

# HIGHLIGHTS OF THE TRGL BOARD MEETING HELD ON 14 MARCH 2019

## CHIEF EXECUTIVE UPDATE

The Chief Executive updated the Board on a number of significant matters relating to the state of the Group and its operating environment. Among these was an update on the actions being taken to improve repairs performance in the South & Central Region, which had seen customer satisfaction continuing to increase. The Board was also pleased to see the progress made in finalising Riverside's partnership with Bovis Homes to develop a new neighbourhood of more than 3,600 homes, retail, commercial and community space in Northamptonshire. This project represented a significant milestone in Riverside's continued drive to create more homes and evermore successful neighbourhoods and was expected to be formalised shortly.

## INFLUENCING PRIORITIES FOR 2019/20

The Board noted a report outlining the achievements made against the influencing priorities adopted in March 2018, which were designed to ensure that the interests of the Group, its customers and other key stakeholders were appropriately represented to parliamentarians and policy makers. The Board noted the significant influence Riverside had exerted in the year on behalf of its stakeholders, noting in particular its key role in securing a positive outcome for the future funding of short-term supported housing. The Board approved 8 influencing priorities for 2019/20, with clear targets identified to build on success to date.

## EQUALITY & DIVERSITY ANNUAL REPORT

The Board reviewed progress made in 2018/19 in delivering the Group Equality & Diversity Action Plan. The Plan was designed to ensure that the Group operated in all respects in line with the principles of inclusion, equality of opportunity for all, providing every individual with the chance to achieve their potential, free from prejudice and discrimination. While progress had been made, the Board noted that further work was required, and approved an Equality & Diversity Action Plan for 2019/20.

## PREPARATION FOR A NO DEAL BREXIT

The preparations made to protect Riverside and the interests of its stakeholders in the event of a no deal Brexit were noted. The Board was content that extensive preparatory work had been carried out, and that Riverside was as well positioned as possible to respond to the impact of potential Brexit scenarios.

## BUDGET 2019/20

The proposed budget for the coming financial year was scrutinised by the Board, and changes in budget setting processes, to deliver better outcomes, were highlighted. The reduced operating margin was discussed at length, and the Board was satisfied with the explanation of the reasons for this reduction. Having considered the proposal in detail, the Board approved the Budget for 2019/20.

## BUSINESS PLAN DISCUSSION

The Board was invited to consider an early draft of the 2019/20 thirty year business plan for Riverside and provide feedback to inform the final proposal in May. Comments were provided on 2 key elements of the Plan, namely the proposal to reduce the minimum operating margin, and to achieve strategic savings of 1% per annum. The Board asked for further detail on how savings would be achieved to be provided at its meeting in May.

## NEIGHBOURHOODS MATTER

A report and presentation were received on the progress achieved to date in regenerating and improving neighbourhoods in Runcorn and Carlisle under the Neighbourhoods Matter programme. While the Board was satisfied with progress made, the stakeholder engagement approach, and planned next steps, it asked

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for more detail on key milestones to be provided at its meeting in May to better allow the Board to oversee programme progression.

### **INTEGRATED STRATEGIC PERFORMANCE REPORT AND FINANCIAL PERFORMANCE REPORT FOR THE 10 MONTHS TO JANUARY 2019**

Having reviewed both operational and financial performance in the period, the Board noted that while Income Collection had not quite reached target, it was an improving position. The Board was pleased to note that the Occupancy Rate was one of the highest achieved in recent years, and that improvements in customer satisfaction data collection were helping Riverside to gain a clearer picture of performance and customer experience.

The Board challenged the number of outstanding compliance actions and were assured that the majority were not in the high risk category, and that there was a robust plan in place to resolve, with the Neighbourhood Services Committee monitoring the situation closely.

### **RISK REGISTER UPDATE**

The updated risk register was reviewed by the Board. It noted that the main risk mitigation actions had been captured, together with the main sources of assurance, since the previous Board review in January 2019.

The Chairs of the Group Audit Committee and Neighbourhood Services Committee commented on the significant improvement achieved in managing risk at Riverside, and how risk increasingly informed debate and decision making.

### **REVIEW OF REGISTER OF INTERESTS**

The Board reviewed the Board and Committee Register of Interests, updated following an annual check. It noted that the ongoing obligation of members of TRGL's governance community to declare and manage their interests continued to be met.



