



(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, 2 October 2014 at 10am

Present:

Ordinary Trustees

Brian Kelly (Chair)
Joanne Carr
Paul Foy
Peter Mole

In attendance

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
Linda Hitman
Hannah Shepherd

1 DECLARATIONS OF INTEREST

No interests were declared.

2 MINUTES

The minutes of the meeting of Keelman Homes held on 14 July 2014 were approved as a correct record.

3 MATTERS ARISING

(a) Kibblesworth Update

It was noted that Kibblesworth won the Best New Build Category at the NFA Awards which took place as part of the NFA Annual Conference in July 2014.

(b) Empty Homes – Update

- 7 Mallory Place is now in Keelman Homes' ownership and being advertised.
- 17 Keats Walk is in Keelman Homes' ownership and on offer.
- 16a Brearley Way is in Keelman Homes' ownership and being advertised.

4 REPORT OF THE BOARD AND FINANCIAL STATEMENT

The report of the Board and Financial Statements will be presented to the Annual General Meeting.

The Report of the Board and Financial statements are for the financial year 1 April 2013 to 31 March 2014. This is the fourth full financial year in which trading activity has taken place within Keelman Homes.

In previous years the Report of the Board and Financial Statements has been produced following the format set out in the Statement of Recommended Practice (SORP): Accounting and Reporting by Charities issued in March 2005. This year Keelman Homes has changed to reporting under the Statement of Recommended Practice: Accounting for Registered Social Housing Providers. As part of this change, the comparative financial statements for 2012/13 within this year's accounts have to be restated.

The Financial Statements for the year ended 31 March 2014 were submitted.

The financial result for the period was a surplus of £69,000 (2013: £34,000 deficit). The surplus was mainly generated by the income from the sales of the shared ownership properties at Kibblesworth, which generated a surplus of £159,000.

The Financial Statements show total reserves on the balance sheet at £2,730,000 (2013: £2,661,000). This includes the land value for Kibblesworth and the increase in reserves from the income and expenditure account of £69,000.

The principles of the SORP have been applied, including component accounting for fixed assets. The prior year figures have also been restated as a comparative following the change in accounting policy.

These accounts have been audited by the external auditors KPMG 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 2014 be approved.
 - (ii) That the Chair of the Board be authorised to sign the Report of the Board and Financial Statements as a correct record.

5 MANAGEMENT ACCOUNTS – FIRST QUARTER 2014/15

The Board received an update on the management accounts for the first quarter of the financial year 2014/15.

The accounts show Keelman Homes has made a surplus of £15,636 in the first quarter, compared to the expected deficit of £22,792.

It is still expecting to make an overall deficit in this financial year, however it is now being forecasted that the deficit for the year will be reduced to £17,238 compared to the budgeted deficit of £91,165 (a reduction of £73,927).

The decrease in the forecasted deficits (both quarter 1 and year end) is mainly due to a decrease in the cost of loan interest repayments required in year. The budget assumes that new loan financing would be taken early in the year and that two new loan repayments would be required, however, it is now being forecasted that the loan will not be taken out until later in the year and that only one new loan repayment will be required.

RESOLVED – That the information be noted.

6 ANNUAL GENERAL MEETING

Arrangements for the Charity's Annual General Meeting ("AGM") and the process for the retirement of one third of the Ordinary Trustees were reported.

The requirements for the Charity's AGM are governed largely by the provisions of the Companies Act 2005 and the Charity's Articles of Association.

Since Keelman Homes was established, The Gateshead Housing Company (TGHC) has been the sole member of the Charity. As such it had the right to attend general meetings (including the AGM) and exercise all the rights which are reserved to the general members of a company.

Keelman Homes Board, TGHC Board and Gateshead Council agreed a report in February 2014 changing the governance structure of Keelman Homes. This has effectively resulted in the ownership of Keelman Homes transferring from TGHC to Keelman Homes' trustees. The new governance arrangements have subsequently been confirmed by the Charities Commission, Companies House and the Homes and Communities Agency (HCA). As such, this means that the AGM is a meeting of Keelman Homes with themselves (the trustees).

The AGM must be held in the calendar year 2014 and not more than 15 months after the last AGM. The last AGM was held on 21 November 2013, therefore the AGM must be held no later 31 December 2014.

At the AGM, the members receive the accounts of the Charity for the previous financial year, receive the Trustees' report on the Charity's activities since the previous AGM, accept the retirement of those Ordinary Trustees who wish to retire or who are retiring by rotation, appoint or if appropriate elect Ordinary Trustees to fill the vacancies arising and appoint auditors for the Charity.

The annual report of the Trustees of the company, together with the audited accounts, have been approved earlier at this meeting.

21 clear days' notice of the AGM must be given to TGHC, calling the AGM. Therefore, it would need to be held no earlier than 20 October 2014.

The next scheduled meeting after the Board Meeting in September is on 20 November 2014. It is proposed therefore that the AGM be held immediately after this meeting.

The normal company practice is for the Chair of Keelman Homes Board to preside.

One third (or the number nearest to one third) of the Ordinary Trustees must retire at each AGM, those longest in office retiring first and the choice between any of equal service being made by drawing lots.

If the members of the Charity, at the meeting at which a Trustee retires in the above manner, do not fill the vacancy, the Trustee shall, if willing to act, be deemed to have been reappointed unless at the meeting it is expressly resolved on to fill the vacancy.

