



Board of Directors

Tuesday 4 October 2011 at 2pm

To be held at Keelman House, Fifth Avenue Business Park,
Team Valley, Gateshead, Tyne and Wear

Agenda

Item	Business
1.	Apologies for Absence
2.	Declarations of Interest
3.	Notes of Meeting of Keelman Homes held on 12 May 2011 (Pages 2-6) Attached
4.	Matters Arising
5.	Draft Trustees Report and Financial Statement (Pages 7-27) Report of TGHC Director of Corporate Services
6.	Kibblesworth Development Finance Update (Pages 28-33) Report of TGHC Director of Corporate Services
7.	Kibblesworth Development Update (Pages 34-36) Report of TGHC Chief Executive
8.	UK Housing Award (Pages 37-39) Report of TGHC Director of Corporate Services
9.	Date and Time of Next Meeting To be agreed
10.	Exclusion of the Press and Public

Contact: Stuart Gibson Tel: (0191) 433 5308 Date: 27 September 2011



(Company number: 06972673)

Minutes of meeting of the Board of Directors held at Keelman House, Fifth Avenue Business Park, Fifth Avenue, Team Valley, Gateshead on Thursday 12 May 2011 at 12.30pm

Present:

Ordinary Trustee

Brian Kelly (Chair)
Richard Armitage
Paul Foy
Hannah Hoskins
Peter Mole

Co-optee

Bob Harrison

In attendance:

Bill Fullen (TGHC Chief Executive)
Kevin Johnson (TGHC Head of Customer Services)
Peter Smith (TGHC New Build and Regeneration Manager)
Stuart Gibson (TGHC Company Administrator)

Apologies:

Anne Connelly
Linda Hitman

1 DECLARATIONS OF INTEREST

No interests were declared.

2 MINUTES

The minutes of the Board Meeting of Keelman Homes held on 20 January 2011 were approved as a correct record.

3 ANNUAL GENERAL MEETING

The Board considered arrangements for the Charity's second Annual General Meeting (AGM) and the process for the retirement of one third of the Ordinary Trustees.

The requirements for the Charity's AGM are governed largely by the provisions of the Companies Act 2005 and the Charity's Articles of Association.

The Gateshead Housing Company (TGHC) is the sole member of Keelman Homes. As such it has the right to attend general meetings (including the AGM) and exercise all the rights which are reserved to the general members of a company. Since TGHC is a corporate entity, it will need to rely on authorised individuals carrying out these functions on its behalf. The TGHC Chair of Board has been nominated as the representative to act on its behalf for this purpose.

The AGM must be held in the calendar year 2011, not more than 15 months after the last AGM. The last AGM was held on 23 September 2010, therefore the next AGM must be held no later than 22 December 2011.

At the AGM, the members receive the accounts of the Charity for the previous financial year; receive the Trustees' report on the Charity's activities since the previous AGM; accept the retirement of those Ordinary Trustees who wish to retire or who are retiring by rotation; appoint or if appropriate elect Ordinary Trustees to fill the vacancies arising; appoint auditors for the Charity and may discuss and determine any issues of policy or deal with any other business put before them by the Trustees.

The annual report of the Trustees of the company, together with the audited accounts, will be presented to the Board for approval at its meeting scheduled to take place on 23 September 2011. 21 clear days' notice of the AGM must be given to TGHC, calling the AGM. Therefore, it would need to be held no earlier than 14 October 2011.

The Board currently meets three times a year and the next scheduled meeting after 23 September 2011 is not until January 2012. There is however a meeting of TGHC Board on 10 November 2011 and it is proposed therefore that the AGM be held immediately after this meeting. The normal company practice is for the Chair of Keelman Homes Board to preside.

One third (or the number nearest to one third) of the Ordinary Trustees must retire at each AGM, those longest in office retiring first and the choice between any of equal service being made by drawing lots.

If the members of the Charity, at the meeting at which a Trustee retires in the above manner, do not fill the vacancy, the Trustee shall, if willing to act, be deemed to have been reappointed unless at the meeting it is expressly resolved on to fill the vacancy.

The Trustees have the power at any time to appoint any person to be an Ordinary Trustee, either to fill a casual vacancy or as an addition to the existing Trustees but so that the total number of Ordinary Trustees shall not at any time

exceed the maximum number which in accordance with the Articles is fixed at four.

Keelman Homes currently has a full composition of four Ordinary Trustees. Given that the longest serving Trustee has served on the Board for less than two years, the TGHC Member has agreed that the retiring Ordinary Trustee, if willing to act, be reappointed.

- RESOLVED – (i) That the information be noted.
- (ii) That the second Annual General Meeting be held immediately after the TGHC Board Meeting on 10 November 2011.
- (iii) That the proposed arrangements for the retirement and subsequent reappointment of a third of the Ordinary Trustees be noted.
- (iv) That the longest serving Ordinary Trustee retire at the next AGM and if willing to act, be reappointed at that meeting.

4 TACKLING SOCIAL AND FINANCIAL EXCLUSION

The Board was advised of possible opportunities to utilise the charitable status of the company as part of a partnership approach to tackling social or financial exclusion.

The Charity's memorandum of association includes the following objects of the charity: -

- The relief of poverty amongst the residents of the area of benefit.
- The advancement of education, training, work experience or re-training particularly among unemployed people

The Gateshead Housing Company (TGHC) has a Financial Inclusion Strategy and seeks not only to provide support to customers by preventing arrears and maximising income, but also helps customers to access employment support. Working in partnership, Keelman Homes may be able to support and develop this work and utilise its charitable status to explore opportunities for external funding.

An example of a partnership approach is the HELP project. This was set up in May 2010 as part of TGHC's commitment to support socially excluded tenants. The project aims to help tenants to gain skills and confidence that will enable them to become competitive in the labour market.

