



The Gateshead Housing Company

Working with Gateshead Council

BOARD OF DIRECTORS

21 May 2015

PRESENT:

Directors

Paul Foy (Chair)
 Elizabeth Bird
 Joanne Carr
 George Clark
 Pauline Dillon
 Eileen Gill
 John Hamilton
 Tracy Harrison
 Joachim Moussouanda Mouanda

Advisers

Jon Mallen-Beadle	Managing Director
Neil Bouch	Director of Customers and Communities
Kevin Johnson	Head of Customer Services
Natalie Hewitt	Head of Corporate Services
Julie McCartney	Head of Neighbourhood Services
Simon Chrisp	Asset Manager
Stuart Gibson	Governance and Risk Officer

Apologies

Sheila Bouitieh
 Robert Buckley
 Mick Davison
 Helen Hall
 Kathryn Ferdinand
 Peter Mole

111 ROBERT BUCKLEY

The Board was informed that Robert Buckley had recently visited the Civic Centre following his stroke and he was hoping to attend the Board Meeting in July. The Board placed on record its best wishes to Robert for a full and speedy recovery.

112 PETER MOLE

The Board was informed that Peter Mole was currently undergoing radiotherapy treatment. The Board placed on record its best wishes to Peter for a full and speedy recovery.

113 MINUTES

The minutes of the Board Meeting held on 19 March 2015 were approved as a correct record.

114 MATTERS ARISING

(a) Universal Credit

There was still uncertainty about the new Government's plans for Universal Credit and Welfare Reform. The outcomes of the Queens Speech would be key and would be reported back to the Board.

(b) Tour of New Build Sites – 14 May 2015

The recent joint tour of new build sites by TGHC and Keelman Homes Boards was very well received.

It was agreed that individual visits could be arranged for any Board Members who weren't able to attend.

115 DEMAND FOR COUNCIL HOUSING IN GATESHEAD

The Board received a report on the changing pattern of demand for Council housing in Gateshead and increase in hard to let properties.

A significant decrease in demand for social housing has been experienced across the North of England in recent years, coinciding with the introduction of the "bedroom tax" in 2013.

In Gateshead, despite apparent high numbers of applicants on the housing register, more properties are attracting low levels of interest when advertised and refusal rates are increasing. Turnover of properties has increased, along with rent loss due to vacant properties

In the last few months, a major stock condition exercise has been carried out in Gateshead by Ridge consultants. To accompany the stock condition data, an assessment of demand for each property has been made – on a scale of 1 (high demand) down to 5 (very low demand).

The results of the recent exercise show that almost 40% of the Council stock is now assessed to be in low demand.

An assessment of demand for Council properties was previously carried out in 2013, shortly after the introduction of the "bedroom tax". 1,286 properties were classed as being in low demand and grouped into three levels of severity. The list of properties was almost exclusively made up of flats or maisonettes with two or more bedrooms, most with shared entrances. The initial impact of the bedroom tax had been felt on these properties, many of which had previously been readily lettable.

The new assessment of demand in 2015 shows a large increase in low demand properties with 7,692 rented council properties now affected, covering a wider

range of property types. Under-occupation is still a key factor but not the only reason for low demand, as some one bedroom properties and properties for older persons are now also included.

Low or very low demand properties now account for 39% of the rented Council property stock (7,689 properties).

There have been very obvious impacts in terms of increased levels of vacant properties and vacant property rent loss as properties have become harder to let. Over £2.2 million was incurred in vacant property rent loss in 2014/15, compared to £1.5 million in 2013/14 and £932,000 in 2012/13.

Higher rates of refusals have meant that each letting tends to take longer. Applicants who have been demoted on the housing register for rent arrears are more likely to be considered from previous tenancies. In 2014/15, 249 demoted applicants were rehoused (115 in 2013/14 and 51 in 2012/13).

The Board was informed that the Company gave a lot of support to new tenants but greater support for those with problems with arrears in the past. The Company also continues to work with existing tenants who have got into arrears because of Welfare Reform.

The housing register may appear to be healthy, with over 12,500 applicants stating that they are interested in rehousing in Gateshead. However of these, 1,039 have a recognised housing need and the remainder are in the General Needs category where they are essentially rehoused based on waiting time on the register. Some potential customers are not prepared to wait and increasingly are finding that they can be rehoused in their area of choice within the private rented sector.

The Board was informed that the standard of accommodation had risen in the private sector with rents being much more competitive now. Some flats in Council blocks were furnished with white goods at the same rent as Council flats. It was noted that there were 14,000 private sector properties in Gateshead 10 years ago, now there were 41,000. They don't have a lettings policy and pick and choose their tenants.

