



## **Board of Directors**

Wednesday, 30 January 2013 at 12 noon

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

### *Agenda*

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Item	Business
1.	<b>Apologies for Absence</b>
2.	<b>Declarations of Interest</b>
3.	<b>Minutes</b> To approve as a correct record the minutes of the meeting held on 9 August 2012
4.	<b>Matters Arising</b>
5.	<b>Proposed Rent Increases for 2013/14</b> Report of TGHC Head of Finance
6.	<b>Proposed Budget for 2013/14</b> Report of TGHC Head of Finance
7.	<b>Kibblesworth Development Finance Update</b> Report of TGHC Head of Finance
8.	<b>Kibblesworth Regeneration Update</b> Report of TGHC Managing Director
9.	<b>Shared Ownership Properties</b> Report of TGHC Head of Finance
10.	<b>Keelman Homes – The Next Steps</b> Presentation by TGHC Managing Director
11.	<b>Date and Time of Next Meeting</b>

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Item	Business
12.	<b>Exclusion of the Press and Public</b>



**(Company number: 06972673)**

Minutes of meeting of the Board of Directors held at Keelman House, Fifth Avenue Business Park, Fifth Avenue, Team Valley, Gateshead on Thursday 9 August 2012 at 10am

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**Present:**

**Ordinary Trustees**

Brian Kelly (Chair)  
Anne Connolly  
Peter Mole  
Hannah Shepherd

**In attendance**

Jon Mallen-Beadle (Company Secretary and TGHC Acting Chief Executive)  
Sarah Thompson (TGHC Head of Finance)  
Debbie Taylor (TGHC Support Officer)

**Apologies**

Richard Armitage  
Bob Harrison  
Linda Hitman

**1 DECLARATIONS OF INTEREST**

No interests were declared.

**2 MINUTES**

The minutes of the last meetings of Keelman Homes held on 19 January and 15 March 2012 were approved as a correct record.

**3 ANNUAL GENERAL MEETING**

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

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

The AGM must be held in the calendar year 2012, not more than 15 months after the last AGM. The last AGM was held on 10 November 2011.

21 clear days' notice of the AGM must be given to TGHC, calling the AGM. Therefore, it would need to be held no earlier than 31 August 2012. The next scheduled Board Meeting is 20 September 2012. It is proposed that the AGM be held immediately after this meeting.

The annual report of the Trustees of the company, together with the audited accounts, will be presented to the Board for approval at this meeting of the Board of Directors, as well as other routine AGM business.

One third (or the number nearest to one third) of the Ordinary Trustees must retire at each AGM, those longest in office retiring first and the choice between any of equal service being made by drawing lots. If the members of the Charity, at the meeting at which a Trustee retires in the above manner, do not fill the vacancy, the Trustee shall, if willing to act, be deemed to have been reappointed unless at the meeting it is expressly resolved to fill the vacancy.

Keelman Homes currently has a full composition of four Ordinary Trustees. Given that the longest serving Trustee has served on the Board for less than 2½ years, the TGHC Member has agreed that the retiring Ordinary Trustee, if willing to act, be reappointed.

- RESOLVED – (i) That the information be noted.
- (ii) That the third Annual General Meeting be held immediately after the Board Meeting on 20 September 2012.
- (iii) That the proposed arrangements for the retirement and subsequent reappointment of a third of the Ordinary Trustees be noted.
- (iv) That the longest serving Ordinary Trustee retire at the next AGM and if willing to act, be reappointed at that meeting.

#### **4 REPORT OF THE BOARD AND FINANCIAL STATEMENT**

The Board received the report of the board and financial statements for the year ended 31 March 2012 which will be held on 20 September 2012.

The Financial Statements show total funds in the balance sheet at £6.8million (2011: £6.3million). This includes the land value and the first and second tranches of grant received from the Homes and Communities Agency.

These accounts have been audited by KPMG as our external auditors and they have been signed off as a true and accurate record.

- RESOLVED –
- (i) That the report of the board and financial statements for the year ended 31 March 2012 be approved.
  - (ii) That the Chair of the Board be authorised to sign the Report of the board and financial statements as a correct record.

## **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.

A revised cashflow for the project to update on actual costs was reported. The cash balance at the end of this quarter has been kept at a level to ensure that the £300,000 due to Keepmoat in June and July can be paid.

