Riverside

Meeting Minutes

Board/Committee:	The Riverside Group Ltd Board (the "Board")		
Date and time:	12pm 2 April 2025		
Location:	Microsoft Teams		
Present:	• Terrie Alafat	(TA)	Chair
	• Sandy Murray	(SM)	Vice Chair
	• Erfana Mahmood	(EM)	Board Member
	• Fenella Edge	(FE)	Board Member
	• Kei-Retta Farrell	(KF)	Board Member
	• Nigel Holland	(NH)	Board Member
	• Olwen Lintott	(OL)	Board Member
	• Mona Shah	(MS)	Board Member
	• Paul Dolan	(PD)	Co-opted Board Member
In attendance:	• Cris McGuinness	(CAM)	Chief Financial Officer
	• Ian Gregg	(IG)	Chief Property Officer
	• John Glenton	(JG)	Chief Care & Support Officer
	• Andrea Thorn	(AT)	Interim Executive Director Customer Services
	• Sara Shanab	(SSh)	Chief Strategy and Corporate Services Officer
	• Tony Blows	(TB)	Chief Information Officer
	• Helen Rees	(HER)	Governance Manager
	• Liz Fairburn	(LB)	Chief Customer Officer
Apologies:	• Pauline Ford	(PF)	Board Member
	• Richard Williams	(RW)	Board Member
	• Sam Scott	(SS)	Board Member
	• Jules Jackson	(JJ)	Board Observer

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062/25	Apologies for Absence (Item 1.1) **VERBAL** Apologies for absence were received from Pauline Ford, Richard Williams, Sam Scott and Jules Jackson.	
063/25	Declarations of Interest (Item 1.2) **VERBAL** There were no declarations of interest.	
064/25	2025-26 Group Business Plan (Item 1.3) **CONFIDENTIAL** The Board received the paper that presented the thirty-year 2025/26 Group Business Plan. CAM explained that preparing a thirty-year business plan was a regulatory requirement, and with TRGL being a complex organisation with many moving parts, the Business Plan was based on a set of assumptions at a fixed point in time. Inevitably, earlier years would more accurate than the later years, due to the number of assumptions that were made. The 2025/26 Business Plan built on the 2025/26 Budget approved by Board on 23 January 2025, and it had been challenging to find the right balance between investment and maintaining a robust financial position. The Business Plan was no different, and in the early years only compounded some of the challenges and headwinds faced in the Budget. Each individual development scheme, subsidiary, Joint Venture and loan was built into the business plan. Year One Operating Surplus in the Business Plan was £0.4m adverse, and Net Surplus was £2.1m favourable to the 2025/26 Budget due to movements relating to the completion of the rent and service charge process together with updated Stanton Cross Share of JV performance and Interest respectively. SM highlighted the difference between Y1 Operating Surplus in the Business Plan versus the approved Budget. The Board noted that differing JV year ends meant the Income from JV was subject to change between Budget and Business Plan approvals. The Board noted the key changes reflected in the business plan when compared to the 2024 Business Plan were: • Weakening in the underlying financial position in the earlier years. • Reduction in net zero carbon spend included. • Rental assumption of CPI+1 for the first ten years. • Interest Rate and Margin assumption in the short to medium term. • Significant Spend areas. The Board recognised the housing sector was currently going through a significant amount of challenge due to a combination of the operating environment, National Insurance changes, lower rental income increases than previously anticipated, surging demand for repairs and the goal of improving customer service levels with a new regulatory framework and rating which came into effect in April 2024. For Riverside, these factors are combined with significant internal post-merger challenges, including significant Fire & Cladding remediation programmes on the Riverside London high rise buildings alongside Service Charge recoverability issues. While weaker in the early years, the thirty-year Group Business Plan remained strong, resilient and adhered to the proposed Golden Rules set out in the	