Working with agencies such as Action For Employment (A4E) and Northern Learning Trust, tenants engaging with the scheme are provided with a personal action plan tailored to their employment aspirations along with support and advice on debt management, benefits health checks and income maximisation.

Tenants can be supported in a number of ways through the scheme, including training on interview techniques and C.V. writing, and even help with costs of child care whilst undertaking employability skills training.

To date, 33 tenants have received an employment support package, 15 have been selected for job interviews and seven were successful in gaining employment.

The HELP project is one example of a partnership based project that would benefit from additional external funding. Keelman Homes could seek to unlock funding that would not be accessible to TGHC.

If successful bids for funding were made it could have the benefits of increased capacity for this area of work, help break the welfare dependency barrier among tenants and focus on achieving economic inclusion in the most disadvantaged areas.

RESOLVED – That further research into the potential availability of external funding to support a partnership approach to tackling exclusion be approved.

5 KIBBLESWORTH UPDATE

The Board received an update on the progress on site since the last update at the meeting held on 20 January 2011.

Overall Keelman Homes are providing 81 properties for rent on Assured Tenancies of which 17 “Unallocated” will be available to let after accounting for residents of Airey properties and 13 additional properties available for “Intermediate Rent”.

Phase One is now complete and was fully occupied, however one of the oldest and longest tenant on site has died. The re-let of this bungalow has been advertised through the ‘Home Choice’ paper to allow people on the register to bid for it.

Phase 2a for Keepmoat Homes will be the Sales Area for the whole site and this is now fully occupied.

Phase 2b will start occupation towards the end of May 2011 and will be fully occupied by the end of June 2011.

Keepmoat will construct the show houses in 2a as the last units of the overall Phase 2 area.

Demolition is due to start in areas of Phase 3a and 3b in May 2011 (subject to 2b occupation). Construction is due to start on Phase 3a by the end of May 2011 (subject to 2a/2b occupation).

The Land and Construction Contract have been exchanged.

Rednile have been appointed to carry out the consultation relating to the Public Art.

Kibblesworth Phase 1 received two commended certificates at the LABC Building Excellence Awards 2011, held at the Hilton Hotel on 8 April. The five two bedroom bungalows were recognised in the Category for Best Social or Affordable Housing Development and as the Best One Off or Small

Development. Brian Kelly from Keelman Homes Board and Bill Fullen, TGHC Chief Executive received the awards.

So far Home Loss payments have been made to 52 tenants, this equates to £244,400 less any outstanding debt to TGHC and the Council. Disturbance payments of £16,208 have also been made to pay for out of pocket moving expenses. These payments are made by the Council. Some tenants have moved into decant properties, some have moved into completed units and some have moved permanently offsite.

Not included within these figures are four tenants who will be able to claim twice due to being in a decant property for over 12 months. This arose due to exceptional circumstances on Phase 2a which should not occur again.

The cumulative value of works carried out by Keepmoat to date is £3,170,459 this is inclusive of the latest valuation number 11. All valuations will be paid less a 5% retention. It has been agreed to release half of the allocated retention at completion of each phase, with attributed balance being released after 12 months.

A maximum contract value of £8,435,060 has been agreed. This figure may however still change due to addition or omission of specified items.

The programme onsite is currently running about 15 weeks behind the contract programme. Some time has been caught up due to the good weather and smooth production on site. All utility problems caused by the bad weather around Christmas have now been resolved and are moving forward as expected.

Keepmoat and TGHC Housing Management are in regular contact with affected tenants on an individual basis regarding the current phases. General feedback from the tenants has been very positive.

- RESOLVED – (i) That the Kibblesworth update be noted, subject to customer services issues being highlighted in future updates.
- (ii) That an interim financial update be reported at the next meeting of the Board.

6 DATE AND TIME OF NEXT MEETING

The next Board Meeting will be held on Thursday 22 September 2011 at 12.30pm at Keelman House, Fifth Avenue Business Park, Fifth Avenue, Team Valley Trading Estate, Gateshead.

7 CLOSE OF BUSINESS

There being no further business the Chair declared the meeting closed.



Title: Draft Trustees Report and Financial Statement

Report of: TGHC Director of Corporate Services

Purpose of Report

1. To seek approval of the draft director's report and financial statements.

Background

2. The trustees report and financial statements will be presented to the Annual General Meeting which will be held on 10 November 2011.
3. The trustees report and financial statements are for the financial year 1 April 2010 to 31 March 2011. This is the first year trading activity which has taken place within Keelman Homes and therefore, these are the first audited accounts.

Draft Trustees Report

4. The draft Trustees report must follow the format as set out in the Statement of Recommended Practice: Accounting and Reporting by Charities issued in March 2005 and as set out in the Companies Act 2006.
5. The Draft Trustees Report has been prepared in accordance with these standards and is attached in the Appendix. This report details the principle activities of Keelman Homes for the financial year 1 April 2010 to 31 March 2011 and highlights the future activities.

Draft Financial Statements

6. The Draft Financial Statements show total funds in the balance sheet at £6.3m. This includes the land value and the first tranche of grant received from the Homes and Communities Agency.
7. The financial activities during the year show that the funds carried forward were £5,449. Income was mainly through rental and service charge income as well as investment income through investing our cash balances in short term deposits.
8. Our expenditure relates mainly to depreciation charges on our fixed assets which are our new properties and a fee for the art project being undertaken at the Kibblesworth site. We have also paid the management fee to The Gateshead Housing Company for the management of the properties.

9. These accounts have been audited by KPMG as our external auditors.

Impact on tenants

10. Appropriate financial monitoring and control will ensure efficiencies are maximised and redirected to services that directly impact on tenants.

Risk Management Implications

11. The external audit carried out by KPMG is one element of the controls in place to ensure that the strategic risk associated with budget issues - cost overruns is effectively controlled.

