



### Meeting Minutes

<b>Board/Committee:</b>	The Riverside Group Ltd Board (the "Board")		
<b>Date and time:</b>	9am 26 March 2024		
<b>Location:</b>	Microsoft Teams		
<b>Present:</b>	• Terrie Alafat	(TA)	Chair
	• Caroline Corby	(CC)	Vice Chair
	• Olwen Lintott	(OL)	Board Member
	• Sandy Murray	(SM)	Board Member
	• Ingrid Fife	(IF)	Board Member
	• Nigel Holland	(NH)	Board Member
	• Fenella Edge	(FE)	Board Observer
	• Mona Shah	(MS)	Board Member
	• Kei-Retta Farrell	(KF)	Board Member
	• Carol Matthews	(CMM)	Co-opted Board Member
<b>In attendance:</b>	• Richard Williams	(RW)	Board Observer
	• Keith Harkness	(KH)	Board Observer
	• Pauline Ford	(PF)	Board Observer
	• Paul Dolan	(PD)	Board Observer
	• Tony Blows	(TB)	Chief Information Officer
	• Ian Gregg	(IG)	Executive Director Asset Services
	• Cris McGuinness	(CAM)	Chief Financial Officer
	• Jehan Weerasinghe	(JW)	Managing Director for OHG
	• Russell Hall	(RJH)	Head of Governance (TRGL)
	• Max Gregory	(MG)	Head of Delivery (Joint Ventures) (Item 080/24)
<b>Apologies:</b>	• Erfana Mahmood	(EM)	Board Member
	• Sam Scott	(SS)	Board Member
	• John Glenton	(JG)	Executive Director Care and Support Services
	• Patrick New	(PN)	Executive Director Customer Service
	• Sara Shanab	(SSh)	Group Director of Governance and General Counsel

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077/24	<p><u>Welcome and Apologies for Absence (Item 1)</u> <b>VERBAL</b></p> <p>There were apologies received from Erfana Mahmood, John Glenton, Sam Scott, Patrick New and Sara Shanab.it was noted subsequently that EM had tried to join the meeting, but technology issues had prevented her attendance and were being looked into by the Governance Team.</p> <p>The Chair welcomed PF to the Board as an Observer for this meeting</p>	
078/24	<p><u>Declarations of Interest (Item 2)</u> <b>VERBAL</b></p> <p>There were no declarations of interest made.</p>	
079/24	<p><u>Business Plan (Item 3)</u> <b>CONF.</b></p> <p>The Board received the paper that presented the thirty-year 2024/25 Group Business Plan. CAM confirmed this Business Plan was different to previous years as it was presented against a backdrop of a well-documented and very difficult external environment coupled with a challenging combination of fire safety costs, rising repairs costs, zero carbon commitments and a high exposure to regeneration activity.</p> <p>CAM explained that preparing a thirty year business plan was a regulatory requirement. As the Board knew, TRGL was a complex organisation with many moving parts and the Business Plan was based on a set of assumptions at a fixed point in time. Inevitably, earlier years would be more accurate than the later years, due to the number of assumptions that were made. The Board noted that the Plan took the Year One (2024/25) Budget and built on that, making changes for things Riverside knew about or could predict and included individual development schemes, Joint Ventures and loans. The Board recognised the plan was weaker in the earlier years (predominantly while the cladding programme was active), but stronger in the middle years. Once the fire safety work was complete the Plan reverted to a stronger operating margin (c 20%).</p> <p>Fire Safety Carve outs had been achieved from all lenders (at the time of writing excluding SMBC, although they are not currently needed with this lender to be compliant) for 2023/24, 2024/25 and 2025/26 as was consistent with other providers. However, the current estimated end date for the cladding programme is 2028. The Board noted that the Business Plan assumed a further two years of Fire Safety Carve outs would be obtained when required.</p> <p>Consistent with last year, all future aspirational development (other than Prospect) had been removed from the Plan, which the Board noted meant only delivering part of the Homes England Strategic Partnership Programme.</p> <p>The Board noted that their discussions regarding Stress Testing and Mitigations on the 14<sup>th</sup> March had been taken into account and the Business Plan has been subjected to detailed, robust and Board</p>	

