



Board of Directors

Thursday, 21 November 2013 at 12.30pm

To be held at Keelman House, Fifth Avenue Business Park, Fifth Avenue, Team Valley, Gateshead
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 19 September 2013
4.	Matters Arising
5.	Kibblesworth Regeneration Update Report of TGHC Managing Director
6.	Management Accounts – Second Quarter 2013/14 Report of TGHC Head of Corporate Services
7.	Kibblesworth Shared Ownership Update Report of TGHC Head of Corporate Services
8.	Date and Time of Meetings 2014 The following schedule of meetings during 2014 is proposed: - <ul style="list-style-type: none">• Thursday 16 January 2014 at 12.30pm• Thursday 20 March 2014 at 12.30pm• Thursday 15 May 2014 at 12.30pm• Thursday 10 July 2014 at 12.30pm• Thursday 18 September at 12.30pm• Thursday 20 November at 12.30pm
9.	Exclusion of the Press and Public



(Company number: 06972673)

Minutes of meeting of the Board of Directors held in the Board Room at Keelman House, Fifth Avenue Business Park, Team Valley, Gateshead on Thursday 19 September 2013 at 9am.

Present:

Ordinary Trustees

Brian Kelly (Chair)
Joanne Carr
Anne Connolly
Linda Hitman
Peter Mole

In attendance

Jon Mallen-Beadle (Company Secretary and TGHC Managing Director)
Neil Bouch (TGHC Director of Customers and Communities)
Natalie Hewitt (TGHC Head of Corporate Services)
Phil Gallagher (TGHC Head of Investment and Development)
Julie McCartney (TGHC Head of Neighbourhood Services)
Stuart Gibson (TGHC Governance and Risk Officer)

Apologies

Hannah Shepherd

26 DECLARATIONS OF INTEREST

No interests were declared.

27 MINUTES

The minutes of the last meeting of Keelman Homes held on 11 July 2013 were approved as a correct record.

28 MATTERS ARISING – KIBBLESWORTH REGENERATION UPDATE

It was noted that the Kibblesworth Celebration Event is taking place on 28 September 2013 and all members of the Board have received a flyer inviting them the event.

29 BOARD TRAINING AND DEVELOPMENT PLAN/ANNUAL APPRAISALS

Keelman Homes has been established since September 2009. To date, members of the Board have not received or agreed any specific training.

TGHC Board members receive annual appraisals with the Chair. To date, no appraisal process has been put in place for members of Keelman Homes. Given the evolving role of the Board with the management of other new properties and empty homes, it is now felt necessary to agree an appropriate training and development plan for the Board.

TGHC Board, at its meeting on 14 May 2013, agreed its training and development plan. These include a series of workshops around the following topics: -

- Equality and Diversity Legislation
- Self-financing
- New Build or Safeguarding

Some or all these topics could be relevant to members of Keelman Homes and it is proposed that they be invited to the workshops where they are considered relevant. All these workshops are being delivered in-house.

TGHC Board members receive annual appraisals with the Chair. The Chair is appraised by members of Resources Committee.

The appraisals are confidential and used to discuss the last 12 months and identify any issues they might have. The only information that is shared with the TGHC Governance and Risk Officer is any training and development needs. These are used to inform the next year's training and development plan and to address any individual needs.

It is proposed that annual Board appraisals be introduced in November/December 2013 and in the same months in subsequent years. It is proposed that the Chair of Keelman Homes be appraised by the Chair of TGHC Board.

A proposed appraisal form was submitted.

- RESOLVED – (i) That the proposal to invite Board Members to the TGHC Board Workshops be approved and Board Members be advised of the dates and times of the workshops.
- (ii) That annual Board Appraisals be introduced and the Appraisal Form be approved.

30 FINANCIAL STATEMENTS AND DIRECTORS' REPORT

The Report of the Board and Financial Statements will be presented to the Annual General Meeting which will be held on 21 November 2013.

The Report of the Board and Financial Statements are for the financial year 1 April 2012 to 31 March 2013. This is the third full financial year in which trading activity has taken place within Keelman Homes.

