



# The Gateshead Housing Company Board of Directors

Thursday 17 January 2013 at 10am  
To be held in the Board Room, Keelman House, Fifth Avenue  
Business Park, Fifth Avenue, Team Valley Trading Estate,  
Gateshead, Tyne and Wear

## *Agenda*

Item	Business
1.	<b>Apologies for Absence</b>
2.	<b>Declarations of Interest</b>
	<b><u>ITEMS FOR DECISION</u></b>
3.	<b>Minutes (Pages 3-11)</b> To approve as a correct record the minutes of the meeting of the Board held on 15 November 2012
4.	<b>Matters Arising</b>
5.	<b>Recruitment of Directors (Pages 12-14)</b> Report of Managing Director
6.	<b>Independent Chair of Audit Committee (15-20)</b> Report of Managing Director
7.	<b>Proposed Rent Increases for TGHC Owned Properties (Pages 21-24)</b> Report of Head of Finance

Contact: Stuart Gibson Tel: (0191) 433 5308 Date: 11 January 2013

Item	Business
	<b><u>ITEMS FOR INFORMATION</u></b>
8.	<b>Right to Buy – Publicity Campaign Update (Pages 25-33)</b> Report of Director of Customers and Communities
9.	<b>Information Items on Website</b> The following information item is available to download from the company's website: -  <b>(i) Direct Payment Demonstration Project: Payment Figures</b>  <b>(ii) Lets Get Building – NFA Report</b>  <b>(iii) Petitions Update</b> Report of Managing Director  <b>(iv) Outstanding Issues</b> Report of Managing Director  <b>(v) Forward Plan</b> Report of Managing Director
10.	<b>Feedback from Outside Bodies and Events</b>
11.	<b>Date and Time of Next Meeting</b> Thursday 21 March 2013 at 10am in the Board Room at Keelman House, Fifth Avenue Business Park, Fifth Avenue, Team Valley, Gateshead
12.	<b>Exclusion of the Press and Public</b> The Board may wish to exclude the press and public during consideration of the remaining business in accordance with the categories of the company's Access to Information Rules



## BOARD OF DIRECTORS

15 November 2012

### PRESENT:

#### Directors

Barbara Dennis (Chair)  
Robert Buckley  
Joanne Carr  
George Clark  
Kathryn Ferdinand  
Paul Foy  
Peter Mole  
Joachim Moussounda Mouanda  
Gordon Spring

#### Advisers

Jon Mallen-Beadle	Acting Chief Executive
Neil Bouch	Director of Customers and Communities
Sarah Thompson	Head of Finance
Phil Gallagher	Head of Support Services
Kevin Johnson	Head of Customer Services
Julie McCartney	Head of Neighbourhood Services
Peter Mennell	Development Manager, Gateshead Council
Richard Hall	Housing Enabling Manager, Gateshead Council
Stuart Gibson	Governance and Risk Officer

#### Apologies for Absence

Stan Dawson  
Pauline Dillon  
John Hamilton

### 56 DECLARATIONS OF INTEREST

No interests were declared.

### 57 ELECTION OF CHAIR AND DEPUTY CHAIR OF BOARD

RESOLVED – That Barbara Dennis and Peter Mole be appointed as Chair and Deputy Chair of the Board until the first Board Meeting after the next Annual General Meeting.

## **58 GATESHEAD COUNCIL HOUSING STRATEGY**

The Board received a presentation from Peter Mennell, Development Manager, Gateshead Council on the Housing Strategy 2013-18. In particular, the timetable, developing the strategy, where we are now, the three topics and the next steps were highlighted.

RESOLVED – That the presentation be noted.

## **59 MINUTES**

The minutes of the Board Meeting held on 20 September 2012 were approved as a correct record.

## **60 MATTERS ARISING**

### **(a) Annual Report to Tenants and Leaseholders 2011/12**

Feedback on the new look annual report had been positive.

### **(b) Welfare Reform Update**

Visits have commenced to tenants that will be affected by under-occupation and the Council is writing to them all next week. The Board placed on record its thanks for the Welfare Reform Workshop which was very well received.

## **61 TGHC PROPOSED RESPONSE TO THE GATESHEAD COUNCIL HOUSING STRATEGY CONSULTATION**

Gateshead Council is consulting on a new Housing Strategy 2013-18. The new strategy will set out how the Council and its partners will work together to tackle housing related issues in the Borough. This will build on the consultation already carried out through the: -

- Strategic Needs Assessment (SNA);
- One Core Strategy;
- Resident Survey;
- Strategic Housing Market Assessment (SHMA);
- Private Sector Stock Condition Survey; and,
- The Gateshead Housing Company Tenant and Leaseholder Surveys.

There will be three separate topic papers which will outline what the Council sees as the key issues in Gateshead based on research and intelligence. The topic papers pose key questions about what can be done to help resolve some of the issues faced. The three topics are Standards, Supply and Housing Support.

Details of the individual topic papers and the company's proposed responses to the key questions were submitted.

In addition, the company is collating comments from staff across the organisation and where appropriate these comments will be used to supplement the answers.

