



(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.