Financial Implications

12. The financial implications are contained within the report and Appendix.

Equality and Diversity Implications

13. There are no equality or diversity implications arising from this report.

Health Implications

14. There are no direct health implications arising from this report.

Value for Money implications

15. Value for money was a factor in the procurement of Keepmoat Plc as the contractor for the new build.

Environmental Implications

16. Environmental consideration is given during the day to day management of financial resources through the drive to ensure that purchasing methods are sustainable and through the reduction of energy costs through energy efficient measures being introduced in working practices.

Consultation carried out

17. None directly for this report.

Recommendations

18. The Board is recommended to approve the draft Trustees Report and Financial Statements.

KEELMAN HMES

Keelman Homes Limited

Directors' report and financial statements

Registered company number 06972673

Registered charity number 113321

For period ended 31 March 2011

Directors and Trustees Report

Reference and Administration Details

Charity Name:	Keelman Homes Limited
Charity Reference Number:	113321
Company Reference Number:	06972673
Registered Address of the Charity:	Keelman House, Fifth Avenue Business Park, Fifth Avenue, Team Valley Trading Estate, Gateshead, NE11 0XA
Charity Trustees:	<i>ALMO Trustee:</i> Richard Armitage <i>Council Trustee:</i> Paul Foy Peter Mole <i>Ordinary Trustee:</i> Brian Kelly Linda Hitman Hannah Hoskins (appointed 12 May 2010) Anne Connelly (appointed 12 May 2010)
Secretary:	Jon Mallen-Beadle
Management Team:	Day-to-day management has been delegated to The Gateshead Housing Company
Auditors:	KPMG LLP Quayside House 110 Quayside Newcastle-upon-Tyne NE31 3DX
Bankers:	Co-Operative 1st Floor, Norfolk House 90 Grey Street Newcastle-upon-Tyne NE1 6BZ
Solicitors:	Gateshead Metropolitan Borough Council Civic Centre Regent Street Gateshead NE8 1HH

Directors and Trustees Report (continued)

Structure, Governance and Management

Governing Document

Keelman Homes is a charitable company limited by guarantee, it was incorporated as a private company on 25 July 2009 and received charitable status on 16 December 2009. The organisation was established under a Memorandum of Association which established the objects and powers of the company and is governed under the Articles of Association. There is one member of Keelman Homes, this is The Gateshead Housing Company (TGHC). TGHC has the right to attend all general meetings and can exercise all rights which are reserved to the general members of a company. The TGHC Chair of the Board has been nominated the representative to act on its behalf as TGHC is a Corporate Entity. In the event of the Charity being dissolved, every member must pay up to £10 towards the cost of dissolution and the liabilities incurred by the Charity.

Recruitment and Appointment of Trustees

The Trustees as charity trustees control the Company and its property and funds and are known as the Board. The Trustees consist of at least four and not more than seven individuals, comprising one individual nominated by the ALMO in accordance with article 4.3.2 (the ALMO Trustees), two individuals nominated by the Council in accordance with article 4.3.3 (the Council Trustees) and four individuals appointed or elected in accordance with article 4.3.4 (the Ordinary Trustees).

The ALMO Trustees shall be appointed by the ALMO to serve for such period of office as shall be confirmed by the ALMO. A written notice delivered by the Chief Executive of the ALMO (or such other authorised individual) of the ALMO to the Secretary shall be conclusive as to who has been appointed as an ALMO Trustee and for what period of time. The ALMO may remove and replace the Trustees at any time provided

The Council Trustees shall be appointed by the Council to serve for such period of office as shall be confirmed by the Council. One of the Council Trustees shall be an employee or elected member of the Council and one of the Council Trustees shall be an existing Council-nominated board member of the ALMO. A written notice delivered by the Chief Executive (or such other authorised individual) of the Council to the Secretary shall be conclusive as to who has been appointed as a Council Trustee and for what period of time. The Council may remove and replace either or both of the Council Trustees at any time provided written

The Ordinary Trustees would be appointed by the Board to fill a casual vacancy until the company's next Annual General Meeting (Article 4.6). Every Trustee after appointment or reappointment must sign a declaration of willingness to act as a charity trustee of the Charity before he or she may vote at any meeting of the Trustees. One third (or the number nearest to one third) of the Ordinary Trustees must retire at each AGM, those longest in office retiring first and the choice between any of equal service being made by drawing lots and can be re-elected at the AGM should they wish.

Mrs Linda Hitman retires by rotation and, being eligible, offers herself for re-election.

The Charity's work focuses on the build of new homes within Kibblesworth and the subsequent management of these homes once they have been finalised and let. Therefore, we have looked to ensure we have a mix of Trustees with appropriate skill sets. The ALMO Trustee and Council Trustees have skills in relation to the management of social housing and performance management, we have also ensured that the Ordinary Trustees have a good mix of skills in relation to housing management, communications and tenant

Induction and Training of Trustees

Once the Trustees have been appointed they are invited to meet with the Company Secretary to familiarise themselves with the work of the Charity, the context in which it operates and the role of the Trustee. They are also provided with the Memorandum and Articles of Association for the Charity, as well as the Code of Conduct for the Trustees. Trustees are also continually being offered the opportunity to undertake training that they feel is necessary to their roles and they have been provided with the opportunity for further learning

Organisational Structure

Keelman Homes has a Board made up of 7 Trustees who meet bi-monthly and are responsible for all decisions taken by the Company. Keelman Homes has a management agreement with The Gateshead Housing Company to manage the new build and manage the properties once built and let. The Gateshead Housing Company therefore, has responsibility for the day-to-day management of the operations being

Related Parties

The Charity is guided by the Charities Act and Companies Act and is guided by both National and Local policy. The Gateshead Housing Company as parent company act as managing agents for Keelman Homes in its day-to-day management of operations. The Gateshead Housing Company are an Arms Length Management Organisation of Gateshead Council and are responsible for the day-to-day management, maintenance and improvement of the Gateshead Council Housing Stock.

