



### Meeting Minutes

<b>Board/Committee:</b>	The Riverside Group Ltd Board (the "Board")		
<b>Date and time:</b>	9:30am 15 February 2024		
<b>Location:</b>	The Holiday Inn, City Centre, Lime Street, Liverpool, L1 1NQ & via Microsoft Teams		
	• Terrie Alafat	(TA)	Chair
	• Caroline Corby	(CC)	Vice Chair
	• Olwen Lintott	(OL)	Board Member
	• Sandy Murray	(SM)	Board Member
	• Ingrid Fife	(IF)	Board Member
	• Fenella Edge	(FE)	Board Member
	• Sam Scott	(SS)	Board Member
	• Mona Shah	(MS)	Board Member
	• Kei-Retta Farrell	(KRF)	Board Member
	• Carol Matthews	(CMM)	Co-opted Board Member
<b>In Attendance:</b>	• Richard Williams	(RW)	Board Observer
	• 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 of One Housing
	• Sara Shanab	(SSh)	Group Director of Governance and General Counsel
	• Russell Hall	(RJH)	Head of Governance (TRGL)
	• Orina Hall	(OH)	Area Manager (Observing)
	• Emma Turner	(ET)	Director of Treasury and Corporate Finance
<b>Apologies:</b>	• Nigel Holland	(NH)	Board Member
	• Keith Harkness	(KHar)	Board Observer
	• John Glenton	(JG)	Executive Director Care and Support Services
	• Tony Blows	(TB)	Chief Information Officer

Min Ref:	Agenda Item	Action
042/24	<p><u>Apologies for Absence (Item 1) VERBAL</u></p> <p>There were apologies received prior to the meeting from Nigel Holland, Keith Harkness, John Glenton and Tony Blows.</p>	
043/24	<p><u>Declarations of Interest (Item 2) VERBAL</u></p> <p>There were no declarations of interest made.</p>	
044/24	<p><u>Quarter Three Forecast (Q3F) (Item 3) CONFIDENTIAL</u></p> <p>The Board received the paper that set out the Quarter Three Forecast (Q3F) of the Group for the 2023/24 Financial Year compared to Quarter Two Forecast (Q2F).</p> <p>CAM explained that she had tried to present the most prudent forecast. By way of example, Riverside had assumed the Baycroft homes didn't transfer until the 31/3 and [REDACTED] Redundancy costs for OHG and increased net cladding costs had also been added in. NH had asked about whether the prudence would lead to complacency with our budget holders, CAM explained that it would not as this had not been communicated widely and all budget holders were very aware of the financial pressures.</p> <p>The Board noted there were some positive areas of performance like Shared Ownership, Riverside Scotland, Central services and JV income – but also some problematic areas like Prospect. NH had also asked in advance about Prospect. [REDACTED]</p> <p>[REDACTED] The expectations were that next year would be more consistent with a better margin. The oversight of this would come through to Group Board via Committee Updates.</p> <p>Consequently, Riversides Q3F operating surplus was £82.42m, some £11.55m worse than Q3F. Q3F allowed for the capitalisation of interest, and that, along with some upside in JV's mean that the deterioration in net surplus was lower at £4.95m. NH had also asked in advance about Repairs and CAM made the point that the year on year increase in December was lower than the rest of the year, (11% in December), which brought the average increase down to 33% (from June to December).</p> <p>NH had also asked about salary movements and whether the movements were about a lack of control or poor forecasting. CAM confirmed the movement in salaries was £6.19m. This was due to a combination of the delayed Baycroft transfer, restructuring costs and various other smaller movements but also needed to be considered alongside direct salaries which were £1m under budget.</p> <p>In terms of Carve Out's CAM explained the latest position was that nine Lenders are credit approved, and there were another 4 that Riverside had</p>	