To date, Keepmoat has been paid £6.6m out of the expected total of £8.4million, including the payment outstanding in June and July of £300,000.

Gateshead Council has been paid £32,500 to deliver the artwork at the site and Kibblesworth School £2,500 to deliver a mural for the site. £11,600 has also been paid towards the offsite play area at Kibblesworth.

A contingency of £234,940 is included in the budget to deal with any unforeseen areas of expenditure.

- RESOLVED –
- (i) That the revised cashflow forecast for the Kibblesworth development be noted.
  - (ii) That the actions taken by the TGHC Acting Chief Executive to ensure that surplus balances generate interest at no risk to the underlying capital received be noted.

## **6 KIBBLESWORTH DEVELOPMENT UPDATE**

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

Of the 81 properties, Phases 1, 2a, 2b, 3a and 3b are fully occupied. Properties are completed and handovers are anticipated within four weeks for Phase 3c. Demolition is underway with completion of properties for Phase 4 programmed for 31 March 2012, the final nine properties.

In addition, there are 13 properties due to be completed within Phase 4 which will be marketed as Shared Ownership properties. These properties are expected to be complete between December 2012 and February 2013.

Of the 54 Keepmoat sales properties, they have sold 25 and have reservations on 20 with only nine still available.

Details of the home loss payments that been made to 88 tenants was reported.

The cumulative value of works carried out by Keepmoat to date is £6,901,486 which is inclusive of the latest valuation.

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

- RESOLVED –
- (i) That the information be noted.
  - (ii) That the Kibblesworth Development Update be taken to the TGHC Board.
  - (iii) That the good work that has been done at Kibblesworth be publicised.
  - (iv) That a site satisfaction survey of tenants be carried out to highlight the positive messages being received.

## **7 DATE AND TIME OF NEXT MEETING**

The next meeting of Keelman Homes will be held on Thursday 20 September 2012 at Keelman House, Fifth Avenue Business Park, Team Valley, Gateshead.

## **8 EXCLUSION OF THE PRESS AND PUBLIC**

The press and public were excluded from the meeting during consideration of the remaining business.



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**Title:** Proposed Rent Increase for 2013/14

**Report of:** TGHC Head of Finance

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### **Purpose of Report**

1. To seek approval of the proposed increase to the rents for 2013/14.

### **Background**

2. The rent and service charge setting policy was approved by the Board of Directors at a meeting on 21 January 2010 and a subsequent 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 see a rent increase in April 2013.
4. The rents for the properties let in 2010/11, 2011/12 and to be let in 2013/14 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. 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 of £2.42.
6. There is no proposed increase in service charges recommended for 2013/14.

### **Impact on Tenants**

7. The impact on tenants is in relation to the increased rents and service charges which will be charged which are detailed within the Appendix. TGHC's rent and income team are available for support and advice to tenants who may have difficulty paying.
8. TGHC's rent and income team will be providing additional support to any tenant who is affected by the welfare reform changes particular in relation to the under-occupation impact.

9. 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.

### **Risk Management Implications**

10. The risks associated with the setting of rents and service charges are included within the 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 Keelman Homes – the rents have been set initially at a level that will ensure we can cover the costs of the loan 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 their first year of their tenancy. We will be advising all tenants of the 2013/14 increase in writing where appropriate with 28 days notice

### **Recommendations**

16. The Board is recommended to
  - (i) approve the proposed rent increases for 2013/14;
  - (ii) not increase service charges for 2013/14.

### Kibblesworth Rent Increase Calculation

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

<u>Property Type</u>	<u>2012/13 Rents 52 Weeks</u>	<u>2013/14 Rents 52 weeks</u>	<u>2013/14 Rents 50 Weeks</u>	<u>Weekly increase</u>
2 bed house	£73.09	£75.36	£78.37	£2.27
3 bed house	£77.05	£79.44	£82.61	£2.39
3 bed corner house	£78.47	£80.90	£84.14	£2.43
4 bed house	£85.09	£87.73	£91.23	£2.64
5 bed house	£89.27	£92.04	£95.72	£2.77
2 bed bungalow	£70.83	£73.03	£75.95	£2.20
2 bed wheelchair bungalow	£73.69	£75.97	£79.01	£2.28

Average weekly increase = £2.42.