- RESOLVED – (i) That the company’s proposed formal response be approved and submitted to Gateshead Council by 16 November.
- (ii) That the Board receive a report at its next meeting on the new Right to Buy legalisation.

## **62 KEELMAN HOMES – APPOINTMENT OF TGHC REPRESENTATIVE**

The Board was informed, at its meeting on 20 September 2012, of the resignation of Richard Armitage as an Independent Director on the Board. Richard’s resignation has also created a vacancy for a TGHC representative on Keelman Homes.

The Executive Overview Committee has discussed the vacancy and agreed that Joanne Carr be approached as a replacement of Richard Armitage as the TGHC representative on Keelman Homes. Joanne has confirmed her willingness to be appointed to the post.

- RESOLVED – (i) That Joanne Carr be appointed as TGHC representative on Keelman Homes.
- (ii) That a clearer process be developed for future appointments.

## **63 REVIEW OF COMMITTEE STRUCTURE**

The current committee structure was approved by the Board on 24 September 2009 based on the three broad business areas.

In September 2011, a single topic group looked at the current frequency of Board Meetings and the current committee structure and presented a number of proposals to the Board in November 2011. It was agreed at that Board meeting to put any changes to the existing Committee structure on hold until the outcome of the Council’s housing options review.

Following the outcome of the housing options review, the committee structure was discussed at the Board’s away day on 26 September 2012 and this report has been considered by the Executive Overview Committee held on 5 November 2012.

The existing Resources and Audit Committee (due to its dual role) has agendas that are significantly longer than both the other two committees. This places a lot of pressure on the Committee to keep the meeting to a sensible length of time when it is meeting.

It is proposed that the Resources and Audit Committee is separated into two committees being an Audit committee that would cover all issues relating to

internal and external audit together with risk management and a Resources committee that would cover the rest of the existing committee.

The existing content and number of agenda items on the Customers and Communities Committee is felt appropriate and the committee worked extremely well.

Whilst during the original review it was felt that the Asset Committee was light in content, this committee now has more work to do. In addition to this as Asset management and investment become more critical due to the high expectations of tenants and the lack of resources available through the housing revenue account, the workload of the committee will continue to increase. It is proposed that the remit of the committee is expanded to include future investment opportunities.

The following four committees are therefore proposed: -

- Resources Committee
- Customers & Communities Committee
- Assets, Development & Investment Committee
- Audit Committee

A copy of the proposed remits of each of these four committees was submitted.

In addition, it is proposed that the existing Executive Overview Committee which is made up of the Chair/Deputy Chair of the Board and Chairs of Committees is retained and its terms of reference remain the same.

It is proposed that the Resources and the Customers & Communities Committees meet four times a year on a quarterly cycle with the Asset and the Audit Committees meeting three times a year. Proposed dates for future committee meetings were submitted.

It is proposed that each committee has seven members and that three members need to be present for a quorum. This means that all Board Members (other than the Chair of the Board) would need to serve on two committees, although if a member wanted to serve on more committees this would not be expressly forbidden.

The original proposal was for the Chair of the Audit Committee to be independent of the Board in line with best practice from the Combined Code on Corporate Governance. It is proposed that in line with the current Independent Director recruitment process, an independent Chair of the proposed Audit Committee is recruited.

Appeals are currently heard by Resources and Audit Committee and it is felt that membership is too big and can be very daunting for the appellant. It is proposed therefore that a separate Appeals Panel be established to hear all appeals and this be made up of the Chair and three other members of Resources Committee.

RESOLVED – (i) That the following four committees be established: -

- Resources Committee
  - Customers & Communities Committee
  - Asset Management, Development & Investment Committee
  - Audit Committee.
- (ii) That the number of meetings, meetings cycle and membership of the committees be agreed.
- (iii) That the Governance and Risk Officer ensures that meetings do not clash with Council meetings that Council directors serve on and following the first meetings of the committees in early 2013 a cycle of meetings be agreed for the municipal year instead of a calendar year.
- (iv) That the Executive Overview Committee be retained.
- (v) That terms of reference be written for the Independent Chair of the Audit Committee and consideration be deferred until the next Board Meeting.
- (vi) That a separate Appeals Panel be established to hear all appeals and this be made up of the Chair and three other members of Resources Committee.
- (vii) That members of the Appeals Panel be agreed at the first meeting of Resources Committee and they receive appropriate training.

## **64 TRANSFER OF ACCOUNTS – FORMER TENANT ARREARS**

Periodically, the Council transfers former tenants arrears considered irrecoverable into a debtors account. This entails setting off an amount against bad debts provision held in the Housing Revenue Account.

The last transfer was affected in March 2012 and amounted to £105,587 owed by 149 former tenants.

During this financial year, the sum of £115,328 has been recovered from former tenants, including £35,248 relating to previously transferred accounts, which have been reinstated for recovery purposes.

Using the agreed criteria, it is proposed that 324 cases totalling £171,812 in value should be recommended for transfer.