### **CONFIDENTIAL MEETING MINUTES**

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

**Date and Time:** 10.00, 14/03/19

**Location:** Boardroom, TRGL Head Office, 2 Estuary Boulevard, Estuary Commerce Park, Speke, Liverpool, L24 8RF

**Present:**

- Max Steinberg – Chair
- Pauline Davis (PD) – Vice Chair
- Tim Croston (TC) – Board Member
- Jonathan Dale (JD) – Board Member
- Carol Matthews (CMM) – Co-opted Board Member
- Sally Trueman (ST) – 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)
- Carl Walsh (CW) – Finance Director (Observer)
- Hugh Owen (HO) – Director of Strategy and Public Affairs – for items 2.2-2.3

**Apologies:**

- Michelle Dovey (MD) – Board Member
- Ingrid Fife (IF) – Board member

Min:	Agenda Item	Action
28/19	<p><u>Welcome and Apologies for Absence (Item 1.1)</u></p> <p>The Chair welcomed members and attendees to the meeting. Apologies for absence were received from Michelle Dovey and Ingrid Fife.</p>	
29/19	<p><u>Declarations of Interest (Item 1.2)</u></p> <p>It was noted that IF had provided comments to the Chair on the business under consideration and declared an interest as Chair of Halton Housing in items 2.1 Chief Executive’s Report – Legal &amp; General Affordable Homes Service Tender and 2.9 Neighbourhoods Matter. MD had also provided comments via the Chair and CFO.</p>	
30/19	<p><u>Chair’s Matters (Item 1.3)</u></p> <p>The Chair’s matters were <b>NOTED</b>.</p>	
31/19	<p><u>Minutes of Previous Meetings: 17 January 2019 &amp; 25 February 2019 (Items 1.4 a&amp;b)</u></p> <p><b>CONFIDENTIAL</b></p>	

The minutes were **APPROVED** as a true and accurate record of the meetings held.

32/19 Matters Arising from Previous Meetings (Item 1.5) **CONFIDENTIAL**

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.

33/19 Chief Executive's Report (Item 2.1) **CONFIDENTIAL**

The Board **NOTED** the Group Chief Executive's report and the following matters were highlighted for discussion:

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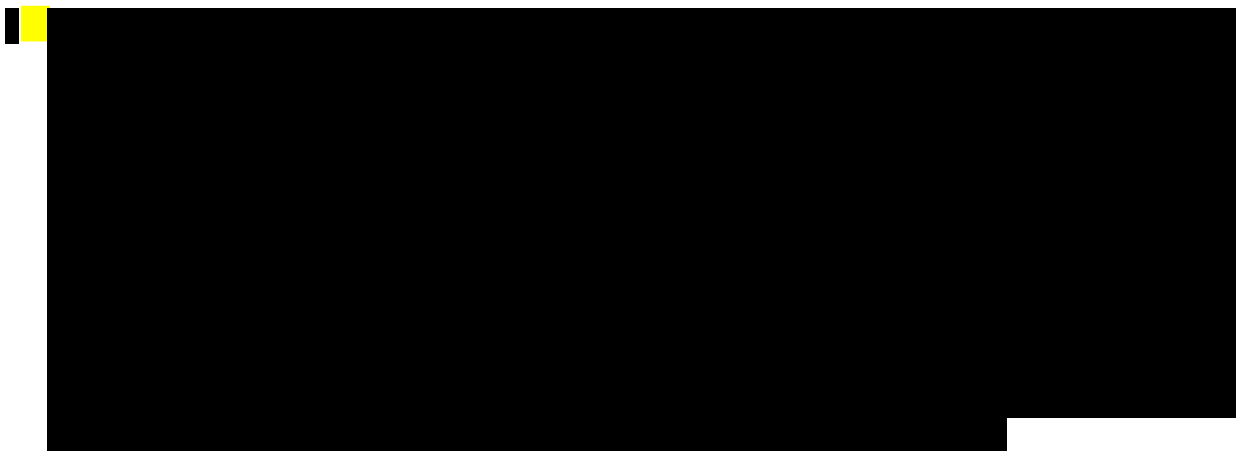
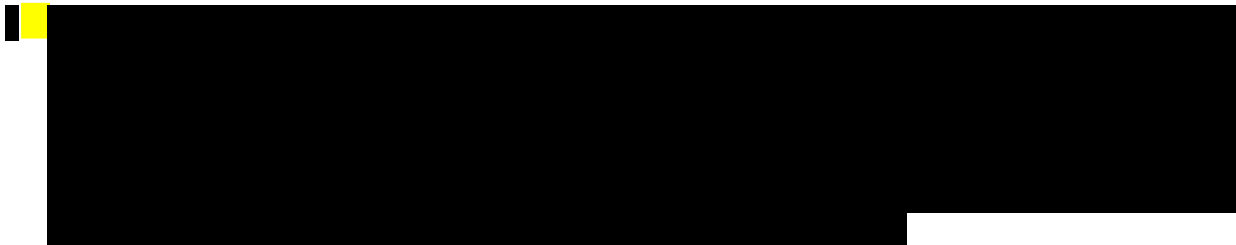
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34/19 Influencing Priorities for 2019/20 (Item 2.2)  
HO joined the meeting.