Risk Management

The Board conducted a review of the major risks to which Keelman Homes are exposed and produced a risk register which is updated on a six-monthly basis. Systems and procedures have been established to mitigate the risks Keelman Homes faces where appropriate.

Directors and Trustees Report (continued)

Our Aims and Objectives

Purposes and Aims

Keelman Homes purposes as set out in the objects contained within the Company's memorandum of association are to:

- (a) to provide houses or hostels or other residential accommodation and any associated amenities for persons in necessitous circumstances upon terms appropriate to their means;
- (b) to provide for aged, disabled (whether physically or mentally), or chronically sick persons in need thereof houses or hostels or other residential accommodation and any associated amenities specially designed or adapted to meet the disabilities and requirements of such persons;
- (c) to provide services, advice or assistance upon terms appropriate to their means to aged, disabled (whether physically or mentally) or chronically sick persons or other persons in necessitous circumstances in need thereof and providing any associated amenities specially designed or adapted to meet the disabilities and requirements of such persons;
- (d) the provision of recreation or other leisure facilities in the interest of social welfare with the object of improving the conditions of life for the residents of the area of benefit;
- (e) the relief of poverty amongst the residents of the area of benefit;
- (f) the advancement of education, training or retraining, particularly among unemployed people and providing unemployed people with work experience;
- (g) the maintenance, improvement or provision of public amenities for the public benefit in the interests of regeneration in areas of social and economic deprivation in which the Charity owns or manages housing stock; and
- (h) such other charitable purposes beneficial to the public consistent with the objects above as the Trustees shall in their absolute discretion determine.

Keelman Homes aims are to provide new housing in Gateshead and neighbouring Local Authority areas for social housing letting and intermediate rent and to provide housing management services for our tenants in this area. We provide housing management services through a management agreement with The Gateshead Housing Company. Our aims reflect the purposes Keelman Homes was set up for.

Ensuring our work delivers our aims

Keelman Homes was set up in July 2009 and we set our aims and objectives for the year ahead to ensure that the foundations were in place to obtain funding for new houses to be built within the Kibblesworth area so that we could meet the objects set within our memorandum of association to provide homes for persons in necessitous circumstances.

Every year we review the aims and objectives set as well as review the activity undertaken in the prior year to ensure that we continue to meet the objects as detailed above.

Our objectives for the previous year

Our main objectives for the period ended 31 March 2010 were to obtain the funding required for the building of new properties at the Kibblesworth site and to procure a contractor to build the homes.

Keelman Homes obtained grant funding from HCA as well as securing a loan agreement with Gateshead Council for the balance of the funding required for the new build project.

A management agreement was set up with The Gateshead Housing Company to manage the day-to-day operational processes involved in the new build project as well as the management of the homes once they are completed. Our objectives for the year ended March 2011 was to complete Phase 1 and Phase 2A of the new development at Kibblesworth. We received the first tranche of the HCA funding and used this funding to meet the objectives of developing Phase 1 of our programme of works for the Kibblesworth site. This involved the new build of 5 bungalows on a previously vacant site. Phase 2A of the scheme was also started within this year, which involved the decanting of tenants, the demolition of properties and the new build of 10 houses. The remaining 5 houses within Phase 2 were due for completion post year end.

Directors and Trustees Report (continued)

Achievement and Performance

Keelman Homes Board approved the appointment of Keepmoat PLC at its Board meeting on 9 September 2009 to demolish the existing Council owned Airy Houses at Kibblesworth and develop a mixed tenure scheme to include 92 properties for rent.

At its meeting on 21st January 2010, the Board received confirmation of the company being awarded Charitable status and agreed the Management Agreement between TGHC and Keelman Homes.

Also, the HCA grant and the loan from Gateshead Council were confirmed and approved in January 2010. The first tranche of the HCA grant was received by Keelman Homes in June 2010.

The programme of work was split into Phases. Phase 1 which consists of the build of 5 bungalows on a vacant site and Phase 2 which consists of 24 Houses, 7 Bungalows and 4 Disabled Bungalows were both completed in September 2010 and tenants moved in to these bungalows. Phase 2 was split into two parts - 2A and 2B. Demolition of properties on both of these sites has taken place during 2010/11 and the first 10 properties in Phase 2A were completed in February and March 2011. The remaining 5 properties in Phase 2A were completed post year end. Phase 2B consists of 20 properties. These properties are due to be completed in Autumn of 2011.

The remaining phases of the development - Phase 3 and Phase 4 will begin during 2011/12.

Directors and Trustees Report (continued)

Financial Review

Keelman Homes began trading in April 2010 once the HCA grant was received. Payments have been made to the contractor Keepmoat on valuation based on the work carried out.

The HCA grant was invested in accordance with our investment policy and through review of our expected cashflow required to pay the contractor and any other miscellaneous supplies.

5 of the properties were tenanted from September 2010 and The Gateshead Housing Company began to manage these properties in accordance with the management agreement. They collect the rent and any service charges associated with the properties and pass this income over to Keelman Homes. They are paid a management fee on behalf of this activity.

Principal Funding Sources

The principal funding sources for the building of the new homes at Kibblesworth is HCA Grant and a loan from Gateshead Council.

Once the properties are built and are let, the principal funding sources will be from the rental income and service charge income for these properties.

Investment Policy

Our investment policy going forward will be likely to be in relation to the grant funding received in advance. We will receive 75% of the HCA grant in advance of the build and this will be invested over a short term and long term view in accordance with our cashflow forecast. The loan will be drawn down from the Council in 2011/12 and we expect to invest some of that loan in short and long term investments in accordance with our cashflow targets. These investments will be made in fixed term accounts through our bank manager.