Since April 2008, 961 cases considered unrecoverable through the internal recovery team and totalling £1,928,231 have been passed to external debt collection agencies. These agencies have managed to collect £77,422 so far from transferred cases.

As detailed in previous reports, the agency's fees are set at a flat rate of 22% regardless of their contact method. As a result the company will be

passing more cases regarded unrecoverable or uneconomic to pursue internally as a further stage before being considered for transfer to a debtors account.

There are currently 225 cases where tenants have been declared bankrupt or have applied for debt relief orders and debts on their rent accounts have been transferred to separate bankruptcy accounts. The total outstanding on these accounts is £243,677. None of the debts on bankruptcy accounts have previously been transferred to a debtors account. The company is currently in discussion with Gateshead Council as to how these accounts will be treated in the future.

RESOLVED – That Gateshead Council be recommended to transfer £171,812 of former tenants' arrears into a debtors account.

## **65 BOARD MEETINGS 2013**

RESOLVED – That the following schedule of Board Meetings in 2013 be approved: -

Thursday 17 January 2013 at 10am  
Thursday 21 March 2013 at 10am  
Thursday 16 May 2013 at 10am  
Thursday 11 July 2013 at 10am  
Thursday 19 September 2013 at 10am  
Thursday 21 November 2013 at 10am

## **66 MINUTES OF COMMITTEES**

The minutes of the following committees were submitted: -

- Asset Management – 15 October 2012
- Resources and Audit – 30 October 2012
- Customers and Communities – 1 November 2012

RESOLVED – That the minutes be noted.

## **67 PERFORMANCE – 2<sup>ND</sup> QUARTER 2012/13**

The Board was informed of the results of the second quarter performance for 2012/13.

At the end of the second quarter, there were 41 indicators which could be measured and five indicators which were not yet measureable or results had not yet been received.

Of the measureable indicators, performance showed that: -

- 19 indicators were traffic lighted green, which showed that the company was on target to achieve the annual target set for these indicators.

- Three indicators were traffic lighted amber, which showed that the company had not met the target set to date although performance was improved on last year.
- 19 indicators were traffic lighted red, which showed that the company had not met the target set and performance had fallen compared to the last year.
- Five indicators were not yet measurable/baseline year.

The analysis therefore indicated that at the end of the second quarter, performance relating to 22 out of the 41 measureable performance indicators could be traffic lighted as on target or improving.

The overall performance with Mears, the new Repairs Contractor, showed an improvement on the second quarter following the dip in performance in the first quarter when compared with the performance of the previous contractor. This is as expected in the initial months of a new contract. An issue with the software and operation of the repair appointment system impacted on a number of performance indicators in the first two quarters. The system will be fixed in November which will assist with performance. Unfortunately the floods in June and August also impacted and therefore, performance was unable to rise to the levels committed in the tender document in that period. The company will continue to work in partnership with Mears to ensure tenants receive the levels of service provision promised by Mears as quickly as possible.

RESOLVED – That the information be noted.

## **68 SERVICE STANDARDS PERFORMANCE – 2<sup>ND</sup> QUARTER 2012/13**

The Board was informed of the second quarter performance results against the company's service standards for 2012/13.

The company currently has 59 service standard performance indicators which are included within the Guide to Services documents for both tenants and leaseholders.

At the end of the second quarter, performance showed that:-

- 29 indicators were traffic lighted green, which showed that the company had met the targets set for them.
- One indicator was traffic lighted amber, which showed that the company had not met the target set, but performance had improved from the last year.
- Nine indicators were traffic lighted red, which showed that the company had failed to meet the targets set and performance was worse than in the last year.
- 20 indicators were not measurable against a target at the end of the year.

Overall, the company had been able to measure 39 of the service standard performance indicators of which over 75% were on target.

RESOLVED – That the information be noted.

## **69 SEVERE WEATHER UPDATE**

The Board received an update on the actions undertaken to date to deal with the consequences of the flooding incidents on 28 June and 5/6 August, as well as the third occurrence of severe weather which occurred on 24 and 25 September 2012 (Minutes 27 and 47).

Work has been batched into estates and a number of contractors have been appointed to carry out the major repairs required to properties. Properties requiring only minor repairs are being delivered by Mears.

Major repair work can only be carried out when properties are fully dry and drying out surveys are being undertaken on a 2-weekly basis where properties still require drying out.

Contractors are liaising directly with tenants and informing them of the works to be undertaken.

Low level repairs to a number of other properties which required works have been completed by Mears. There are only six properties remaining where works are required to the property.

The estimated costs of recovery following both floods were approximately £1m, a breakdown of which was submitted. The finance team have submitted a claim through the Bellwin scheme through Gateshead Council. Repair costs will be claimed through the Council's storm and flood damage insurance cover and monthly updates are being provided as to the costs incurred.

Throughout the entire period the company has kept in communication with all tenants, leaseholders, the Council, NEPO and employees.

Meetings have been held between the Council and Northumbrian Water to discuss some of the likely causes of the flooding in some areas and to discuss any medium and long term plans that can be considered to mitigate against any future events.

