



(Company number: 06972673)

Minutes of meeting of the Board of Directors held in at Gateshead Civic Centre, Regent Street, Gateshead on Thursday, 17 September 2015 at 12.30pm

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 2 July 2015 were approved as a correct record.

3 ANNUAL GENERAL MEETING

The Board considered the arrangements for the Charity's Annual General Meeting ("AGM") and the process for the retirement of one third of the Ordinary Trustees.

The AGM must be held in the calendar year 2015, not more than 15 months after the last AGM. The last AGM was held on 20 November 2014, therefore the AGM must be held no later 31 December 2015.

21 clear days' notice of the AGM must be given to TGHC, calling the AGM. Therefore, it would need to be held no earlier than 9 October 2015.

The next scheduled meeting after the Board Meeting in September is on 19 November 2015. It is proposed therefore that the AGM be held immediately after this meeting.

One third (or the number nearest to one third) of the Ordinary Trustees must retire at each AGM, those longest in office retiring first and the choice between any of equal service being made by drawing lots.

If the members of the Charity, at the meeting at which a Trustee retires in the above manner, do not fill the vacancy, the Trustee shall, if willing to act, be deemed to have been reappointed unless at the meeting it is expressly resolved on to fill the vacancy.

Keelman Homes currently has a vacancy for an Ordinary Trustee following the resignation of Hannah Shepherd after the Board Meeting on 2 July 2015.

The TGHC Board appointed Tracy Harrison as an Independent Director at its meeting on 15 January 2015. At the same time, the Board also appointed Ronnie Harris as a Reserve for one year. It was also considered that Ronnie would be a suitable appointment onto Keelman Homes Board should a vacancy arrive.

Ronnie Harris met with the Chair of Keelman Homes and the Company Secretary on 2 September 2015 and following this meeting, it is proposed that Ronnie be appointed onto Keelman Homes Board.

Should Keelman Homes approve the appointment of Ronnie Harris, the Board will have a full composition of four Ordinary Trustees. It is proposed that the retiring Ordinary Trustee, if willing to act, be reappointed at the AGM.

- RESOLVED –
- (i) That the report be noted.
 - (ii) That the Annual General Meeting be held immediately after the Board Meeting on 19 November 2015.
 - (iii) That Ronnie Harris be appointed onto the Board as an Ordinary Trustee.
 - (iv) That the proposed arrangements for the retirement and subsequent reappointment of a third of the Ordinary Trustees be agreed.
 - (v) That the longest serving Ordinary Trustee retire at the next AGM and if willing to act, be reappointed at that meeting.

4 REPORT OF THE BOARD AND FINANCIAL STATEMENTS

The report of the board and financial statements for the financial year 1 April 2014 to 31 March 2015 were submitted.

The report of the board details the principle activities of Keelman Homes for the financial year ended 31 March 2015, including the structure, governance and management arrangements in place. The report includes the objectives and activities of Keelman Homes and the achievement and performance in year, as well as highlighting future activities.

- RESOLVED – (i) That the Report of the Board and Financial Statements for the year ended 31 March 2015 be approved.
- (ii) That the Chair of the Board be authorised sign the Report of the Board and Financial Statements as a correct record.

5 BUSINESS PLAN 2016-21 DEVELOPMENT

The Board received an update on the planned activity to develop the Keelman Homes five year business plan.

Business planning assists with prioritising business activities, monitoring milestones, projecting growth and staffing needs, and it details a company's Corporate objectives and values. A business plan should take into account a company's Risk and Growth Strategy, Performance Management Framework, Vision, and other relevant operational and strategic plans as well as external strategies. In order to review, plan and detail Keelman Homes vision and objectives going forward, it is proposed to develop a five year Business Plan.

In addition, the development of a five year business plan for Keelman Homes could also be a useful tool for attracting investment and raising the company's profile.

A Board Away Day is being held on 5 November 2015 to develop the Keelman Homes Business Plan 2016-20.

Board Members will be asked to review and approve key strategic objectives and the Company's direction, taking into account local and national government agenda. Establishing risk appetite will also be an important factor in planning future activities and growth.

