



Board of Directors

Thursday, 16 January 2014 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 21 November 2013
4.	Matters Arising
5.	Proposed Rent Increases for 2014/15 Report of TGHC Head of Corporate Services
6.	5 Year Financial Forecast Report of TGHC Head of Corporate Services
7.	Kibblesworth Shared Ownership Update Report of TGHC Head of Corporate Services
8.	TGHC – Head Office Relocation Update Report of TGHC Managing Director

Item

Business

9.

Date and Time of Meetings

The following schedule of meetings for the remainder of 2014 is proposed:

- Wednesday 19 March 2014 at 2pm
- Wednesday 14 May 2014 at 10am
- Thursday 10 July 2014 at 12.30pm
- Wednesday 17 September 2014 at 2pm
- Thursday 20 November 2014 at 12.30pm

10.

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 21 November 2013 at 12.30pm

Present:

Ordinary Trustees

Brian Kelly (Chair)
Joanne Carr
Anne Connolly
Paul Foy
Linda Hitman
Peter Mole
Hannah Shepherd

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)
Julie McCartney (TGHC Head of Neighbourhood Services)
Phil Gallagher (TGHC Head of Investment and Development)
Stuart Gibson (TGHC Governance and Risk Officer)

40 DECLARATIONS OF INTEREST

No interests were declared.

41 MINUTES

The minutes of the last meeting of Keelman Homes held on 19 September 2013 were approved as a correct record.

42 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. 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.

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. The art work is progressing and details of this 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. The Company is 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.

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. TGHC are continuing to work closely with Keepmoat on resolving these as a matter of priority.

RESOLVED – That the Kibblesworth regeneration update be noted.

43 MANAGEMENT ACCOUNTS – SECOND QUARTER 2013/14

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.

The Board approved the Keelman Homes budget for 2013/14 at its meeting on 30 January 2013.

The Board received an update on the management accounts for the second quarter of the financial year 2013/14.

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 a loss for the full year of £101,635 is being forecasted.

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.

The three to five year budget plan will be provided at the next board meeting in January 2014.

RESOLVED – That the financial management of the revenue budgets for the second quarter of the 2013/14 financial year be noted.

44 KIBBLESWORTH SHARED OWNERSHIP UPDATE

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

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.

As previously reported, Reeds Rains were appointed to provide some additional marketing of the remaining five unsold properties in August 2013. In order to support the marketing of the 5 bed property, Reeds Rains have been requested to make it their 'Property of the Week' from 4 November 2013.

An 'open house' event was also held with one of the 3 bed properties as part of the Kibblesworth Celebration Event on 28 September.

To date, 130 customers have expressed an interest and 20 completed applications have been sent for assessment by ISOS.

15 applications have been approved, three have been rejected and two are currently still being assessed by ISOS.

Three applications were approved by ISOS in relation to the one remaining 2 bed property. In addition, two applications have been approved in relation to the three remaining 3 bed properties and a further two applications are still in the process of being assessed by ISOS.

Gateshead Council 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.

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.

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.

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

- RESOLVED – (i) That the progress made to date on the marketing, allocation and sale of the shared ownership properties be noted.
- (ii) That the outcomes of research into other possible ways of generating interest in the 5-bed property be brought back to the next meeting in January 2014 and a final decision then be made at the Board Meeting in March 2014.

45 DATE AND TIME OF MEETINGS 2014

RESOLVED – That the following schedule of meetings of Keelman Homes in 2014 be approved: -

- 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

46 EXCLUSION OF THE PRESS AND PUBLIC

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



Title: Proposed Rent Increase for 2014/15

Report of: TGHC Head of Corporate Services

Purpose of Report

1. To seek approval of the proposed increase to the rents for 2014/15.

Background

2. The Rent and Service Charge Setting Policy was approved by the Board of Directors at the meeting on 21 January 2010 with 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 2013/14 will not see a rent increase in April 2014.
4. The rents for the properties currently let and to be let in 2014/15 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.
5. Final rents for New Build properties will be determined by valuation on completion and will be subject to local variation. They will be the subject of future board reports as the scheme progresses throughout the year.

Proposed increase

6. The rent increase has been proposed in line with the HCA guidelines of RPI + 0.5% and is included in the Appendix. RPI in September was 3.2%, which provides for an increase of 3.7%, which is an average weekly rental increase of £2.98.
7. There is no proposed increase in service charges recommended for 2014/15.

