



Board of Directors

Thursday, 11 July 2013 at 1.30pm

To be held at Kibblesworth Lounge, Kibblesworth Millennium Centre, Grange Terrace, Kibblesworth, Gateshead NE11 0XN

(to be preceded by a tour of Kibblesworth and buffet lunch from 12 noon to 1.30pm)

Agenda

Item	Business
1.	Apologies for Absence
2.	Declarations of Interest
3.	Minutes To approve as a correct record the minutes of the meeting held on 14 May 2013
4.	Matters Arising
5.	Annual General Meeting Report of Company Secretary
6.	Kibblesworth Regeneration Update Report of TGHC Managing Director
7.	Kibblesworth Development Finance Update Report of TGHC Head of Corporate Services
8.	Kibblesworth Shared Ownership Update Report of TGHC Head of Corporate Services
9.	Operational Risk Register Report of TGHC Head of Corporate Services

Contact: Stuart Gibson Tel: (0191) 433 5308 Date: 5 July 2013

Item

Business

10.

Date and Time of Meetings

To approve the following schedule of meetings of the Board for the remainder of 2013: -

- Thursday, 19 September 2013 at 12.30pm
- Thursday, 21 November 2013 at 12.30pm

11.

Exclusion of the Press and Public



(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 Tuesday 14 May 2013 at 4.30pm

Present:

Ordinary Trustees

Brian Kelly (Chair)
Hannah Hoskins
Anne Connolly
Peter Mole
Paul Foy
Joanne Carr

Co-optee

Bob Harrison

In attendance

Jon Mallen-Beadle (Company Secretary and TGHC Managing Director)
Neil Bouch (TGHC Director of Customers and Communities)
Natalie Hewitson (TGHC Head of Corporate Services)
Kevin Johnson (TGHC Head of Customer Services)
Julie McCartney (TGHC Head of Neighbourhood Services)
Debbie Taylor (TGHC Support Officer)

1 DECLARATIONS OF INTEREST

No interests were declared.

2 MINUTES

The minutes of the last meeting of Keelman Homes held on 30 January 2013 were approved as a correct record.

3 NEW BUILD AND DEVELOPMENT UPDATE

The Board received a presentation from Phil Gallagher, Head of Investment and Development on New Build and development. In particular, the New Build

Programme, phases 1 and 2 of Empty Homes Programme, managing agreements, miscellaneous/surplus properties and implications of Right to Buy were highlighted.

RESOLVED – That the presentation be noted.

4 KIBBLESWORTH REGENERATION UPDATE

The Board received an update regarding the progress on site and issues that have come to light since the previous update.

Of the 81 properties, all phases are fully occupied with the exception of Phase 4 which is programmed to be completed by June 2013.

All 54 Keepmoat sales properties are now sold.

The Public Art is being led by Gateshead Council's Art Team. Artists have been appointed who have worked with the local community to develop five individual pieces of art work that will be sited within the new development and some parts of the existing village. All art should be complete and installed by the end of July 2013.

The on site fixed play area within Phase 4 has now been developed and will commence installation in May 2013 with an anticipated completion date of the end of June 2013. The off site play equipment has been installed within Kibblesworth Park.

To date, 101 home loss payments have been made equating to £474,000 less any outstanding debt due to rent arrears, water rates, Council Tax arrears, or any other court costs or rechargeable repairs. Disturbance payments of £40,986 have also been made to pay for out of pocket moving expenses. These payments are made by the Council.

RESOLVED – That the information be noted.

5 KIBBLESWORTH DEVELOPMENT FINANCE UPDATE

The Board received an update on the financial element of the Kibblesworth development.

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.

The original budget was amended in January 2013 to detail the updated expected spend on Kibblesworth. The original contingency was reduced due to increased spend required on asbestos removal, which was not known in the pricing of the scheme.

The amended budget has now been further updated for May 2013 due to revised contractor costs being received. The contractor build costs have now reduced to £8,243,870 therefore the contingency has increased to £426,130.

To date, Keepmoat has been paid £7.8m out of the expected total of £8.2m, this includes the latest payment in April 2013 of £138,812.

Gateshead Council has been paid £32,500 to deliver the art work at the site, £11,661 towards the offsite play area at Kibblesworth and £52,737 for the fixed play area at Kibblesworth. Kibblesworth School has also been paid £2,500 to deliver a mural for the site.

A contingency of £426,130 is included in the budget to deal with any unforeseen areas of expenditure.

RESOLVED – That the Kibblesworth development finance update be noted.

