



(Company number: 06972673)

Minutes of meeting of the Board of Directors held in at Gateshead Civic Centre, Regent Street, Gateshead on Thursday, 19 March 2015 at 12.30pm

Present:

Ordinary Trustees

Brian Kelly (Chair)
 Joanne Carr
 Anne Connolly
 Paul Foy
 Linda Hitman
 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)
 Julie McCartney (TGHC Head of Neighbourhood Services)
 Stuart Gibson (TGHC Governance and Risk Officer)

Apologies

Hannah Shepherd

1 DECLARATIONS OF INTEREST

No interests were declared.

2 MINUTES

The minutes of the meeting of Keelman Homes held on 15 January 2015 were approved as a correct record.

3 MATTERS ARISING – MANAGEMENT OF THIRTEEN HOUSING GROUP PROPERTIES

The Board was informed at its last meeting that 34 new build properties at Clavering Court were due to be handed over by March 2015. It was noted that there were still a number of unresolved issues and TGHC Officers did not think that it would be right to take over the management of these properties until these issues had been resolved. The Board felt that this was a sensible approach and

agreed with this course of action. It was also agreed that the Chair would be kept updated of any developments.

4 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.

Works are continuing at the Kirkwood Gardens site, with completion of the six units estimated to be 27 March 2015. Properties are expected to be let in April.

Phase 2 of the new build programme initially 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 Lonnen Site beginning of June 2014 and the site was expected to be completed before the end of March 2015. Galiford Try has now advised that the site completion is delayed and not likely to be practically completed until late April. Due to the late completion of the 20 properties, a charge of £2,400 per week will be claimed from Galiford Try in line with the penalties for late completion that were included in the contract.

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.

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.

Further to Board approval at the January 2015 meeting, an application was submitted for Keelman to be registered as a Help to Buy vendor and a draft agreement for the Help To Buy scheme has been received and is currently being considered by Gatetshead Council's Legal Services.

As there are potentially going to be other sales and shared ownership schemes going forward, it is proposed to bring a Sales Policy to the next Board Meeting with a recommendation that any sales properties are progressed in line with the policy and that adherence with the policy is formally adopted as a development principle.

Further to the previous board reports advising that the Runhead scheme had been deferred to be delivered in 2015, discussion have been held with both Galiford Try and the HCA to establish the level of 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.

Further to discussion with Galiford Try, they have now advised that they are not prepared to deliver the project for the agreed scheme quotation. A revised summary showing just the Lonnen Scheme was submitted.

Discussions have continued with the HCA to agree design and quality standards and to ensure local office support for a submission for grant through continuous market engagement. A grant application for £25,000 per property was submitted on 6 March. This is a higher grant request than was originally being introduced by Galiford Try to reflect the abnormal costs associated with service diversions that have emerged on this site.

Subject to grant being approved through the continuous market engagement route, the scheme is proposed to be delivered as part of a package with the first phase of sites to be included in the 2015-18 programme.

As detailed in previous board reports, grant has been secured to support delivery of a further 28 new build units during the 2015 -18 programme. The signed contract has been received.

Following confirmation of the HCA grant, work has commenced to arrange transfer of the confirmed sites to Keelman Homes and planning applications have been submitted in relation to sites that will be developed in 2015. The Runhead Scheme achieved planning last year. Planning approval was granted for Heddon View and Malton Green in January and March this year respectively.

To ensure that these sites can be delivered in 2015, the Board is being requested to formally agree to the transfer of the sites at Runhead Estate, Heddon View and Malton Green at nil value, subject to grant funding of the Runhead scheme being approved.

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 they have confirmed they have capacity to deliver further works in 2015-16, once the current phase of new build concludes. Continuing with Esh would provide some continuity and assurance around value for money as framework rates would be honoured.

It is proposed therefore to continue with Esh as the delivery partner for schemes at Heddon View, Malton Green and Runhead Estate during 2015, under the Two Castles Framework. A full financial appraisal of the schemes will be brought to the next Board Meeting when the Runhead Scheme is expected to have been confirmed.

In relation to the next site to be delivered in 2016, work has started on the development of the proposed scheme at West Park.

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. 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.

- RESOLVED –
- (i) That New Build and Development Update be noted.
 - (ii) That the acquisition of sites at Malton Green and Heddon View at nil value be approved.
 - (iii) That the acquisition of the site at Runhead Estate at nil value be approved, subject to confirmation of the grant funding.
 - (iv) That the continued appointment of Esh Construction as the Keelman Homes delivery partner for the next phase of development be approved, subject to scheme costs being finalised.
 - (v) That financial appraisals for each scheme to be delivered in 2015 be brought to the next Board Meeting.
 - (vi) That a Sales Policy be brought to the next Board Meeting.

5 MANAGEMENT ACCOUNTS – THIRD QUARTER 2014/15

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

The management accounts show Keelman Homes has made a surplus of £68,776 in the third quarter, compared to the expected deficit of £68,375.

An overall surplus is expected in this financial year of £38,310 compared to the budgeted deficit of £91,165 (a reduction of £129,475). This is mainly due to a decrease in the cost of loan interest repayments required in year.

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

6 5 YEAR FINANCIAL FORECAST

On 16 January 2014, the Board approved the budget for 2014/15 and was asked to note the estimated budgets for 2015/16 and 2018/19.

Since the budget was set in 2014, there have been some changes to the forecasted activities of Keelman Homes. The company is nearing completion on a programme of new build for 2014/15, with a further programme of new build due to commence in 2015/16. In addition, Keelman Homes has now taken on the management of other properties on behalf of other housing organisations. These activities have had a financial impact and a revised budget has now been set for 2015/16 as part of revised 5 year forecast.

A statement showing the proposed budget for 2015/16 – 2019/20 was submitted.

The overall budget position shows a surplus of £41,521 in 2015/16. The surplus is due to the sales income from the six properties at The Lonnen. Any delays on the

sale of these properties beyond the end of 2015/16 would have a significant impact on the financial position in 2015/16.

The 5 year forecast shows that the company will make a deficit the following year (2016/17), but will produce a surplus from 2017/18 onwards. The reserves held by Keelman Homes will cover the deficit incurred during 2016/17.

RESOLVED – (i) That the revenue budget for 2015/16 be approved.

(ii) That the estimated budgets for 2015/16 to 2019/20 be noted.

7 OPERATIONAL RISK REGISTER

Following completion of the Kibblesworth programme and Keelman Homes now being involved in a number of new developments, the Operational Risk Register has been comprehensively reviewed. The updated register was submitted.

RESOLVED – That the updated Keelman Homes Operational Risk Register be approved.

8 DATE AND TIME OF NEXT MEETING

The next meeting of Keelman Homes will be held on Thursday, 21 May 2015 at 12.30pm in Room S20 at Gateshead Civic Centre.