The Report of the Board must follow the format as set out in the Statement of Recommended Practice: Accounting and Reporting by Charities issued in March 2005 and as set out in the Companies Act 2006.

The Report of the Board has been prepared in accordance with these standards and was submitted. This report details the principle activities of Keelman Homes for the financial year ended 31 March 2013 including the structure, governance and managements arrangements in place, the objectives and activities of Keelman Homes and the achievement and performance in the year as well as highlighting the future activities.

The Financial Statements for the year ended 31 March 2013 were also submitted.

The Financial Statements show total funds in the balance sheet at £7.1million (2012: £6.8million). This includes the land value and the first and second tranches of grant received from the Homes and Communities Agency.

The financial activities during the year show that the unrestricted funds carried forward were £333,725 (2012: £127,191). Restricted funds carried forward are £6,812,787 (2012: £6,683,354). Restricted fund is the grant income received from the Homes and Communities Agency to build the properties at Kibblesworth. Unrestricted funds include the rent and service charge income as well as investment income through investing cash balances in short term deposits.

Expenditure during the year is also split between restricted and unrestricted funds. The restricted expenditure relates to the depreciation charge on properties and the loan interest repayment charge. Unrestricted spend relates to the management fee payable to The Gateshead Housing Company who manage the properties on behalf of Keelman Homes, as well as the auditors fee and additional spend on the arts project undertaken at the Kibblesworth site.

These accounts have been audited by KPMG as 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 2013 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.
- (iii) That members of Gateshead Council's Cabinet and other relevant people be invited to visit the Kibblesworth site.

31 KIBBLESWORTH REGENERATION 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, all phases are fully occupied, with the exception of Phase 4 which has now been completed.

All 54 Keepmoat sales properties are now sold.

The Public Art is being led by the 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. The art work is progressing, details of which were reported.

The on-site fixed play area within Phase 4 and the off-site play equipment within Kibblesworth Park have both now been installed.

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.

The cumulative value of works carried out by Keepmoat to date is £8,147,438 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.

RESOLVED – That the Kibblesworth regeneration update be noted.

32 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.

To date, Keepmoat have been paid £7.9m out of the expected total of £8.2m, this includes the latest payment in June 2013 of £66,964.

RESOLVED – That the Kibblesworth development finance update be noted.

33 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. Details of these were reported.

Reeds Rains have been appointed due to their experience in marketing shared ownership properties and competitive fee structure and have agreed to provide the marketing services for the five properties which remain unsold on the site (1 x 5 bed, 3 x 3 bed and 1 x 2 bed).

To date, 102 customers have expressed an interest and 12 completed applications have been assessed by ISOS. Ten applications have been approved and two rejected.

Three customers have shown an interest in the 5-bed property. Of those, two have withdrawn their applications and one, who had been approved by ISOS, was unable to secure a mortgage. The Board expressed particular concern about the lack of interest in this property.

Income received to date from the sale of properties is £358,069.

Reed Rains fees could cost a maximum of £6,500 if the remaining five properties are all sold via their external marketing.

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

34 DATE AND TIME OF NEXT MEETING

The next meeting of Keelman Homes will be held on Thursday 21 November 2013 at 12.30pm at Keelman House, Fifth Avenue Business Park, Team Valley, Gateshead.

35 EXCLUSION OF THE PRESS AND PUBLIC

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



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	22/07/2013	Completed
	81		

6. In addition, there are 13 properties completed within Phase 4 which are being marketed as Shared Ownership properties. A separate report on this agenda provides the Board with the update on these properties.
7. Of the completed Phase 4 properties, two cannot currently be let due to a retaining wall at the rear boundary requiring a rebuild. The work is estimated to be completed by the end of November 2013.
8. 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. The art work is progressing as follows:
 - An individual circular stone seat was installed in July 2013.
 - 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 – installed July 2013.
 - 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 - installed September 2013.
 - 24 bronze circular design and heritage cast plaques to be set within the existing and new footpaths around the village and within the scheme. All 24 discs have now been produced. Of these, 12 have been installed in locations outside the remaining development area with the remaining 12 to be installed once the pathways are finished.
 - The on-site fixed play area within Phase 4 and the off-site play equipment within Kibblesworth Park have both now been installed. We are in discussions with Local Environmental Services around the ongoing maintenance and management of these facilities.