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	<p>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.</p> <p>In terms of stress testings that were to be run, these included inflationary and deflationary scenarios, Joint Venture counterparty failure, the Baycroft homes coming back into management and multiple Local Authorities collapsing, amongst others. The measures tested were increases in salaries, voids and bad debts, sales delay, house price reduction and a rent freeze.</p> <p>The Board noted that in the event of one of these scenarios occurring, they and Executive Directors had identified a number of mitigations, with varying degrees of lead times and scale to alleviate the impact. These included 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.</p> <p>CAM drew the Boards attention to Section 8 of the report that showed how sensitive the Business Plan was to a range of financial impacts. The Board noted in particular the impact of increased variable interest rates where an increase in the variable rate of 2% (on top of the rates assumed in the business plan) would cause the Interest Cover Golden Rule to break in Year 3 on the plan. Conversely, if variable interest rates fell faster than the business plan economic assumptions anticipated then this would drive additional headroom to the base plan position. the Board also noted that the most sensitive Golden Rule was Operating Margin.</p> <p>The Board recognised that in relation to the early warning indicators and Riverside's ability to control them, and any mitigating actions, they were presented to the Executive Team on a monthly basis and to Group Board at every meeting. As a further improvement this year, the Board noted that when considering the triggers, consideration would also be given to the elapse of time to make an impact on the year end result.</p> <p>CAM explained that the Business Plan had been measured against the Golden Rules presented in the paper for approval. The only change from the prior year was to increase the period for which the Operating Margin Golden Rule remained at 15% from Year Three to Year Five (in line with the cladding programme).</p> <p>CAM also noted that MS had asked a series of questions on the business plan yesterday, the questions and answers were contained within the document library but for the minutes the summary of the queries were:</p> <ul style="list-style-type: none"> <li>• A query around the 278 homes not in the base plan but which were part of the HE strategic partnership, it was agreed to stress test against those remaining homes and be brought back to Board in May.</li> <li>• Confirmation in relation to the reduction on OHG routine maintenance and the increase in TRGL's</li> </ul>	

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	<ul style="list-style-type: none"> <li>• A query around the reference to zero carbon in point 3.6 and stress testing against £200m</li> </ul> <p>The Board members discussed the Business Plan in detail and raised a number of questions and areas for clarification around stress testing measures and understanding the measures that were to a greater degree able to be controlled by Riverside, in response CAM explained how the early warnings split into those which could be and those which could not be controlled noting that a lot of the detail would come through the management accounts, the importance being that the Board would get early sight of issues and the ability to consider the right response.</p> <p>The Board raised queries on net zero and the mitigations, CAM provided some clarification on the percentages referred to and indicated they could refresh the numbers when Riverside started to receive the detail from the stock condition surveys.</p> <p>The Chair noted that the Plan was tight and this continued into years 2 and 3 and whether Riverside should be going further in terms of mitigations in the next 12 months. In response CAM confirmed that there was a better contingency built into this Plan and there would be a strong focus on delivering the budget and not so much on forecasting. CMM and her team would be ensuring Board were kept absolutely up to speed on Budget performance in all future Board meetings. PD also commented that the Budget was tight and there may be a need to look at further efficiencies but some of the key areas, like fire safety could not be compromised.</p> <p>RW noted that, from the Operating Margin comparator table at Appendix 3 of the report Riverside was an outlier in a number of areas and CAM explained that was largely down to a significant Care and Support business and rent level differentials across the Group. On the point around the Care and Support business IF confirmed there was greater scrutiny within the CSC now too.</p> <p>The Board</p> <ul style="list-style-type: none"> <li>• <b>NOTED</b> 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 impacted 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, recognising that these would be included in the next version, once the stress testing was complete,</li> <li>• <b>APPROVED</b> the proposed delegation of approval to CEO and CFO for any non-material changes arising from the Financial Forecast Return (FFR) sign off process,</li> <li>• <b>APPROVED</b> the proposed changes to Golden Rules and Key Performance Measures set out in Section Six; and</li> <li>• <b>APPROVED</b> the 2024/25 Group Business Plan.</li> </ul>	

