



**(Company number: 06972673)**

Minutes of meeting of the Board of Directors held in at Gateshead Civic Centre, Regent Street, Gateshead on Thursday, 2 July 2015 at 9.30am

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**Present:**

**Ordinary Trustees**

Brian Kelly (Chair)  
 Joanne Carr  
 Anne Connolly  
 Hannah Shepherd

**In attendance**

Neil Bouch (TGHC Director of Customers and Communities)  
 Natalie Hewitt (TGHC Head of Corporate Services)  
 Julie McCartney (TGHC Head of Neighbourhood Services)  
 Phil Gallagher (TGHC Head of Investment and Development)  
 Amanda Gallagher (Keelman Homes Development and Investment Manager)  
 Kelly Davis (Keelman Homes Finance Manager)  
 Stuart Gibson (TGHC Governance and Risk Officer)

**Apologies**

Linda Hitman  
 Peter Mole

**1 DECLARATIONS OF INTEREST**

No interests were declared.

**2 MINUTES**

The minutes of the meeting of Keelman Homes held on 21 May 2015 were approved as a correct record.

**3 MATTERS ARISING – MANAGEMENT OF THIRTEEN HOUSING GROUP PROPERTIES**

Thirteen had handed over to TGHC the R&M framework for Sunhill and Clavering and when this is received, TGHC will discuss the work with them. 22 out of the 24 properties have now been let. There has been no interest to date in the shared ownership properties.

#### **4 STRATEGIC RISK REGISTER**

The Board, at its meeting on 19 March 2015, approved an updated Operational Risk Register.

At its meeting on 21 May 2015, the Board approved a Risk Management Policy.

Following the implementation of the Risk Management Policy, it is now necessary to identify strategic risks separately from operational risks.

The Strategic Risk Register was submitted.

The Development and Investment Manager (Lead Officer) will periodically review the risk register to identify emerging risks and recommend to the Board any risks that should be escalated.

RESOLVED – That the Strategic Risk Register be approved.

#### **5 FINANCIAL REGULATIONS**

The current Financial Regulations in place to date have been adopted from TGHC's Financial Regulations.

Due to the expanding activities of Keelman Homes and the change in governance structure, it is now considered necessary for Keelman Homes to have its own set of Financial Regulations approved by the Board.

The Financial Regulations were submitted. They cover the way the Company manages its finances and safeguards its assets.

RESOLVED – That the Financial Regulations be approved.

#### **6 NEW BUILD AND DEVELOPMENT UPDATE**

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

The majority of sites in the first phase of new build activity have already completed and properties have all been let as affordable rented units. The final site that was to be completed in this phase was the Kirkwood Gardens site, with all properties being let during April. The site address has been named as Dunn Court in honour of a fallen soldier from the local ward.

The second phase of activity in receiving grant support in this funding round has been a partnership with Galiford Try and has focused on the development of a 20 unit scheme on the site of the former Lonnen, Sheltered scheme in Ryton.

The Board was previously advised that the 14 affordable rented units on this site were declared practically complete in March and HCA grant of £280,000 successfully obtained. The site includes a mix of social rents (14 units) and private sales (6 units).

It was not practical to take possession of the site or to commence lettings while there was still ongoing construction at the entrance of the site and for that reason

sign ups and handovers were delayed until the end of May. Following snagging of the rental properties, sign ups took place during the second week in June and all of the rental properties on the site have now been let.

Although now practically complete, there is some detailing to the gables of the sales properties that has been identified as requiring further attention and TGHC are working with Galiford Try to resolve this prior to acceptance of the properties.

Access for viewing to the sales properties has been difficult due to ongoing works but this is now at a point where potential buyers can view the units and access arrangements have been made with the local agent.

Keelman Homes has now been approved as a Help to Buy vendor with contract signed in April and returned on 21 May 2015.

The Board requested a further report on the sales and the specific issues in other areas. It was suggested having a board on the road advertising the properties to generate extra interest.

Keelman Homes is now in contract for the Affordable Homes Programme 2015-2018 programme with 34 units confirmed with grant.

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, at this stage the HCA require certainty and firm proposals on any additional schemes that are being proposed.

A proposed package of works has been negotiated with Esh Construction for delivery in 2015/16. The sites to be delivered in 2015 are Malton Green and due to their proximity, it is proposed that Heddon View and Runhead Estate will be developed out as one scheme. All sites in this phase of works have now been transferred to Keelman Homes ownership at nil value.

The Runhead Scheme achieved planning last year. Planning approval was granted for Heddon View on 19 January 2015 and Malton Green achieved planning approval in March 2015.

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.

Esh have been engaged to continue as the delivery partner for schemes at Heddon View, Malton Green and Runhead Estate during 2015, under the above framework although contracts have not yet been exchanged.

Having now had a chance to look in more detail at engineering requirements on the sites and obtain firm timescales for service diversions, start dates have been deferred to August for Heddon View and Runhead, with Malton Green to follow on. Revised start on site dates have been agreed with the HCA and will be monitored once detailed programmes are produced.

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

designers and pre-application planning advice suggests that 10 units will be achievable on this site.

The Board has previously been informed that the five units that were in the current Empty Homes Purchase and Repair programme have now completed and returned to use as affordable homes. All grant has now been drawn down and the HCA advised that the programme has concluded.

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 signed contract for the Empty Homes element of the 2015-18 programme was finally received on 9 June 2015. Now that there is certainty and contractual assurance about the grant, work is underway to identify empty homes. Potential acquisitions are being considered alongside demand analysis from TGHC's lettings team to ensure that Keelman Homes is focused on properties that will support a sustainable portfolio.