6 KIBBLESWORTH SHARED OWNERSHIP UPDATE

The Board received an update on the marketing, allocation, price and customer interest in the following 13 shared ownership properties at Kibblesworth: -

6x 2 Bed Semi Detached	1x 3 Bed Mid Terrace
1x 4 Bed Detached	2x 3 Bed Semi Detached
1x 5 Bed Detached	2x 3 Bed End Terrace

Marketing has continued using a number of methods, which is expected to continue throughout the year. To support the marketing of the properties the company has produced a 'frequently asked questions' brochure and shared ownership booklet. Various press releases have been produced and proactive marketing of those individuals registered on Tyne and Wear Homes. The Leasehold Services team have attended local events to further promote the shared ownership scheme and the local housing office has delivered leaflets in the local area.

Under HCA guidelines all valuations on the shared ownership properties must be carried out by a RICS qualified valuer. The properties must be valued every 3 months. Four valuations have been undertaken to date.

To date, 91 customers have expressed an interest and eight completed applications have been assessed by Isos. Six applications have been approved and two rejected. Six sales have been agreed.

Reservations fees have been received from all six approved applicants and referred to Legal Services to commence the sale of the property. This is for three 2-bed properties, two 3-bed properties and one 4-bed property.

Legal Services have commenced the conveyance process for all applications and it is anticipated that the first sale will complete this month.

Decisions as to whether to provide incentives are being undertaken on a property by property basis. The incentives agreed to date are either carpets or white goods. No incentives have been necessary to sell the shared ownership properties to date.

RESOLVED – That progress made to date on the marketing, allocation and sale of the shared ownership properties be noted.

7 KEELMAN HOMES STATISTICS – END OF YEAR 2012/13

The Board received statistics to Keelman Homes at the end of 2012/13. Information on property stock, rent collection and arrears, welfare reform/under-occupation penalty and lettings/tenancy terminations was reported.

RESOLVED – That the information be noted.

8 DATE AND TIME OF NEXT MEETING

The next Board Meeting will be held on Thursday 11 July 2013 at 1.30 pm in Kibblesworth Lounge and will include lunch and a tour around Kibblesworth from 12 noon to 1.30 pm.

9 EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED – That the press and public be excluded from the meeting during consideration of the remaining business.



Title: Annual General Meeting

Report of: Company Secretary

Purpose of Report

1. To agree arrangements for the Charity's fourth Annual General Meeting ("AGM") and the process for the retirement of one third of the Ordinary Trustees.

Background

2. 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.
3. 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.

Timetable

4. The AGM must be held in the calendar year 2013, not more than 15 months after the last AGM.
5. The last AGM was held on 20 September 2012, therefore the next AGM must be held no later than 19 December 2013 in order to take place in the calendar year 2013.

Business to be transacted

6. 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;
 - may discuss and determine any issues of policy or deal with any other business put before them by the Trustees.

Annual General Meeting

7. The annual report of the Trustees of the company, together with the audited accounts, will be presented to the Board for approval on 19 September 2013.
8. 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 10 October 2013.
9. The next scheduled meeting after the Board Meeting in September is on 21 November 2013. It is proposed therefore that the AGM be held immediately after this meeting.
10. The normal company practice is for the Chair of Keelman Homes Board to preside.
11. The accounts are not to be approved by the TGHC Member. The requirement is merely that they be laid before the meeting.

Proposed Process for Retirement/Election of Ordinary Trustees

12. 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.
13. 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.
14. 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.
15. Keelman Homes currently has a full composition of four Ordinary Trustees. The TGHC Member has agreed that the retiring Ordinary Trustee, if willing to act, be reappointed.

Equality and Diversity Implications

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

Financial Implications

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

Impact on Customers

18. There was no impact on customers as a result of compiling this report.

Risk Management Implications

19. Appropriate controls are in place to mitigate any inability to fill positions on the Board.

Value for Money Implications

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

Health Implications

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

Environmental Implications

22. There are no environmental implications directly arising from this report.

Consultation Carried Out

23. The TGHC Member has agreed that the retiring Ordinary Trustee, if willing to act, be reappointed.

Recommendations

24. It is recommended that: -
- (i) the report be noted;
 - (ii) the fourth Annual General Meeting be held immediately after the Board Meeting on 21 November 2013.
 - (iii) the proposed arrangements for the retirement and subsequent reappointment of a third of the Ordinary Trustees be noted;
 - (iv) the longest serving Ordinary Trustee retire at the next AGM and if willing to act, be reappointed at that meeting.