Redesignation of affected flats at Redheugh and Eslington Courts in 2014 helped to increase demand to a degree. Redesignation of a wider range of flats may now need to be considered.

A review of rent levels generally may also be required, to ensure that rents are not uncompetitive for low demand properties. If further redesignations do occur (two bed flats to "one bed with flexible living space" at a lower rent) then care must be taken that standard one bed flats do not become more unpopular. A reduction of rent for one bed flats may therefore be an option for consideration.

A number of the properties in lowest demand have eligibility restrictions in terms of age criteria. A lowering of age criteria may need to be considered in some locations in order to widen the market.

The issue of low demand links to a wider issue of tenancy sustainability and the Company's emphasis is on trying to let properties sustainably. This means that a

quick letting is not always the most desired outcome. However, greater flexibility will also be given to Housing Officers so that additional décor, floor coverings etc may be used as an incentive to secure a letting.

The information on demand will be considered along with the emerging stock condition data and discussed with the Council in order to review the Housing Revenue Account business plan.

It was noted that generally the speed for decisions to be taken was an issue. The number of voids in Redheugh and Eslington increased from 1 to 60 during the process of agreeing to redesignate the properties.

The Board felt that the stock condition survey was another part of this and it needed a clearer view on moving this forward and what input the Company actually had. It was noted that the Council did tend to act on what the Company recommended.

Overall, the Board felt that this report had focused its attention on the problem which was a good start. It now needed a further report on what it could do with realistic options. It needed to know what exactly the competition was in the private sector, what the rents were and what they were offering. It needed to fully understand the size of the market.

It was suggested discussing this at an Away Day with Council involvement. It was also felt that it needed discussing with ward councillors. It was noted that there was a potential for a joint Board/Council Seminar.

RESOLVED – (i) That the information on demand for Council housing in Gateshead, along with stock condition information be submitted to the Council as part of ongoing business planning.

(ii) That a potential joint Board/Council Seminar be looked into.

116 RIGHT TO BUY UPDATE

The Board received an update on the Government's changes to Right to Buy (RTB) following the Deregulation Bill in March 2015 and details of Right to Buy sales during 2014/15.

The Deregulation Bill received Royal Assent on 26 March 2015. The Act reduces the qualifying period for the RTB from 5 to 3 years. The change will come in to effect on 26 May 2015 and tenants will only need a minimum of 3 years public sector tenancy to qualify for RTB.

It has previously been reported that the maximum discount across England was increased to £77,900 (£103,900 in London boroughs) from 6 April 2015 and will increase each year in line with the Consumer Price Index (CPI).

Other aspects of the eligibility criteria remain unchanged. The current discount levels will still apply, i.e. if a tenant has 3, 4 or 5 years tenancy their discount will still start at 35% for a house and 50% for a flat. Discount will increase by 1% for

each additional tenancy year for a house and 2% for a flat (up to a maximum of 70% or £77,900, whichever is the lower).

In the last year, only four applications have been rejected due to tenants not meeting the required 5 year minimum qualifying period, however most tenants enquiring about the RTB scheme are advised at the initial stage what the eligibility criteria is. Following the reduction in qualifying years from 5 to 3 years and the discount levels being the same for 3, 4 and 5 years (35%), RTB applications could increase.

The new Government has outlined plans to pass legislation within the first 100 days of office to force local authorities to sell off properties that fall within the most expensive third of all properties in their area as they become vacant. At today's values, it is expected that this would include (for example) one-bedroom homes worth £80,000 in the north east of England and 5-bedroom properties worth £1.2m in London.

The Government estimate there are 210,000 'expensive' council properties in England and that around 15,000 become vacant a year. The Government estimate that this could raise £4.5bn a year with the money then used to extend the RTB to housing associations, including replacing homes on a 'one-for-one' basis. The money raised would also be used to pay off debt attached to the sold properties.

Based on the sale values, it is unlikely that many Council homes in Gateshead will reach the values where a forced sale will be required. At this stage, there is the potential that for new build properties and some acquired properties in the HRA that are eligible for the RTB, the values would be achieved. The Company has spoken to the Council about carrying out a desk top analysis to get an idea of which properties could be affected.

In addition, the Government has proposed a change relating to the minimum RTB eligibility period for tenants. The proposal is to reduce the qualifying period as a public sector tenant from 5 years to 3 years. This requires a change to the law and is subject to parliamentary approval. The latest advice is that the effective date of the change is due to take place on 26 May 2015.