Impact on Tenants

8. The impact on tenants is in relation to the increased rent and service charges which are detailed in the Appendix. TGHC's Rent and Income Team are available for support and advice to tenants who may have difficulty paying.
9. TGHC's Rent and Income Team will be providing additional support to any tenant who is affected by the welfare reform changes, particularly in relation to under-occupiers.
10. The Rent and Service Charge Setting Policy details the reviews in relation to the rent and service charges and also provides tenants with the means to appeal any decisions made in relation to their rent and service charges.

Risk Management Implications

11. The risks associated with the setting of rent 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

12. 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

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

Value for Money Implications

14. 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

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

Consultation Carried Out

16. 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 2014/15 increase in writing where appropriate with 28 days notice

Recommendations

17. The Board is recommended to:
- approve the proposed rent increases for 2014/15; and
 - not to increase service charges for 2014/15

Kibblesworth Rent Increase Calculation

Rents have been increased by 3.7%. Therefore, the rents have been set as follows for the varying types of properties:

<u>Property Type</u>	<u>2013/14 Rents 52 Weeks</u>	<u>2014/15 Rents 52 Weeks</u>	<u>2014/15 Rents 50 Weeks</u>	<u>Weekly Increase</u>
2 bed house	£75.36	£78.15	£81.28	£2.79
3 bed house	£79.44	£82.38	£85.68	£2.94
3 bed corner house	£80.90	£83.90	£87.26	£3.00
4 bed house	£87.73	£90.98	£94.62	£3.25
5 bed house	£92.04	£95.45	£99.27	£3.41
2 bed bungalow	£73.03	£75.74	£78.77	£2.71
2 bed wheelchair bungalow	£75.97	£78.79	£81.94	£2.82

Average weekly increase = £2.98.

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>2013/14 Service Charge 52 Weeks</u>	<u>2014/15 Service Charge 52 Weeks</u>	<u>2014/15 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: 5 Year financial forecast

Report of: TGHC Head of Corporate Services

Purpose of Report

1. To make a recommendation to the Board to approve the company's budget for 2014/15 and financial forecast for the 5 year period from 2014/15.

Background

2. On 30 January 2013 the board approved the budget for 2013/14 and was asked to note the estimated budgets for 2014/15 and 2015/16.
3. 2013/14 was the first year that a budget was produced for Keelman Homes. Previous financial information had 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.
4. However, since the budget for 2013/14 was approved by the board there have been some significant changes in the activities of Keelman Homes, with a new programme of new build due to commence and Keelman Homes taking on the management of other properties on behalf of other housing organisations. These activities will have a significant financial impact and therefore a revised budget for 2014/15 has been produced as part of a 5 year forecast.
5. A statement showing the proposed budget for 2014/15 and a forecast to 2018/19 is attached at the Appendix to this report.

Proposed Budget - Income

6. The income to be received into Keelman Homes is mainly the rental income for the properties. We have estimated the income based on the 2013/14 rents with an assumed rent increase of 3.7%.
7. For the future new build developments, we do not currently have detailed information available on exactly how many properties and what type of properties will be built so we have assumed that 20 properties will be built each year and the mix of property types will be similar to that of the properties being built in Phase 1 and 2 of the New Build Programme.
8. We have assumed that the level of service charge income on all of the future new build properties will be at the same level as the current service charges paid at the Kibblesworth properties.

9. The shared ownership rental income is based on the current percentage of each property that has been sold. Where a sale had not yet completed, we have used the proposed equity percentage from the purchaser. We have assumed that all future new build schemes will not contain any shared ownership properties.
10. We have assumed that no staircasing will occur at any of these properties and rental income will increase by 3.7% annually. However, if any staircasing did occur the income will be treated as exceptional income and held in reserve for future sales, therefore, this is not included in the budget.
11. The income for the management of other properties is based on all of the properties where we currently have management agreements in place. Some of these properties have not yet been handed over to us to manage. Where this is the case we have included income from the latest anticipated handover date.
12. The release of grant funding relates to the grant funding received from the Homes and Communities Agency for the Kibblesworth development. The grant funding is being released over 50 years to match the expenditure charge to the accounts for depreciation.
13. We are currently assuming a 2% provision for bad debts and a 1% provision for voids.