Keelman Homes currently has a full composition of four Ordinary Trustees. It is proposed that the retiring Ordinary Trustee, if willing to act, be reappointed.

- RESOLVED –
- (i) That the information be noted.
 - (ii) That the Annual General Meeting be held immediately after the Board Meeting on 20 November 2014.
 - (iii) That the proposed arrangements for the retirement and subsequent reappointment of a third of the Ordinary Trustees be agreed.
 - (iv) That the longest serving Ordinary Trustee retire at the next AGM and if willing to act, be reappointed at that meeting.

7 NEW BUILD AND DEVELOPMENT UPDATE

The Board received an update on the current phases of new build activity for Keelman Homes.

There are 15 units currently being developed in Phase 1, utilising developers grant and working in partnership with Esh Construction Services. All properties in this Phase are expected to be complete within the current financial year to comply with HCA grant conditions.

Phase 2 of the new build programme proposes to provide 29 units across two sites in the West of the borough at the former Lonnen sheltered scheme site and a cleared garage site on the Runhead Estate. As with the first phase of properties, these units are being financed through a combination of capital loan facility and HCA developers grant. In this phase the construction partner is Galliford Try and they are introducing grant into the schemes.

Following planning determination being issued on the Lonnen Site, the works commenced at the beginning of June with a draft programme targeting

completion in early 2015. The site will include a mix of social rents (14 units) and private sales (6 units).

In relation to the private sales properties, the estimated valuations used in the financial model were agreed with the developer and based on local knowledge, recent sales and valuations of similar type properties and were conservative estimates of what was being achieved at the time the scheme was first proposed.

In line with requirements set out by the Charities Commission, in order to progress with sales and dispose of land as a non-exempt charity, Keelman Homes needs to:-

- (a) obtain and consider a written report on the proposed disposition from a qualified surveyor instructed by the trustees and acting exclusively for the charity,*
- (b) advertise the proposed disposition for such period and in such manner as is advised in the surveyor's report (unless it advises that it would not be in the best interests of the charity to advertise the proposed disposition), and*
- (c) decide that they are satisfied, having considered the surveyor's report, that the terms on which the disposition is proposed to be made are the best that can reasonably be obtained for the charity.*

As the properties at the Lonnen are currently being marketed based on the local agents estimated valuation and are attracting some interest, it is proposed that the Board delegate authority to negotiate sales to the TGHC Managing Director and Director of Customers and Communities, subject to offers and sales being progressed in line with a qualified surveyor's report.

Extensive site investigation works identified the need for an electrical diversion at the Runhead Site which has had an impact on the timescale for the programme. Additionally the developer has recently had confirmation from Northumbrian Water that there is a sewerage drain cutting across the site which will either need to be diverted or will compromise the number of units than can be achieved on the site.

The service issues identified mean that this scheme will not be able to be delivered within the timescales necessary to achieve HCA grant conditions in the current round of allocation. However, Galliford Try have committed to holding their costs and are exploring the possibility of using grant allocation from their 2015-18 award to supplement the scheme costs.

Some contingency sums were built into the original model and subject to receiving revised costs from Galliford Try and confirmation that they can match grant contribution from their 2015-18 allocation, the viability of the scheme to ensure it can continue with the proposed number of units will be reassessed. The Board received an update on the Empty Homes Purchase and Repair programme. The fifth and final property in this current programme was scheduled for completion in September, six months ahead of the deadline for compliance with grant conditions and within the original budget.

Following award of grant in the 2015-18 allocation for the purchase and repair of a further 18 empty properties, work is under way to identify potential acquisitions and discussions will take place with the HCA about the possibility of commencing

with purchases in advance of April 2015, subject to appropriate properties being available.

An audit of the first two properties purchased through this programme in relation to compliance with HCA requirements was carried out towards the end of September and the outcome and any recommendations arising will be brought to future Board meetings.

The Board received a presentation at the April meeting on an outline bid submission in relation to future phases and the Affordable Homes Programme 2015-18. The bid was submitted prior to the end of April the number of units in the final were reduced significantly from those detailed in the presentation.

Having discussed the various sites and proposals at length with the local HCA office, it was proposed that due to uncertainties about the programming of the Clasper Village and Bleach Green regeneration sites, that these should not feature in the bid as firm schemes but should be approached via the continuous market engagement route once a developer has been identified via Gateshead Council.

Discussions with the HCA have indicated that there was likely to be an opportunity to consider further sites as and when they become available through continuous market engagement. Work is ongoing to look at additional sites.

The Board felt that Keelman Homes' achievements be publicised and the profile of Keelman Homes needed raising. A leaflet in local offices, an article in TGHC News and a Keelman Homes website were suggested.

- RESOLVED –
- (i) That the update provided on the new build programme and empty homes purchase and repair programme be noted.
 - (ii) That the Board is very satisfied with the progress made to date.
 - (iii) That the acceptance of grant conditions in line with the HCA's offer for the 2015-18 Affordable Homes programme (in relation to both New Build and Empty Homes purchase and repair) be confirmed.
 - (iv) That the TGHC Managing Director and the Director of Customers and Communities, in consultation with the Chair, be authorised to negotiation and acceptance of offers on private sales properties.
 - (v) That Keelman Homes' achievements be publicised and the profile of Keelman Homes be raised.

8 DATE AND TIME OF NEXT MEETING

The next Board Meeting will take place on Thursday, 20 November 2014 at 12.30pm in Room S21 at Gateshead Civic Centre, Regent Street, Gateshead.