- The Kibblesworth Celebration Event took place on 28 September 2013 and was formally opened by the Honourable Mayor of Gateshead. The day was well attended and considered a great success. There was significant interest in the remaining available shared ownership properties which it is hoped will generate further sales.

Customer Satisfaction

9. As the construction of the final phase has now completed, there are remedial works to the roads and pathways that are still to be finalised. We are continuing to work closely with Keepmoat on resolving these as a matter of priority.
10. Satisfaction surveys will be carried out with all customers in December 2013 and the results will be reported in January 2013.

Impact on Tenants

11. 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

12. 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.
13. The cumulative value of works carried out by Keepmoat to date is £8,147,438 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.
14. 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. There has been no movement on this since the previous board report.

Risk Management Implications

15. Phase 4 properties were not completed in the timescales as specified by the original Homes and Communities Agency (HCA) grant conditions, however, a revised completion date of July 2013 was achieved. All HCA funding has now been received.

Value for Money Implications

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

Equality and Diversity Implications

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

Health implications

18. 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

19. 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

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

Contact: Jim Charlton, Investment Manager, TGHC

Tel No: (0191) 433 5451



Title: Management Accounts – Second Quarter 2013/14

Report of: TGHC Head of Corporate Service

Purpose of Report

1. To provide the board with an update on the management accounts for the second quarter of the financial year 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. The board approved the Keelman Homes budget for 2013/14 at its meeting on 30 January 2013.
4. The Accounts Team produces monthly management accounts which detail the actual charges for the month, the year to date charges, the budget year to date and any variances.

Management Accounts

5. The management accounts for the second quarter of the 2013/14 financial year are shown below:

	YTD Actual (£)	YTD Budget (£)	YTD Variance (£)	Annual Budget (£)	Annual Forecast (£)
Income	170,246	194,188	(23,942)	388,375	323,989
Expenditure	208,259	208,251	(8)	416,502	425,624
Surplus/(Deficit)	(38,013)	(14,064)	(23,950)	(28,127)	(101,635)

6. The management accounts show Keelman Homes has made a deficit of £23,950 to the second quarter. Although Keelman Homes was expected to make a loss in this financial year the loss in the period has been greater than budgeted, and we are forecasting that the loss for the full year will be £101,635.

Phase	Number	Date Completed	Progress
Phase 3b	9	12/06/2012	Fully Occupied
Phase 3c	8	06/09/2012	Fully Occupied
Phase 4	9	22/07/2013	Completed
	81		

6. In addition, there are 13 properties completed within Phase 4 which are being marketed as Shared Ownership properties. A separate report on this agenda provides the Board with the update on these properties.
7. Of the completed Phase 4 properties, two cannot currently be let due to a retaining wall at the rear boundary requiring a rebuild. The work is estimated to be completed by the end of November 2013.
8. In addition to this: -
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- The Kibblesworth Celebration Event took place on 28 September 2013 and was formally opened by the Honourable Mayor of Gateshead. The day was well attended and considered a great success. There was significant interest in the remaining available shared ownership properties which it is hoped will generate further sales.

Customer Satisfaction

9. As the construction of the final phase has now completed, there are remedial works to the roads and pathways that are still to be finalised. We are continuing to work closely with Keepmoat on resolving these as a matter of priority.
10. Satisfaction surveys will be carried out with all customers in December 2013 and the results will be reported in January 2013.

Impact on Tenants

11. 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

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13. The cumulative value of works carried out by Keepmoat to date is £8,147,438 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.
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Risk Management Implications

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Value for Money Implications

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Equality and Diversity Implications

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

Health implications

18. 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

19. 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

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

Contact: Jim Charlton, Investment Manager, TGHC

Tel No: (0191) 433 5451

7. The increase in the deficit is due to both a decrease in the anticipated income compared to budget and an increase in the expenditure compared to budget. It is anticipated that this deficit will be met from reserves.
8. The three to five year budget plan will be provided at the next board meeting in January.