Gateshead Voluntary Organisations Council (GVOC) are co-ordinating a hardship fund for people affected by flooding. The company has set up the referral procedure with GVOC and have so far made four referrals.

RESOLVED – That the information be noted.

## **70 INFORMATION ITEMS ON WEBSITE**

The following items have been posted on the company's website: -

- Best Practice Funding Available to ALMOs Oct 2012
- Case Study - Impact of the Welfare Reform Act 2012
- Forward Plan

RESOLVED – That the items be noted.

**71 DATE AND TIME OF NEXT MEETING**

The next Board Meeting will be held on Thursday 17 January 2013 at 10am in the Board Rooms at Keelman House, Fifth Avenue Business Park, Fifth Avenue, Team Valley, Gateshead.

**72 EXCLUSION OF THE PRESS AND PUBLIC**

RESOLVED – That the press and public be excluded from the meeting during consideration of the remaining business in accordance with the indicated categories of the company's Access to Information Rules.

Report to the Board

17 January 2013



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**Title:** Recruitment of Board Members

**Report of:** Managing Director

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**Purpose of report**

1. To provide the Board with an update on progress with recruiting Board Members and agree a course of action for filling the vacancies.

**Current position – Independent Director Vacancy**

2. There has been a vacancy for an independent director to replace Richard Armitage since he stood down at the AGM in September.
3. A recruitment process was undertaken that resulted in 24 expressions of interest. Unfortunately this led to only four applicants applying.
4. Of the four applicants who applied two were shortlisted and interviewed. The interview panel consisted of Robert Buckley, John Hamilton and Joanne Carr. The panel concluded that neither applicant were suitable.
5. Consideration now needs to be given to how the housing company intend to fill this vacancy.
6. An area that the Board currently has a skills gap in is a person with expertise in investment and new build. The last advert was mainly advertised through the Housing News Website. However, this might not be the best place to advertise for someone with this expertise.
7. It is proposed therefore that rather than focusing on advertising through the Housing News Website there be a targeted campaign in the local press.
8. In addition, it is proposed that the Chair, other Board Members and Managing Director approach any potential directors who meet this skills gap and encourage them to apply.

## **Current position – Tenant Director Vacancies**

9. There has been a vacancy for a tenant director since Bill Paterson stood down in late 2011. A decision was made by the Board not to replace him until the outcome of the housing stock options appraisal was known.
10. In addition to this a second vacancy has recently arisen due to the unfortunate death of Stan Dawson.
11. A recruitment process was undertaken to fill the initial vacancy. This resulted in only one tenant applying for the position.
12. This applicant was interviewed. The interview panel consisted of Robert Buckley, John Hamilton and Joanne Carr. The panel concluded that the applicant was not suitable for the position, although felt that the tenant may want to consider becoming involved in one of our Service Improvement Groups.
13. Consideration now needs to be given to how the housing company intend to fill these vacancies.
14. It is proposed that a time limited task group of the Board be established to look at the difficulties recruiting a tenant director in more detail and present any proposals to the Board in March 2013 with a view to making any appointments before the Board Meeting in May 2013.

## **Link to Values**

15. This report relates to the company value of being honest, accountable and transparent.

## **Equality and Diversity Implications**

16. There are no equality and diversity implication directly arising from this report.

## **Financial Implications**

17. There are no financial implications directly arising from this report.

## **Risk Management Implications**

18. The Company needs to ensure that it has a full complement of Board Members and that the composition of the Board reflects the skills needed to enable the Board to function properly.

## **Value for Money Implications**

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

## **Health Implications**

20. There are no health implications directly arising from this report.

### **Impact on Customers**

21. There is no direct impact on customers arising from this report.

### **Consultation Carried Out**

22. It was not necessary to carry out any consultation when compiling this report.

### **Recommendations**

23. The Board is recommended to: -
- note the current progress recruiting Board Members;
  - have a targeted campaign in the local press to recruit an Independent Director with expertise in investment and new build;
  - the Chair, other Board Members and the Managing Director approach any potential directors who meet this skills gap and encourage them to apply;
  - agree to establish a time limited task group of the Board to look at in detail the difficulties recruiting tenant directors and present proposals to the Board in March 2013 with a view to making any appointments before the Board Meeting in May 2013.



## Report to the Board

17 January 2013

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**Title:** Independent Chair of Audit Committee

**Report of:** Managing Director

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### **Purpose of report**

1. To consider whether to appoint an Independent Chair of Audit Committee.

### **Background**

2. The Board, at its meeting held on 15 November 2012, approved the following new committee structure: -
  - Resources Committee
  - Customers & Communities Committee
  - Assets, Development & Investment Committee
  - Audit Committee
3. The report to the Board on 15 November 2012 also proposed that an independent Chair of Audit Committee was recruited. This was in line best practice from the Combined Code on Corporate Governance.
4. The Board resolved to defer this decision in order for terms of reference to be written and considered at its next meeting.