Proposed Budget – Expenditure

14. The current loan repayments have been included at each 6-month period and reflect the agreed loan repayments as per the agreement with Gateshead Council. For the new loans, which will be used to fund the future new build programme, we have based the repayments on the anticipated loan drawdown dates and the likely interest rate at this time, which has been provided by the Treasury Management Team at Gateshead Council.
15. The repairs and voids expenditure has been based on a prudent estimate of £150 per property for both repairs and voids. The properties will still be in warranty for part of the period and therefore repair costs may be less. An inflationary increase of 2.5% has been applied to future years.
16. The management fee has been budgeted for as an annual one-off cost and this is calculated at £200 per property.
17. Depreciation of the properties has been calculated at 2% per annum and is based on the overall capital cost of the construction.
18. Legal costs have been at £1,000 per month, with an inflationary increase of 2.5% for future years.
19. As a private limited company Keelman Homes must have its accounts externally audited each year. We have based the cost on the fee paid for the 2012/13 audit with an inflationary increase of 2.5% for each year.

Proposed Budget – overall

20. The overall budget position shows a deficit of £91,165 in 2014/15. This is due to the loan drawdown and repayments required versus the receipt of limited rental income whilst the properties are being built. The 5 year forecast shows that the company will then make a small deficit the following year, but will produce a **2**

surplus from 2016/17 onwards, once all new build properties have been completed and we are receiving full rental income. The reserves currently held by Keelman Homes will cover the deficits incurred during the first 2 years.

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 and appendices.

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 to:
 - approve the revenue budget for 2014/15;
 - note the forecasts for 2015/16 to 2018/19.

Contact: Natalie Hewitt, Head of Corporate Services, TGHC Tel No (0191) 433 5350

Appendix

Budget	5 Year Forecast				
	2014/15 £	2015/16 £	2016/17 £	2017/18 £	2018/19 £
Income					
Rent	409,511	578,304	689,345	807,811	934,101
Service Charges	3,432	3,559	3,691	3,828	3,969
Shared Ownership Rent	32,519	33,722	34,970	36,264	37,605
Management of other properties	62,140	80,080	82,483	84,957	87,506
Bad Debt	-8,190	-11,566	-13,787	-16,156	-18,682
Void Loss	-4,095	-5,783	-6,893	-8,078	-9,341
Release of grant funding	98,640	98,640	98,640	98,640	98,640
	593,957	776,956	888,448	1,007,266	1,133,798
Expenditure					
Loan Interest Repayments	-368,618	-402,323	-460,015	-513,795	-564,264
Repair costs	-13,204	-19,534	-23,022	-26,598	-30,263
Void costs	-13,204	-19,534	-23,022	-26,598	-30,263
Management Fee	-19,200	-26,200	-30,200	-34,200	-38,200
Depreciation	-253,133	-293,133	-333,133	-373,133	-413,133
Legal Costs	-12,300	-12,608	-12,923	-13,246	-13,577
Audit Fee	-5,463	-5,600	-5,740	-5,883	-6,030
	-685,122	-778,930	-888,055	-993,453	-1,095,729
Surplus/(Deficit)	-91,165	-1,974	393	13,813	38,069



Title: Kibblesworth Shared Ownership Update

Report of: TGHC Head of Corporate Services

Purpose of Report

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

Background

2. The report details a summary of activities undertaken in relation to the sale of the remaining five shared ownership properties at Kibblesworth.

Marketing

3. Marketing through The Gateshead Housing Company has continued using the following methods:
 - 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
 - Frequently Asked Questions brochure available via the website
4. Reeds Rains has continued to market through their sales support team at the Whickham branch. This includes a web marketing package, including Rightmove .co.uk and 10 other leading property portals, as well as local papers.
5. 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. Reed Rains fees will total £6,500 as the remaining 5 property sales have all been secured via their external marketing. Fees will become payable on completion of sale.

Price

6. 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. Six valuations have been undertaken to date. The next valuation was

due on 12 December 2013 however, as all properties have now been reserved, the valuation was no longer required.

	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

Customer Interest

7. To date, one hundred and thirty-nine customers have expressed an interest and twenty-three completed applications have been sent for assessment by ISOS.
8. Nineteen applications have been approved and four have been rejected. Of those approved, eight properties have now been sold and the remaining five properties are currently going through conveyancing (3 x 3 bed, 1 x 2 bed and 1 x 5 bed).
9. The table in Appendix 1 outlines the status and outcome of each application in relation to all of the Kibblesworth properties.
10. All sold properties have been invoiced the rent for the remainder of 2013/14 and Direct Debit schedules have been created for all customers.
11. Due to the lower level of interest in the 5 bed property, it was agreed that the property should be offered for sale 'fully carpeted' and a contribution made to the cost of purchasing a cooker and fridge freezer.