Income

	YTD Actual (£)	YTD Budget (£)	YTD Variance (£)	Annual Budget (£)	Annual Forecast (£)
Rent	165,767	192,000	(26,233)	384,000	317,341
Service Charges	1,721	1,350	371	2,700	3,150
Shared Ownership Rent	6,752	6,598	154	13,195	13,252
Bad Debt	(3,840)	(3840)	0	(7,680)	(7,680)
Void Loss	(154)	(1,920)	1,766	(3,840)	(2,074)
Total Income	170,246	194,188	(23,942)	388,375	323,989

9. Rental income received at Kibblesworth is currently £26,233 less than the budget for the first 6 months and is forecasted to be £66,659 less than the budget by the end of the year. This is due to the budget being set at the start of the year which included full rent being received from the shared ownership properties within the rental income budget. As customers purchase an initial share of their new home (between 25% and 75%), rent is only payable on the remaining share.
10. Service charge income is greater than budget year to date by £371 and is forecasted to be £450 greater than budget by the year end. This increase is due to more tenants than budgeted for requesting discretionary services such as the gardening scheme and community alarms, for which they must pay a service charge
11. Shared ownership rent is currently £154 greater than budget and we have forecasted that income for the year end will be slightly greater than budget. This, however, takes a very prudent view that no further sales will occur. If any more sales do occur, then the shared ownership rental income will be higher than the £13,252 forecasted at year end. When we set the budget for this income we had to make assumptions on the percentage of each property that would be bought by the tenant, once all of the properties have been sold we will be able to more accurately budget for this income.
12. We have kept the bad debt provision at the budgeted level, which was 2% of the annual rental income. At this point, we see no need to increase or reduce this provision, however we will continue to monitor the level of arrears and adjust this provision if necessary going forward.
13. Void rent loss for the first quarter has only been £154 against a budget of £1,920. We have prudently forecasted that the void rent loss will be on budget for the remaining months of the year, giving a total loss for the year of £2,074. However it is likely that voids will remain low and high demand for the new properties will see the void rent loss be lower than the currently forecasted figure.

Expenditure

	YTD Actual (£)	YTD Budget (£)	YTD Variance (£)	Annual Budget (£)	Annual Forecast (£)
Loan Interest Repayments	104,708	104,151	(557)	208,302	208,302
Repair Costs	1,744	6,000	4,256	12,000	7,744
Void Costs	0	6,000	6,000	12,000	6,000
Management Fee	8,100	8,100	0	16,200	16,200
Depreciation	83,566	84,000	434	168,000	167,132
Legal Costs	7,427	0	(7,427)	0	14,854
External Audit	2,714	0	(2,714)	0	5,932
Total Expenditure	208,259	208,251	(8)	416,502	425,624

14. Loan interest repayments are agreed amounts for the duration of the loan. The next payment is due in March and will be lower than the September payment as the level of loan capital is reduced. This expenditure will be as budgeted for the year.
15. Repair costs for the first 6 months are only £1,744, which is £4,256 under budget. We have prudently forecasted that the next 6 months will come in on budget, however as many items will still be under warranty and the properties should remain in good condition, it is possible that further savings could be made from this budget.
16. We have not incurred any costs for void works at Kibblesworth, we have forecasted that the next 6 months will come in on budget giving a £6,000 saving for the year. However due to the low void levels at these properties and the general condition of the properties further savings may be made on this budget.
17. The management fee was agreed at a price per property. As all properties are now being managed by The Gateshead Housing Company this will come in at the budgeted cost by the year end.
18. The forecast for the depreciation cost has been reduced slightly as the anticipated final account for the Kibblesworth development is lower than initially budgeted. The final account is still to be agreed with Keepmoat and once it has we will be able to confirm the exact annual depreciation charge. There may also be some scope to review the depreciation policy, which is currently 2%, in consideration of the condition and life cycle of the properties.
19. No budget was set for any legal costs that may be incurred by Keelman Homes. Legal costs have been incurred on the sales of the shared ownership properties and in relation to legal services for Keelman Homes. We have forecasted that we will incur the same level of legal costs in the second half of the year. We will include a provision for legal costs in the budget for future years.
20. No budget was set for the cost of Keelman Homes external audit. As a limited company, Keelman Homes must have its accounts externally audited each year. We have accrued the cost based on the cost of last years audit plus 3% for inflation. This cost will be incurred every year and will be built in to future years budgets.