### Kibblesworth Service Charge

Service charges have not been increased. Therefore, the service charges have been set as follows for the varying types of properties:

<u>Property Type</u>	<u>2012/13 Service Charge 52 Weeks</u>	<u>2013/14 Service Charge 52 weeks</u>	<u>2013/14 Service Charge 50 Weeks</u>	<u>Weekly increase</u>
2 bed bungalow	£2.16	£2.16	£2.25	Nil
2 bed wheelchair bungalow	£4.27	£4.27	£4.44	Nil



**Title:** Proposed Budget for 2013/14

**Report of:** TGHC Head of Finance

### **Purpose of Report**

1. To make a recommendation to the Board to approve the company's budget for 2013/14.

### **Background**

2. This is the first year a budget has been produced for Keelman Homes. Previous financial information has been managed by way of a cashflow as the main income for Keelman Homes was grant income from the Homes and Communities Agency and loan income from Gateshead Council. The main expenditure was costs in relation to the construction of properties.
3. However, during 2013/14 all of the properties will be built and rental income will be received. Expenditure will generally be in relation to any repair costs, void costs or any enforcement costs around tenancies. The main costs will be in relation to the loan repayments which are 6-monthly, depreciation of the construction costs (which is an annual charge of the costs to build the properties) and the annual management fee paid to The Gateshead Housing Company to provide housing management services on behalf of Keelman Homes.
4. A statement showing the proposed budget for 2013/14 is attached at the Appendix to this report.

### **Proposed Budget - Income**

5. The income to be received into Keelman Homes is mainly the rental income for the properties. There is also likely to be income in relation to the sale of the shared ownership properties and any staircasing income for these properties. However, this income will be treated as exceptional income and held in reserve for future sales, therefore, this is not included in the budget.
6. We have estimated the income at 2013/14 rents (although some tenants will be protected at the 2012/13 rental value) and inflated rents at 3% per year. Shared ownership rents are estimated and is dependent on when properties are sold and what percentage of the property an individual purchases. Rent has been calculated on 50% of the equity being sold. We have included a 2% provision for bad debt and 1% provision for voids.

### **Proposed Budget – Expenditure**

12. The expenditure budget has been based on a prudent estimate of £1,000 per month for repairs and voids. The properties will still be in warranty for part of the period and therefore, repair costs may be less.
13. The management fee has been budgeted for as an annual one-off cost and this is calculated at £200 per property.
14. The loan repayments have been included at each 6-month period and reflect the agreed loan repayments as per the agreement with Gateshead Council.
15. Depreciation of the properties has been calculated at 2% per annum and is based on the overall capital cost of the construction.

### **Proposed Budget – overall**

16. The overall budget position shows a deficit of £28,127. Projections have been included for 2014/15 and 2015/16 which show that the budget will move into surplus within years 2 and 3.
17. The projections are based on an increase in rents of 3% per annum and an increase in repair and void costs of 2.5% per annum. No increase has been assumed on the shared ownership rents, other than receiving a full years rent in year 2 and 3. There may be reductions in income in relation to these as individuals purchase further shares on their property. Any change in these assumptions will change the surplus/deficit position.

### **Impact on tenants**

18. Whilst this report does not impact on tenants directly, appropriate financial monitoring and control will ensure efficiencies are maximised and redirected to services that directly impact on tenants

### **Risk Management Implications**

19. Regular and accurate monitoring will ensure that that the strategic risk within the business plan (Insufficient available financial resources) is effectively controlled.

### **Financial Implications**

20. The financial implications are contained within the report and appendices.

### **Equality and Diversity Implications**

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

### **Value for Money implications**

22. Regular financial monitoring and control will ensure efficiencies are maximised and then utilised in the most appropriate manner.

### **Health implications**

23. There are no health implications arising from this report.

### **Environmental implications**

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

### **Consultation carried out**

25. There has been no consultation carried out in relation to this report.

### **Recommendations**

26. The Board is asked to:
- approve the proposed revenue budget for 2013/14; and
  - note the estimated budgets for 2014/15 and 2015/16.

