



Board of Directors

Tuesday, 22 April 2014 at 10am

To be held in Room S20 at Gateshead Civic Centre,

Regent Street, Gateshead

Agenda

Item	Business
1.	Apologies for Absence
2.	Declarations of Interest
3.	Minutes To approve as a correct record the minutes of the meetings held on (a) 16 January and (b) 7 February 2014.
4.	Matters Arising
5.	Date and Time of Next Meeting Wednesday 14 May 2014 at 10am in the Blaydon Room at Gateshead Civic Centre, Regent Street, Gateshead
6.	Exclusion of the Press and Public

Contact: Stuart Gibson Tel: (0191) 433 5308 Date: 15 April 2014



(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 16 January 2014 at 12.30pm

Present:

Ordinary Trustees

Brian Kelly (Chair)
Joanne Carr
Anne Connelly
Paul Foy
Linda Hitman

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)
Stuart Gibson (TGHC Governance and Risk Officer)

Apologies

Peter Mole
Hannah Shepherd

53 DECLARATIONS OF INTEREST

No interests were declared.

54 MINUTES

The minutes of the last meeting of Keelman Homes held on 21 November 2013 were approved as a correct record.

55 PROPOSED RENT INCREASES FOR 2014/15

A report was submitted proposing an increase to the rents for 2014/15.

The rent increase has been proposed in line with the HCA guidelines of RPI + 0.5%. RPI in September was 3.2%, which provides for an increase of 3.7%, which is an average weekly rental increase of £2.98.

There is no proposed increase in service charges recommended for 2014/15.

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 the costs of the loan can be covered and also to ensure that these are not substantially higher than current rents paid for similar properties in the Gateshead area.

RESOLVED – (i) That the proposed rent increases for 2014/15 be approved.

(ii) That there be no increase service charges for 2014/15.

56 5 YEAR FINANCIAL FORECAST

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.

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.

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.

A statement showing the proposed budget for 2014/15 and a forecast to 2018/19 was submitted.

RESOLVED – (i) That the revenue budget for 2014/15 be approved.

(ii) That the forecasts for 2015/16 to 2018/19 be noted.

57 KIBBLESWORTH SHARED OWNERSHIP UPDATE

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

Marketing through The Gateshead Housing Company has continued using a number of methods. Reeds Rains has continued to market through their sales support team at the Whickham branch.

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.

ISOS charge £180 (plus VAT) for an assessment of eligibility. To date, ISOS have been paid £3,420 for 19 assessments.

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.

The estimated cost of fully carpeting the 5 bed property is £2,240.

Reed Rains fees will be £6,500 as the remaining five property sales have all been secured via their external marketing.

RESOLVED – That the information be noted.

58 TGHC – HEAD OFFICE RELOCATION UPDATE

The Board received 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.

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.

The two most significant issues which are currently being progressed relate to car parking and the provision of reception facilities.

The Central Housing Office currently operates from space on the first floor of the Civic Centre. 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.

Discussions are ongoing with the Council to look at options for having all TGHC functions located in one part of the building.

RESOLVED – That the information be noted.

59 DATE AND TIME OF MEETINGS 2014

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

- 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

60 EXCLUSION OF THE PRESS AND PUBLIC

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



(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 Friday, 7 February 2014 at 11.30am

Present:

Ordinary Trustees

Brian Kelly (Chair)
Anne Connelly
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)
Phil Gallagher (TGHC Head of Investment and Development)
Stuart Gibson (TGHC Governance and Risk Officer)

Apologies

Anne Connolly

65 DECLARATIONS OF INTEREST

No interests were declared.

66 KEELMAN HOMES

Keelman Homes has to date successfully delivered the regeneration scheme at Kibblesworth and is currently developing new build schemes in partnership with Galliford Try and the Esh Group.

The grant funding for Kibblesworth from the HCA was received directly by Keelman Homes, as part of the Homes and Communities Agency ("HCA") 2008-11 programme. The rules around the HCA's 2011-14 programme changed clearly stating that this funding is not available to Councils, ALMO's or wholly owned subsidiaries of ALMOs (ie Keelman Homes).

Keelman Homes therefore had to rely on utilising grant monies made available from Esh and Galliford Try to deliver the current new build schemes. This meant that Keelman Homes had no ability to decide who it would choose as its development partner.

There is an expectation that any future affordable housing programmes funded by the HCA would put similar restrictions on Councils/ALMO's or their wholly owned subsidiaries being eligible to apply for funding.

The articles of association and membership of Keelman Homes' could be amended to enable Keelman Homes to access this type of funding and deliver a more comprehensive new build programme. This would help to meet some of the objectives set out in the new Council's Housing Strategy, potentially without requiring the use of prudential borrowing from the Council.

Whilst the Housing Revenue Account ("HRA") could in theory allow the Council to directly build new homes itself, the reality is that there is little headroom within the resources available to carry out anything other than the existing capital programme.

To date, the Government have declined suggestions on increasing the HRA debt cap for authorities that have no or little headroom to give them the ability to build new affordable Council homes within the HRA. In addition to this any new build within the HRA would be subject to right to buy (as compared to new build by Keelman Homes that is generally only subject to the right to acquire).

There is an opportunity for Keelman Homes to deliver new build Council houses for the Council in the future. By changing the ownership of Keelman Homes there is the potential to increase the amount of new affordable homes, by using new funding resources from the HCA and/or private sector.

The proposed changes to Keelman Homes complement the Council's other housing initiatives. Keelman Homes are likely to continue to develop small to medium size sites often on Council owned land in or near current Council housing estates.

Keelman Homes will continue to provide homes at affordable rents. This will help the Council replace Council stock which has been demolished, and regenerate Council estates. This in turn adds to the Council's on-going investment in the Housing Capital Programme.

At present Keelman Homes is owned by The Gateshead Housing Company. This proposal would mean that the current trustees of Keelman Homes would become the Members of Keelman Homes (in effect owning Keelman Homes – although their liability would be capped at £10 – as per section 7 of the articles.)

There would be no additional risk to the trustees, however this proposal would enable Keelman Homes to apply for funding from the HCA as part of the HCA's affordable homes guarantee programme; help reduce Keelman

Homes' reliance on borrowing from the Council in order to finance development activities and ensure that any private sector borrowing Keelman is able to secure does not contribute to the overall public sector debt.

The proposed change in structure should not make any material difference to Keelman Homes' operational arrangements, and will not change Keelman's primary objective of providing homes and other accommodation for those in need.

Keelman Homes would continue to be regulated by the Charities Commission and the HCA. As now any surpluses would be applied to Keelman Homes' charitable objectives. There would be no change to the current position whereby Keelman Homes' Board determine rent levels and other operating policies.

The housing company will continue to work closely with Keelman Homes in order to help increase the supply of quality affordable housing within Gateshead.

In order to effect the proposed change in structure, some amendments will be required to Keelman's articles of association. The changes required are mainly focused on adjusting the membership of Keelman Homes.

At present Keelman Homes are required to give the Council's prior notice of any proposed amendments to their articles of association. Keelman are also obliged to give due consideration to any representations about the proposals which the Council may subsequently make.

The proposed change in membership structure will however ultimately need to be formally effected by the current Trustees of Keelman Homes. It will also require the approval of this Board (as the current sole member of the company), the HCA and the Charity Commission.

The Council's Cabinet met on 21 January 2014 and endorsed the proposal.

The Gateshead Housing Company's Board of Directors met on 29 January 2014 and have also approved the proposal.

RESOLVED – That the proposed changes to the governance structure of Keelman Homes be approved.