Title: Kibblesworth Regeneration Update

Report of: TGHC Managing Director

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 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 throughout the process. Planning permission for the new properties was achieved on 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 for the social rented stock: -

Phase	Number	Date Completed	Progress
Phase 1	5	07/09/2010	Fully Occupied
Phase 2a	15	27/04/2011	Fully Occupied
Phase 2b	20	18/08/2011	Fully Occupied
Phase 3a	15	29/06/2012	Fully Occupied
Phase 3b	9	12/06/2012	Fully Occupied

Phase	Number	Date Completed	Progress
Phase 3c	8	06/09/2012	Fully Occupied
Phase 4	9	July 2013	2 out of 9 properties now completed. 7 remaining properties are expected for handover in July 2013
	81		

6. In addition, there are 13 properties due to be completed within Phase 4 which will be marketed as Shared Ownership properties. A separate report on this agenda provides the Board with the update on these properties.
7. In addition to this: -
- All 54 Keepmoat sales properties are now sold.
 - The Public Art is being led by Gateshead Council's Art Team. Artists have been appointed who have worked with the local community to develop 5 individual pieces of art work that will be sited within the new development and some parts of the existing village. All art should be complete and installed by the end of July 2013, including:
 - An individual circular stone seat to wrap around the recently planted pear tree within the new play area.
 - An ornate hand made wrought iron chair that includes local school children's ideas, to be placed on the off site existing play area. Installed March 2013.
 - Two wooden carved seats by exploding arts, working with local primary school children to form designs and will be located near the proposed toddler play area.
 - A carved sandstone art path highlighting the grid coordinates of the village pit head that crosses one of the estate open spaces. Installed April 2013.
 - A forged steel life size pony to be sited on a landscaped open space. The artist has worked closely with the carving group from the Millennium Centre and is ready to install when the area is cleared and prepared. Proposed installation date July 2013.
 - 15 bronze circular design and heritage cast plaques to be set within the existing and new footpaths around the village and within the scheme. Installation dates are still to be confirmed.
 - The on-site fixed play area within Phase 4 and the off-site play equipment within Kibblesworth Park have both now been installed.

Impact on Tenants

8. All 60 tenants from the Airey homes who requested to continue to live in Kibblesworth have now been re-housed within the new development (within phases 1, 2 and 3).

Financial Implications

9. So far, 101 home loss payments have been made equating to £474,000 less any outstanding debt due to rent arrears, water rates, Council Tax arrears, or any other court costs or rechargeable repairs. Disturbance payments of £40,986 have also been made to pay for out of pocket moving expenses. These payments are made by the Council.
10. The cumulative value of works carried out by Keepmoat to date is £8,130,719 which is inclusive of the latest valuation. All valuations will be paid less 5% retention. It has been agreed to release half of the allocated retention at completion of each phase, with the balance being released after 12 months.
11. We had previously agreed a maximum contract value of £8,243,870 however the anticipated final account with Keepmoat is now forecast at £8,187,611 due to the final variations now being agreed.

Risk Management Implications

12. Phase 4 properties were not completed in the timescales as specified by the Homes and Communities Agency (HCA) grant conditions. Keepmoat had provided a revised programme showing the completion of Keelman Homes properties by June 2013, however this has been further revised with expected completion in July 2013, subject to all services being connected. Discussions are ongoing with the HCA regarding slippage of the grant.

Value for Money Implications

13. Regular meetings are held with Keepmoat to ensure value for money is achieved on all solutions.

Equality and Diversity Implications

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

Health implications

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

Consultation Carried Out

16. Keepmoat and the TGHC Housing Management team are in regular contact with affected tenants on an individual basis regarding the current phases. Customer satisfaction information will be available once the scheme is completed.

Recommendation

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



Title: Kibblesworth Development Finance Update

Report of: TGHC Head 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 £'000	Amended Budget Jan 13 £'000	Amended Budget May 13 £'000	Amended Budget July 13 £'000
Funding				
Loan from GMBC	4,500	4,500	4,500	4,500
HCA Grant	4,832	4,832	4,832	4,832
Forecast Expenditure				
Contractor Build Costs	8,170	8,435	8,244	8,188
Contractor Contingency	500	235	426	482
Management Fee	450	450	450	450
Other Adhoc Costs	212	212	212	212
Surplus / (Deficit)	NIL	NIL	NIL	NIL

4. The original budget was amended in January 2013 to detail the updated expected spend on Kibblesworth. The original contingency was reduced due to increased spend required on asbestos removal, which was not known in the pricing of the scheme.

5. The amended budget has now been further updated for July 2013 due to revised contractor costs being received. The contractor build costs have now reduced to £8,187,611, therefore the contingency has increased to £482,389.