Reserves Policy

Our reserves policy will be further developed once the Company starts to trade, however, the reserves in relation to the new build has been built into the expenditure in relation to the contract and we have built in a £500,000 contingency fund. This will be shown within reserves.

In relation to the reserves required once properties are let, we will develop a reserves policy based on a months rent per property per year.

Future Plans

During the next year Keelman Homes will continue to build the new homes at Kibblesworth and expect to complete the build of approximately 52 new homes which will be let to tenants - these properties will be let to the current social housing tenants of the Kibblesworth properties which are being demolished to make way for the new build properties and to tenants according to Gateshead Council's lettings policy

The Gateshead Housing Company will also be managing these homes once these tenants move into the newly built properties on a day-to-day basis.

Directors and Trustees Report (continued)

Report of the Board

The Board present their Board report and financial statements for the period ended 31 March 2011.

Principal activities

The principal activity of the Company is the introduction of new housing stock within the Kibblesworth area. The company has entered into a management agreement with The Gateshead Housing Company to manage the day-to-day operation of the contractor who will build the new homes and to manage, maintain and improve the properties once built.

Review of business

Keelman Homes has been set up to enable the development of new homes in Kibblesworth in Gateshead. Planning permission was received from Gateshead Council to build almost 150 new homes within the Kibblesworth Estate.

A number of the estate's prefabricated 'Airey' properties are due to be demolished this year.

The Airey homes were built in the 1940s as a short-term measure and the cost to bring them up to the Government's Decent Homes Standard would have been excessive.

Keelman Homes will now replace these existing properties with new homes to create a more sustainable The scheme, which is also supported by the Homes and Communities Agency and Gateshead Council, will create 81 new affordable homes to rent for existing residents, plus 54 additional homes for sale.

In addition, 13 homes will be offered for 'intermediate rent' - a unique and flexible way for first-time buyers to get on the housing ladder.

Keelman Homes appointed construction firm Keepmoat to redevelop the 11.4 acre site at the Kibblesworth

The period to the 31 March 2011 saw the start of the Kibblesworth Regeneration programme. New bungalows were built on vacant land and some of the airey properties were demolished to allow some of the new 2 and 3 bedroom houses to be built. The first tenants also moved into their properties and The Gateshead Housing Company began to manage these properties in accordance with the management agreement. The remaining demolition and build continues on the site.

Policy and practice and payment of creditors

As a controlled Company of a local authority, the Company adheres to BVPI8 which requires the payment of undisputed creditor invoices within 30 days of receipt of the invoice. Where disputes arise we attempt to them promptly and amicably to ensure delays in payment are kept to a minimum.

Corporate Governance

The Company signs up to the principles of the Combined Code in so far as they are applicable to an its size and structure. As well as having robust codes of conduct for Board members, the Company has a clear Strategy in place which underlies its key decisions.

The Company has a main Board which is suitable for all current activity, we continue to review our governance arrangements to ensure the needs of the organisation are being met effectively

The Board Members who are directors for the purpose of company law and trustees for the purpose of charity law, who held office at the date of approval of this Board report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Board Member has taken all the steps that he or she ought to have taken as a Board Member to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Pursuant to section 487 of the Companies Act 2006, the auditors are deemed to be reappointed and KPMG LLP will therefore, continue in office.

Statement of Board's responsibilities in respect of the Board's Report and the financial statements

The Board Members are responsible for preparing the Board Report and the financial statements in applicable law and regulations.

Company law requires the Board to prepare financial statements for each financial year. Under that law they elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law Generally Accepted Accounting Practice).

Under company law the Board Members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Board are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Board are responsible for keeping adequate accounting records that disclose with reasonable accuracy at time the financial position of the Company and enable them to ensure that its financial statements comply with Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Board are responsible for the maintenance and integrity of the corporate and financial information the Company's website. Legislation in the UK governing the preparation and dissemination of financial may differ from legislation in other jurisdictions.

Approved by the Board on 4 October 2011 and signed on its behalf by

Mr B Kelly (Chair)

Statement of Financial Activities
Keelman Homes Limited
Period Ended 31 March 2011

	<i>Note</i>	Unrestricted Funds 2011 £	Restricted Funds 2011 £	Total Funds 2011 £	Total Funds 2010 £
Incoming Resources					
Incoming Resources from Generated Funds					
Investment Income	3	15,554	-	15,554	0
Incoming Resources from Charitable Activities					
HCA Grant	2	-	8,482	8,482	0
Gateshead Council Loan	2	-	-	-	0
Rental Income	2	10,563	-	10,563	0
Service Charge Income	2	304	-	304	0
Other Incoming Resources	3	1,981	-	1,981	0
Total Incoming Resources		28,402	8,482	36,884	0
Resources Expended					
Costs of Generating Funds					
Investment Management Costs		-	-	-	0
Charitable Activities					
Costs of new build	4	-	1,011	1,011	0
Housing Management Costs	4	500	-	500	0
Governance Costs					
Other Resources Expended	4	29,924	-	29,924	0
Total Resources Expended		30,424	1,011	31,435	0
Net Incoming/Outgoing Resources before Transfers		- 2,022	7,471	5,449	0
Transfers					
Gross transfers between funds		-	-	-	0
Net Incoming Resources before Other Recognised Gains/Losses		- 2,022	7,471	5,449	0
Other Recognised Gains/Losses					
Gains on revaluation of fixed assets for charity's own use		-	-	-	0
Gains/Losses on Investment Assets		-	-	-	0
Actuarial Gains/Losses on defined benefit pension schemes		-	-	-	0
Net Movement in Funds		- 2,022	7,471	5,449	0
Reconciliation of Funds					
Total Funds Brought Forward		-	-	-	0
Total Funds Carried Forward		- 2,022	7,471	5,449	0

The incoming resources and resulting net movement in funds arise from continuing operations

The charitable company has no other recognised gains and losses other than those stated

