



(Company number: 06972673)

Minutes of meeting of the Board of Directors held in at Gateshead Civic Centre, Regent Street, Gateshead on Thursday, 15 January 2015 at 12.30pm

Present:

Ordinary Trustees

Brian Kelly (Chair)
 Joanne Carr
 Anne Connolly
 Paul Foy
 Hannah Shepherd

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)
 Julie McCartney (TGHC Head of Neighbourhood Services)
 Stuart Gibson (TGHC Governance and Risk Officer)

Apologies

Linda Hitman
 Peter Mole

7 DECLARATIONS OF INTEREST

No interests were declared.

8 MINUTES

The minutes of the meeting of Keelman Homes held on 20 November 2014 were approved as a correct record.

9 RENT AND SERVICE CHARGE PROPOSALS FOR 2015/16

The Board received a report proposing an increase to the rents for 2015/16.

The rent increase proposed for 2015/16 is in line with the HCA guidelines of CPI + 1%. CPI in September 2014 was 1.2%, which provides for an increase of 2.2%. This is an average weekly rental increase of £1.80 at Kibblesworth (social

rent) and £2.01 for other Keelman Properties (affordable rent), based on 52 weeks rental charges.

There are no proposed increases recommended for service charges in 2015/16.

RESOLVED – (i) That the proposed rent increases for 2015/16 be approved.

(ii) That service charges are not increased for 2015/16.

10 NEW BUILD AND DEVELOPMENT UPDATE

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

Phase 1 is being delivered in partnership with Esh Construction Services and will deliver 15 new affordable units, utilising HCA grant that is being introduced by the developer.

The development at Felling Library completed during November with six 3-bed houses being provided. Affordable rents of £101.53 per week are being charged with tenancies commencing 15 December 2014.

The development at Strathmore Road completed on 12 December 2014 with two 4-bed properties being provided. Both properties were let with tenancies commencing on the 15 and 22 December 2014 and affordable rents of £120 per week being charged.

Works are continuing at the Kirkwood Gardens site, with completion of the six units on the site estimated to be in March 2015, which will ensure compliance 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.

Works commenced at the beginning of June on the Lonnen site and the site is expected to complete before the end of March. The site will include a mix of social rents (14 units) and private sales (6 units).

The sales properties are being marketed via Your Move with initial asking prices of £150,000 for the 3 bed houses and £170,000 for the 4 beds. These prices have increased from what was originally factored into financial projections to reflect improvements in the market.

There have been a number of interested parties in the sales properties, although the agent has advised that feedback has been that potential buyers have indicated they want to see the properties built before committing. Additionally two potential buyers have enquired about the availability of the Help to Buy scheme in relation to these properties.

Enquiries have been made with the Homes and Communities Agency regarding registering Keelman Homes as a vendor under the Help to Buy scheme. There are no additional fees for registering to sell properties under this scheme and through the existing Service Level Agreement that Keelman Homes has with

Yorkshire Housing, they could take on the role of Help To Buy Agent, again with no additional cost to Keelman Homes.

The scheme will enable prospective buyers to access a government backed 20% equity loan to assist with the purchase. Reducing the mortgage needed to 75%. Buyers are required to pay a 5% deposit. The scheme is expected to make properties more affordable to customers looking to get on the property ladder.

The Board had previously been advised that the scheme at the Runhead Site had been deferred to be delivered in 2015, with discussions being held with both Galiford Try and the HCA to establish what grant can be achieved through the HCA's continuous market engagement process. 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.

Galiford Try has now advised that they are unable to deliver this scheme. Keelman Homes can apply for grant in its own right and the scheme could potentially be delivered as part of a package with the preferred development partner as part of the 2015-18 programme. Discussions are being held with the HCA regarding this.

Following award of grant in the 2015-18 allocation for the purchase and repair of a further 18 empty properties, work is underway 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.

The draft contract for the Empty Homes element of the 2015-18 programme has not yet been issued but available empty properties are being identified in anticipation of the contract commencing.

The Board has been previously advised that grant has been secured to support delivery of a further 27 new build units during the 2015-18 programme. The draft contract has been received and signed and returned to the HCA.