**Appendix****Budget**

	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Income</b>			
Rent	384,000	395,520	407,386
Service Charges	2,700	2,781	2,864
Shared Ownership Rent	13,195	26,391	26,391
Bad Debt	- 7,680	- 7,910	- 8,148
Void Loss	- 3,840	- 3,955	- 4,074
	<b>388,375</b>	<b>412,826</b>	<b>424,419</b>
<b>Expenditure</b>			
Loan Interest Repayments	- 208,302	- 203,846	- 199,391
Repair costs	- 12,000	- 12,300	- 12,608
Void costs	- 12,000	- 12,300	- 12,608
Management Fee	- 16,200	- 16,200	- 16,200
Depreciation	- 168,000	- 168,000	- 168,000
	<b>- 416,502</b>	<b>- 412,646</b>	<b>- 408,806</b>
<b>Surplus/(Deficit)</b>	<b>- 28,127</b>	<b>180</b>	<b>15,613</b>

**Appendix****Budget**

	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Income</b>			
Rent	384,000	395,520	407,386
Service Charges	2,700	2,781	2,864
Shared Ownership Rent	13,195	26,391	26,391
Bad Debt	- 7,680	- 7,910	- 8,148
Void Loss	- 3,840	- 3,955	- 4,074
	<b>388,375</b>	<b>412,826</b>	<b>424,419</b>
<b>Expenditure</b>			
Loan Interest Repayments	- 208,302	- 203,846	- 199,391
Repair costs	- 12,000	- 12,300	- 12,608
Void costs	- 12,000	- 12,300	- 12,608
Management Fee	- 16,200	- 16,200	- 16,200
Depreciation	- 168,000	- 168,000	- 168,000
	<b>- 416,502</b>	<b>- 412,646</b>	<b>- 408,806</b>
<b>Surplus/(Deficit)</b>	<b>- 28,127</b>	<b>180</b>	<b>15,613</b>



**Report to Board of Directors**  
**30 January 2013**

**Title: Kibblesworth Development Finance Update**

**Report of: TGHC Head of Finance**

### **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.

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

4. The original budget has been amended to detail the expected spend on Kibblesworth. The contingency was reduced due to spend required on asbestos removal which was not known at the pricing of the scheme. However, this has not been further reduced since the previous report.
5. A revised cashflow for the project to update on actual costs is included in the Appendix to the report. The cash balance at the end of the third quarter is

highlighted in grey. This cash balance has been kept at a level to ensure that the £129,012 due to Keepmoat in January can be paid.

### **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 a previous update in June 2010, this money was invested in appropriate short term deposits in line with our expected payment schedule.
7. These grant monies have been utilised over the first year of the scheme to cover the costs of Keepmoat's invoices.
8. We drew down our first tranche of the loan from Gateshead Council on 27 May 2011. The first tranche we drew down was £1.5m.
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. We drew down 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 March 2013.

### **Detailed Expenditure Summary**

12. To date we have paid Keepmoat £7.5m out of the expected total of £8.4m, this includes the payment outstanding in January 2013 of £129,012.
13. We have paid Gateshead Council £32,500 to deliver the art work at the site, £11,600 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. The attached forecast shows that we will maintain a positive cashflow throughout the life of the development.

### **Financial Implications**

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

### **Equality and Diversity Implications**

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. None directly for this report.