Keelman Homes Limited
Balance Sheet
as at 31 March 2011

	<i>Note</i>	2011		2010	
		£	£	£	£
Fixed assets					
Tangible assets	9		5,856,738		0
Current assets					
Debtors	10	12,847		0	
Cash at bank and in hand	15	984,931		0	
		<u>997,778</u>		<u>0</u>	
Creditors: amounts falling due within one year	11	533,549		0	
		<u>464,229</u>		<u>0</u>	
Net current assets			464,229		0
Provisions	12		<u>0</u>		<u>0</u>
Total assets less current liabilities			<u>6,320,967</u>		<u>0</u>
Unrestricted Funds					
General Funds	14	5,449		0	
			<u>5,449</u>		
Restricted Funds					
Restricted Funds	15	3,615,518		0	
Restricted Revaluation Funds	15	2,700,000		0	
			<u>6,315,518</u>		<u>0</u>
Total Funds			<u>6,320,967</u>		<u>0</u>
			0		

These accounts are prepared in accordance with Companies Act 2006

The financial statements on pages x to x were approved by the Board on 4 October 2011 and signed

Mr B Kelly (Chair)

Jon Mallen Beadle (Company Secretary)

Charity number 113321

Registered Number 06972673

ed on its behalf

y Secretary)

Notes (forming part of the financial statements)

1 Accounting policies (continued)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Report of the Board on page 8.

The accounts have been prepared in accordance with the Companies Act 2006 and the Statement of Recommended Practice: Accounting and Reporting by Charities issued in March 2005.

The company has started trading in 2010/11 with minimal income and expenditure being undertaken in the period to 31 March 2011. The company's primary supplier is Keepmoat PLC with whom they have a construction contract until 31/03/2013 which is funded through a Homes and Communities Agency grant and a loan from Gateshead Council. As a consequence the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Fund Accounting

Grant income received from the Homes and Communities Agency has been designated as restricted income to be used for the development of new properties on the Kibblesworth site only. Income received from the letting of properties and any other income received by Keelman Homes is held as unrestricted income general. Loan income has not yet been received during the year, however, this will be designated as unrestricted income.

Incoming Resources

All incoming resources are included within our statement of financial activities when we are entitled to the income and the amount can be quantified with reasonable accuracy

Incoming resources from charitable trading activity is accounted for once received.

Investment income is accounted for when it is received.

Resources Expended

Expenditure is recognised on an accruals basis as a liability is incurred.

Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. The costs of minor additions and those costing below £1,000 are not capitalised.

Depreciation is included for each class of asset which for the new houses is 50 years. However, we will consider the effects of component accounting in the next financial year.

Notes (continued)

2 Incoming resources from activities to further the charity's objects

	2011	2010
	£	£
Homes and Communities grant income	8,482	0
Gateshead Council Loan	-	0
Rental Income	10,563	
Service Charge Income	304	0
	<u>19,349</u>	<u>0</u>

3 Investment income and other incoming resources

	2011	2010
	£	£
<i>Investment Income</i>		
Bank deposit income	15,554	0
	<u>15,554</u>	<u>37,510</u>
	£	£
<i>Other incoming resources</i>		
Income from white goods	1,981	0
	<u>1,981</u>	<u>0</u>

Notes (continued)

4 Resources expended

	Unrestricted Funds 2011 £	Restricted Funds 2011 £	Total Funds 2011 £	Total Funds 2010 £
Art Project Fees	6,250	0	6,250	0
Depreciation Charges	23,122	0	23,122	0
Management Fee	500	0	500	0
New Build works	0	1,011	1,011	0
Other costs	552	0	552	0
	<u>30,424</u>	<u>1,011</u>	<u>31,435</u>	<u>0</u>

5 Net incoming resources for the year

This is stated after charging

	2011 £	2010 £
Depreciation	23,122	0
Auditors remuneration		

6 Trustees Remuneration

None of the trustees received any remuneration in the year (2010: £nil). No contributions were paid to money purchase pension schemes (2010: £nil) and no expenses were reimbursed during the year (2010: £nil).

7 Staff numbers and costs

The charity does not employ any staff directly, the management of the homes is undertaken by The Gateshead Housing Company (its ultimate parent company) for a management fee. The company secretary is not remunerated by the charity directly as he is employed by The Gateshead Housing Company and payment for his services are covered within the management fee .

8 Interest payable and similar charges

	2011 £	2010 £
On bank loans and overdrafts	<u>0</u>	<u>0</u>

Notes (continued)

9 Tangible fixed assets	£	£	£	£	£
	New Build Buildings	New Build Land	IT	Assets under Construction	Total
<i>Cost</i>					
At beginning of year	0	0	0	0	0
Additions	1,156,096	2,700,000	0	2,023,764	5,879,860
Disposals	0	0	0	0	0
At end of year	<u>1,156,096</u>	<u>2,700,000</u>	<u>0</u>	<u>2,023,764</u>	<u>5,879,860</u>
<i>Depreciation</i>					
At beginning of year	0	0	0	0	0
Charge for year	23,122	0	0	0	23,122
Disposals	0	0	0	0	0
At end of year	<u>23,122</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>23,122</u>
Net book value					
At 31 March 2011	<u><u>1,132,974</u></u>	<u><u>2,700,000</u></u>	<u><u>0</u></u>	<u><u>2,023,764</u></u>	<u><u>5,856,738</u></u>
At 31 March 2010	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>

Notes (continued)

10 Debtors	2011	2010
	£	£
Amounts owed by parent undertaking	11,718	0
Trade debtors	0	0
Rental Income	1,128	0
	<u>12,847</u>	<u>0</u>

All debtor balances are due within one year.