Detailed Funding Summary

6. The first tranche of HCA grant was received in April 2010 – this was 75% of the overall £4.8m. A total of £3.6m was received by Keelman Homes on 1 June 2010. As detailed in previous updates, this money was invested in appropriate short term deposits in line with our expected payment schedule.
7. These grant monies were 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.
9. We completed Phase 1 of the Kibblesworth development and therefore drew down the full tranche of Phase 1 funding; the 25% balance of £550,000 was received in September 2011.
10. We drew down our second tranche of loan on 9 February 2012 for a further £1.5m. The Council have agreed to amalgamate the first and second tranche of loan and include as one loan. This has an interest payable rate of 4.86% which is the Council's Consolidated Rate of Interest (CRI). The amalgamated loan is repayable in six monthly intervals from 1 March 2012.
11. We drew down the third and final tranche of loan of £1.5m in September 2012. This has an interest payable rate of 4.59% which is the Council's Consolidated Rate of Interest (CRI). The next repayment of the full loan is due on 1 September 2013.

Detailed Expenditure Summary

12. To date we have paid Keepmoat £7.9m out of the expected total of £8.2m, this includes the latest payment in June 2013 of £66,964.
13. We have paid Gateshead Council £32,500 to deliver the art work at the site, £11,661 towards the offsite play area at Kibblesworth and £52,737 for the fixed play area at Kibblesworth. We have also paid Kibblesworth School £2,500 to deliver a mural for the site.

Impact on tenants

14. 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

15. The risk of interest rate fluctuations has been removed by fixing the interest rate when the loans are taken out.
16. A positive cash flow is maintained throughout the life of the development.

Financial Implications

17. The financial implications are contained within the report. A contingency of £482,389 is included in the budget to deal with any unforeseen areas of expenditure.

Equality and Diversity Implications

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

Health Implications

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

Value for Money implications

20. The preferential loan terms and conditions represent value for money for Keelman Homes. The interest payable on the loan is set at a fixed rate equivalent to the Council's consolidated rate of interest at the time the loan is drawn down. The interest on the loan drawn down has been fixed at 4.86% for £3m of the loan and 4.59% for the final £1.5m.

Environmental Implications

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

Consultation carried out

22. No consultation has been carried out directly as a result of this report.

Recommendation

23. The Board is asked to note the revised financial position for the Kibblesworth development.



Title: Kibblesworth Shared Ownership Update

Report of: TGHC Head of Corporate Services

Purpose of Report

1. To provide the board with an update on the marketing, allocation, price and customer interest in the shared ownership properties at Kibblesworth.

Background

2. Shared ownership is part of a government funded part buy/part rent scheme to help first-time buyers to become home owners.
3. Initially customers can purchase a share of between 25% and 75% of their new home and pay rent on its remaining share.
4. Potential customers will be assessed by ISOS (the HomeBuy agent approved by government for the North East region) to ensure they are eligible for shared ownership.
5. The assessment undertaken by ISOS will look at the applicants' ability to meet the basic criteria of the HomeBuy scheme.
6. The details of those accepted will then be forwarded to The Gateshead Housing Company to assess who is eligible for a property by utilising the shared ownership allocation policy.
7. There are 13 homes being built on the Kibblesworth development that are to be marketed as shared ownership properties.

6x 2 Bed Semi Detached
1x 4 Bed Detached
1x 5 Bed Detached

1x 3 Bed Mid Terrace
2x 3 Bed Semi Detached
2x 3 Bed End Terrace

8. Due to poor weather conditions throughout the winter months the properties did not become available for sale in line with previous timescales. It is now anticipated that all properties will become available for sale in July 2013.

Marketing

9. Marketing has continued using the following methods, which is expected to continue throughout the year:

- The Gateshead Housing Company News
 - The Gateshead Housing Company website
 - Leasehold News
 - Evening Chronicle
 - Isos HomeBuy Agent Website
 - Tyne & Wear Homes website
 - Twitter and Facebook
10. To support the marketing of the properties the company has produced a 'frequently asked questions' brochure and shared ownership booklet. These are available on the website and in paper format where required. Additional marketing through local estate agents could be considered if interest is low, however the cost of this is £900 per sale. As customer interest in the properties has continued this option has not yet been required.
11. Various press releases have been produced by the communications team and proactive marketing of those individuals registered on Tyne and Wear Homes.
12. The Leasehold Services team have attended local events to further promote the shared ownership scheme and the local housing office has delivered leaflets in the local area.