### **Recommendation**

23. The Board is asked to note the revised cashflow forecast for the Kibblesworth development.

Actual Income	£	2010/11				2011/12				2012/13				2013/14				Total
		Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	
HCA Grant	4,832,000	3,624,000						550,000				440,000	218,000					<b>4,832,000</b>
Loan	4,500,000				1,500,000			1,500,000		1,500,000								<b>4,500,000</b>
Housing Benefit Payments					7,785	8,604	8,746	38,445	29,981	38,789	34,690							<b>167,040</b>
Investment - returns		1,480,000	3,795,000	2,790,000	700,000	1,150,000	1,050,000	200,000		154,000			200,000	854,000				<b>12,373,000</b>
Payment from Keepmoat										45,741	1,238							
Interest Receivable			3,151	1,250	11,154	1,549	3,241	682	144									<b>21,170</b>
	<b>9,332,000</b>	3,624,000	1,483,151	3,796,250	2,801,154	2,209,333	1,161,845	1,609,428	1,738,589	29,981	1,738,530	35,928	440,000	418,000	854,000	-	-	<b>21,893,210</b>
<b>Actual Spend</b>	<b>£</b>																	
Investments		-2,969,000	-1,000,000	-3,000,000	-2,000,000	-1,450,000	-	900,000	-				-800,000					<b>-12,119,000</b>
Loan Repayment									-103,828		-103,076		-102,235		-101,573		-100,822	<b>-511,534</b>
5% Management Fee	450,000														-450,000			<b>-450,000</b>
Other Costs	212,000				375	6,311	137	2,550		26,225	64,399	25	67,515			48,013		<b>-215,550</b>
FHM Contingency	234,940																	<b>-</b>
FHM	8,435,060	-650,123	-475,067	-805,693	-723,364	-759,694	-984,765	-703,771	-870,260	-304,139	-745,715	-376,992	-600,000	-434,000				<b>-8,433,583</b>
	<b>9,332,000</b>	-3,619,123	-1,475,067	-3,805,693	-2,723,739	-2,216,005	-984,902	-1,606,321	-974,088	-330,364	-913,190	-377,017	-1,569,750	-434,000	-551,573	-48,013	-100,822	<b>-21,729,667</b>
<b>Actual Cumulative Cashflow</b>	<b>-</b>	<b>4,877</b>	<b>12,961</b>	<b>3,518</b>	<b>80,932</b>	<b>74,261</b>	<b>251,204</b>	<b>254,311</b>	<b>1,018,811</b>	<b>718,429</b>	<b>1,543,769</b>	<b>1,202,680</b>	<b>72,930</b>	<b>56,930</b>	<b>359,357</b>	<b>311,344</b>	<b>210,522</b>	<b>163,543</b>

Actual Income	£	2010/11				2011/12				2012/13				2013/14				Total
		Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	
HCA Grant	4,832,000	3,624,000						550,000					440,000	218,000				<b>4,832,000</b>
Loan	4,500,000				1,500,000				1,500,000		1,500,000							<b>4,500,000</b>
Housing Benefit Payments					7,785	8,604	8,746	38,445	29,981	38,789	34,690							<b>167,040</b>
Investment - returns		1,480,000	3,795,000	2,790,000	700,000	1,150,000	1,050,000	200,000		154,000			200,000	854,000				<b>12,373,000</b>
Payment from Keepmoat										45,741	1,238							
Interest Receivable			3,151	1,250	11,154	1,549	3,241	682	144									<b>21,170</b>
	<b>9,332,000</b>	3,624,000	1,483,151	3,796,250	2,801,154	2,209,333	1,161,845	1,609,428	1,738,589	29,981	1,738,530	35,928	440,000	418,000	854,000	-	-	<b>21,893,210</b>
<b>Actual Spend</b>	<b>£</b>																	
Investments		-2,969,000	-1,000,000	-3,000,000	-2,000,000	-1,450,000	-	900,000	-				-800,000					<b>-12,119,000</b>
Loan Repayment									-103,828		-103,076		-102,235		-101,573		-100,822	<b>-511,534</b>
5% Management Fee	450,000														-450,000			<b>-450,000</b>
Other Costs	212,000				375	6,311	137	2,550		26,225	64,399	25	67,515			48,013		<b>-215,550</b>
FHM Contingency	234,940																	<b>-</b>
FHM	8,435,060	-650,123	-475,067	-805,693	-723,364	-759,694	-984,765	-703,771	-870,260	-304,139	-745,715	-376,992	-600,000	-434,000				<b>-8,433,583</b>
	<b>9,332,000</b>	-3,619,123	-1,475,067	-3,805,693	-2,723,739	-2,216,005	-984,902	-1,606,321	-974,088	-330,364	-913,190	-377,017	-1,569,750	-434,000	-551,573	-48,013	-100,822	<b>-21,729,667</b>
<b>Actual Cumulative Cashflow</b>	<b>-</b>	<b>4,877</b>	<b>12,961</b>	<b>3,518</b>	<b>80,932</b>	<b>74,261</b>	<b>251,204</b>	<b>254,311</b>	<b>1,018,811</b>	<b>718,429</b>	<b>1,543,769</b>	<b>1,202,680</b>	<b>72,930</b>	<b>56,930</b>	<b>359,357</b>	<b>311,344</b>	<b>210,522</b>	<b>163,543</b>



**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 reprovion 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	Number	Date Completed	Progress
Phase 3b	9	12/06/2012	Fully Occupied
Phase 3c	8	06/09/2012	Fully Occupied
Phase 4	9	29/03/2013	completion of properties programmed for 31 <sup>st</sup> March 2013
	<b>81</b>		

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 details regarding these properties.