Impact on tenants

21. 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

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

Financial Implications

23. The financial implications are contained within the report.

Equality and Diversity Implications

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

Value for Money implications

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

Health implications

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

Environmental implications

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

Consultation carried out

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

Recommendations

29. The Board is asked whether it is satisfied with the financial management of the revenue budgets for the second quarter of the 2013/14 financial year.



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 the 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, however all properties are now available for sale.

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.
 11. As reported at the previous board, Reeds Rains were appointed to provide some additional marketing of the remaining five unsold properties (1 x 5 bed, 3 x 3 bed and 1 x 2 bed) in August 2013, through the following means:
 - Sales support through the Reeds Rains Whickham branch
 - Dedicated advertising and marketing
 - A web marketing package, including Rightmove.co.uk, and 10 other leading property portals
 - Local papers
 12. In order to support the marketing of the 5 bed property, we have requested Reeds Rains make it their 'Property of the Week' from 4th November 2013. This involves dedicating their main front window display to the marketing of this property.
 13. In addition, we have also agreed to provide carpeting of the property as a further incentive, which Keepmoat will provide and fit from their existing range.
 14. The fee structure for marketing and sale of the properties remains at £1,500 for the 5 bed property and £1,250 for all other properties. Reeds Rains have not been given sole marketing rights and therefore marketing will also continue through Tyne and Wear Homes and ISOS. Fees are only payable on completion of sale and therefore no fees will be payable unless Reeds Rains secures the sale of a property through their marketing.
 15. Various press releases have been produced by the communications team and proactive marketing of those individuals registered on Tyne and Wear Homes.
 16. 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.
 17. An 'open house' event was also held with one of the 3 bed properties as part of the Kibblesworth Celebration Event on the 28th September. The Leasehold Services Team hosted the event and over 60 potential customers attended to view the property and get their questions answered.

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. The next valuation is due on 12 December 2013. Five valuations have been undertaken to date as outlined in Appendix 1.

Customer Interest

19. To date, one hundred and thirty customers have expressed an interest and twenty completed applications have been sent for assessment by ISOS.
20. Fifteen applications have been approved, three have been rejected and two are currently still being assessed by ISOS. Of those approved, eight properties have now been sold. 5 properties remain unsold on the site - 1 x 5 bed, 3 x 3 bed and 1 x 2 bed.
21. Three applications were approved by ISOS in relation to the one remaining 2 bed property. These applications required further assessment by the Lettings Team under the Keelman Homes allocation policy. The successful applicant has now been notified and a reservation fee has been requested.
22. In addition, two applications have been approved in relation to the three remaining 3 bed properties and a further 2 applications are still in the process of being assessed by ISOS. Once all of the applications have been assessed by ISOS, they will then be passed to the Lettings Team for further assessment under the Keelman Homes allocation policy.
23. Three customers have shown an interest in the 5-bed property. Of those, two withdrew their applications prior to the assessment stage and one who had been approved by ISOS was unable to secure a mortgage.
24. Seven customers have applied to ISOS for an assessment but have not provided the relevant financial information to enable an assessment to be carried out. One customer had applied to ISOS but has cancelled the application by email due to the impact on his personal savings allowance.
25. The table in Appendix 2 outlines the current status and outcome of each application and the properties that have now been sold.
26. Legal Services have completed the conveyancing process on the eight properties that have now been sold and the first month's rent has been collected with the completion of each sale. All sold properties have been invoiced the rent for the remainder of the year and Direct Debit payment schedules have been created for all customers
27. Decisions as to whether to provide incentives are still being undertaken on a property by property basis. Due to the lower level of interest in the 5 bed property, it has now been agreed that the property should be offered for sale 'fully carpeted'.