Price

13. Under HCA guidelines all valuations on the shared ownership properties must be carried out by a RICS qualified valuer. The properties must be valued every three months. Five valuations have been undertaken to date:

	Valuation Date 13 June 2012	Valuation Date 12 September 2012	Valuation Date 12 December 2012	Valuation Date 12 March 2013	Valuation Date 12 June 2013
2 bed semi	£115,000	£115,000	£115,000	£115,000	£115,000
2 bed mid-terrace	£128,000	£126,000	£126,000	£126,000	£126,000
3 bed semi	£134,000	£132,000	£132,000	£132,000	£134,000
4 bed detached	£168,000	£168,000	Sale agreed	Sale Agreed	Sold
5 bed detached	£175,000	£175,000	£175,000	£175,000	£175,000

Customer Interest

14. To date ninety-eight customers have expressed an interest and eleven completed applications have been assessed by ISOS.
15. Nine applications have been approved and two rejected. Of these, four properties have been sold and three properties are going through the

conveyancing process and completion dates have been agreed. One application is awaiting mortgage approval and one application is at the reservation stage.

16. As detailed at the previous board, one application was rejected because the prospective buyer's income was insufficient and the second rejected as a result of an outstanding IVA.
17. Reservations fees have been received from eight approved applicants and referred to Legal Services to commence the sale of the property. A reservation fee has been requested for the most recent application. This represents five 2-bed properties, two 3-bed properties and one 4-bed property.
18. Legal Services have commenced the conveyance process for all applications and the following properties have now been sold:

Coltspool	4 Bed	Sold 28.05.13	75% Purchased
Coltspool	3 Bed	Sold 14.06.13	30% Purchased
Coltspool	2 Bed	Sold 31.05.13	25% Purchased
Coltspool	2 Bed	Sold 14.06.13	25% Purchased

The first months rent has been collected with the completion of each sale. Invoices to collect the rent, buildings insurance and management fees for the remainder of the year are in the process of being raised in Northgate.

19. Three customers have shown an interest in the 5-bed property. One of those customers has also approached a mortgage lender to try and secure the finance and has been approved by ISOS.
20. Six customers are in the process of applying to ISOS for an assessment and viewings have been arranged for the 2 and 3-bed properties.
21. Decisions as to whether to provide incentives are being undertaken on a property by property basis. The incentives agreed to date are either carpets or white goods. No incentives have been necessary to sell the shared ownership properties to date.

Impact on Tenants

22. All tenants have the opportunity to apply for one of the shared ownership properties if they pass the financial assessment undertaken by ISOS

Financial Implications

23. ISOS charge £180 (plus VAT) for an assessment of eligibility. To date, ISOS have been paid £1,260 for 7 assessments.
24. Gateshead Council has drafted the plans for the 13 shared ownership properties and has been paid £1,625.
25. Property re-valuations are required every 3 months and must be carried out by a RICS qualified surveyor at a cost of £180 per valuation, this will reduce as sales progress.

26. Gateshead Council Legal Services have been commissioned to complete all legal conveyance of the sale, at a rate of £432 per property plus £86.40 on solicitors' fees. To date, £2,073 has been paid to Gateshead Council.
27. An additional valuation report has been commissioned to meet the S119 Charities Act 2001 and the Charities (Qualified Surveyors' Report) Regulation 1992 at a cost of £300.
28. Income received to date from the sale of properties is £221,200.
29. Any incentives provided to encourage a sale will be either carpets or white goods and these have been budgeted at a maximum of £2,000 per property.

Risk Management Implications

30. There is a risk that the properties are not completed in the timescales as specified by the Homes and Communities Agency grant conditions. Keepmoat have provided a further revised programme showing the completion of the properties in July 2013, which is not in line with grant conditions. Discussions are ongoing with the HCA regarding slippage of the grant.
31. There is a risk that the properties will not be sold under Shared Ownership. If this occurred then agreement has been reached with the HCA to market these properties as Rent to Buy.

Value for Money Implications

32. Regular meetings are held with Keepmoat to ensure value for money is achieved on all solutions.
33. Three quotes were obtained in relation to the cost of property valuations and the most advantageous quote was agreed.

Equality and Diversity Implications

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

Health implications

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

Consultation Carried Out

36. No consultation has been carried out directly in respect of this report.

Recommendation

37. The views of the Board are sought as to whether they are satisfied with the progress made to date on the marketing, allocation and sale of the shared ownership properties.



Title: Operational Risk Register

Report of: TGHC Head of Corporate Services

Purpose of Report

1. To seek approval of an updated Operational Risk Register.

Background

2. The Board, at its meeting on 21 January 2010, approved its first Operational Risk Register. This was based on a traffic lighting system with likelihood and impact scored from one to ten.
3. Price Waterhouse Coopers carried out a review of TGHC's risk management processes during 2010 and a number of actions were agreed.
4. One of these actions was to completely review TGHC's operational risk register and a revised format including a revised scoring process was agreed.
5. In order to ensure consistency, the Operational Risk Register for Keelman Homes was reviewed and produced in the new format, which was approved by the Board in January 2012.