Min:	Agenda Item	Action
	<ul style="list-style-type: none"> <li>The Board was assured that the Investment Appraisal Committee was evolving well and had strong oversight of the sales market, updated on a monthly basis, which allowed it to make agile and informed decisions on the development programme to appropriately manage risk.</li> <li>Thanks were extended to the Head of Treasury for the excellent work carried out in identifying and mitigating Brexit risk to the Group.</li> </ul>	CAM
37/19	<p><u>Group Repairs and Maintenance Budget 2019/2020 (Item 2.5) CONFIDENTIAL</u></p> <ul style="list-style-type: none"> <li>The Board <b>NOTED</b> a report on the Group's asset management budget for 2019/20. The budget for review was split into 2 categories: Planned Investment programme including compliance and cyclical spend; and Routine Repairs including Responsive Voids and MOT. The following matters were raised for discussion:</li> <li>The Board reviewed the report headlines, namely; (i) the continuing high level of legal fees required to respond to disrepair claims; (ii) the continuing impact of voids on the budget; and (iii) the extension of the Retirement Living Investment Programme ("RLIP") for a further two years.</li> <li>In response to a query, it was confirmed that an impact assessment would be carried out on those schemes which had been through the RLIP, however anecdotal evidence suggested that the programme had had a significant impact on the desirability of units in these sites.</li> <li>The Board noted that the report did not provide the context of previous years' budget and asked that a trend line be included in future reports.</li> <li>Following due and careful consideration, the Board <b>APPROVED</b> the following: <ul style="list-style-type: none"> <li>The Group Asset Management budget for 2019/2020 of £86.7m;</li> <li>The Group's funding level of £58.6m allocated for planned investment, with £40.2m capital investment and £18.4m net of capitalisation, as detailed in Table 1 of the appendix;</li> <li>The Group's funding level of £28.1m allocated to routine responsive repairs, as detailed in Table 1 of the appendix; and</li> <li>Allowed forward approval of planned maintenance expenditure of up to £24m (50% of annual budget for 2020-21) to facilitate ongoing works, prior to full Budget approval in March 2020.</li> </ul> </li> </ul>	IG
38/19	<p><u>Budget 2019/20 (Item 2.6) CONFIDENTIAL</u></p> <p>The Board <b>NOTED</b> a report to provide visibility of the final budget for 2019/20 for The Riverside Group. The following matters were raised for discussion:</p> <ul style="list-style-type: none"> <li>CAM introduced the paper and explained to Board Members, the changes to approach introduced for budget setting. The key change was the introduction of TM1 software which supported a bottom up model for the initial budget setting process which was then subject to manager, director and executive review to reach a final budget proposal. It was noted that the Group budget did not include Impact's figures and its budget had been recently approved by the Impact Board.</li> <li>The Board considered and noted the issues driving the reduced operating margin including a movement of £5.6m PFI interest below the operating surplus and £5.6m of duplicated savings. CAM advised that MD had raised a number of comments and queries on the proposal all of which had been answered to her satisfaction. She further advised that IF had shared her preference for the reporting format presented to the Riverside Care &amp; Support Committee and that future reporting would be reviewed to identify the optimal format.</li> </ul>	

- PW reported that the Neighbourhood Services Committee had noted the reduction in budget provision for front line Housing Officers discretionary spend from £5k to £2k and would monitor any impact on services of this change. It was highlighted that quarterly budget reporting to operational committees provided visibility of operational spend and budget management.



