TRGL BOARD MEETING ***ITEM: 3.4a***

Riverside

Meeting Minutes

Board/Committee:	The Riverside Group Ltd Board (the "Board")		
Date and time:	1pm 20 November 2023		
Location:	Microsoft Teams		
Present:	• Terrie Alafat	(TA)	Chair
	• Caroline Corby	(CC)	Vice Chair
	• Nigel Holland	(NH)	Board Member
	• Olwen Lintott	(OL)	Board Member
	• Sandy Murray	(SM)	Board Member
	• Goi Ashmore	(GA)	Board Member
	• Sam Scott	(SS)	Board Member
	• Carol Matthews	(CMM)	Co-opted Board Member
	• Ingrid Fife	(IF)	Board Member
In attendance:	• Keith Harkness	(KH)	Board Observer
	• Tony Blows	(TB)	Chief Information Officer
	• John Glenton	(JG)	Executive Director Care and Support Services
	• Ian Gregg	(IG)	Executive Director Asset Services
	• Cris McGuinness	(CAM)	Chief Financial Officer
	• Patrick New	(PN)	Executive Director Customer Service
	• Jehan Weerasinghe	(JW)	Managing Director for OHG
	• Sara Shanab	(SSh)	Group Director of Governance and General Counsel
	• Nick Harrison	(NHH)	Governance Manager OHG
	• Robert Marcantoni	(RM)	Group Development Director (OHG)
Apologies:	• Erfana Mahmood	(EM)	Board Member
	• Russell Hall	(RJH)	Head of Governance (TRGL)

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185/23	Apologies for Absence (Item 1) **VERBAL** There were apologies received from Erfana Mahmood and Russell Hall.	
186/23	Declarations of Interest (Item 2) **VERBAL** There were no Declarations of Interest made.	
187/23	Quarter Two Forecast (Q2F) (Item 3) ***CONFIDENTIAL*** The Board received the paper introduced by CAM that set out the Quarter Two Forecast (Q2F) of the Group for the 2023/24 Financial Year compared to Quarter One Forecast (Q1F). Q2F full year operating surplus was forecast to be £93.98m which was £11.71m adverse to Q1F and £28.39m adverse to Budget. The lower operating surplus, combined with an increase in interest resulted in a net deficit of £1m, which was £18m adverse to Q1F and £37m adverse to Budget. [redacted] Three key drivers of Q2F to Q1F were outlined as follows:- [redacted] although this had partially been offset by other disposals. It was reported that £5.4m had been saved on original Q2F roll up and these (along with the Q1F savings of £22.8m) had been allocated to the mitigation tiers. [redacted] Section Three of the report set out the future recovery timeline. CAM reported that if we took the Q2F margin and added back elements for [redacted] – and an improvement in voids – an underlying margin of 18% would be reached. Appendices Four & Five Set out the Risks and Opportunities and Appendix Seven the early warning signs. [redacted] CC indicated that OHG had assumed a deficit at £2.2m and asked if the proposal was prudent enough. CAM, in response indicated that the report was as prudent as could be. It was noted that the acceleration of Care and Support disposals was both a risk and an opportunity that would need to be considered.	

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	SM asked if other disposals had been worked through. CAM reported that fair values of other properties had been undertaken at Q1 so there should be no surprises. [redacted] [redacted] IF and NH asked if a change in approach to repairs was being considered to ensure a more favourable position next year? IG reported that consideration was being given to what could be done differently in the future. Most of the expenditure was on lots of small jobs and the average cost was £110 to £140. He reminded the Board that the service had been brought in house and hence was more cost effective. NH suggested that tenants disposable income was now lower than previous years due to cost-of-living increases and residents were now not fixing small jobs themselves and were expecting things to be fixed for them. They were also more likely to also identify other issues which had been left unreported. He also reported that there was some evidence that external contractors should be reducing costs and therefore this should feed into reduced future conversations with contractors. The Chair asked if the CEC was having a deep dive on this? IG indicated that they were considering this matter. He drew the Boards attention to satisfaction scores which had increased, and these scores were on a par with nationally recognised scores. It was noted that a value for money report on Evolve was expected shortly at CEC. The Board **DISCUSSED** and **NOTED** the Quarter Two Forecast (Q2F).	
188/23	<u>2024/25 Business Plan approach and economic assumptions (Item 4)</u> ***CONFIDENTIAL*** The Board considered the paper introduced by CAM that set out the Budget and Business Plan approach for 2024/25 as well as presented updated proposed economic assumptions to be used for the 2024/25 Group Business Plan. The Board were reminded that this was the second time they had received this report and it had previously been agreed to bring it back to the Board with the Q2F. The Budget was planned to come to January Board and the Business Plan to March Board. In terms of the proposed Economic Assumptions – a range of RPI and CPI had been considered by the Executive Team who had settled on a prudently slow return to lower inflation. In addition, for budget purposes, only CPI had been included – by increasing by CPI it was easier to add in the additional 1% rather than remove it at a later date.	