Operational Risk Register

6. Operational risks are those which are encountered during the day to day running of the company.
7. The updated register has been split into individual service areas within each directorate.
8. The following four scale matrix has been used for impact and likelihood: -

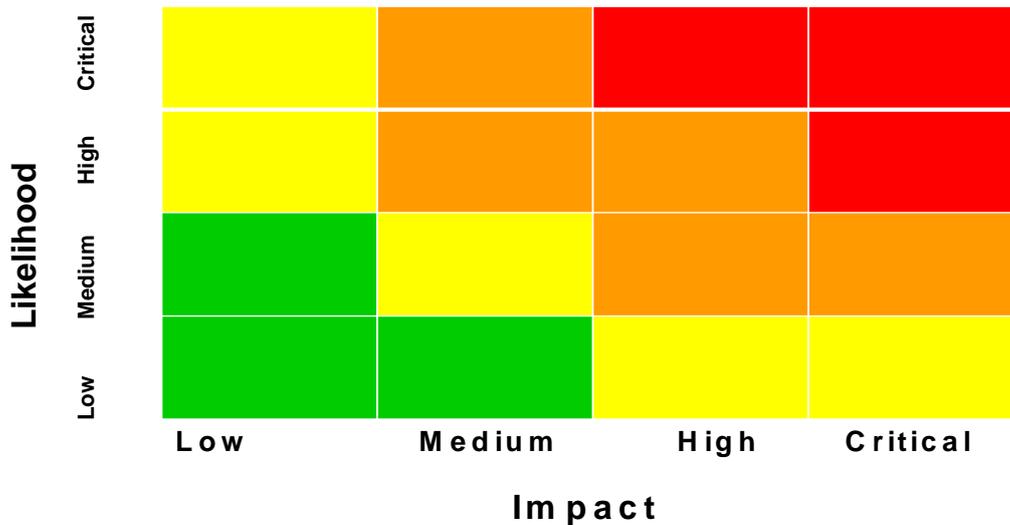
Likelihood

Scoring	Definition	Timing of occurrence
4	Almost certain	Less than 3 months
3	Likely	3 – 6 months
2	Moderate	6 – 12 months
1	Unlikely	In excess of 12 months

Impact

Scoring	Definition	Example of impact
4	Critical	Total service loss for significant period Fatality Financial loss over £200,000 Government / Council intervention
3	High	Significant service disruption Major/disabling injury Financial loss over £50,000 Adverse national media coverage
2	Medium	Service disruption Loss time injury Financial loss over £25,000 Adverse local media coverage / lots of service user complaints
1	Low	Minor service disruption / short term inconvenience Minor injury Financial loss under £25,000 Isolated service user complaints

9. The following four scale matrix demonstrates how the risks will be assessed using a traffic light system: -



10. The Operational Risk Register has been reviewed and the updated register is attached at the Appendix to this report.
11. Due to the current developments for planned for Keelman Homes, it is proposed that the register be comprehensively reviewed going forward.

Impact on tenants

12. Failure to deliver on certain operational risks identified could have a significant impact on tenants.

Risk Management Implications

13. The risk management implications are identified throughout this report.

Financial Implications

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

Equality and Diversity Implications

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

Value for Money implications

16. Efficient and effective control measures in place should reduce significantly the likelihood and impact of the risks occurring.

Health Implications

17. The successful completion of the new build properties will have a positive impact on the health and wellbeing of the residents.

Consultation carried out

18. It has not been necessary to carry out any consultation when compiling this report. However, consultation has previously been undertaken with other ALMOs at a more advanced stage with new build.

Recommendations

19. It is recommended that
 - the updated Operational Risk Register be approved;
 - due to the current developments planned for Keelman Homes, the register be comprehensively reviewed going forward.

Keelman Homes – New Build Operational Risk Register

Risk No	Risk	Controls	Likelihood	Impact	Owner	Future Actions	Timescale for implementation
1	<p>Budget issues - cost overrun If the budgets overrun then the company may not be able to complete the project/build as there would be no funding available. There may need to be changes in the specification part way through the build if money were to become tight. Company may not be able to pay contractors.</p>	<p>Budgets are closely monitored on a regular basis. Any changes to specification which will increase costs are fully discussed and costed and agreed before they are commenced.</p>	2	4	Natalie Hewitt		
2	<p>Financial impact from Contractor(s) failing Keelman Homes could lose funding if schemes are not completed in line with the milestones as agreed with the HCA. Keelman Homes could lose any advances paid to contractors. Schemes may be undeliverable if contractor goes bankrupt / into administration</p>	<p>Robust procurement process for new build contractors. Early consideration of any risks associated with specific contractors or potential contractors for each scheme. Company ensures that Insurance and Collateral Warranties are in place for each contractor.</p>	2	4	Natalie Hewitt		
3	<p>Failure to implement financial changes in timescale Failure to implement financial changes will hinder the project's ability to be completed in a timely</p>	<p>Robust estimates built into feasibility and detailed costings. Considering / revising estimates at critical milestones. Financial changes reviewed regularly to ensure that they can be</p>	2	4	Natalie Hewitt		

