




Meeting Minutes

Board/Committee:	The Riverside Group Ltd Board (the "Board")		
Date and time:	10.00am 16th January 2020		
Location:	Boardroom, Head Office, 2 Estuary Boulevard, Liverpool, L24 8RF		
Present:	▪ Max Steinberg	(MS)	Chair
	▪ Pauline Davis	(PD)	Vice Chair
	▪ Tim Croston	(TC)	Board Member
	▪ Ingrid Fife	(IF)	Board Member
	▪ Sandy Murray (from Minute 3/20)	(SM)	Co-opted Board Member
	▪ Sally Trueman	(ST)	Board Member
	▪ Peter White	(PW)	Board Member
In attendance:	▪ Richard Nichols	(RN)	Tenant Observer
	▪ Terrie Alafat	(TA)	Chair Elect - Observer
	▪ John Glenton	(JG)	Executive Director of Care and Support
	▪ Ian Gregg	(IG)	Executive Director of Asset Services
	▪ Jo Lucy	(JL)	Executive Director Business Support
	▪ Cris McGuinness	(CAM)	Chief Financial Officer
	▪ Patrick New	(PN)	Executive Director of Customer Service
	▪ Anne-Marie Owens	(AMO)	Governance Manager
	▪ Sara Shanab	(SS)	Director of Governance and General Counsel
	▪ Emma Turner (to Minute 10/20)	(ET)	Head of Treasury and Corporate Finance
	▪ Carl Walsh	(CW)	Finance Director
Apologies:	• Carol Matthews (from Minute 8/20)	(CMM)	Co-Opted Board Member

Min Ref:	Agenda Item	Action
1/20	<p data-bbox="272 230 1062 264"><u>Welcome and Apologies for Absence (Item 1) VERBAL</u></p> <ul data-bbox="280 304 1302 1301" style="list-style-type: none"> <li data-bbox="280 304 1262 338">• It was NOTED that CMM provided apologies from item 6 onwards. <li data-bbox="280 383 1302 931">• The Chair reminded the Board that in December 2019, it had been agreed to recruit a financial expert from within Riverside’s governance community to join the Board for a six month period while Board Member recruitment was carried out. The purpose of the co-option was to retain strong financial management expertise at Board level during the recruitment period. He reported that four applications had been received and considered by the Vice Chair, CFO and Director of Governance and General Counsel who unanimously agreed that Sandy Murray was the preferred candidate. The Chair summarised Sandy’s skills, knowledge and experience and asked the Board to consider the recommendation to appoint her as a co-optee to the Board. It was noted that subject to the decision taken, Sandy would retain her position as Board Member of Impact Housing Association (Impact) but would take a leave of absence from Group Audit Committee during her co-option term. <li data-bbox="280 976 1302 1111">• Following due and careful consideration, the Board APPROVED the appointment of Sandy Murray with immediate effect as co-optee to the Group Board on the agreed remuneration rate for a Group Board member for a period of six months. <li data-bbox="280 1155 647 1189">• SM joined the meeting. <li data-bbox="280 1234 1302 1301">• The Chair welcomed SM and TA to their first meeting as a co-optee and observer respectively. 	
2/20	<p data-bbox="272 1344 520 1377"><u>Treasury Briefing</u></p> <ul data-bbox="280 1417 1302 2074" style="list-style-type: none"> <li data-bbox="280 1417 1302 1529">• The Board received a presentation from the Head of Treasury and Corporate Finance on the key elements of successful treasury management. <div data-bbox="280 1563 1302 1861" style="background-color: black; width: 100%; height: 133px; margin: 10px 0;"></div> <ul data-bbox="280 1899 1302 2074" style="list-style-type: none"> <li data-bbox="280 1899 1302 2074">• In response to a query, ET assured the Board that the Regulator was comfortable with the level of cash held by Riverside and advised that the Regulator’s focus was on ensuring that providers were carrying out appropriate stress-testing and establishing effective risk mitigation. 	

