



Notes of the 4EF Meeting

With Riverside CEO, Carol Matthews

2.30 Friday 14th October 2022

St John's Community Centre

Present

Residents: Candida Ronald, Arthur Coppin (notes), Jenny Fisher, Maggie Phillips, Maureen Mallett, Jill Skeels, Daniel Lynch, Jackie Campbell, Glen Power.

4EF Advisor: Mike Tyrell (Chair)

OH/Riverside: Carol Matthews CEO, Richard Hill CEO, Sue Hanlon (Director of Property Services)

Apologies: Kim Willcock, Julius Maynard, Lesley Evans, Ahmed Hussain, Peter Kristofferson, Pam Cole Eliza Janiec, Deidre Benjamin, Juliet Grimes,

Welcome and Introductions

1. Introduction from Carol: Carol grew up on a Glasgow Estate so understands what social housing is like.
2. R'side strap line – "Our aim is to transform lives and revitalise neighbourhoods". It focusses on both Social Housing and Supported Housing / Assisted Living and is not interested in development for profit. Its focus and ethos are similar to OH's
3. R'side's Values – basically "we care and are trusted – We are courageous and stand up for what we believe in, take responsibility for our decisions, stand up for those without a voice. We are trusted and build positive relationships with honesty and integrity. We care and put our customers first."
4. We want to be a fantastic housing association respected by its communities and other HAs.
5. R'side has "Customer Voice" (RCV) where all residents have an opportunity to give feedback and influence decision making. It has an executive committee and regional hubs and has an observer on the main board. RCV is a separately funded, self-determining organisation so does not rely on R'side's approval.

Financial Challenges

6. The rent cap is going to be very challenging and the future inflation rate is still unknown.
7. Regeneration projects will still go ahead but may take longer than originally planned. There will inevitably be less development in this market. Building safety is always going to be the priority.
8. Q: What will the financial position of the merged group be – especially with the financial challenges of assisted living and steep increases in building costs.

A: R'side has overspent but is navigating its way through this financial year. The merger will stabilise the organisation by using what each HA brings. It will also enable OH to be more resilient to the future following their huge costs of the fire safety works.

Discussion / Issues

9. Development - Q: Can Riverside provide One Housing with extra borrowing capacity so OH could avoid using profit-making joint ventures on the Isle of Dogs, (if self-funding a scheme would breach OH's borrowing capacity limits), to increase the affordable proportion above the current offer of 48%.

A: Carol replied that insufficient grant funding has made it harder to build affordable housing and using Shared Ownership was the main option available at the moment.
(See Glen's explanation in appendix)

10. Samuda Regeneration - Residents on Samuda are very concerned that there is no Masterplanning prior to making decisions about regeneration so the whole estate may be financially unviable.

11. Q: How can R'side/OH afford to take on this new regeneration? – who is subsidising who?

A: R'side is standing behind OH and ensuring its viability; some of OH's regen will have priority over some of R'side's projects. Lenders to OH will have the reassurance offered by a much stronger HA.

12. Regeneration Offer Documents – Q: will all the pledges in the offers made by OH still be valid and honoured by R'side?

A: Yes, definitely

13. Q: How will mortgages be guaranteed for leaseholders being moved temporarily for regeneration and exercising their right to return but waiting for a replacement flat.

A: R'side will look at these on a case-by-case basis. The right to return is fundamental to a regen scheme so will have bespoke solutions for individual situations.

14. Castalia Sq office – Q: Is there a commitment from R'side to keep this open.

A: It will be up to OH that will become the London Office for R'side as they will still be managing the day-to-day services to residents. Sue Hanlon will do some costings but there will have to be choices as OH won't be able to do everything that residents want. OH will come and discuss these choices with the St John's TRA.

15. Care and Support – residents are concerned that this will eat up too much finance?

A: Each service has its own organisation which is funded separately - they do not cross finance so do not depend on each other.

How will Services be affected by the merger?

16. OH and R'side's back-room services will be sorted out first. The two separate systems will need to be brought together.
17. R'side's contact centre's phone service isn't good enough because the telephony is not as up to date as OH's.
18. Housing Services will continue to be delivered on a local level – this should not be affected too

much as OH will transform into the London Region of R'side.

19. Q: Will R'side be bringing solutions to the problems we have with OH's contact centre.

A: Hopefully there is a determination to resolve these anyway.

20. Q: Will R be involving residents in sorting out problems with OH. OH is not consulting with residents about what the problems with the services are and what needs to be changed.

A: The new Resident Engagement Strategy should help to address this.

Accountability and Scrutiny

21. Customer Voice – R'side is confident that the RCV is very effective in holding R'side to account. It is independent of R'side's officers, has its own budget, and its chair, Vic, is happy to be contacted.

22. The Merger – when OH approached R'side with this proposal, each Board made the case for the merger and it was their responsibility whether it went ahead or not. It was not something residents of either association had influence over as the Boards have ultimate responsibility to the MHCLG for ensuring the viability of their organisations. The consultation was done as part of this process but would not have changed anything.

Appendix

Clarification from Glen

9. The following facts were pointed out;

- in 2016 Riverside co-sponsored a report by the Policy Exchange think tank, (called A New Settlement between government and independent housing associations) which recommended that housing associations REDUCE the affordable proportion of their new housing supply to 50%, and increase the market element to 50%.

- that government grant has been hugely cut since 2011, so to cross-subsidise affordable housing associations need to build a significant minority of MARKET homes to generate extra revenue to cover building costs.

- insufficient grant does NOT mean that associations also financially NEED to form profit-making joint ventures with private developers. An association could only claim a financial need to form profit-making joint ventures if self-funding schemes would lead them to breach their borrowing capacity limits. According to their annual reports so far NO major associations have breached their borrowing capacity, despite higher borrowing rates, though some would eventually if they kept developing.

- Joint ventures always reduce affordable housing, compared to schemes self-funded by associations, because typical profit margins increase to 20% of the sales price for market sales homes, instead of 12% of building costs, like Clarion are using in Merton.

- Carol was specifically asked if Riverside could provide One Housing with extra borrowing capacity so OH could avoid using profit-making joint ventures on the Isle of Dogs, (if self-funding a scheme would breach OH's borrowing capacity limits), to increase the affordable proportion above the current offer of 48%.

A: Carol replied that although Riverside did co-fund Policy Exchange's report, that didn't mean they supported all policy recommendations, and that insufficient grant funding has made it harder to build affordable housing.