Risk No	Risk	Controls	Likelihood	Impact	Owner	Future Actions	Timescale for implementation
	manner or to budget. If financial changes are not implemented in timescale then the project will overrun incurring more costs.	accommodated in timescales.					
4	Statutory Authority Risks (gas, water, electric, telecom etc) The utilities all need to be available to be used by the tenant prior to the new build project and prior to the tenant moving in. The costs of providing the ability to use these utilities need to be built into the budget for the schemes.	Discussions held with all utility companies prior to the project being drawn up to ensure that all utilities can be provided and to ensure any costs associated with these are built into the budgets.	2	4	Jim Charlton		
5	Party Wall Risks Future risk of claims from Third party of Subsidence etc	Legal advice followed and Party Wall Act is invoked. Photographs taken of all adjacent properties prior to commencement of works on site	2	4	Jim Charlton		
6	Programme slippage Failure to deliver new homes on time	As part of a robust procurement procedure this is addressed by checking the contractor's track record	4	4	Jim Charlton	Programme has slipped. Exit plan now received	Expected completion of the Keelman Homes Properties mid July 13
7	Grant requirements fail to be met Company could lose funding if schemes are not completed in line with the milestones as agreed with the HCA.	Detailed legal advice on grant agreement prior to signing. Checks in place via pre contract and post contract project plan to ensure conditions precedent are met.	4	4	Jim Charlton	HCA agreed to extend completion to end of June, however this date has been missed also	Completion now expected mid July 13

Risk No	Risk	Controls	Likelihood	Impact	Owner	Future Actions	Timescale for implementation
8	Reputation tarnished if project outcomes not delivered Reduced customer satisfaction, if delivery delayed this may impact on future HCA funding	Effective project management of schemes. All PR co-ordinated within the context of schemes so expectations clear and realistic	1	3	Ian Clarkin		
9	Cash Flow Cash flow needs to be managed to ensure that TGHC can pay the contractor and repay the loan. Once built, the cash flow needs to be managed to ensure the rents cover the costs associated with managing the houses	Cash flow forecasts are carried out monthly. Estimates of the monthly income produced. Cash flows amended in line with changes in the expected completion dates of the houses.	2	4	Natalie Hewitt		
10	Project Management on site Late delivery of project	Regular monthly site meetings to manage the project and focus on any issues that affect the programme	4	4	Jim Charlton	Meetings on site increased to weekly have failed to ensure revised project delivery dates	Meeting on a weekly basis expected completion now mid July 13
11	Environmental problems on site e.g. unknown contamination Delays in delivering the development and increased cost of the scheme.	Early site investigation - desk top and on site.	2	3	Jim Charlton	The scheme did suffer delays through contaminated land and remedial measures required	
12	Security risks to properties, site and compound Loss due to vandalism and theft. Impact on neighbouring residents in	As part of a robust procurement procedure this is addressed by checking the contractor's track record when they are on site. Materials or tools not stored	2	3	Jim Charlton	Work with police and local housing office to address issues of vandalism on site	Ongoing throughout the project

Risk No	Risk	Controls	Likelihood	Impact	Owner	Future Actions	Timescale for implementation
	the area.	with a resale value on site.					
13	Design and development issues with neighbouring houses May cause friction between the new tenants and the existing occupants in the area	Addressed as part of the planning process. Also through independent Communication by TGHC with the local residents Keepmoat RLO working closely with the community to advise of road closures etc.	4	3	Jim Charlton	Many unhappy local residents due to on going disruption on the development.	Ongoing throughout the project
14	Inaccurate rent and service charge provision Rent and service charges set too low could lead to costs outweighing income received. This may restrict the repairs/ improvement works that can be carried out at these properties	Detailed costings and business plans are produced before the schemes are considered	2	2	Natalie Hewitt		
15	Failure to specify and agree ICT requirements If ICT development does not receive agreed accurate requirements for ICT changes the housing management system will not be able to manage the new properties successfully.	Change control documents are created for agreement of project team. No development will take place until complete and agreed.	1	4	Mark Birch		
16	Extra cost of ICT changes exceeds budget Changes to ICT systems for New Build have not featured in any ICT budget setting to date.	Consultation with Finance to ensure funds available.	1	4	Mark Birch		

