Service for Hackney Borough Council; and (ii) approval of the transfer of a number of properties between loan facilities with The Housing Finance Corporation Limited to increase the asset ratio cover with respect to one of the loans, ensuring ongoing compliance with covenants.</p>	
161/18	<p><u>Minutes of Previous Meetings: a) 10/10/2018 and b) 10/10/2018 (Board Only) (item 5)</u></p> <p><b>CONFIDENTIAL</b></p> <p>The minutes were <b>APPROVED</b> as a true and accurate record of the meetings held.</p>	
162/18	<p><u>Matters Arising from Previous Meetings (item 6) <b>CONFIDENTIAL</b></u></p> <p>The status of matters arising from previous meetings was <b>NOTED</b> and it was <b>AGREED</b> to close the items identified as complete for the purposes of the report. The following additional updates were <b>NOTED</b>:</p> <p><b>Minute 139/18: CEO's Report</b> – CMM advised that a report on the Global Accounts would be brought to January's meeting and would incorporate Value For Money metrics. This would provide context for the Board's discussion on the budget in January, and approval of the same in March.</p>	CMM
163/18	<p><u>Chief Executive's Report (item 7) <b>CONFIDENTIAL</b></u></p> <p>The Board <b>NOTED</b> the Group Chief Executive's report and the following matters were highlighted for discussion:</p> <ul style="list-style-type: none"> <li>• [REDACTED]</li> </ul>	

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- The Board noted an update on the outcome of Northern Waves’ Strategic Partnership bid. The bid had been unsuccessful due to the regulatory grading of Onward, the lead partner. As the consortium had been informed that this would not be an issue, Homes England’s decision had been challenged and a response received from Savills. A copy of Savills’ letter was tabled.
- Having reviewed the letter, which proposed that TRGL underwrite the risk for all consortium partners and having noted the financial analysis carried out by CAM which identified the potential impact on TRGL’s spend and credit rating, the Board fully endorsed CMM’s decision to not accept the terms proposed by Homes England. A frank discussion between consortium partners to discuss ways forward was planned in the near future.

Min Ref	Agenda Item	Action
164/18	<p><u>Rent Variation 2019/20 (item 8)</u></p> <ul style="list-style-type: none"> <li>The Board <b>NOTED</b> a report on the proposed rent variation for 2019/20, to be applied from April 2019, in accordance with legislation. It was further <b>NOTED</b> that a 1% rent decrease was recommended in line with the 4 year reduction required through the Welfare Reform and Work Act 2016 (3 years in the case of retirement living and supported housing). The following matters were raised for discussion:</li> <li>The Board noted that this would be the final year of the Government's 1% rent reduction policy, subject to any further policy decisions.</li> <li>Assurance was given that the exceptions to the policy were carefully applied on the basis that misapplication presented a risk to providers' regulatory grading.</li> <li>Members welcomed the work underway to mature and refine TRGL's affordability approach to ensure that a fair and strategic affordable rent model was established.</li> <li>Following due and careful consideration, the Board <b>APPROVED</b> the rent variation for 2019/20 as detailed in the report and appendix.</li> </ul>	
165/18	<p><u>Business Plan 2019/20 (item 9) <b>CONFIDENTIAL</b></u></p> <ul style="list-style-type: none"> <li>The Board <b>NOTED</b> a report on the proposed approach to the thirty year Business Plan (2019/20), including refreshed key economic assumptions. The following matters were raised for discussion:</li> <li>The new arrangements introduced to achieve a more holistic and consultative approach to business planning were noted and endorsed.</li> <li>The Board discussed the number of factors negatively impacting on achieving the 30% operating margin target, and noted the actions being taken in response to drive up the margin across the Group.</li> <li>There was substantial discussion of actions being taken to understand and mitigate Brexit risk, including building in a £2m liquidity buffer per week in the weeks leading up to and following Brexit, and where possible, moving domicile for some Money Market Funds from Ireland to UK. Additionally, £5m would be placed in a backup bank account to support effective cash management. The Board was pleased with the view expressed by Moodys at a recent meeting that TRGL was the most prepared of the providers in the sector it had spoken to.</li> </ul>	
166/18	<p><u>Compendium Living Business Plan 2019 and 2020 (item 10) <b>CONFIDENTIAL</b></u></p> <p>D Bullock joined the meeting.</p> <ul style="list-style-type: none"> <li>The Board <b>NOTED</b> a report on the ten year business plan projections (up to 2028), for the Compendium group of companies, which trade as Compendium Living. As a shareholder, TRGL was required to give annual approval to the company's business plan. The following matters were raised for discussion:</li> <li>The Board noted that the key proposal in the plan for 2019 and 2020 was to focus specifically on successful continuation of the three pipeline projects. This responded to a challenging and unstable operating environment and the focus of Homes England to invest</li> </ul>	

in the South and South East. Other opportunities generated through shareholder assets would be explored, with limited investment in planning for the development of two or three sites, so that Compendium would be in a position to respond to any major changes in government policy and funding in response to a 2008-style recession.