The process of identifying further sites that can be delivered through the continuous market engagement route is ongoing, 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 the Council about the potential timescales for the programming of the Clasper Village and Bleach Green regeneration sites, with the intention that Keelman Homes would bid for grant to support the purchase of affordable units from the appointed developer.

Legal and procurement advice has been sought regarding the appointment and selection of a development partner. A number of developers have indicated that the sites are of a scale that would not fit with their business model and as such have excluded themselves from consideration.

The Two Castles Framework that was used to appoint Esh remains valid until December 2015 and discussions are being held 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 the 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.

Price Waterhouse Coopers (PWC) have been carrying out a review of development controls which will assist in identifying further risk and shaping an action plan to address any areas of concern. TGHC is receiving formal feedback from PWC next week.

- RESOLVED – (i) That the New Build and Development Update be noted.
- (ii) That Keelman Homes register with the Help To Buy scheme to increase the affordability of private sales units.

11 MANAGEMENT OF THIRTEEN HOUSING GROUP PROPERTIES

The Board received a report on 30 January 2013, setting out a number of proposals to provide housing management services on behalf of others via Keelman Homes.

On 17 May 2013, the Board approved an agreement to manage properties for Tees Valley Housing and for Housing Hartlepool on 21 November 2013.

Both organisations were originally part of the Fabrick and Vela housing groups respectively. In April 2014, these groups amalgamated to become the Thirteen Housing group, which includes Erimus Housing, Tees Valley Housing, Tristar Homes, Housing Hartlepool and Thirteen Care and Support. It was agreed that the management agreement be reviewed and that one agreement was put in place to cover the Thirteen group.

Housing management services are currently being provided to 131 properties in Gateshead via Keelman Homes. A further 34 new build properties at Clavering Court are due to be handed over by March 2015.

A revised management agreement was submitted. The agreement is initially for three years and will be renewable annually thereafter subject to a satisfactory review by both organisations. The agreement can be terminated by either party with a minimum of six months written notice.

In the main, properties are being let as assured tenancies at affordable rents. All homes will be advertised through Tyne and Wear Homes and will be allocated in line with Keelman Homes lettings policy.

The management of shared ownership properties has been removed from this agreement and will be subject to further discussions with Thirteen to agree the scope of management in the future.

There are four shared ownership properties within the new Sunhill Court scheme and three at Pattinson Drive, Ryton. There will be a further 13 in Clavering Court. To date, Thirteen have been unable to secure any interest in the ones at Sunhill and are reviewing potential options to let these properties. All three are let at Pattinson Drive but not managed by Keelman.

TGHC has been managing eight intermediate rent properties at Dunston Staithes since 2009. It was intended that these tenants would move towards purchasing a share in the properties within a five year period. Unfortunately this has not been the case and currently there are four voids on this scheme. Thirteen are now looking to let two of the voids on a three year fixed tenancy at affordable rents.

Performance will be reported to Thirteen on a monthly basis on the key performance indicators and quarterly on a wider agreed set of management information.

The agreed management fee is 11% of the gross rental income (including service charge) per property per annum on commencement of the tenancy, invoiced quarterly in advance by Keelman Homes.

The Board asked if a cost benefit analysis of the 11% had been carried out. It was noted that this was still being worked on.

Thirteen also agrees to pay Keelman Homes a 10% levy on repairs carried out and any legal action undertaken by The Company as approved by the Association to cover administration costs.

It was suggested that the Board might want to have a future discussion around new business principles as well as development principles.

- RESOLVED –
- (i) That the management agreement be approved with a commencement date of 1 February 2015.
 - (ii) That the Board receive an annual review of the management agreement including details of the performance management of Thirteen properties.
 - (iii) That TGHC Board receive an update on the provision of housing management services to Thirteen Housing Group via Keelman Homes.

12 DATE AND TIME OF NEXT MEETING

The next meeting of Keelman Homes Board will be held on Thursday, 19 March 2015 at 12.30pm in Room S20, Gateshead Civic Centre, Regent Street, Gateshead.