- RESOLVED – (i) That the Board is satisfied with the progress made to date around new build and development.
- (ii) That the Board receive a further report on the sales at the Lonnen.

## **7 HCA COMPLIANCE AUDIT**

The Board was previously advised that Keelman Homes was successful in securing HCA grant to support the purchase and repair of five empty homes during the 2011 – 2015 Affordable Homes Programme funding round.

The grant was secured during 2014 and combined with a budget from Keelman Homes reserves to target the acquisition of five empty properties and return them to use as affordable homes.

As this was the first grant that Keelman had secured for this purpose, the programme was identified for a compliance audit to consider procedural compliance and assess Keelman as an HCA partner. The audit was conducted on 18 September 2014 and focused on two of the properties that were purchased under the empty homes programme.

A copy of the compliance audit report was submitted. The overall partnership audit assessment of Keelman Homes was Grade Green – meets requirements, which is the highest grade that could have been applied and ensures continuing preferred partner status, on the current affordable homes programme.

A procedural audit was applied to two of the property acquisitions and this identified six potential breaches which were subsequently reduced to four during the audit. The four procedural breaches have been classified as low level breaches and when considered in the context of the of the overall partnership performance, they were not deemed to be significant enough to detract from the overall green assessment.

The procedural issues that were identified all related to relevant documentation not being readily available on file but in each instance the requested information has been subsequently provided and there are no outstanding issues to resolve.

RESOLVED – That the findings in the Compliance Audit Report be noted.

## **8 MANAGEMENT OF COUNCIL'S PRIVATE LEASING (EMPTY HOMES) SCHEME**

On 14 May 2013, the Board approved the management agreement which enabled Keelman Homes to manage private leased properties on behalf of the Council as part of the Empty Homes programme. The management agreement is subject to an annual review as part of the agreement.

In March 2012, the Council secured £245,910 to bring 30 private homes back into use by March 2015, with an additional £189,090 awarded in January 2014. The overall allocation for the programme was £435,000. The properties, which have been empty long term, are leased by the Council for five years and let on flexible tenancies at affordable rents. Leases can be extended by agreement beyond the five years.

In March 2015, the Council secured a further £230,000 to extend the programme for another three years to bring a further 30 private properties back into use.

TGHC are currently providing housing management services to 19 Empty Homes via Keelman Homes. A further seven properties are due to be handed over in July 2015, which will be part of a supported living scheme for people with low level learning disabilities.

This has been a complicated programme to deliver and TGHC have continued to work closely with the Council to support the work. Although the full target of 30 properties has not yet been achieved, the delivery of the programme is now far more embedded and it was felt timely to review the management agreement and operational arrangements.

A revised management agreement and a summary of the key changes was submitted.

For the past three years the management fee was to be increased in line with the % rent increase. As the rents are affordable rents and based on the value of the property no rent increases have been applied with the exception of two properties. Therefore the management fee remained at £500 per property per annum.

TGHC have agreed with the Council that increases to the management fee will now be in line with RPI and not rent increases. The first increase will be applied from 2016/17 and annually thereafter.

Performance is reported to the Council on a monthly basis on the key performance indicators and quarterly on a wider agreed set of management information. In addition the Council receive a monthly financial statement on each tenants account.

A separate service level agreement is currently being finalised with the Council's Adult Social Care and Independent Living service to manage seven one bedroom supported flats at 155 High Street, Wrekenton . The flats have been funded through the Private Leasing (Empty Homes) scheme and are due to be handed over approximately in July 2015.

The Board asked if TGHC carried out exit surveys when a tenant left a property. It was noted that they did but no trends had been identified.

The Board asked if officers were concerned about the viability of identifying another 30 properties. It was noted that there were a number of issues but at the moment no viability options had been considered.

It was suggested carrying out a direct mailing of landlords. It was noted that a mailing was carried out before the scheme started but the Council would be asked if it could repeat this exercise. It was also stressed though that previously that a number of landlords opted out very late in the process and therefore there would need to be a balance. It was also suggested sharing testimonials from users.

It was noted that the Board will start receiving performance information from its meeting in September 2015. This will include an annual report on performance for 2014/15 which covers the portfolio of properties. The Board will then have an opportunity to consider the frequency of receiving this information.

- RESOLVED –
- (i) That the revised management agreement be approved.
  - (ii) That the Board receive an annual review of the management agreement including details of the performance management of the Council's empty homes properties.
  - (iii) That an update be provided to TGHC Board on the provision of housing management services to the Council's empty homes via Keelman Homes.
  - (iv) That the Council be contacted about carrying out a direct mailing of landlords.
  - (v) That the Board receive an annual report on performance for 2014/15 which covers the portfolio of properties.
  - (vi) That the Board consider the frequency of performance reporting required at its September meeting.

## **9 DATE AND TIME OF NEXT MEETING**

The next meeting of Keelman Homes will be held on Thursday, 17 September 2015 at 12.30pm in Room S21 at Gateshead Civic Centre, Regent Street, Gateshead.

## **10 EXCLUSION OF THE PRESS AND PUBLIC**

RESOLVED – That the press and public be excluded from the meeting during consideration of the remaining business.

## **11 MINUTES**

The minutes of the meeting of Keelman Homes held on 21 May 2015 were approved as a correct record.

## **12 HANNAH SHEPHERD**

This was Hannah Shepherd's last meeting as an independent trustee on the Board and following this meeting she would be resigning from Keelman Homes. This was a result of her having a successful promotion in her employment and that she would be moving to Durham.

The Board placed on record its congratulations to Hannah and wished her their best luck for the future.