### **Issues**

5. The Governance Officer sent an email to all ALMO Governance Officers requesting a copy of their terms of reference if they had an Audit Committee and also enquired as to whether that Committee was chaired by a Board Member or an independent person.
6. Two of the seven ALMO's that responded currently have independent chairs of their Audit Committees. Attached as an appendix to this report is a proposed service agreement that any potential independent chair would need to sign up to. It is larger based on the service agreement in place at Your Homes Newcastle.

7. The agreement highlights the responsibility and expectations that would be placed on the independent chair of our Audit Committee and also gives assurance to the Board in terms of the need for any potential termination.

#### **Link to Values**

8. This report relates to the company value of being honest, accountable and transparent.

#### **Equality and Diversity Implications**

9. There are no equality and diversity implication directly arising from this report.

#### **Financial Implications**

10. An Independent Chair of the Audit Committee would be paid in line with the principles already laid out through the payment of Board Members. The allowance paid would be set by Gateshead Council's Independent Remuneration panel and would be provided for in next year's budget.

#### **Risk Management Implications**

11. The company should regularly review its governance arrangements to take it forward and keep in touch with the changing environment.

#### **Value for Money Implications**

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

#### **Health Implications**

13. There are no health implications directly arising from this report.

#### **Impact on Customers**

14. There is no impact on customers arising from this report.

#### **Consultation Carried Out**

15. The Governance Officer received responses from seven ALMO's. The original proposal was discussed at the Board on 15 November and this paper seeks the Board's views on the appointment of an Independent Chair of our Audit Committee.

#### **Recommendations**

16. The views of the Board are sought on whether to appoint an independent Chair of Audit Committee.

DATED: XXXXX

**The Gateshead Housing Company (“TGHC”)**

**and**

**XXXXX**

**Chair of Audit Committee  
Agreement for Services**

## **1 Appointment and Purpose**

- 1.1 You are appointed by the Board as Chair of Audit Committee.
- 1.2 This Agreement for Services will commence from the ('the Agreement Date').
- 1.3 This Agreement will be for the period to TGHC's Annual General Meeting in 'date' unless otherwise terminated earlier under this Agreement.
- 1.4 Although the appointment may be renewed at the Annual General Meeting in 'year', there is no obligation on TGHC to extend or renew the appointment upon its expiry in 'date'.
- 1.5 Nothing contained in this Agreement shall be construed or have effect as constituting any relationship of employer and employee between TGHC and you.
- 1.6 The purpose of the Audit Committee is to support the Board by assuring that the organisation's governance, risk management and internal control framework is reliable, accountable, effective and meets the needs of TGHC.

## **2 Commitment**

- 2.1 You will perform the duties of Chair of Audit Committee by chairing regular meetings of the Audit Committee.
- 2.2 You will discuss and agree with the Lead Officer for the Audit Committee an annual programme of work and will meet with the Lead Officer before each committee meeting to discuss and agree the business for the meeting.
- 2.3 You will prepare for committee meetings by reading papers and will hold pre-meetings with committee members where considered appropriate.
- 2.4 You are expected to work with and through the Audit Committee; you are not expected to undertake executive duties or to assume executive responsibilities.
- 2.5 You will be expected to report to the Board annually but could be asked to report to be Board more frequently.
- 2.6 By entering into this Agreement you confirm that you are able to allocate sufficient time to meet the requirements of your role as Chair of Audit Committee.

### **3 Fees**

- 3.1 You will be paid a basic allowance of £x,xxx gross per annum which will be paid monthly in arrears after deduction for PAYE and Class 1 national insurance deductions.
- 3.2 The allowance will be subject to review by Gateshead Council's Independent Remuneration Panel.
- 3.3 TGHC will reimburse you for all reasonable and properly documented expenses you incur in performing the duties of Chair of Audit Committee subject to such deductions that are lawfully required.

### **4 Conflicts of Interest**

- 4.1 You will be required to complete a Register of Financial and Other Interests Form and expected to conduct yourself in your role as Chair of Audit Committee in accordance with the principles of the Board Member Code of Conduct.
- 4.2 It is accepted and acknowledged that you may have business interest other than those of TGHC. You agree that you have declared any conflicts that are apparent at present.
- 4.3 If during your period of appointment as Chair of Audit Committee your personal circumstances change in any way that may provide a conflict of interest for you in this role, you must declare the circumstances to the Company Secretary.

### **5 Appraisal**

- 5.1 You will be required to undertake an annual appraisal in accordance with TGHC's board member appraisal scheme.

### **6 Termination**

- 6.1 The appointment will terminate immediately without any entitlement to compensation if:
  - 6.1.1 you are not reappointed as Chair of Audit Committee at TGHC's Annual General Meeting in 'year'; or
  - 6.1.2 you choose to resign from this appointment.
- 6.2 If your performance as Chair of Audit Committee is decided to be unacceptable following appraisal or if your conduct (including conflicts of interests) is unacceptable your appointment may be terminated by the Board of TGHC.

## **7 Confidentiality**

- 7.1 All information acquired during your appointment should be treated as confidential to TGHC and should not be released, either during your appointment or following termination (by whatever means) to third parties without prior clearance from the Chair of the Board.