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	The Chair suggested that the proposals seemed prudent. CAM, following a question from IF, indicated that the lenders would respect a prudent approach to budget assumptions. Discussions would take place at the Board meeting in December on income and rent increases and whether these should be maximised. NH suggested that a risk assumption should be captured in the next risk map iteration regarding a possible change of government in 2024 and how any new government would view CPI. CM indicated that other housing associations were looking at increasing rents by CPI plus 1% as most were struggling with costs. Any government changes would be subject to consultation. One other factor to consider was whether there would be benefit increases. The Board **DISCUSSED** and **NOTED** the 2024/25 Budget and Business Plan approach and approval dates. The Board **APPROVED** the updated proposed Economic Assumptions.	
189/23	<u>Temporary Treasury Policy change and mandate update (Item 5)</u> The Board considered the Temporary Treasury Policy change and mandate update introduced by CAM. Treasury Policy currently stated that the business should always hold £5m cash, however, it was suggested to reduce this to £1m. The reasons for this request were that liquidity forecasting and cash management processes had improved, and this meant that there was less requirement to hold £5m “just in case”. [redacted] Interest saving from this proposal was circa £0.5m per annum. It was also proposed that the authorised signatories certificate be amended due to recent appointments. CAM confirmed that the GTC had considered and approved the report. The Board **APPROVED** the proposals set out in the paper regarding lowering the Treasury Policy limit to always maintain £5m of cash to just £1m. The Board **APPROVED** the changes noted to the Authorised Signatory Certificate for Treasury transactions.	
190/23	<u>Compartmentation and Fire Risk Framework Award Report (Item 6)</u> The Board considered the report introduced by IG that detailed the outcome of a group wide procurement exercise for the creation of a Compartmentation and Fire Risk Remedials framework. The budget to deliver these works/services over the maximum framework term of four years was £38,000,000. The tender exercise had now been completed under Find a Tender Service (FTS) rules and the results, benefits and recommendation were included within the report.	

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	Should the Board give its approval, then the final part of the Section 20 (S20) consultation process with all Right to Buy (RTB) leaseholders would be undertaken in order that TRG could recover the costs of these services where applicable through their service charge. This related to TRG only, OHG would not be using the framework for recharging leaseholders, only below threshold works. As a result of the tender, there were cost avoidance savings of £760,000. TRG had a requirement to reprocure its Fire Risk remedials contract, the new retender had evolved and TRG had created a framework of contractors to call off for these works due to the volume and geography of the works, OHG also had the option to call off. The framework gave no guarantee of work but gave group flexibility to use multiple contractors compliantly if there was demand. In response to a question, IG reported that there was a lead time of 12 weeks for the supply of fire doors. Previously delivery time on doors had been 8 weeks. He also confirmed following a question that in Cumbria there were challenges in procuring labour. The shortage was in part due to the demands on the local trades from Sellafield. NH asked if there were regular reviews on the financial standing of contractors as there was a greater risk in the current economic climate of them going bust. IG reported that the procurement team undertook monthly checks on contractors' financial viability and also monitored the supply chains. NH asked if TRGL had insurance cover for underperformance and poor standards of completed work – IG undertook to check and report back. The Board **APPROVED** the recommendation in the report for the establishment of a 4-year framework covering 14 lots with a maximum value of £38,000,000. The Framework would allow the appointment of up to 20 contractors through call off contracts which would be either purchase orders or JCT MTC contracts.	 **IG**
191/23	<u>Any Other Business (Item 7)</u> There was no other business.	
192/23	<u>Date of Next Meeting (Item 9)</u> 13/14 December 2023, Malmaison, 1-3 Piccadilly, Manchester M1 3AQ The date of the next scheduled meeting was **NOTED**.	
193/23	**NB**:- Only Board members and SSh were invited to stay for this part of the meeting which commenced at 1.45pm and will be reported to GRC. <u>CEO recruitment (Item 8)</u> The Board received a verbal update on CEO recruitment from the Chair.	