Impact on Tenants

12. 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

13. ISOS charge £180 (plus VAT) for an assessment of eligibility. To date, ISOS have been paid £3,420 for 19 assessments. We are currently awaiting invoices for the remaining assessments.

14. Gateshead Council drafted the plans for the 13 shared ownership properties and was paid £1,625.
15. 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. It is unlikely that any further valuations will be required.
16. 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.
17. 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.
18. Income received to date from the sale of properties is £438,603. Rental income projected for the year from the eight sold properties is £13,252. Rents will be reviewed and increased each April in line with the formula in the lease.
19. The estimated cost of fully carpeting the 5 bed property is £2,240. The contribution to the cost of white goods (cooker and fridge freezer) is a maximum of £500.00 per appliance.
20. Reed Rains fees will be £6,500 as the remaining 5 property sales have all been secured via their external marketing.

Risk Management Implications

21. All properties have now been agreed as complete in line with HCA grant conditions and the HCA has now released all grant funding.
22. 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

23. Regular meetings are held with Keepmoat to ensure value for money is achieved on all solutions.
24. Three quotes were obtained in relation to the cost of property valuations and the most advantageous quote was agreed.
25. 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

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

Health Implications

27. 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

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

Recommendation

29. 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.

Appendix 1

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 unsuccessful under Keelman Homes Allocation policy.
14	Approved	31.10.13	Approved to purchase 2 Bed Semi. Application unsuccessful under Keelman Homes Allocation policy.
15	Approved	01.11.13	Approved to purchase 2 Bed Semi 25%. Application assessed under Keelman Homes Allocation policy. Application successful, prospective buyer currently going through conveyancing process.
16	Rejected	04.11.13	Prospective buyer unable to secure a mortgage
17	Approved	05.11.13	Approved to purchase 3 Bed Mid Terrace 45%. Application assessed under Keelman Homes Allocation policy. Application successful, prospective buyer currently going through conveyancing process.
18	Approved	08.11.13	Approved to purchase 3 Bed End Terrace 40%. Application assessed under Keelman Homes Allocation policy. Application successful, prospective buyer currently going through conveyance process.
19	Approved	08.11.13	Approved to purchase 3 Bed Semi Detached 25%. Application assessed under Keelman Homes Allocation policy. Application successful, prospective buyer currently going through conveyance process.
20	Approved	08.11.13	Approved by ISOS to purchase 3 Bed property. Withdrew application as unable to secure a mortgage.
21	Approved	09.12.13	Approved to purchase 5 Bed property 25%. Application assessed under Keelman Homes Allocation Policy. Application successful, prospective buyer currently going through the conveyance process.
22	Approved	02.12.13	Approved to purchase 5 Bed property. Application unsuccessful under Keelman Homes allocation policy.
23	Rejected	06.12.13	Application to purchase 5 Bed property withdrawn by ISOS as applicants did not provide all relevant information required to carry out the financial assessment.



Title: TGHC – Head Office Relocation Update

Report of: TGHC – Managing Director

Purpose of Report

1. To provide the Board with an update on progress with regard to The Gateshead Housing Company (TGHC), vacating Keelman House to co-locate head office operations from Gateshead Civic Centre.

Background

2. Further to the decision to break the lease at Keelman House and co-locate operations from the Civic Centre, an internal working group was established at TGHC to look at practical issues associated with the move and to inform employee consultation and contribute to the project.
3. In addition, meetings have been ongoing with colleagues from Gateshead Council, to consider legal and financial issues associated with breaking the lease and in finalising plans for the area of the civic centre which is to be occupied by TGHC.

Progress to date

Keelman House

4. In relation to Keelman House, formal notice to end the lease on 24 July 2014 was served by colleagues in legal services and acknowledgement of this notice and a counter notice has subsequently been received. Property services are liaising with representatives from the landlord's agent in relation to progressing this.
5. Access to Keelman House was recently granted to allow a survey to be carried out on behalf of the landlord for future marketing purposes.