11 Creditors: amounts falling due within one year	2011	2010
	£	£
Amounts owed to parent undertaking	169,522	0
Trade creditors	364,027	0
Other taxation and social security	0	0
Accruals and deferred income	0	0
	<u>533,549</u>	<u>0</u>

12 Provisions for liabilities	2,011	2,010
	£	£
At beginning of year	0	0
Utilised during the year	0	0
Charge to income and expenditure account	0	0
Amounts provided	<u>0</u>	<u>0</u>

There are currently no provisions recognised within the accounts of Keelman Homes.

13 Share Capital

The Company does not have any share capital as it is limited by guarantee of £1 per member. Membership at 31st March 2011 was 1 (2010:1).

Notes (continued)

14 Movement in Unrestricted Funds

	At 1 April 2010 £	Incoming Resources £	Outgoing Resources £	At 31 March 2011 £
Unrestricted Funds				
General Funds	0	42,858	(37,409)	5,449
Total Unrestricted Funds	0	42,858	(37,409)	5,449

Purposes of Unrestricted Funds

General Funds relate to the various income and expenditure streams in relation to the rental of the properties which have been and the management charge in relation to the rental of the peroperties.

15 Movement in Restricted Funds

	At 1 April 2010 £	Incoming Resources £	Outgoing Resources £	At 31 March 2011 £
Restricted Funds				
Restricted Fund	0	3,624,000	(8,482)	3,615,518
Restricted Revaluation Fund	0	2,700,000	0	2,700,000
Total Restricted Funds	0	6,324,000	(8,482)	6,315,518

Purposes of Restricted Funds

Restricted fund includes the homes and communities agency grant which has been received to enable the building of 94 new homes within Kibblesworth.

Restricted Revaluation Reserve is the land value which was valued by the Council but provided to Keelman Homes at nil cost.

16 Related Party Transactions

Transactions with The Gateshead Housing Company are classed as related party transactions as the ultimate parent company. At the year end £169,522 was owed to TGHC (2010:£0); and a total of £11,718 was owed by TGHC to Keelman Homes (2010:£0).

No other related party transactions have been made in the year.

17 Ultimate Parent Undertaking

The company is a subsidiary undertaking of The Gateshead Housing Company. The consolidated accounts of the group are available to the public and may be obtained from The Gateshead Housing Company, Keelman House, Fifth Avenue Business Park, Fifth Avenue, Team Valley Trading Estate, NE11 0XA.

18 Taxation

The company is a registered charity. As such it is entitled to certain tax exemptions on income and profits from investments and surpluses on any trading activities carried on in furtherance of the charity's primary objectives provided that these profits and surpluses are applied solely for charitable purposes.



Title: Kibblesworth Development Finance Update

Report of: TGHC Director of Corporate Services

Purpose of Report

1. To provide the Board with an update on the financial element of the Kibblesworth development.

Background

2. The total cost of the Kibblesworth development is forecast to be £9.3million. This is being funded through a grant from the Homes and Communities Agency of £4.8million and a loan from the Council of £4.5million.

Summary

3. The original budget and funding for the scheme and the updated budget is detailed in the table below.

	Original budget £	Amended Budget £
Funding		
Loan from GMBC	4,500,000	4,500,000
HCA Grant	4,832,000	4,832,000
Forecast Expenditure		
Contractor Build Costs	8,170,000	8,435,060
Contractor Contingency	500,000	234,940
Management Fee	450,000	450,000
Other Adhoc Costs	212,000	212,000
Surplus / (Deficit)	NIL	NIL

4. The original budget has been amended to detail the expected spend on Kibblesworth. The contingency has been reduced due to spend required on asbestos removal which was not known at the pricing of the scheme.
5. Delays in the scheme have caused the cashflow forecast to be amended and this is detailed in the Appendix. A revised expected cashflow was received from Keepmoat in April 2011 to assist with our cashflow management.

Detailed Summary

6. The first tranche of HCA grant was received in April 2010 – this was 75% of the overall £4.832m. A total of £3.624m was received by Keelman Homes on 1 June 2010. As detailed in a previous update in June 2010, this money was invested in appropriate short term deposits in line with our expected payment schedule.
7. These grant monies have been utilised over the first year of the scheme to cover the costs of Keepmoat's invoices.
8. We drew down our first tranche of the loan from Gateshead Council on 27 May 2011. The first tranche we drew down was £1.5m. This again was initially invested in short term deposits, before being utilised to cover Keepmoat's invoices.
9. We completed Phase 1 of the Kibblesworth development and therefore, have been able to draw down the full tranche of Phase 1 funding. Therefore, the 25% balance was received in September and this consisted of £550,000.
10. This will be invested over the short term in a 1 month investment account.

Impact on tenants

11. Whilst this report does not impact on tenants directly, appropriate financial monitoring and control will ensure efficiencies are maximised and that any spare resources are appropriately utilised.

Risk Management Implications

12. The risk of interest rate fluctuations has been removed by fixing the interest rate when the loans are taken out.
13. The attached forecast shows that we will maintain a positive cashflow throughout the life of the development.

Financial Implications

14. The financial implications are contained within the report and Appendix, a contingency of £234,940 is included in the budget to deal with any unforeseen areas of expenditure.

Equality and Diversity Implications

15. There are no equality or diversity implications arising from this report.

Health Implications

16. There are no direct health implications arising from this report.

Value for Money implications

17. The preferential loan terms and conditions represent value for money for Keelman Homes. The interest payable on the loan will be set at a fixed rate

equivalent to the Council's consolidated rate of interest at the time the loan is drawn down. The first loan drawn down was fixed at 4.86%.

Environmental Implications

18. There are no direct environmental implications arising from this report.

Consultation carried out

19. None directly for this report.

Recommendations

20. The Board is asked to note
- (i) The revised budget;
 - (ii) The revised cashflow forecast for the Kibblesworth development;
 - (iii) The actions taken by the Director of Corporate Services to ensure that surplus balances generate interest at no risk to the underlying capital received.