- Following due and careful consideration, the Board **APPROVED** the 2019/20 budget, as detailed in the report.

39/19

Group Business Plan Discussion Paper (Item 2.7) CONFIDENTIAL

- The Board **NOTED** a report to provide visibility of the first draft of the 2019/20 thirty year business plan for The Riverside Group and allow Board feedback to be incorporated into the final proposal for consideration in May 2019. The following matters were raised for discussion:
- It was noted that MD had reviewed the proposal and confirmed her approval.
- The Board reviewed the recommendation to change the minimum operating margin golden rule to 20% from Years One to Five, and 26% thereafter. While the double accounting and PFI interest issues had been discussed under the previous item, the Board expressed frustration with errors made in the procurement savings assumption. It was agreed that Board confidence in the rigour of the business planning and budgeting process was business critical. The Board acknowledged that the work of the CFO in identifying and resolving issues with the process carried out in the previous year, [REDACTED] provided assurance that processes were now more robust and similar issues would not recur.
- There was substantial discussion of how strategic savings of 1% per annum could be achieved without compromising services and customer satisfaction. It was agreed that although at this stage a detailed plan was not in place, the Board expected to discuss not only



actions but also owners for achieving these efficiencies firstly at its meeting in May and as part of the Corporate Plan discussions in September.

CAM

- The Board discussed TRGL’s proposed operating margin as compared to the Sector and noted the challenges of such comparisons when taking account of the scale of TRGL’s care and support business. It was agreed that benchmarking information for individual business streams would be provided in May to clarify the picture of performance against the sector.
- Following due and careful consideration, the Board **APPROVED** the change in the Minimum Operating Margin Golden Rule to 20% from Years One to Five, and 26% thereafter.

CAM

40/19

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41/19 Neighbourhoods Matter (Item 2.9)

- The Board **NOTED** a report and presentation on the progress achieved to date, the stakeholder engagement approach and planned next steps in relation to the Hallwood Park and Palace Fields Area Renewal Plan and the Carlisle Strategic Investment Framework. The following matters were raised for discussion:
- While the Board was pleased with the progress being made in Runcorn, it queried if the objective in Carlisle had changed from neighbourhood transformation to maintenance. IG advised that there were substantial differences between the two sites and the conversation on what would be a viable outcome in Carlisle was evolving. The Board concurred that it required visibility of any changes to the possible project outcomes and agreed that this would be revisited at its Strategy Day in September. A wider discussion on approaches to those neighbourhoods with long term challenges would be included in Corporate Plan discussions. CMM advised that H4N were commencing work to explore strategic solutions for regenerating neighbourhoods. IG
- In light of its discussions, the Board asked that (i) Key milestones for both programmes to be provided at its May meeting; and (ii) confirmation to be provided of other neighbourhoods identified as potentially suitable candidates for the initiative in the initial analysis carried out IG

42/19 [Redacted]