Civic Centre

6. A floor plan has been provided for the space that TGHC will be occupying at the Civic Centre which will accommodate all TGHC employees currently based at Keelman House. All Keelman Homes activity will be carried out from the same office space at the Civic Centre and there will be no impact on this work as a consequence of the move.

7. The allocated space will enable TGHC to be accommodated in one pavilion, which the working group felt was important in terms of maintaining the culture and identity of TGHC as a company in its own right. Similarly this will provide some continuity for Keelman Homes and officers working on Keelman Homes projects.
8. Some additional offices are currently being created along with some work to the cabling for data and electrical points, and these have been fed into the design team. The physical works are expected to be complete by the end of January.
9. Employees have been notified that the move is expected to commence in the 3rd week of February, and is expected to take three weeks.
10. Service managers have provided a breakdown of information on each service area in terms of parking requirements, storage, equipment etc. which is being fed into the move internal working group.

Issues to Progress

Car Parking

11. The Civic Centre does not have free parking which is an impact for employees that have previously had the benefit of free parking. Transport Strategy have advised that 40 - 50 spaces have been reserved for TGHC at the civic centre which will be sufficient for lease car holders, essential users and disabled badge holders, in line with current Council car parking policy.
12. They have also indicated that there will be adequate spaces available for any TGHC employees that require a space and that options for additional parking in and around the town centre are being considered. We continue to work closely with Transport Strategy around all car parking issues.
13. Visitors to the Civic Centre will be expected to use the pay and display facilities.

Customer Service Provision

14. The second significant issue that is being progressed relates to the provision of reception facilities and the impact the move will have on the availability of interview/meeting rooms within the civic centre.
15. Agreement has been reached to provide a reception point for TGHC visitors and customers on the ground floor, which will again provide some continuity for both staff and customers.
16. There will be an impact as a result of the expected increase in footfall from customers once we are located in a town centre building. We are currently monitoring footfall from customers at Keelman House and at the Civic Centre and will need to closely monitor this going forward to manage the potential number of customers that will present with enquiries once we are co-located.
17. The Central Housing Office currently operates from space on the first floor of the Civic Centre and has a reception desk and access to 3 interview rooms (2 of which are exclusively used by TGHC). Due to its town centre location and being positioned in the civic centre this office is already busy and deals with customer enquiries from across the borough.

18. Discussions are ongoing with the Council to look at options for having all TGHC functions located in one part of the building, which the working group and employees feel would be better from a customer service point of view and allow services to be delivered from one central location.
19. This would be in line with other customer facing services that operate from Civic Centre. Both Development and Enterprise and Community Based Services have customer waiting areas, reception services and interview rooms dedicated to providing customer service.
20. This is also important for TGHC employees and will help support our objective to provide good customer service and allay any employee concerns regarding the proposed collocation

Board Meetings following the move

21. The next Board Meeting in March 2014 and subsequent meetings of the Board will take place at Gateshead Civic Centre.

Next Steps

22. There has been regular communication with employees about the move and as details are firmed up this will need to increase. A list of frequently asked questions has been circulated regularly and updated following receipt of questions from officers. Where issues have been raised that cannot be answered these have been collated and fed back to the working group for consideration.
23. Employees have previously been advised that the timescale for the move is likely to be February to March 2014, and core briefings will confirm further details over the coming months.

Risk Management Implications

24. There is a risk that if agreement cannot be reached on dilapidations and re-instatement works are not carried out in advance of the July lease break date, that there will be a further financial claim against the Company and Council. To mitigate against this risk an early date for vacating Keelman House has been agreed.
25. By co-locating to the Civic Centre, there is a risk that this will impact on the perceived independence of the company and there could be an impact on the culture of the organisation. To manage these risks the working group is comprised of representatives from across all service areas and both Trade Unions are represented on the group.

Financial Implications

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

Equality and Diversity Implications

27. The Civic centre is fully compliant with equality act legislation in terms of both accessibility and car parking provision and there are no perceived equality and diversity issues arising from this report.

Value for Money implications

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

Environmental Implications

29. The environmental impact of the move will be positive in terms of reduced utility usage as a consequence of being based in a shared building. It is also anticipated that there will be a reduction in car usage through being in a building closer to other services.

Consultation Carried Out

30. The working group comprises employees from across all service areas and both Trade unions are also represented. Employees have been kept informed in relation to the move and associated impact and this will continue over the coming months.

Recommendation

31. The Board is asked to note the contents of this report and confirm if they are satisfied with progress to date.