7. In addition to this: -

- Of the 54 Keepmoat sales properties they have sold 42 and have reservations on the remaining 12.
- 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 May 2013.
  - Art includes 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.
  - 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.
  - 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 currently being fabricated in North Shields.
  - It is proposed to locate up to 30 Bronze circular design and heritage cast plaques within the existing and new footpaths around the village and within the scheme.
- The on site fixed play area within phase 4 has now been developed and will be installed by approximately May 2013 .The off site play equipment has been installed within Kibblesworth Park.
- To mark National Tree Planting week a tree planting event was held 30 November, involving Keepmoat and the local primary school. The tree has been planted in the new play area site.
- Beamish Museum Ltd have dismantled and removed from site a block of four Airey properties that will hopefully form part of a proposed 1950s themed exhibit in the future at the museum.

### **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, this equates 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 £39,700 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 £7,591,346 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 have agreed a maximum contract value of £8,435,060. This figure may however still change due to the addition or omission of specified items.

### **Risk Management Implications**

12. 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 revised programme showing the completion of Keelman Homes properties by 31 March 2013 which is in line with grant conditions.

### **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 the potential to health implications. This is mitigated by the site being part of the 'Considerate Constructor Scheme' which monitors these and other matters.

### **Consultation Carried Out**

16. Keepmoat and the TGHC Housing Management team are in regular contact with affected tenants on an individual basis regarding the current phases.

## **Recommendation**

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

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Contact: Jim Charlton, Investment Manager, TGHC

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**Title: Kibblesworth Shared Ownership Update**

**Report of: TGHC Head of Finance**

### **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. It is anticipated that the properties will become the ownership of Keelman Homes in stages. In January and February 2013, the 3 and 4 Bedrooms properties will be available for sale with the 2 and 5 Bedroom properties becoming available in March and April 2013.

## **Marketing**

9. Marketing commenced in April 2012 and has continued by various means throughout the year. The properties have been advertised using the following media sources:
  - 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, the cost of which is £900 per sale.
11. A new press release is being produced by the communications team and we are undertaking proactive marketing of those individuals registered on Tyne and Wear Homes.

## **Allocation Assessment**

12. All properties must be advertised through the Isos website and all applicants must fit the criteria that Isos will apply in terms of affordability and housing need.
13. Those that are assessed by Isos as being able to afford the scheme will either be allocated the property they have applied for or will be assessed using the Keelman Homes lettings policy and then ranked, if there is competition for the properties.
14. If there is either the exact number of applicants for the available properties or insufficient applicants then there is no requirement for an assessment process. This will only become necessary where there are competing applicants for the same property.
15. The Keelman Homes Lettings Policy mirrors the council's policy and is fairly complex. The short listing of all interested applicants (if there is demand of more than one family per property) will be completed by the lettings team at The Gateshead Housing Company, and then passed back to Isos, showing full details of the criteria behind the ranking.
16. When all the properties are sold, any applicant can request their details to be retained so they can be contacted in the event of a future sale of a property at Kibblesworth.
17. If by the end of March 2013 there has been insufficient interest to allocate all the 13 homes, the properties will be re-advertised as rent to buy.

## Price

18. 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. Three valuations have been undertaken to date.

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

## Customer Interest

19. To date 75 customers have expressed an interest and five completed applications have been assessed by Isos – all five have been approved.
20. From the approved applications, four sales have been agreed. One application is awaiting nomination from the housing company's letting's team.
21. Reservations fees have been received from two applicants and referred to Legal Services to commence the sale of the property – this is for the 4-bed and a 3-bed property. We are awaiting the reservation fees from remaining two customers where sales have been agreed – this is for a 2-bed and a 3-bed property.
22. 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.

## Impact on Tenants

23. 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

24. Isos charge £180 (plus VAT) for an assessment of eligibility.
25. Gateshead Council have been instructed to draft plans which will be attached to the lease of each property. The cost of this work is £1,625 to provide 13 plans for the leasehold sales.
26. 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.

27. Gateshead Council legal services have been commissioned to complete all legal conveyance of the sale at a rate of £432 per property.
28. 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**

29. 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 revised programme showing the completion of Keelman Homes properties by 31 March 2013 which is in line with grant conditions.
30. 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**

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

### **Equality and Diversity Implications**

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

### **Health implications**

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

### **Consultation Carried Out**

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

### **Recommendation**

36. 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.