Details of the RTB sales in 2014/15 compared to previous years were reported. The figures showed that there were 125 completions in 2014/15 with 29 of these being bought by tenants aged over 60. The Board asked if these tenants were being advised of the implications of doing this. It was felt that the Company needed a marketing strategy for this and other issues recently highlighted.

It was noted that the Northern Housing Consortium met with Peter Schofield from CLG before the General Election with some examples and put across examples of how it might be mitigated.

RESOLVED – That the information be noted.

117 ANNUAL GENERAL MEETING

Arrangements for the Company's Annual General Meeting (AGM) and the process for the retirement of a Tenant and an Independent Director at that meeting were submitted.

The AGM must be held in the calendar year 2014, not more than 15 months after the last AGM. The last AGM was held on 18 September 2014, therefore the next AGM must be held no later than 17 December 2015.

At the AGM, the Council Member will consider the company's annual accounts. If these accounts are not available in audited form, the AGM must still be held by the due date and then adjourned, to be reconvened when audited accounts are available.

It is anticipated that the annual report of the directors of the company, together with the audited accounts, will be presented to the Board for approval on 9 July 2015.

21 clear days' notice of the AGM must be given to the Council, calling the AGM. Therefore, it would need to be held no earlier than 3 August 2015. It is proposed that the meeting be held immediately after the Board Meeting on 17 September 2015.

The longest serving Tenant Director shall retire from office at the AGM. In the event of more than one person becoming director on the same day, the Tenant Directors must agree amongst themselves the person to retire and notify the Company Secretary in writing and not less than 28 days before the AGM or failing such an agreement, to choose by lot.

The Board currently has no vacancies for Tenant Directors. Gordon Spring retired at the last AGM and following a recruitment process, Elizabeth Bird replaced Gordon as a Tenant Director. Given that the most recent appointment took place less than one year ago, the Council Member has agreed that there is no need to go through another recruitment process this year.

The longest serving Independent Director shall retire from office at the AGM. In the event of more than one person becoming director on the same day, the Independent Directors must agree amongst themselves the person to retire and notify the Company Secretary in writing and not less than 28 days before the AGM or failing such an agreement, to choose by lot.

The Board currently has no vacancies for an Independent Director. Barbara Dennis retired at the last AGM. Following an extensive recruitment campaign, Tracy Harrison was appointed as Independent Director in January 2015. Given that the most recent appointment took place this year, the Council Member has agreed that there is no need to go through another recruitment process.

The Council Member has agreed therefore that, for this year, no direct or indirect elections should take place again and therefore the Tenant and Independent Directors retiring at the next AGM, if willing to act, will be appointed at that meeting.

- RESOLVED – (i) That the information be noted.
- (i) That the next Annual General Meeting be held immediately before or after the Board Meeting on 17 September 2015.
- (ii) That the proposed arrangements for the retirement/appointment of an Independent Director be noted.
- (iii) That the longest serving Tenant and Independent Directors retire at the next AGM and if willing to act, be reappointed at that meeting.

118 BOARD TRAINING AND DEVELOPMENT PLAN 2015/16

A report was submitted proposing a Board Training and Development Plan for 2015/16.

Price Waterhouse Cooper (PWC) is delivering training on the duties of a Board Member on 9 June 2015.

A session on Digital Inclusion will be delivered in July regarding the findings of external agency Hippo's insight project on how ready tenants and leaseholders are to access digital services.

It has previously been noted that the Board would like to be kept informed of ongoing developments and changes in legislation. The Board would continue to receive this through dedicated time being set aside at the start of scheduled Board Meetings where necessary.

It was unclear however which other areas the Board feel they require further training in. It was therefore proposed that a date and time be fixed in the months when scheduled Board Meetings were not taking place for any potential Board Workshops with the topics to be agreed nearer the time. The following dates and times were proposed: -

- Thursday, 8 October 2015 at 10am
- Thursday, 10 December 2015 at 2pm
- Thursday, 4 February 2016 at 10am

RESOLVED – That the proposed course of action for Board training in 2015/16 be approved.

119 GOVERNANCE PI'S AND TARGETS FOR NEXT THREE YEARS

The Board received details of governance performance indicator results for 2014/15 and proposed targets for the next three years.

- RESOLVED – (i) That the Governance Performance Indicator results for 2014/15 be noted.
- (ii) That the targets for the next three years be approved.