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	report, even allowing for investment in zero carbon measures. Loan covenants were well provided for and had significant headroom throughout the later years. In relation to the reduction in zero carbon spend from £737m to £500m and the assumption that 25% of this would be externally funded, this had been based on the latest Savills Stock Condition Surveys. The Board noted the stress test for a further £200m of spend. Fire Safety Carve outs had been achieved from all lenders up to the end of 2025/26 as was consistent with other providers. However, the current estimated end date for the cladding programme is 2028. The Business Plan assumed a further two years of Fire Safety Carve outs were obtained. Generally, lenders were very supportive of this programme, and it was not anticipated that obtaining the additional two years of carve outs would be problematic. Consistent with last year, all future aspirational development (other than Prospect) had been removed from the plan. This included only delivering part of the Homes England Strategic Partnership Programme, the remaining 293 homes being delivered had been provided as a stress test, which did not break any rules. A further 1,000 homes had also been stressed tested. The Board were mindful of the Government's push for more homes and welcomed further discussion at a strategy session in May. The Business Plan had been subjected to detailed, robust, and Board influenced stress and multi-variant testing against identified risks and combinations of risks across a range of scenarios, with the mitigations and the early warning triggers identified for those risks. The stress tests were linked to the current risk register and the Board noted the stress tests that would be run included inflationary and deflationary scenarios, Joint Venture counterparty failure, the Baycroft homes coming back into management and multiple Local Authorities collapsing. The most severe multi variant test was Scenario Two, New Risks. The measures tested were significant increases in 20% increase salaries, bad debts up to 10% and £30m increase in repairs together with a sales delay and development spend inflation. The result of this scenario was that the Operating Margin (Years 1 to 3), Liquidity (Years 1 to 7 and 9 to 10), Interest Cover (Year 1 to 8, Year 10 to 12 and Year 15) and Gearing (Year 3 to 7) Golden Rules were broken. In the event of one of these scenarios occurring, Executive Directors and TRGL Board Members had identified a number of mitigations, with varying degrees of lead times and scale to alleviate the impact. This would include a range of measures from reducing overhead budgets, then stopping all non-contracted development at the earliest opportunity, all the way through to seeking a Merger Partner or breaking up Riverside. The Board noted how sensitive the Business Plan was to a range of financial impacts. In the matrix stress testing, the impact of increased variable interest rates was analysed, with an increase in the variable rate of 0.5% (on top of the rates assumed in the business plan) causing the Interest Cover Golden Rule to break in Year 2 on the plan. Conversely, if variable interest rates fell faster	

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	than the business plan economic assumptions anticipated this would drive additional headroom to the base plan position. The Board noted the early warning indicators and the ability to control them, with any mitigating actions presented to the Executive Team monthly and to Group Board at every meeting. The format of the Financial Performance Report was under review and would include strengthened reporting on Early Warning Indicators and resulting actions. The Board welcomed the proposed forward look to years 2, 3 and 5 of the Plan, increased visibility of Early Warning Indicators and actions, including a review of Level 4 mitigations being built in at 6 and 12 months. The Business Plan had been measured against the Golden Rules presented for approval, noting the only change from the prior year was to keep the Interest Cover Golden Rule at 135% for the life of the plan (as opposed to increasing to 145% in 2029). Discussions were ongoing with Barclays to remove this increase from future loan covenants, which are expected to conclude in the Summer of 2025 (following receipt of the updated Board approved Business Plan). TA highlighted the useful shadow ratings exercise conducted by Savills, which had been based on the draft Business Plan to provide an indicative outcome of what the ratings with Moody's and Fitch might be if we delivered this plan. The outcome of this exercise suggested that our ratings were likely to remain stable at Baa1 (Moody's) and A- (Fitch) for the next few years, at least until the fire safety spending was complete. Stable ratings would help to support further debt raising required to help fund the ongoing capital expenditure in the short term. The Board noted the reliance on land and property sales in the early years of the Plan and the impact on covenants if sales were not delivered, however, this would reduce over time and a plan was in place to deliver Y1 sales and into the future. FE also highlighted GTC's discussions in relation to unencumbered security and the Board noted work being carried out on property titles. The Board: • **NOTED** the range of single and multi-variant stress testing, ensuring as they did that, they considered the long term, cyclical nature of economic factors that impact on the business as well as internal business risks. Group Board confirmed they were comfortable that the mitigations identified sufficiently alleviated the impacts of stress testing. • **APPROVED** the proposed delegation of approval to CEO and CFO for any non-material changes arising from the Financial Forecast Return (FFR) sign off process. • **APPROVED** the proposed changes to Golden Rules set out in Section Six of the report; and • **APPROVED** the 2025/26 Group Business Plan (including the minor amendments to the 2025/26 Budget).	

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	The Board expressed their thanks to CAM, the Finance Team and Executive Directors for the significant amount of work to develop and present the Group Business Plan for approval.	
065/25	Any Other Business (Item 2) There were no items of any other business raised.	
066/25	Date of Next Meeting (Item 2) • 14/15 May 2025 (In Person) The date of the next scheduled meeting was **NOTED**.	

Signed:

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