**SIGNED**

**DATE**



**Report to the Board  
17 January 2013**

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**Title:** Proposed Rent Increase for TGHC owned properties

**Report of:** Head of Finance

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**Purpose of Report**

1. To seek approval of the proposed increase to the rents for 2013/14 for The Gateshead Housing Company (“TGHC”) owned properties.

**Background**

2. The TGHC rent and service charge setting policy was approved by the Board on 21 January 2010 and subsequently update on 12 May 2010.
3. The rent and service charge setting policy details that the initial rent period for an assured tenancy must be in place for a minimum of 12 months. Any properties let during 2012/13, will not therefore see a rent increase in April 2013.
4. However, we still need to agree on increase to the rents as should any properties become void the new tenants would be due to pay rent at the 2013/14 rental costs. These rents will be increased in line with the provisions within the rent and service charge setting policy which allow for rents to be increased by inflation plus a maximum of 1%. We will undertake the rent increase in line with the guidelines as set out by the Homes and Communities Agency as they are within the parameters provided for in our rent and service charge setting policy.

**Proposed increase**

5. TGHC own seven properties directly as follows:-
  - St Cuthbert’s (3 x 4-bed houses);
  - Victoria Bungalow;
  - Brandling School House;
  - Rowlands Gill Caretakers; and
  - Kibblesworth Lounge.
6. The rent increase has been proposed in line with the HCA guidelines of RPI + 0.5% and is included in the Appendix. RPI in September was 2.6%; this provides an increase of 3.1%, which is an average weekly rental increase for St Cuthbert’s of £2.77 and for the other properties of £2.56.

## **Impact on Tenants**

7. The impact on tenants is in relation to the increased rents and service charges which will be charged as detailed in the Appendix. TGHC's rent and income team are available for support and advice to tenants who may have difficulty paying.
8. The rent and service charge setting policy details the reviews in relation to the rents and service charges and also provides tenants with the means to appeal any decisions made in relation to their rents and service charges.
9. Any welfare reform implications affecting the tenants in TGHC properties will be discussed with them directly by the rent and income team. Advice and support will be available for these tenants should they require any further intervention.

## **Risk Management Implications**

10. The risks associated with the setting of rents and service charges are included within the operational risk register. The Rent and Service Charge Setting Policy will ensure that rents are set at a level to reduce the risks associated with setting incorrect rents.

## **Financial Implications**

11. The Rent and Service Charge Setting Policy has financial implications in relation to the income to be received by TGHC. The rents have been set initially at a level that will ensure we can cover the amount provided from reserves and also to ensure that these are not substantially higher than current rents paid for similar properties in the Gateshead area.

## **Health Implications**

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

## **Value for Money Implications**

13. There are no Value for Money implications arising from this report, however, this increase compares favourably with the average expected Council increase.

## **Equality and Diversity Implications**

14. There are no equality and diversity implications with this report.

## **Consultation Carried Out**

15. We advised tenants at the outset of their tenancy that they would not see an increase during the first year of their tenancy. We will be advising all tenants of the 2013/14 increase in writing where appropriate with 28 days notice

## **Recommendation**

16. The Board is recommended to approve the proposed rent increases for TGHC owned properties for 2013/14.

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Contact: Sarah Thompson, Head of Finance

Tel No: (0191) 433 5350

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**Rent Increase Calculation**

Rents have been increased by 3.1%. Therefore, the rents have been set as follows for the varying types of properties:

<b><u>Property Type</u></b>	<b><u>2012/13 Rents 52 Weeks</u></b>	<b><u>2013/14 Rents 52 Weeks</u></b>	<b><u>2013/14 Rents 50 Weeks</u></b>	<b><u>Weekly increase</u></b>
St Cuthbert's	£89.34	£92.11	£95.80	£2.77
Victoria	£80.72	£83.22	£86.55	£2.50
Rowlands Gill	£83.62	£86.21	£89.66	£2.59
Brandling School	£83.62	£86.21	£89.66	£2.59
Kibblesworth Lounge	£82.17	£84.72	£88.10	£2.55

Report to the Board

17 January 2013



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**Title:** Right to Buy – Publicity Campaign Update

**Report of:** Director of Customers and Communities

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**Purpose of Report**

1. To provide the Board with an update on the Government's Right to Buy Campaign that will take place in Gateshead from February 2013.

**Background**

2. The new Housing Minister, Mark Prisk, wrote to the Leader of the Council recently with an update on the Right to Buy publicity which is planned for Gateshead. A copy of this letter is attached as Appendix 1.
3. The Government is committed to ensuring that tenants are aware of their rights and that the reinvigorated Right to Buy offer is as accessible and as easy to understand as possible. The Minister's letter explained that that direct mailing to tenants would commence in the Gateshead area from February.
4. The Government have advised that publicity is being rolled out across local authority areas in stages, with a focus on those tenants most likely to be eligible.
5. The Government have confirmed that the Right to Buy publicity has been developed in close co-operation with the Financial Services Authority and Council of Mortgage Lenders, to ensure that the emphasis is on responsible and affordable home ownership.
6. In the event that the publicity results in additional sales above those forecast within self financing plans the Council have agreed with the government that they have the option of retaining those capital receipts for replacement homes for affordable rent. The agreement states that a maximum of 30% of the costs of any new property can be met from the additional retained Right to Buy receipt, with the other 70% made up from borrowing or the landlord's own resources. However, the opportunity to supplement the Right to Buy receipts with borrowing is limited due to the fact that the Council is currently at the debt cap for the Housing Revenue Account (HRA).