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	<p>signed paperwork for. [REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED] Board understood, all in all, Riverside were in a good position with carve outs. CAM confirmed that the plan B for Treasury was set out in the Centrus report for Board assurance, but she did not believe this would be needed.</p> <p>The final point CAM made was to confirm that if Riverside didn't sell any of the high-risk disposals, and all risks set out in Appendix Four and Five crystallised then [REDACTED] once the carve outs were in place Riverside should still meet all loan covenants.</p> <p>TA then asked IG to expand a little on the position on repairs. IG explained to the Board that in terms of repairs, Riverside was seeing a significant increase in demand, and this was replicated across all G15 landlords. In terms of numbers for Riverside this meant an increase from pre-covid daily repairs of circa 1100 to between 1700-1800 repairs a day now. In terms of stretching the timeframe for responding to repairs the Board recognised that this simply defers expenditure and can lead to greater dissatisfaction with customers so wasn't something that was being planned. SS agreed he was seeing similar repair demand increases in his experience, and he agreed to take the concerns back for a discussion within CEC.</p> <p>In response to a query from CC around the accuracy of forecasting given the drop seen from Q2 to Q3, CAM provided assurance around the assumptions used and highlighted the key factors impacting the differences from Q2 to Q3. The Board queried the risk around the remaining Baycroft properties transferring over to CCC and in response they noted that there were still some issues to be resolved but most of the legal and treasury issues had been resolved and whilst a response from CQC was still pending, both parties were confident on the transfer going ahead. TA requested that a note be circulated to the Board once the final transfer of the Baycroft properties was completed.</p> <p>FE asked a query around the £6.1m variance in the salary line contained in the table at clause 1.5 and CAM responded by explaining the reasoning related to a number of matters including delays in the Baycroft transfer and other restructuring costs in OHG but it was essentially a timing rather than a forecasting issue. Following on from this discussion on issues with Baycroft, CMM reflected on the attrition rate within care and support colleagues, (particularly within London), and the trend Riverside had seen, and expected to continue, around colleagues in care and support opting to take redundancy and move on, CMM expected this might be reflected when other staff teams went through restructuring too.</p>	<p>JG</p>

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	<p>ET made two further observations on the discussions that had taken place, which were noted by the Board, the first was that she was very positive that the grant treatment position Riverside held was correct, ET had tested it with a number of other lenders therefore she wasn't expecting any pushback, if Riverside didn't apply the treatment its impact wouldn't be right and there would be double counting. The second point made was in response to an earlier query from FE regarding the Treasury Strategy and ET confirmed that a number of "Plan B's" would be built into the next version of the strategy and although there was no need to repay the Barclays facility this might be something they would look to do given some of the difficulties experienced to date.</p> <p>In summary TA thanked the team for their work to date.</p> <p>The Board <b>NOTED</b> the report and specifically, <b>NOTED</b> the Risks and Opportunities in Appendices 4 and 5.</p>	
045/24	<p><u>Group Budget 2024/25 – Second Paper (Item 4)</u> <b>CONFIDENTIAL</b></p> <p>CAM introduced the report presenting the next version of the Group Budget for 2024/25, reminding Board that the first version of the budget had not been approved at the January Board. Board noted that since then, a significant amount of work had taken place and the operating surplus had increased [REDACTED]. This included a [REDACTED] contingency.</p> <p>Board noted that the first table in the Exec Summary set out the changes, they could be summarised as reduced planned maintenance, [REDACTED]. CAM explained that below the operating surplus line, there was an additional JV income of [REDACTED], (noting that lots of the JV's had varying year ends and the budgets have been slower coming through) [REDACTED].</p> <p>In terms of disposals, [REDACTED]. [REDACTED] The planning for those disposals had started already. In terms of next steps, Riverside intended to take as much of the business plan as possible (hopefully high-level numbers, and consideration of stress testing and mitigations) to 14<sup>th</sup> March Board but will also need to have a one off meeting the last week in March for final sign off. CAM confirmed loan compliance was set out in Appendix Six and that Riverside was compliant across the Board.</p> <p>SM recognised that a lot of work had gone into the revised Budget but it was still tight. SM commented that whilst Riverside could control some of items set out in the comparison table there were a number of big items including repairs and maintenance, land and property and JVs that were not fully controlled by Riverside and queried how the Board might get assurance on those. Responding, the Board noted that the new Subsidiary and JV Group would provide a greater degree of assurance</p>	