Impact on Tenants

28. 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

29. ISOS charge £180 (plus VAT) for an assessment of eligibility. To date, ISOS have been paid £1,260 for 7 assessments. We are currently awaiting invoices for the remaining 11 completed assessments.
30. Gateshead Council drafted the plans for the 13 shared ownership properties and was paid £1,625.
31. 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.
32. Gateshead Council Legal Services have been commissioned to complete all legal conveyance of a sale, at a rate of £432 per property plus £86.40 on solicitors' fees. To date, £4,147 has been paid to Gateshead Council.
33. 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.
34. Income received to date from the sale of properties is £438,603. Rental income projected for the year from the eight sold properties is £13,242. Rents will be reviewed and increased each April in line with the formula in the lease.
35. Any incentives provided to encourage a sale will be either carpets or white goods and these have been budgeted at around £2,000 per property. The estimated cost of fully carpeting the 5 bed property to encourage a sale is £2,240.
36. Reed Rains fees could cost a maximum of £6,500 if the remaining five properties are all sold via their external marketing.
37. The successful applicant for the 2 bed property was secured through Reeds Rains and therefore a fee of £1,250 will be payable on completion of the sale.

Risk Management Implications

38. All properties have now been agreed as complete in line with HCA grant conditions and the HCA has now released all grant funding.
39. 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

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

42. Seven estate agents were contacted in relation to the external marketing of properties and three quotes were obtained. The most advantageous quote was agreed in terms of fee structure and experience in the shared ownership market.

Equality and Diversity Implications

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

Health implications

44. 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

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

Recommendation

46. 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.

Valuations of Shared Ownership Properties at Kibblesworth

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

ISOS Applications for Shared Ownership Properties at Kibblesworth

No	Status	Date	Update/Outcome
1	Approved	14.01.13	Approved to purchase 5 Bed Detached. Withdrew application as unable to secure a mortgage.
2	Rejected	19.02.13	Prospective buyer's income insufficient
3	Rejected	11.04.13	Prospective buyer unable to secure a mortgage
4	Approved	28.05.13	Purchased 4 Bed Detached 75%
5	Approved	31.05.13	Purchased 2 Bed Semi Detached 25%
6	Approved	14.06.13	Purchased 3 Bed Semi Detached 30%
7	Approved	14.06.13	Purchased 2 Bed Semi Detached 25%
8	Approved	01.07.13	Purchased 3 Bed End Terrace 50%
9	Approved	05.07.13	Purchased 2 Bed Semi Detached 30%
10	Approved	12.07.13	Purchased 2 Bed Semi Detached 30%
11	Approved	09.08.13	Approved to purchase 2 Bed Semi Detached. Withdrew application as unable to secure a mortgage.
12	Approved	04.10.13	Purchased 2 Bed Semi Detached 75%
13	Approved	29.10.13	Approved to purchase 2 Bed Semi. Application assessed under Keelman Homes Allocation policy. Application unsuccessful.
14	Approved	31.10.13	Approved to purchase 2 Bed Semi. Application assessed under Keelman Homes Allocation policy. Application unsuccessful.
15	Approved	01.11.13	Approved to purchase 2 Bed Semi. Application assessed under Keelman Homes Allocation policy. Application successful, prospective buyer requested to forward reservation fee and details of solicitors to enable conveyance to commence.
16	Rejected	04.11.13	Prospective buyer unable to secure a mortgage
17	Approved	05.11.13	Approved to purchase 3 Bed Mid Terrace. Will be forwarded for assessment under Keelman Homes allocation policy once remaining applications have been approved/rejected by ISOS.
18	Approved	06.11.13	Approved to purchase 3 Bed Mid Terrace. Will be forwarded for assessment under Keelman Homes allocation policy once remaining applications have been approved/rejected by ISOS.
19	Applied	07.11.13	Eligibility/financial assessment to be completed by ISOS for 3 bed property.
20	Applied	07.11.13	Eligibility/financial assessment to be completed by ISOS for 3 bed property.