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	<ul style="list-style-type: none"> The Board thanked ET for an engaging and useful briefing. 	
3/20	<u>Declarations of Interest (Item 2) VERBAL</u> <ul style="list-style-type: none"> SM and CMM declared an interest in item 7, Impact Transfer of Engagements, as Board Members of Impact. It was agreed that this did not represent a conflict of interest and therefore both Board Members were authorised to participate in the discussion and decision making for this item. 	
4/20	<u>Chair's Matters (Item) VERBAL</u> <ul style="list-style-type: none"> The Chair highlighted the proposal for a Transfer of Engagements from Impact to Riverside and the Budget and investment in homes as key items of business on the agenda. 	
5/20	<u>Minutes of Previous Meeting (11/10/2019) (Item 4) CONFIDENTIAL</u> <ul style="list-style-type: none"> The minutes of the meeting held on 12/12/19 were APPROVED as an accurate record and signed. 	
6/20	<u>Matters Arising from Previous Minutes (Item 5) CONFIDENTIAL</u> <ul style="list-style-type: none"> The update on Matters Arising from the previous meeting was noted and the Board AGREED that all items could be closed. Further updates were received as below. An update on Board Member recruitment would be provided in March, subject to material progress being achieved at that point. <p>CMM left the meeting.</p>	CAM
7/20	<u>Chief Executive's Report (Item 6)</u> <ul style="list-style-type: none"> The Board NOTED the CEO update report and the following matters were highlighted: <ul style="list-style-type: none">  Property Damage It was noted that damage had been sustained to a Prospect built home during recent poor weather. The Board was pleased with the proactive response from Prospect and noted that the resident had been temporarily rehoused. 	CAM

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	<ul style="list-style-type: none"> <p>• Customer Service Centre (CSC) Performance</p> <p>The Board was disappointed with the level of call abandonment in the CSC over the reporting period and asked for assurance that issues were being addressed. PN advised that this was a priority for the business and identified staff resourcing as a key cause of underperformance. He noted that appropriate action was being taken and the position was under close monitoring by the Neighbourhood Services Committee who would be receiving a detailed update at their next meeting. It was agreed that the Board would receive an update on the Customer Service journey at its meeting in March.</p> <div style="background-color: black; width: 100%; height: 80px; margin: 10px 0;"></div> <p>• Building Safety</p> <p>Having noted the update on the Building Safety Bill, the Board queried to what extent the Customer Plan captured building safety activity. PN confirmed that customer involvement in building safety was contained within the Customer Plan and advised that an update on its implementation would be provided.</p> 	PN
8/20	<p><u>Transfer of Engagements from Impact Housing Association Limited to The Riverside Group Limited (Item 7) CONFIDENTIAL</u></p> <p>1. The Chair reminded the Board Members:-</p> <ul style="list-style-type: none"> i) of the planned merger between the Association and Impact Housing Association Limited (Impact) details of which had been reported to and discussed at previous Board meetings; ii) that like the Association, Impact is registered as a Community Benefit Society with charitable rules and substantially the same charitable objects; iii) that it was intended that the merger should take place by the transfer of Impact's assets, liabilities and engagements to the Association (the ToE), pursuant to the process set out in section 110 of the Co-operative & Community Benefit Societies Act 2014 (the Act); iv) that the anticipated completion date for the ToE was 31 March 2020, or a later date on which the ToE was registered by the Financial Conduct Authority (the Effective Date); and v) that in connection with the ToE, the Association would also need to: <ul style="list-style-type: none"> • obtain prior consents to the ToE from its lenders where this was required; • notify the Regulator of Social Housing (RSH) of the ToE using the prescribed form (RSH Notification Form); and • determine (in conjunction with Impact) what action to take in relation to Impact's liability in the Social Housing Pension Scheme 	

(**SHPS**) which would crystallise for payment as a result of the ToE unless the contrary was agreed with SHPS.

2. The Chair explained that the item of business was therefore to consider and if thought fit:

- recommend and approve the transfer of Impact's engagements to the Association; and
- approve the delegation of certain matters to officers of the Association.

3. The following documents were produced to the meeting:

- i) the reports from Devonshires Solicitors in relation to the ToE (the **Legal Reports**);
- ii) the business case for the ToE in substantially final form (**Business Case**);
- iii) the results of consultation with the residents of Impact; and
- iv) the draft terms of reference for the board of Impact when it became a committee of the Association and which would apply from the Effective Date (the **Terms of Reference**); (together the **Documents**).

4. Discussion

The Board discussed the Documents. The Board noted, in relation to the ToE, that:

- the effect of the ToE would be to transfer all the assets liabilities, obligations and all other engagements of Impact to the Association; and
- the law required the ToE to be approved by two special general meetings of Impact's shareholders. The resolution approving the ToE at the first special general meeting would require a majority of at least two thirds to pass and the second resolution, confirming the first, would require a simple majority to pass.

5. Business Case

The contents of the Business Case were considered and in particular, the Board noted that:

- executive officers would carry out an internal due diligence exercise (**Due Diligence**) to identify whether any of the issues referred to in the Business Case exist in relation to the ToE;
- the Due Diligence was not finalised and that it was intended that the results of the Due Diligence would be made available to the Board by the end of January; and
- Subject to the Due Diligence being finalised, the draft Business Case was considered fair and reasonable in helping the Board judge whether the reorganization was in the best interests of the Association and its residents and to understand and manage any risks which could arise as a result.

