



(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, 20 November 2014 at 12.30pm

Present:

Ordinary Trustees

Brian Kelly (Chair)
Joanne Carr
Anne Connolly
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

Linda Hitman
Hannah Shepherd

1 DECLARATIONS OF INTEREST

No interests were declared.

2 MINUTES

The minutes of the meeting of Keelman Homes held on 2 October 2014 were approved as a correct record.

3 MANAGEMENT ACCOUNTS – SECOND QUARTER 2014/15

An update on the management accounts for the second quarter of the financial year 2014/15 was submitted.

The management accounts show Keelman Homes has made a surplus of £22,747 in the second quarter, compared to the expected deficit of £45,583.

An overall deficit is still expected in this financial year, however it is now forecast that the deficit for the year will be reduced to £20,724 compared to the budgeted deficit of £91,165 (a reduction of £70,441). This is mainly due to a decrease in the cost of loan interest repayments required in year.

The accounts have also been impacted in the second quarter by the change from producing the statutory accounts under the Charities Statement of Recommended Practice (SORP) to the Housing SORP, in conjunction with the external auditors KPMG.

RESOLVED – That the financial management of the revenue budgets for the second quarter of the 2014/15 financial year be noted.

4 SHARED OWNERSHIP POLICY AND PROCEDURES

The Board received a Shared Ownership Policy and Procedures which have been developed in conjunction with leaseholders (i.e. shared owners).

The policy and procedures have been developed to ensure that shared ownership properties are allocated to customers in a fair and consistent manner, in accordance with best practice and the Keelman Homes lettings policy, which mirrors the Council's lettings policy.

The majority of shared ownership schemes are funded by HCA and, as such, the policy and procedures ensure that the management of these homes conforms to the conditions of funding, as detailed in the Capital Funding Guide, in addition to acting in a legally compliant customer focused and transparent manner.

The policy and procedures cover all aspects of shared ownership including marketing, applications, allocation, rent collection, staircasing (purchase of additional shares) and sales.

The HCA recommend that all shared ownership providers develop and publish a flexible tenure policy. Flexible tenure is designed to enable a shared owner to remain in their home through either selling some shares back to the landlord (downcasing) or by selling all of their shares and becoming a tenant at an Affordable Rent. Any repurchase of the property will be considered as a last resort.

RESOLVED – That the Shared Ownership Policy and Procedures be approved.

5 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 the first phase of works, 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 proposed 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.

The works to the Lonnen site 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. Further to the last Board Meeting, an independent valuation report has been commissioned to verify asking prices for sales and typical market rents.

The Board was informed at its last meeting of the need to defer delivery of the Runhead site due to service diversions, no further work has been undertaken since the October meeting. As the site will not be progressed using current HCA developers grant, the intention would be to re-commence the scheme using HCA grant as part of the 2015-18 funded programme.

This scheme is currently being discussed with both Galiford Try and the HCA to establish what grant can be achieved through what the HCA have termed continuous market engagement. As the initial preparatory work and planning have been achieved, the indications are that an application for this scheme would be viewed positively as a confirmed, ready to commence development.

The next steps are to firm up revised costs for the scheme, taking into account the service diversions and submit an application to the HCA for grant funding.

Discussions are ongoing with Galiford Try as to which party would apply for the grant as although Galiford have committed to hold contract prices, they have not yet secured further grant for this scheme. Should Keelman Homes apply for grant in its own right, then the scheme could potentially be delivered as part of a package with the preferred development partner as part of the 2015-18 programme.

The Board received an update on the Empty Homes Purchase and Repair Programme. The five units that were in the current programme have now completed and returned to use as affordable homes.

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 are being held with the HCA about the possibility of commencing with purchases in advance of April 2015, subject to appropriate properties being available.

It has previously been reported that grant has been secured to support delivery of a further 27 new build units during the 2015 -18 Affordable Homes Programme.

The HCA have recently advised that they are considering requests for further units under the continuous market engagement route, although unlike in previous

rounds where indicative bids could be submitted, they require certainty and firm proposals on any additional schemes that are being proposed.

Subject to discussions with Galiford Try, the Runhead scheme is a one that Keelman Homes may submit a bid against. Similarly, discussions are being held with Gateshead Council about the potential timescales for the programming of the Clasper Village and Bleach Green regeneration sites, with Keelman Homes bidding for grant to support the purchase of affordable units from the appointed developer.

Following the recent functional review of Council services, a Housing Growth working group has been formed to look at strategic housing supply across the borough and the most appropriate use of sites for housing projects.

The Two Castles Framework that was used to appoint Esh remains valid until December 2015 and discussions are currently taking place with them about their capacity to deliver further works in 2015-16, once the current phase of new build concludes, which would provide some continuity and assurance around value for money as framework rates would be honoured. They have also indicated a willingness to work in partnership with both Keelman Homes and Gateshead Council's Construction Services on future developments.

A subsequent report with recommendations on the appointment of a development partner will be brought to a future board meeting.

- RESOLVED – (i) That the update on the new build programme and empty homes purchase and repair programme be noted.
- (ii) That a link to the video produced around the Kibblesworth development be posted on the TGHC website.

6 DATE AND TIME OF MEETINGS 2014/15

RESOLVED – That the following schedule of meetings in 2015 be approved: -

Thursday 15 January 2015 at 12.30pm
Thursday 19 March 2015 at 12.30pm
Thursday 21 May 2015 at 12.30pm
Thursday 9 July 2015 at 12.30pm
Thursday 17 September 2015 at 12.30pm
Thursday 19 November 2015 at 12.30pm