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080/24	<p data-bbox="300 282 1249 349"><u>Tiller Road Estate Regeneration, Tower Hamlets Approval to Exchange JV Contracts (Item 4) CONF.</u></p> <p data-bbox="300 383 1249 510">The Board received the report that set out the key legal, commercial and financial terms of the proposed Joint Venture (JV) contract with Mount Anvil (MA) and which highlighted the main risks and the financial scheme performance data.</p> <p data-bbox="300 544 1249 779">JW provided some background to the proposed regeneration explaining that the scheme is located to the west of the Isle of Dogs in Tower Hamlets and contains Winch House, Kedge House, (where safety issues and ongoing mitigations had previously been discussed at Board), and Starboard Way which together provided 72 homes. There were currently 23 voids on site, many within Kedge House which had some significant maintenance issues on the upper floors.</p> <p data-bbox="300 813 1249 1182">Under the current proposals it was intended to provide circa 340 new homes, of which, currently 45-50% would be affordable, (subject to planning). It was confirmed to the Board that if planning consent was not granted it may be financially unviable to refurbish the existing blocks. JW explained to the Board some of the stakeholder consultation that had already been done and would be progressing in the future and the regeneration plans had strong support from residents. MG took the Board through some of the financial detail, including the current expected grant position with the GLA. MG also explained the work to mitigate risk in phase 1, provided detail on the rehousing and decant plans and negotiations with the JV partner.</p> <p data-bbox="300 1216 1249 1384">The Board noted that the scheme had had careful consideration through DIAP and at GDC. NH, as Chair of GDC said the Committee had discussed the proposals in detail and considered other options including continuing with the scheme as it is and had decided that those other options were not tenable.</p> <p data-bbox="300 1417 1249 1619">The Board discussed the section within the report on Risks and Opportunities and whilst recognising there was strong appetite for the redevelopment within key stakeholders, including the LB of Tower Hamlets and residents, the Board suggested the risks around obtaining planning permission should receive more visibility and it was agreed this would feature more prominently in future reporting on progress.</p> <p data-bbox="300 1653 1249 1888">The Board also took the opportunity to raise the significant cost of the ongoing mitigations around Kedge House, as well as the position on planning consent and decant status, noting the impact a 1a status would have on the ability to speed up the decant process. Responding to questions from OL, JW was able to provide the Board with further detail around the decant process and the options available in that decant process for residents.</p> <p data-bbox="300 1921 1249 2020">The Board:</p> <ul data-bbox="316 1955 1249 2020" style="list-style-type: none"> <li>• <b>APPROVED</b> entering into contract with Mount Anvil (MA) across the full suite of contract documents that governed the JV's obligations</li> </ul>	JW

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	<p>and actions as well as the terms of the Affordable Housing Sale and Development Agreement.</p> <ul style="list-style-type: none"> <li>• <b>APPROVED</b> incorporating a Limited Liability Partnership (LLP) with MA through which the Tiller Road re-development would be delivered. The newly incorporated LLP would have delegated authority over decisions within the confines of the JV's objectives, obligations and financial hurdles rates as set out in the contracts. One Housing Investment Limited (OHIL) is the proposed Member for the LLP.</li> <li>• <b>APPROVED</b> authority to proceed with activity related to securing Vacant Possession (VP) in line with the financial scheme performance and capacity contained in this paper.</li> </ul>	
081/24	<p><u>Riverside Scotland Strategic Delivery Partner for Energy Efficiency Tender (Item 5) CONF.</u></p> <p>The Board received the report that set out the reasoning, purpose, and background to the recent Riverside Scotland Strategic Delivery Partner for Energy Efficiency tender process and seeks Riverside Group Board agreement to award this tender to the successful bidder – Union Technical Services.</p> <p>The Board raised a query, in light of the last discussion on Budget constraints about the reference in the report to going further than needed in relation to delivering energy efficient homes. IG confirmed that the approval being sought here was about appointing a partner under the tender, decision about implementation under that contract would be made at a future date.</p> <p>The Board <b>APPROVED</b> the appointment of Union Technical Services as Riverside Scotland's Strategic Delivery Partner for Energy Efficiency.</p>	
082/24	<p><u>Any Other Business (Item 6)</u></p> <p>The only matter of AOB was to share the feedback from the Regulator on the IDA from the meeting with the Regulator that had taken place a few days earlier. The Board noted the update provided by CMM and that a detailed note had been taken and a further focused feedback session with Bard members would take place soon.</p>	
083/24	<p><u>Date of Next Meeting (Item 7)</u></p> <p>15/16 May 2024 (In Person - Rochdale)</p> <p>The date of the next scheduled meeting was <b>NOTED</b>.</p>	

Signed:

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

**Date**