- It was noted that historic debt had been paid and Compendium was now in a position to pay out to Shareholders from profits made.
- Following due and careful consideration, the Board **APPROVED** the Compendium Living business plan, its funding requirements and the parameters set out for its implementation and risk management.

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CAM

CAM

169/18 Customer Satisfaction Improvement (item 13)

- The Board **NOTED** a report on the current status of customer satisfaction with TRGL, and the proposed approach to achieving improvement in this area. The following matters were raised for discussion:
- Members were pleased with the wide and comprehensive programme of activity underway to drive up customer satisfaction, which was designed to build on the operational efficiencies and improvements in service delivery achieved through the Target Operating Model ('TOM').
- PW advised colleagues that the Improvement Plan had been the subject of substantial discussion at NSC, and there was a much greater degree of clarity around the issues which would support ongoing oversight. It was acknowledged that data quality required improvement. However, overall, the Committee had taken a great deal of assurance from DL and the programme lead, Anna Bishop, that the right actions were being taken to drive improvement.
- The Board queried if staff had confidence in performance data and it was explained that under TOM, a data analytics team had been created which had engaged with all areas of the business to create a single point of truth. It was noted that there was a strong commitment from TRGL's Leadership Group to address data quality issues.
- Based on low satisfaction rates for young and BAME customers, the Board questioned if engagement methods were fully accessible and modern. DL explained that while TRGL's digital offer was still developing, low satisfaction rates in these groups was a sector norm. However, TRGL continued to scrutinise service delivery to identify ways of improving.
- It was noted that following substantial work on systems and process, the focus was now expanding to culture, values and behaviour. Meaningful and sustained change would be a long term commitment.
- ST noted that a query had been previously raised regarding the format of the customer feedback form, and proposed that the Riverside Customer Voice Executive ('RCVE') be kept apprised of current processes to allow accurate advice to be given in response to customer queries. It was agreed that:
  - DL would check the customer feedback form to determine if it allowed customers to distinguish between a complaint and feedback; and
  - Information on current complaints/feedback processes to be shared with RCVE.

DL

DL

Min Ref	Agenda Item	Action
170/18	<p><u>Formal Customer Involvement Strategy (item 14)</u></p> <ul style="list-style-type: none"> <li>The Board <b>NOTED</b> a report on the proposed Formal Customer Involvement Strategy that has been renewed to reflect the redesigned organisation and meet a key requirement in the corporate plan. The following matters were highlighted for discussion:</li> <li>It was acknowledged that the document set out high level strategic aims for Customer Involvement, and that work was underway to define practice and process to achieve these and deliver truly effective customer involvement.</li> <li>The Board discussed the changes in the tenant scrutiny model and noted that the new scrutiny approach was still evolving, led by the Riverside Customer Voice Executive ('RCVE'). The RCVE was meeting later that week to continue developing this element of the involvement structure, and a report would be provided to NSC at its meeting in January.</li> <li>Following due and careful consideration, the Board <b>APPROVED</b> the Formal Customer Involvement Strategy as detailed in the report and appendix.</li> </ul>	
171/18	<p><u>Integrated Strategic Performance Report P7 2018/19 (including High Level Financial Performance Report for the 8 Months Ended 30 November 2018 and Quarter 2 Forecast) (item 15) <b>CONFIDENTIAL</b></u></p> <ul style="list-style-type: none"> <li>The Integrated Strategic Performance Report for Period 7 and high level Financial Performance report for the 8 month period ended 30 November 2018 were <b>NOTED</b> and the following matters raised for discussion:</li> <li>The Board noted the strong performance in the Development Programme, with improved customer satisfaction with the quality of homes. Income Collection showed a stabilising position, with PW commenting that NSC were content that control in this area was improving.</li> <li>Members were concerned with the ongoing issues with Riverside Direct and the impact on customer satisfaction. PW provided assurance that NSC had subjected the performance of Riverside Direct to robust scrutiny at recent meetings, and had received substantial reporting detailing issues and actions taken and planned to resolve these. The Committee would continue to closely monitor the position.</li> <li>There was substantial discussion of the neighbourhood regeneration sites in Runcorn and Carlisle, in particular, the key differences between the projects. It was agreed that while Runcorn was developing well and felt clearly defined as a programme, Carlisle, due in large part to its geography and the need to link with Impact activity, required further work to define its programme parameters and aims. A report would be provided in March on the status of regeneration programmes in Runcorn and Carlisle.</li> <li>CAM presented the update on financial performance, highlighting two key developments, which were noted by the Board: <ul style="list-style-type: none"> <li>(i) the introduction of TM1 budgeting software which had identified the incorrect allocation of PFI interest. Application of the correct accounting approach would not impact on the bottom line but would reduce the operating margin of 25% to 23.8%; and</li> <li>(ii) Quarter 2 forecasting indicated that there would be 3% deterioration in margin at year end to 21%, primarily due to the impact on Income and Expenditure position of the removal of duplicated budgeted savings.</li> </ul> </li> </ul>	IG