6. Pensions

It was noted that:

- as a result of the ToE, Impact's liability in SHPS would crystallise for payment unless alternative arrangements were put in place;

- the amount of that liability would be the responsibility of the Association to settle as a result of liabilities passing under the ToE;
- as an alternative to crystallising Impact's liability in SHPS, it would be possible to apportion it to the Association provided that SHPS were satisfied that the overall covenant strength to the scheme was not weakened and subject to legal terms being entered into;
- the effect of the apportionment would be that the Association's liability in SHPS would increase and would either be paid off over time through employer contributions, would crystallise for payment if the Association ever left the scheme, or could be transferred to a separate scheme if the Association ever exited SHPS;
- confirmation was pending from SHPS that the outcome of the covenant work that they had carried out was satisfactory; and
- draft legal terms would be provided by SHPS' lawyers and reviewed by Devonshires.

7. Lender Consents

The Board noted, in relation to the lender consents that the Association and Impact would require in order to give effect to ToEs, that negotiations with the various lenders were progressing well but that final terms were yet to be determined.

8. The Resident Consultation Results

The Board noted that:

- Impact's residents would become residents of the Association on the terms of their existing tenancy agreements, as a result of the ToE;
- Impact had enabled a consultation period for fully six weeks, in line with best governance practice;
- every resident had received a letter explaining all aspects of the ToE and reasons for it, and had been given the opportunity to respond
 - i) by letter or
 - ii) telephone (using freepost or Freephone numbers) or
 - iii) email;
- It was noted that 146 responses had been received and the majority of these responses were positive.

9. Legal Report

The contents of the Legal Report were noted.

10. Resolutions

Following careful consideration, and having concluded in good faith that it would be prudent, and in the best interests of the Association and its residents so to do, the Board, **RESOLVED THAT:**


- The ToE to the Association be approved subject to receiving the final results of the Due Diligence and the final consent of the lenders, where required;
- The Business Case be approved subject to SHPS confirming that the outcome of the covenant review was satisfactory, the liability of the Impact Housing Association in SHPS should be apportioned to Riverside

	<p>rather than crystallised and paid, and to that end a flexible apportionment arrangement deed should be entered into;</p> <ul style="list-style-type: none"> • The Company Secretary of Riverside be authorised to sign and date the RSH Notification Form and submit it to the RSH on behalf of the Association. • In respect of the above decisions, the Board hereby authorize any of the Board Members or the following executive officers: <ul style="list-style-type: none"> ○ Carol Matthews, Group CEO ○ Cris McGuinness, CFO ○ Sara Shanab, Company Secretary & Director of Governance and General Counsel <p>(each an Authorised Signatory) to approve or do or perform all matters, acts and things as any one of them in their discretion shall consider necessary or desirable so as to effect any of the resolutions set out above (including but not limited to the ToE), and, in particular (but without limitation) to negotiate and agree any amendments to the terms of any document necessary or desirable to effect the ToE, the negotiation and satisfactory agreement of the terms of the lender consents and any other consents from stakeholders and the resolution of the pensions matters and the finalisation of the Due Diligence (the Transactions);</p> <ul style="list-style-type: none"> • Any Authorised Signatory be and is hereby authorised to negotiate and agree the final terms of any Document and any other related letter, agreement, document, certificate or notice required to be executed in connection with the Documents and/or the ToE or any other Transaction with such amendments as such person shall deem necessary or appropriate; • Any Authorised Signatory be and is hereby authorised to execute and deliver any of the Documents on behalf of the Association and all letters, agreements, documents, certificates or notices required to be executed in connection with the Documents and/or the ToE or any other Transaction which do not require the Association’s seal to be affixed; • The common seal of the Association be affixed to any deed or document which may require to be executed under seal in connection with the Documents and/or the ToE by any two Authorised Signatories in accordance with the Association’s rules; • The Terms of Reference for the Impact Committee be and are hereby approved with effect from 1 April 2020. <p>11. Conclusion</p> <p>There was no further business and the Chair declared the item closed.</p>	
9/20	<p><u>Quarterly Treasury Report June 2019 to September 2019 (Item 15)</u> CONFIDENTIAL</p> <ul style="list-style-type: none"> • The Board NOTED the Quarterly Treasury Report from June 2019 to September 2019. The following matters were raised for discussion: • In response to a query, CAM confirmed that the special disclosure referred to in the report did not constitute a regulatory breach and was made in line with Riverside’s commitment to transparency. Assurance was provided that controls had been improved to ensure that in all cases the Treasury Team would have sufficient time to consider the drawing of funds before an availability period expired. 	CAM