120 PERFORMANCE – YEAR-END 2014/15

The Board received details of the following year end performance results for 2014/15: -

- 29 indicators were traffic lighted green, which showed that the annual targets had been achieved for these indicators. This was an increase from 23 at year-end 2013/14.
- Three indicators were traffic lighted amber, which showed that the target set had not been met but performance had improved on the previous year. This was comparable with performance at year end 2013/14 which had four amber indicators.
- 13 indicators were traffic lighted red, which showed that the target set had not been met and performance had fallen compared to the previous year. This was an increase from eight indicators at year end 2013/14.

The analysis therefore indicated that at year end, performance relating to 32 out of the 45 measureable performance indicators could be traffic lighted as on target or improving, which related to 71% of the indicators. This was an increase in performance compared to year end 2013/14, when 60% of indicators were on target or improving.

It had previously been reported that 2015/16 performance indicators would now be reviewed and linked into the 5 year TGHC Business Plan, with a refreshed set of indicators to be brought back to Board in September 2015. In addition, performance indicators would now be scrutinised by the relevant committee, with only a summarised report coming to Board.

RESOLVED – That year end performance results for 2014/15 be noted.

121 SERVICE STANDARD PERFORMANCE – YEAR-END 2014/15

The Board received details of the following year-end performance results against the Company's service standards for 2014/15: -

- 30 indicators were traffic lighted green, which showed that targets set for them had been met. This was a decrease when compared to year end 2013/14 when 35 indicators achieved the targets set.
- Two indicators were traffic lighted amber, which showed that the target set had not been met but performance had improved from the previous year. This was slightly more than performance at year end 2013/14 when there was one amber indicator.
- 19 indicators were traffic lighted red, which showed that the targets set had not been met and performance had reduced from the previous year. This had increased compared to 12 at year end 2013/14.

Overall, performance relating to 32 out of the all service standard performance indicators could be traffic lighted as on target or improving, which related to 60% of indicators. This was less than performance for the year end 2013/14 when 67% of indicators were on target or improving.

It had previously been reported that 2015/16 service standards would now be reviewed and linked into the 5 year TGHC Business Plan, with a refreshed set of standards to be brought back to Board in September 2015. In addition, service standards would now be scrutinised by the relevant committee, with only a summarised report coming to the Board.

Concern was expressed about the number of performance results red traffic lighted in relation to communications issues. It was noted that some of these have been due to an increase in workload. A couple had also been looked into further with the complaints process being reviewed in 2014/15. It was acknowledged that communication was going to be key going forward.

RESOLVED – That the year-end service standard performance results 2014/15 be noted.

122 MINUTES OF RESOURCES COMMITTEE HELD ON 5 MAY 2015

The minutes of the meeting of Resources Committee held on 5 May 2015 were submitted.

RESOLVED – That the minutes be noted.

123 MINUTES OF CUSTOMERS AND COMMUNITIES COMMITTEE HELD ON 6 MAY 2015

The minutes of the meeting of Customers and Communities Committee held on 6 May 2015 were submitted.

The Board was informed that Louise Taylor, Involvement and Diversity Manager was leaving the Company on 12 June 2015 and wished to place on record its best wishes to Louise in her new employment.

RESOLVED – (i) That the minutes be noted.

(ii) That the Board place on record its best wishes to Louise Taylor in her new employment.

124 MINUTES OF AUDIT COMMITTEE HELD ON 22 APRIL 2015

The minutes of the meeting of Audit Committee held on 22 April 2015 were submitted.

RESOLVED – That the minutes be noted.

125 MINUTES OF KEELMAN HOMES HELD ON 19 MARCH 2015

The minutes of the meeting of Keelman Homes held on 19 March 2015 were submitted.

RESOLVED – That the minutes be noted.

126 ITEMS FOR INFORMATION

The following items were posted on the Company's website: -

- Annual Activity Report 2014/15
- Petitions Update
- Outstanding Issues
- Forward Plan

RESOLVED – That the information be noted.

127 FEEDBACK FROM OUTSIDE BODIES AND EVENTS

The following feedback from outside bodies and events was reported: -

- Jon Mallen-Beadle reported that Natalie Afflick carried out a review into Local Government Housing Supply. One of the key recommendations was that councils change to housing enablers rather than housing providers. As a consequence, a Housing and Finance Institute has been established and Jon Mallen-Beadle has been invited to serve on this group.

RESOLVED – That Jon Mallen-Beadle's appointment onto the Housing and Finance Institute be endorsed.

128 DATE AND TIME OF NEXT MEETING

The next Board Meeting will be held on Thursday, 9 July 2015 at 10am in the Blaydon Room at Gateshead Civic Centre, Regent Street, Gateshead.

129 EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED – That the press and public be excluded from the meeting during consideration of the remaining business in accordance with Category 4 of the Company's Access to Information Rules.