Min Ref	Agenda Item	Action
172/18	<p><u>Annual Compliance Report (item 16)</u></p> <ul style="list-style-type: none"> <li>The Board <b>NOTED</b> the first annual compliance report, which detailed recent developments, the current status, and the key highlights within compliance for the past year. The following matters were raised for discussion:</li> <li>Assurance was taken from Savills' follow up review of their original gas assurance audit in 2016, which confirmed the risks identified had been addressed. The review included validation of TRGL's Compliance Register, which confirmed the database to be accurate in relation to property assets and gas status.</li> <li>The Board noted the number of enhancements to TRGL's Compliance approach planned in the next year, and requested that both the report and Savills' follow up review be provided to Group Audit Committee at its next meeting in March 2019.</li> </ul>	IG/ AMO
173/18	<p><u>Risk Register Update (item 17)</u></p> <ul style="list-style-type: none"> <li>The Board <b>NOTED</b> the risk register, and also that it had been reviewed by the Group Audit Committee at its meeting on 6 December 2018. The Chair of the Group Audit Committee assured the Board that the Committee was pleased with the increasing focus on risk across the Group, with it becoming a more dynamic function within the business. He added that there were no sector risks which had not been reflected in TRGL's risk register.</li> </ul>	
174/18	<p><u>Asset and Liability Register ("ALR") – Assurance Report (item 18)</u></p> <ul style="list-style-type: none"> <li>The Board <b>NOTED</b> the assurance report on the ALR, and that at the time of submission, there were four overdue tasks. A status update on each of these was noted. There were no matters raised for discussion.</li> </ul>	
175/18	<p><u>Committee and Subsidiary Board Summary Report (Sept-Dec 2018) (item 19)</u></p> <ul style="list-style-type: none"> <li>The Board received and <b>NOTED</b> the report setting out committee and subsidiary board activity in the reporting period of September-December 2018.</li> <li><b>London Development Committee</b> – the Board welcomed the news that the Tenant Ballot in Lambeth had seen an 87% turn out, with 67% of tenants voting yes to TRGL's regeneration proposals. This was a fantastic result and the Board extended its thanks to the staff who had worked so effectively in engaging tenants on this important decision.</li> </ul>	
176/18	<p><u>Appointment of Group Board Member (Finance Lead) (item 20)</u></p> <ul style="list-style-type: none"> <li>The Board <b>RECEIVED</b> and <b>NOTED</b> the report tabled which set out the outcome of the recruitment process for the new Group Board Member (Finance Lead) and the recommendation of the selection panel.</li> <li>The Board further noted the Curriculum Vitae and Supporting Statement provided for the preferred candidate, Michelle Dovey.</li> <li>It was confirmed that Ms Dovey's position as a non-executive committee member for Optivo did not represent an actual conflict of interest. However, as with all interests, the situation would be monitored.</li> </ul>	

Min Ref	Agenda Item	Action
	<ul style="list-style-type: none"> <li>• In response to a query, CMM confirmed that the GRC had consciously given greater weight to Treasury qualifications during the recruitment process as the new candidate would be chairing the Group Treasury Committee, which was a technically demanding role. Furthermore, Group Board had existing financially qualified members, but would have no treasury expertise following Susan Jee's departure.</li> <li>• Following due and careful consideration, the Board <b>APPROVED</b> the appointment of Michelle Dovey to the positions listed from (i) to (vi) below, with effect from 10 February 2019, [REDACTED]. The appointment is subject to Shareholder approval at TRGL's next AGM in September 2019, and to ongoing satisfactory performance and appraisal: <ul style="list-style-type: none"> <li>(i). Board member (Finance Lead) and Shareholder of TRGL</li> <li>(ii). Director of Riverside Consultancy Services Ltd (RCS)</li> <li>(iii). Director of Riverside Urban Services Limited (RUSL)</li> <li>(iv). Chair of Group Treasury Committee</li> <li>(v). Chair of Riverside Foundation</li> <li>(vi). Chair of Riverside Finance plc</li> </ul> </li> </ul>	
177/18	<p><u>Any Other Business</u></p> <p>The Chair asked that colleagues reflect on achievements/challenges in 2018 and ambitions/priorities in 2019 for discussion at the Board Dinner.</p>	
178/18	<p><u>Date of Next Meeting</u></p> <p>10am on Thursday 17 January 2019 in the Boardroom, Riverside Head Office, 2 Estuary Boulevard, Estuary Commerce Park, Speke, Liverpool, L24 8RF.</p> <p>There being no further business, the meeting was closed.</p>	

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

**Date:**.....