	<ul style="list-style-type: none"> The Board requested that future reports include a cover sheet to improve clarity and that the side report referred to be circulated. <p>ET left the meeting.</p>	
10/20	<p><u>Sector Scorecard Benchmarking Report (Item 8)</u></p> <ul style="list-style-type: none"> The Board NOTED the Sector Scorecard Benchmarking report and the following matters were discussed: Below median customer satisfaction was discussed, and the work underway to recover performance in this area was acknowledged. The Board considered the comparatively high cost of Riverside services and CAM explained that the report did not allow for the removal of one off costs such as the Transformation Programme which was at its height in the reporting period. It was agreed that an in house exercise would be carried out to remove these costs to provide a clearer view of performance. The limitations of the data in providing a meaningful comparison of Riverside performance within the sector was discussed. The Board strongly felt that the key indicators did not allow for individual business models and organisational priorities and aspirations to be taken into account. As an example, the Board highlighted Riverside's Care and Support business which impacted adversely on the operating margin, but was a key element of the Group's offering and delivering its social purpose. The data sample utilised in most cases did not represent a like for like comparison, due to significant organisational differences. The Board noted that the inadequacies of Riverside's benchmarking resources had been the subject of previous discussion. It agreed that a report would be brought back to March's meeting, analysing the current benchmarking approach, assessing its value to the Group and proposing options for an improved methodology that allowed for a more nuanced comparison of performance within the context of the sector. 	<p>CAM</p> <p>HO</p>
11/20	<p><u>Group Budget 2020/21 (Item 9) CONFIDENTIAL</u></p> <ul style="list-style-type: none"> The Board CONSIDERED the proposed Group Budget for 2020/2021 and NOTED the risks and opportunities presented in appendix 2. <p>[REDACTED]</p> <ul style="list-style-type: none"> The Board discussed the increase in salary costs in the context of concerns around the margin. While acknowledging that business activity explained the increased salary costs, it agreed that this should be kept closely monitored. In response to a query, assurance was provided that while grant income was variable, there was a high level of confidence in the grant income assumptions for Irvine. <p>[REDACTED]</p>	

	<p>[REDACTED]</p> <ul style="list-style-type: none"> • Following discussion, the TRGL Board APPROVED the 2020/2021 Group Budget 	
12/20	<p><u>Our Home and Asset Strategy 2020-2023 (Item 10)</u></p> <ul style="list-style-type: none"> • The Board REVIEWED the proposed 'Our Home and Asset Strategy 2020-2023'. The following matters were discussed: • IG highlighted the four main themes underpinning the Strategy proposal and noted that the underlying investment required had not increased to date. However, as the Strategy implementation progressed, additional investment required would be identified and built into the Business Plan. • The Board discussed the document in detail, and concluded that it neither met the requirements for a strategy or an operational plan. It was agreed that the document more accurately articulated the Group's 'Position Statement' with respect to management of its assets. It was further agreed that development of a Strategy should be postponed until the new Corporate Plan was agreed to ensure corporate alignment. • Following due and careful consideration the TRGL Board APPROVED the 'Our Home and Asset Position Statement 2020-2023.' 	
13/20	<p><u>Retirement Living Annual Performance Report (Item 11)</u></p> <ul style="list-style-type: none"> • The Board NOTED a summary of the Retirement Living Investment Programme (the Programme), which summarised the annual activity and performance of the Care & Support Retirement Living Service for 2019. • The Board was pleased to see the progress achieved in Rochdale in spite of the concerns held with respect to this site. • IF advised that the Programme had significantly improved the living environment for current customers and the attractiveness of the schemes to potential customers. She added that the Care & Support Committee viewed the programme as a great success. • The Committee extended its thanks to all staff involved in the delivery of the Programme and asked that the Christmas Card produced, containing a customer story be circulated. It also asked that thought be given to how customer stories could be better shared both within the Group and externally. 	JG
14/20	<p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>	