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Min:	Agenda Item	Action
43/19	<p><u>Evolve and TRGL Intra-Group Loan Facility (Item 2.11)</u></p> <ul style="list-style-type: none"> <li>The Board <b>NOTED</b> a report on the potential introduction of an inter-company loan from Evolve to TRGL, designed to operate like a revolving credit facility, which would enable the Treasury team to move funds in and out of the Evolve NatWest bank account on a daily basis.</li> <li>Following due and careful consideration, the Board <b>APPROVED</b> TRGL entering into a loan agreement with Evolve on the terms set out in the report. The Board also <b>DELEGATED</b> authority and powers to any two of the Executive Directors and / or the Company Secretary to finalise and execute any documentation required to bring the loan agreement into effect on behalf of TRGL.</li> </ul>	
44/19	<p><u>Integrated Strategic Performance Report and Financial Performance Reporting for the 10 Months to January 2019 (Items 3.1 a&amp;b) <b>CONFIDENTIAL</b></u></p> <ul style="list-style-type: none"> <li>The Integrated Strategic Performance Report for Period 10 (January) 2018/19 and high level Financial Performance report for the 10 month period ended 31 January 2019 were <b>NOTED</b> and the following matters raised for discussion:</li> <li>It was noted that while rent collection rate had not quite reached target it indicated an improving position. The Board was pleased to note that the Occupancy Rate was one of the highest achieved in recent years and that improvements in customer satisfaction data collection processes and metrics were delivering greater penetration of the customer base and a truer measure of performance.</li> <li>The Board noted the new Transactions Completed Online measure and that it indicated a good starting position on which to build.</li> <li>The Board expressed concern with the number of outstanding compliance actions and were advised that most were medium or low risk and work was ongoing to reduce the number significantly by year end. It was further noted that the substantial scale of change in both model and supplier had impacted on performance however this would recover as changes bedded in. A further factor had been the issues experienced with Riverside Direct. PW assured the Board that the Neighbourhood Services Committee were closely monitoring the position. He commented that while performance issues with Riverside Direct would inevitably impact on performance including customer confidence and satisfaction, a good plan was in place to address the problems with a number of senior staff leading on implementation.</li> <li>It was noted that Riverside Direct performance data and reporting could be more consistent to support effective oversight and accountability and IG undertook to address this.</li> <li><b>Financial Performance</b> The Board was pleased to note that the Group was on track to achieve the Quarter 2 forecasted position at year end.</li> </ul>	IG
45/19	<p><u>Quarterly Treasury Report – October 2018 to December 2018 (Item 3.2) <b>CONFIDENTIAL</b></u></p> <p>The Treasury update for the period from October 2018 to December 2018 was <b>NOTED</b>. The following matters were raised for discussion:</p> <ul style="list-style-type: none"> <li>The Board was advised that the report had been provided to the Group Treasury Committee which had scrutinised in detail and raised a number of questions all of which had been satisfactorily answered.</li> </ul>	

Min:	Agenda Item	Action
	<ul style="list-style-type: none"> <li>The highlights were noted, namely that loan covenants continued to be met and headroom remained sufficient.</li> <li>CAM advised that while the rating of NatWest was outside the target rating as set out in TRGL's Policy, this position was deemed acceptable as an exception by both her and the Chair of the Group Treasury Committee.</li> </ul>	
46/19	<p><u>Risk Register Update (Item 4.1)</u></p> <ul style="list-style-type: none"> <li>The updated risk register was <b>NOTED</b> by the Board. It further noted that the main risk mitigation actions had been captured, together with the main sources of assurance, since the previous Board review in January 2019. The following matters were raised for discussion:</li> <li>The Board agreed that it would need to reflect on performance risk at the end of March, when the year end position was confirmed.</li> <li>Both the Chair of Group Audit and Neighbourhood Services Committees commented on the significant improvement achieved in evolving risk management arrangements and how risk increasingly informed debate and decision making.</li> <li>The Board agreed that a future session on risk should be arranged at the earliest opportunity to consider any potential adjustment required to the register from the changing political position. It was further agreed that the Governance Manager would take this forward.</li> </ul>	CMM    AMO
47/19	<p><u>Annual Declaration of Board and Committee Member Declarations of Interests (Item 4.2)</u></p> <ul style="list-style-type: none"> <li>The Board <b>REVIEWED</b> the Board and Committee Register of Interests, updated following an annual check, and noted the ongoing obligation of members of TRGL's governance community to declare and manage interests appropriately. There were no matters raised for discussion.</li> </ul>	
48/19	<p><u>Committee and Subsidiary Board Summary Report (January-March 2019) (Item 4.3)</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 January-March 2019. There were no matters raised for discussion.</li> </ul>	
49/19	<p><u>Any Other Business (Item 5)</u></p> <ul style="list-style-type: none"> <li>The Board expressed its sincere thanks to DL for the significant contribution he had made during his time as interim Executive Director of Place and wished him well for the future.</li> </ul>	
50/19	<p><u>Date of Next Meeting (Item 6)</u></p> <ul style="list-style-type: none"> <li>The date of the next meeting was <b>NOTED</b> as 10am on Thursday 9 May 2019 in the Boardroom, Riverside Head Office, 2 Estuary Boulevard, Estuary Commerce Park, Speke, Liverpool, L24 8RF. The Chair asked the Secretary to explore if the Lecture Theatre would be a more appropriate venue in light of the additional attendees expected at the meeting due to the presentation that follows by Jeanne Harrison of Moodys.</li> <li>There being no further business, the meeting was closed.</li> </ul>	AMO

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

Date:.....