## Current position

7. The table below provides details of the current position regarding Right to Buy applications, compared to last year.

	April 2011 to January 2012	April 2012 to January 2013
Requests for application forms	101	215
Sales completed to date	14	27
Property Valuations	£1,151,500	£2,156,500
Discounts received	£308,000	£1,111,887
Applications where full discount received (60% houses, 70% flats or £75,000)		6 houses

## Discount rates and cap

8. One recent valuation has reached £125,000 (the amount where the applicant would be entitled to the maximum discount of £75,000, with 30 years tenancy) however the applicant has not yet accepted the sales offer.

## Right to Buy Publicity

9. In early February 2013 a Right to Buy leaflet will be delivered direct to households in the Gateshead area where there are high concentrations of social housing. The leaflet provides a brief overview of the changes to the Right to Buy scheme and provided information on where to get more advice. See Appendix 2.
10. From mid February 2013 households will receive a letter and short Right to Buy booklet which includes basic eligibility criteria, key steps, how to calculate the discounts and advice on where to get further information. See Appendix 3.

## Further information

11. A dedicated Right to Buy website has been established for tenants to access advice and information.
12. The Government advise that a Right to Buy telephone helpline has been established with call handlers briefed to answer basic queries about the scheme, taking callers through the eligibility rules and other commonly asked questions, as well as correcting any misinformation or myths. Once callers have been through the basics, those eligible and interested, will be provided with further information, or will be signposted to the next stages for example, to make contact with their landlord.
13. The Government advise that as with most direct marketing, such targeting will never be 100% perfect. The direct mailing will inevitably result in some people who are not eligible receiving the information. The Government advises that they have taken all reasonable steps to minimise this and have made sure that the letters are worded in order to take the possibility of this into account.

### **Link to values**

14. This report is aligned to the following company values:
- Being a listening and learning organisation
  - Being honest, accountable and transparent
  - Being customer focused, innovative and professional

### **Impact on tenants**

15. Tenants who are eligible will benefit from the discounts under the Right to Buy scheme.

### **Risk Management Implications**

16. In the event that increased publicity results in an increase in the sale of flats we will need to keep under review the resources attached to leasehold management.
17. A team brief has been produced for employees. This team brief sets out details of the Right to Buy scheme and the forthcoming publicity campaign. The team brief also highlights the fact that the direct marketing approach taken may result in some people who are not eligible for the scheme receiving the information.

### **Financial Implications**

18. The Council receive an allowance of £1,300 for every completed sale to meet the costs of administering the Right to Buy process.

### **Equality and Diversity Implications**

20. There are no equality and diversity implications directly associated with this report.

### **Value for Money Implications**

21. There are no value for money implications directly associated with this report.

### **Health Implications**

22. There are no health implications directly associated with this report.

### **Environmental Implications**

23. There are no environmental implications directly associated with this report.

### **Consultation carried out**

24. The report outlines the Government's consultation and publicity on the Right to Buy scheme.

### **Recommendations**

25. The Board is asked to note the contents of the report and receive future updates on the impact on Right to Buy.



Department for  
Communities and  
Local Government

**Mark Prisk MP**  
*Minister for Housing*

***Department for Communities and Local  
Government***

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[www.communities.gov.uk](http://www.communities.gov.uk)

26 October 2012

Dear

**RIGHT TO BUY**

As Minister for Housing I wanted to write and update you on the latest developments on Right to Buy, and to signpost sources of further information and advice.

Communications

As you may be aware, over July and August we ran the first wave of a direct mailing programme in London and the West Midlands, complemented by a poster and ad campaign, new microsite and call centre. We received a high level of interest from tenants, and landlords have reported a marked increase in the number of applications. We are keen to ensure that no one misses out because they have not heard about the improved offer. To that end we will now be rolling the communications programme out further, focussed on direct engagement with tenants. The direct mailing campaign will be coming to your area next February and I will ensure my officials keep your Right to Buy team informed of key activities and dates.

Supporting tenants

The new microsite ([www.communities.gov.uk/righttobuy](http://www.communities.gov.uk/righttobuy)) provides simple and clear information for tenants. It includes an eligibility quiz and discounts calculator to help tenants understand whether they might be eligible for the offer and, if so, the costs of buying and maintaining their home. The site has already had more than 60,000 visitors and is proving a very valuable support to tenants.