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	<p>over the JV performance and in relation to disposals CAM drew the Boards attention to Appendix 4 of the report which set out the pipeline for disposals and there could be some RAG or risk rating applied to give greater clarity and assurance on progress. TA agreed that having a more granular level of detail might well be helpful and of course in the coming months OHG reporting would come directly to TRGL Board. Responding to a query from FE, CAM also commented on disposals that there was strong governance on the value and price agreed for disposals before any sale, which was exercised via DIAP and GDC.</p> <p>IG confirmed that there would be some scaling back on certain elements of planned maintenance, for example his team had planned to increase the frequency of the painting programme from 9 years to 5, but those plans had been shelved for the short term. The focus would though, remain on the cladding programme.</p> <p>SS asked whether CMM was more comfortable with this version of the budget and CMM confirmed that she was, especially since an additional contingency had been built in, but it was all now about ensuring the delivery of the budget so there was a lot of work to do and careful and regular reporting would come back to the Board to provide that transparent assurance that Board needed on delivery.</p> <p>SM raised the issue of mitigations and the Board recognised that there would be discussion around risk and mitigations, and it was important that members gave good consideration to those mitigations in advance of the discussions in March, Committee chairs were also encouraged to consider similar discussions within their respective committees.</p> <p>TA concluded the discussion on the budget by noting that the Board were more comfortable with this version than the version originally presented and that the Board were looking forward to seeing how this would feed into the Business Plan to be presented in March.</p> <p>The Board:</p> <ul style="list-style-type: none"> <li>● <b>NOTED</b> the contents of this Report, and.</li> <li>● <b>APPROVED</b> the 2024/25 Group Budget.</li> </ul>	<p><b>CAM</b></p>
046/24	<p><u>Any Other Business (Item 4)</u></p> <p>There were three items of AOB.</p> <ol style="list-style-type: none"> <li>1. CMM asked the Board for some indicative feedback on current discussions with the Union around the negotiation of a pay award envelope. CMM explained that meetings had taken place with the Union which had allowed Riverside to be very open and transparent on the financial position of the Group and to set the scene for those negotiations. [REDACTED]</li> </ol>	

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	<p data-bbox="392 266 1241 338">[REDACTED]</p> <p data-bbox="392 365 1241 495">The Board members discussed the potential pay award in light of the current discussions on the budget. SS, MS and CC shared their understanding of current pay awards within the public sector generally. [REDACTED]</p> <p data-bbox="392 566 1241 663">[REDACTED] CMM thanked the Board for their clear steer and outlined next steps which would be to go back to the Union and continue talks.</p> <p data-bbox="347 701 1241 931">2. The Board was informed that there had been a finding of serious maladministration by the Housing Ombudsman in relation to Riverside and it was expected it might make the press in the next day or two. The Board were assured that colleagues were dealing with the communications regarding the finding and had engaged with all stakeholders, including writing to Mr Gove, the SoS at DLUHC.</p> <p data-bbox="347 969 1241 1301">3. JW provided a further update on the position at Kidswell Estate, informing the Board that negotiations with Wates continued and he had had productive meetings on site this week, with another meeting planned for next week. Colleagues were working hard to bring resolution to the issues, but it would take time. The Board noted the update and explained that it was important that JW continued with the customer centric communications, but that Riverside needed to be very clear on the expectations of how long it would take to resolve the issues to carefully manage customer expectations.</p>	
047/24	<p data-bbox="300 1346 687 1373"><u>Date of Next Meeting (Item 5)</u></p> <p data-bbox="300 1406 943 1440">13/14 March 2024 (In Person - Arlington London)</p> <p data-bbox="300 1473 999 1507">The date of the next scheduled meeting was <b>NOTED</b>.</p>	

Signed:

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**Terrie Alafat, TRGL Board (Chair)**

**Date**