Title: Kibblesworth Update

Report of: TGHC Chief Executive

Purpose of Report

1. To provide the Board with an update regarding the progress on site and highlight any issues that have come to light since the previous update

Background

2. The Airey properties are a system built property type with a reinforced concrete frame and concrete slab external cladding. Structural surveys at Kibblesworth have highlighted defects in the reinforced concrete frame compromising the structural integrity of the properties.
3. Following an options appraisal of the houses and the area overall, along with consultation with the residents, it was decided that the best option was demolition and re-provision of new homes that were suitable for modern living.
4. Extensive consultation has been carried out with the tenants and the wider area through out the process. Planning Permission for the new properties was achieved 15 January 2010 and the approved constructor ("Keepmoat") started on site on 29 March 2010.

Summary

5. The table below summarises the progress made to date on each of the phases

Phase 1	5	Fully Occupied
Phase 2a	15	Fully Occupied
Phase 2b	20	Fully Occupied
Phase 3a	15	Demolition complete, with construction well underway. The first completions on this phase are due in early December
Phase 3b	9	Demolition is now underway

Phase 3c	8	Demolition will commence once phase 3b demolition is complete
Phase 4	9	Currently occupied with existing residents and decanted residents from phase 3
	81	

6. In addition to this:

- Keepmoat have now opened their show home.
- A company called Rednile have been appointed to carry out the consultation relating to the Public Art
- A Kibblesworth Community Day has been arranged for Saturday 1st October as part of the Art Consultation and to help promote greater community cohesion.

Impact on Tenants

7. All tenants who have requested to continue to live in Kibblesworth have been given priority. Any surplus properties available will be advertised through the HomeChoice scheme in line with existing allocation policy.

Financial Implications

8. The financial implications are covered in detail in agenda item 6 of the Board meeting. To summarise the overall budget of the project is £9.3 million and to date with have a contingency remaining of £235,000.

Risk Management Implications

9. The programme onsite is currently running about 19 weeks behind the contract programme.
10. All utility problems caused by the bad weather around Christmas have now resolved themselves and we are moving forward as expected.

Value for Money Implications

11. Regular meetings are held between TGHC and Keepmoat to ensure value for money is achieved on all solutions.

Equality and Diversity Implications

12. There are no equality and diversity implications directly arising from this report.

Health implications

13. Keepmoat are aware that dust and noise have the potential to health implications. This is mitigated by the site being part of the 'Considerate Constructor Scheme' which monitors these and other matters.

Consultation Carried Out

14. Keepmoat and TGHC Housing Management are in regular contact with affected tenants on an individual basis regarding the current phases.
15. The Kibblesworth Community fun day will allow contact with TGHC staff. It is planned to take place on Saturday 1st October between 11am and 3pm. There will be a range of activities including Falconry, Archery, Fun Fair Rides,
16. General feedback from the tenants has been received saying how impressed they are now that they can see the site developing across the wider area.

Recommendation

17. The views of the Board are sought as to whether they are satisfied with the progress made to date.

Contact: Peter Smith, New Build and Regeneration Manager Tel No: (0191) 433 5355



Title: UK Housing Award

Report of: TGHC Director of Corporate Services

Purpose of Report

1. To inform the Board about The Gateshead Housing Company being shortlisted for a UK Housing Award for the Kibblesworth Regeneration scheme.

Background

2. The Chartered Institute of Housing in conjunction with Inside Housing present the UK Housing Awards on an annual basis to recognise those who work in social housing.
3. The housing company have been shortlisted for the Excellence in Housing Finance and Development for our Kibblesworth Regeneration.

Summary of submission

4. The submission focussed on how the housing company set up Keelman Homes and accessed funding from the Homes and Communities Agency and Gateshead MBC.
5. It detailed our work on developing the regeneration of the area and the work carried out with the current residents to develop the new homes for the area.
6. The aim of the scheme is to replace 94 Airey houses; that have been declared defective under the Housing Act 1985, with cutting edge high specification houses that provide a sustainable mix to support the village in the years to come. There will be a range of house types, sizes and tenures that will help the local community stay in Kibblesworth.
7. The project will reprovide 148 new homes in line with the Code for Sustainable Homes Level 4. The existing homes were all 3 bedroom rented properties. The new homes provide a mix of 2, 3, 4 and 5 bedroom homes and bungalows that will reduce under occupation and overcrowding; move families out of fuel poverty; allow young couples and the elderly to stay and diversify the tenure to Rent, Intermediate Rent and Open Market.
8. We are changing people's lives for the better and adding to the sustainability of the village as a whole.

Summary of award

9. The awards ceremony will take place on 9 November in London. We will update the Board at the next meeting as to whether or not we have been successful.
10. It is also proposed that a trustee attends the ceremony accompanied by a TGHC Officer.

Impact on tenants

11. Through providing a housing solution for the residents of Kibblesworth we are providing homes which are better suited to their needs which will have a direct positive impact on the tenants who will be rehoused in the new development.
12. There is also an indirect impact on all residents of Kibblesworth through the regeneration of the area.

Risk Management Implications

13. There are no risk management implications arising from this report.

Financial Implications

14. There are no financial implications attached with this report.

Health Implications

15. There are no direct health implications arising from this report although the building of new homes at Kibblesworth will have a positive impact on the health and well being of the residents.

Environmental Implications

16. There are no environmental implications arising from this report.

Equality and Diversity Implications

17. There are no equality and diversity implications arising from this report.

Value for Money implications

18. There are no value for money implications arising from this report.

Consultation carried out

19. Consultation with employees, customers and stakeholders took place during the development of the Kibblesworth Regeneration project.

Recommendations

20. The Board is asked to note the shortlist for the UK Housing Award and suggest a trustee to attend the awards ceremony.

Contact: Sarah Thompson, TGHC Head of Finance

Tel No: (0191) 433 5350