Road-shows

Some of the feedback we've received suggests tenants would appreciate more support on taking the step towards home ownership. In many cases local authorities have systems in place to run homeownership roadshows or open days which tenants can make use of but I'm

conscious resource constraints can get in the way. I have therefore asked my team here to pull together an outline programme for local events, drawing on the experiences of local authorities using this approach at present, and with the aim of supporting those tenants considering homeownership. This programme can be adapted to local needs. Please contact Dominic Armstrong (Dominic.Armstrong@communities.gsi.gov.uk) if you would like to find out more or if you would be interested in co-hosting an event.

A handwritten signature in black ink, appearing to read 'Mark Prisk', written over a horizontal line.

**MARK PRISK MP**



Department for  
Communities and  
Local Government

## You could have the Right to Buy your home with a bigger discount

More and more council and housing association tenants are considering buying their homes. Perhaps you're one of them?

The top discount under the Right to Buy scheme has been increased. Now you could get up to 60% off the price of your house, or 70% off your flat, up to a maximum discount of £75,000.



If you've been a tenant for 5 years or more, now might be a good time to think about buying.



Your home could be an asset and an investment for years to come, for you and your family – giving you the security and independence that home ownership can bring. And the money raised through extra sales is now going straight towards building new, affordable homes.

Buying your home is a big decision. You should always get financial and legal advice before deciding whether buying is right for you. But with larger discounts now available this could be a good time to consider taking a step onto the property ladder.

If you'd like more information about buying and whether you are eligible for a substantial discount, please order a pack, visit our website or phone our helpline where one of our staff can guide you through the process.

**Complete and return the reply-paid card below, call us, or visit our website**

**Right to Buy helpline 0300 123 0913**  
**[www.communities.gov.uk/yourrighttobuy](http://www.communities.gov.uk/yourrighttobuy)**

# Like to know more?

To see if you could qualify for a discount on the purchase price of your home you'll need to be able to answer 'yes' to the following statements.

Please tick appropriate boxes

		YES	NO
<b>1</b>	I am a council tenant (or) I was a council tenant when my home was sold to my current landlord	<input type="checkbox"/>	<input type="checkbox"/>
<b>2</b>	I have been a tenant for at least 5 years	<input type="checkbox"/>	<input type="checkbox"/>
<b>3</b>	I can confirm that I don't live in sheltered or other housing particularly suitable for elderly or disabled people	<input type="checkbox"/>	<input type="checkbox"/>

If you've answered 'yes' to these, simply fill in your details below, return this card to us and we will send you more information.

If you are still unsure about your eligibility for the Right to Buy discount, feel free to give us a call on 0300 123 0913.

Name \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_ Postcode \_\_\_\_\_

Telephone \_\_\_\_\_

Mobile \_\_\_\_\_

Email \_\_\_\_\_

RtB02



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Department for  
Communities and  
Local Government

## The Right to Buy discount is now bigger

### Dear Tenant

More and more council and housing association tenants are considering buying their homes. Perhaps you're one of them?

If you've been a tenant for 5 years or more, you might like to know that the top discount under the Right to Buy scheme has been increased.

Now you could get up to **60% off the price of your house, or 70% off your flat**. This could mean tens of thousands of pounds off the purchase price, up to a maximum discount of £75,000.

Your home could be an asset and an investment for years to come, for you and your family – giving you the security that home ownership can bring. And the money raised through extra sales is going straight towards building new, affordable homes.

Remember, buying is a big decision, and you should always get financial and legal advice before deciding whether it's the right choice for you.

### We're here to help

The Government is working with councils and housing associations to help guide you through the process of buying your home.

If you'd like more information about buying and whether you are eligible for a substantial discount, please order a pack, visit our website or phone our helpline where one of our staff will be able to help you.

Yours faithfully,

**The Right to Buy Team**

**Complete and return the reply-paid card below,  
call us, or visit our website**

If you can  
answer 'yes'  
to the following  
statements...

I am a council  
tenant (or) I was  
a council tenant  
when my home  
was sold to my  
current landlord



I have been  
a tenant  
for at least  
5 years



I don't live in  
sheltered housing  
or other housing  
particularly suitable  
for elderly or  
disabled people



**...you could  
be eligible  
to buy your home  
at a discount  
worth thousands  
of pounds**

Moisten here

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# Like to know more?

Please tick appropriate boxes

**YES** **NO**

To see if you could qualify for a discount on the purchase price of your home, you'll need to be able to answer 'yes' to the statements opposite.

If you've answered 'yes' to these, simply fill in your details below, return this card to us and we will send you more information.

If you are still unsure about your eligibility for the Right to Buy discount, feel free to give us a call on **0300 123 0913**.

		YES	NO
<b>1</b>	I am a council tenant (or) I was a council tenant when my home was sold to my current landlord	<input type="checkbox"/>	<input type="checkbox"/>
<b>2</b>	I have been a tenant for at least 5 years	<input type="checkbox"/>	<input type="checkbox"/>
<b>3</b>	I can confirm that I don't live in sheltered or other housing particularly suitable for elderly or disabled people	<input type="checkbox"/>	<input type="checkbox"/>

Name \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_ Postcode \_\_\_\_\_

Telephone \_\_\_\_\_ Mobile \_\_\_\_\_

Email \_\_\_\_\_

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