Risk No	Risk	Controls	Likelihood	Impact	Owner	Future Actions	Timescale for implementation
17	Failure to implement ICT changes in timescales Assessment of ICT requirements has not been considered in relation to timescale setting for the project.	Change control documents feature timescales for work required. Any timescale issues known prior to development taking place.	1	4	Mark Birch		
18	HSE breach by contractor Injury to operative or visitor to site, damage to possessions	Appropriate Health and Safety procedures built into contracts and monitored. Risk is transferred to contractor (other than reputational)	1	4	Roberto D-Emidio		
19	Contractor or sub-contractor going into administration Delay on completion of scheme, additional costs may be incurred	Financially sound contractors on the tender list. There is sufficient retention to ensure additional cost of transfer of work to new contractor can be covered.	2	2	Jim Charlton	Keepmoat have alternatives sourced in the event of any contractors going into administration	
20	Communication issues Reputation of company tarnished and working relationships with existing tenants affected.	Effective communications strategy identifying key stages and agreeing appropriate form of communication.	1	4	Ian Clarkin		
21	Achieving agreement on estate layout / traffic management / road names Resulting in delay or making the development unworkable	Would be addressed as part of the planning process. Also through independent Communication by TGHC with the local residents	1	4	Jim Charlton		
22	Delay or inability to supply materials part way through programme Delay on completion of scheme, additional costs may be incurred.	Alternative suppliers for all materials. Do not nominate supplier or produce passing risk to contractor. Robust tender process.	1	3	Jim Charlton	Scheme almost complete	

Risk No	Risk	Controls	Likelihood	Impact	Owner	Future Actions	Timescale for implementation
23	Board Approval All relevant decisions need Board approval as per the company's memorandum and articles of association otherwise there could be a delay in completion of the work	Keelman Homes Board meets quarterly and governance arrangements are in place to react to any urgent business Training on roles and responsibilities	1	3	Stuart Gibson		
24	Intermediate Rent Management Need to ensure we provide clear and appropriate advice to tenants in a timely and consistent manner. Need to ensure systems and processes are in place to effectively manage Intermediate Tenancies	Marketing strategy developed following advise from ISOS. Procedures to be developed to provide advise and guidance to employees which will support appropriate training.	3	2	Natalie Hewitt	Procedures to be developed clarifying rights and obligations of the Landlord under the lease. Training to be developed for staff.	March 2014
25	Specified ICT requirements may exceed current system capability Requirements for New Build may exceed what current systems are capable of providing	Change control documents analysed to assess requirements. Changes will be implemented that are possible.	1	2	Mark Birch		
26	Labour shortage Resulting in delay in completing the scheme	Fixed cost tender price passes risk to contractor. Robust tender process.	1	2	Jim Charlton	Scheme almost complete	
27	Managing Decants Where a programme of decants is required this will need to be managed effectively to ensure we deliver vacant possession of the site to the contractors. This will	A decant programme is developed taking into account tenants needs and choices. The estate office liaises between tenants and lettings to provide support and assistance to tenants around housing options. In addition	1	2	Julie McCartney		In place

Risk No	Risk	Controls	Likelihood	Impact	Owner	Future Actions	Timescale for implementation
	prevent any delay to the start of works and reduce risk of incurring additional costs	they advise tenants around reasonable expenses and supports the move to the new home. Progress on the programme is reported monthly to officers, the council and ward members and is monitored overall by the Estate Project group.					
28	Failure to implement new working practices across the business Resulting in Keelman Homes tenants getting an inferior service compared to Council/TGHC tenants	All policies between TGHC and Keelman Homes are consistent. There is a management agreement in place between TGHC and Keelman Homes for delivery of services.	1	2	Jon Mallen-Beadle		
29	Risk of not following policy when selecting an applicant for a property. (Reputation, complaints, ombudsman)	Lettings shortlist audits / Training and procedures for lettings team	1	2	Jackie Armstrong	Annual Internal audit to overview effectiveness of controls	Next audit expected in Qtr 4 2013/14
30	Properties left unsold If properties remain empty it will be necessary to ensure the security of the property.	Security measures need to be in place. Investigations need to be carried out to identify the most appropriate security for the sale properties.	3	2	Janice Adams	Agree security measures.	August 2013
31	Collection of Shared Ownership Charges - Income may be reduced if accounts are not created and managed in line with the lease agreement	An income management procedure is to be developed to ensure collection in line with the lease. Training for staff to be developed.	2	1	Janice Adams	Develop income management procedure. Briefings and training for officer of the housing company so they are aware of the new tenure and how they should be managed.	March 2014