	<p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>	
15/20	<p><u>Integrated Strategic Performance Report P8 (Item 13)</u></p> <ul style="list-style-type: none"> • The Board NOTED the Integrated Strategic Performance report for P8. The following matters were discussed: • Strong performance was noted and welcomed in income collection, customer online sign up, staff engagement, gas safety compliance and Stanton Cross sales. However, significant concerns remained in relation to customer satisfaction performance. PW assured colleagues that the effectiveness of actions being taken to address issues with customer satisfaction remained under the close scrutiny of the NSC. He added that the Committee were similarly monitoring other areas of poor performance such Riverside Home Ownership. • The Board discussed the failure of Prospect to deliver against targets. It was noted that the business had focused in the year on establishing a new leadership team and exiting long term sites inherited [REDACTED]. The new leadership team was making significant progress in this area and the relationship with Riverside was much improved. The lack of land available for development was highlighted as an ongoing issue. It was noted that the potential for Prospect to undertake work for Riverside was being explored. 	
16/20	<p><u>Financial Performance Report November 2019 (Item 14).</u> CONFIDENTIAL</p> <ul style="list-style-type: none"> • The Board NOTED (i) the Financial Performance report for P8; (ii) the three amber Early Warning Signs in Section Fifteen; and (iii) the Risks and Opportunities in Appendix Four. The following points were discussed: • It was noted that while operating surplus and operating margin were favourable to the Q2 forecast, income was adverse due to lower sales in Riverside Home Ownership and Prospect. Repairs and Maintenance and 	

	<p>Planned Maintenance expenditure was highlighted as an ongoing area of concern.</p> <ul style="list-style-type: none"> •  • PW provided assurance that NSC were actively monitoring Repairs and Maintenance expenditure. • CAM reported that all financial matters relating to the Hull PFI contract were settled and a closure report would be provided in due course. 	CAM
17/20	<p><u>Annual Compliance Report (Item 16)</u></p> <ul style="list-style-type: none"> • The Board NOTED the Annual Compliance Report. The following points were discussed: • PW and TC were thanked for the continued oversight and challenge in compliance matters from the Neighbourhood Services Committee (NSC) and Group Audit Committee (GAC). • Having received the update, clarification was sought on the independent assessment programme for the six compliance risk areas. IG advised that an annual programme of internal and third party audit and validation was agreed with input from NSC and GAC. The programme focused on significant risks within all compliances areas. The approach would ensure that over a period of time, all compliance processes and controls would be subject to independent assessment. • The Board extended its thanks to compliance staff for the considerable progress achieved in embedding the Compliance Framework and improving the health, safety and welfare of customers, staff and everyone who could be exposed to risk by Riverside’s business activities. 	IG
18/20	<p><u>Group Risk Register (Item 17) CONFIDENTIAL</u></p> <ul style="list-style-type: none"> • The Board received and NOTED the Group Strategic Risk Register. The following matters were raised for discussion: • It was noted that while all changes agreed in January had been completed, there were a number of updates required arising from a meeting to review the Register between CAM and PW. These included the addition of further detail on the progress of actions, inclusion of actions required to move a risk to green and a refinement of the language used to clarify where mitigations were in progress and not yet complete. • In response to a query regarding the residual risk rating with respect to likelihood for Risk 6 ‘Not Achieving Budgeted Operating Margin’, it was agreed that this would be reviewed against the budget forecast and Business Plan. 	CAM

19/20	<p><u>Scheme of Delegated Authority (Item 18)</u></p> <ul style="list-style-type: none"> • The Board CONSIDERED a revised Scheme of Delegated Authority (SoDA) which had been subject to an in depth review in light of the scale of change at Riverside in recent years. The reworked scheme would ensure that delegations across the Group effectively supported business objectives in a post-TOM environment. . • The Board noted the proposal to launch the new SoDA for a trial period and to actively seek feedback from this business during this time. This would inform a final iteration to be brought for Board approval in March 2020. • Following due and careful consideration the Board: <ul style="list-style-type: none"> i) APPROVED the revised Scheme of Delegated Authority to be launched, for a trial period from the date of the Group Board meeting being the 16 January 2020 until the date of the next Group Board meeting on March 12 2020; and ii) DELEGATED authority to the CFO and Director of Governance and General Counsel to agree a final form of the SoDA. 	
20/20	<p><u>Committee and Subsidiary Board Update (Item 19)</u></p> <p>The Board NOTED the update provided on subsidiary board and committee activity in the reporting period.</p>	
21/20	<p><u>Meeting dates for 2021/22 (Item 20)</u></p> <p>The Board APPROVED the proposed Committee meeting dates for 2021/22, subject to committee approval, and NOTED that the final schedule would be circulated in due course.</p>	
22/20	<p><u>Any Other Business (Item E)</u></p> <p>There being no further business, the Chair declared the meeting closed.</p>	
23/20	<p><u>Date of Next Meeting (Item F)</u></p> <p>To be held on 12th March 2020 at 10.00 am in the Hope Street Hotel.</p>	