- RESOLVED – That the update on the planned activity to develop the Keelman Homes five year business plan be noted.

6 MANAGEMENT ACCOUNTS – FIRST QUARTER 2015/16

The management accounts for the first quarter of the financial year 2015/16 were submitted.

The management accounts show Keelman Homes has made a surplus of £8,969 in the first quarter, compared to the original budget surplus of £16,966.

The year to date variance to budget is mainly due to the timing on the sale of properties at The Lonnen. The budget assumes that these will be split evenly across the financial year however at the end of the first quarter none of the properties had been sold.

Keelman Homes is now expecting to make an overall surplus in this financial year of £108,544 compared to the budgeted surplus of £67,864 (an increase of £40,680). This is mainly due to a forecast underspend on depreciation (£71,470) and staff costs (£19,950), which are partially offset by a forecast overspend on loan interest repayments (£42,499).

RESOLVED – That the Board is satisfied with the financial management of the budgets for the first quarter of the financial year 2015/16.

7 CONTRACT PROCEDURE RULES

The current Contract Procedure Rules in place to date have been adopted from TGHC.

Due to the expanding activities of Keelman Homes, it is now considered necessary for Keelman Homes to have its own set of Contract Procedure Rules approved by the Board.

Proposed Contract Procedure Rules were submitted. The Rules cover the way the company contracts with suppliers for goods, supplies and services.

RESOLVED – That the Contract Procedure Rules be approved.

8 THE LONNEN SALES UPDATE

The Board received an update of sales activity on the six properties being offered for sale at The Lonnen.

A launch event was held on 1 August 2015 and facilitated by the local sales agent 'Your Move', based in Ryton. The event was well attended with 10 viewings carried out that day, resulting in a reservation being placed on plot 17 at the full asking price of £150,000. This has now progressed to the legal stage with Solicitors instructed, and a 'Sold' sign has now been erected at the plot.

Due to the success of the launch event, open days have continued to be held at the development every Saturday. A total of 16 viewings have been carried out as a result of the open days.

In addition to the open days, 26 separate viewings have been arranged and carried out by the sales agent outside of these days. This is a total of 42 viewings to date (up to and including 24 August 2015). Of the 42 viewings only four were requests to view the 4-bed houses, whilst in contrast the 3-bed houses are proving much more popular.

Keelman Homes was approved as a Help to Buy vendor with contractual status in May 2015 and enables the company to market sales properties on the site as being available under the Help to Buy Scheme.

The Lonnen is included in the Help to Buy Team's 'Buyers' newsletter, which is sent out to approximately 9,000 people (across the NE, Yorkshire and Humberside) who have expressed an interest in buying a property. The Lonnen will also be included in their 'Sign-Up' newsletter. The Lonnen has been described as 'Development of the Month' in both the newsletters and added onto the home page of the Help to Buy NEYH website.

A high quality leaflet has been produced and distributed to the Dunston and Blaydon housing offices. Door to door distribution of the leaflet to approximately 8,000 is planned in early September in the West Gateshead area.

The leaflet has also been used as a template for a one-off full page advert placed in the Metro newspaper.

A full page advert has been included in the Council News, which has recently been distributed to 106,000 households and businesses across Gateshead and is available at all libraries, leisure centres and offices.

All the marketing activity will direct any responses to Keelman Homes in the first instance in order for reach and response rates to be monitored. This will assist us in testing out what works best and what the associated costs are, so that a blueprint for future sales/shared ownership marketing can be planned out in advance and marketing budgets can be included in development costs from the outset. A review of sales at The Lonnen will be carried out in the future to learn from lessons and inform future working.

RESOLVED – That the information be noted.

9 EMPTY HOMES PURCHASE & REPAIR PROGRAMME

The Board received an update on current activity and progress made on 2015-18 Empty Homes Purchase and Repair Programme.

Since receiving certainty and contractual assurance about the grant, work has begun to identify suitable empty homes.

To date, there have been four properties identified and surveyed that have been deemed as viable according to Keelman Homes development principles. These have been progressed to acquisition stage with solicitors instructed. Approval from the Chair is sought for individual acquisitions, as and when properties are identified.

There are a number of other properties being considered, which are currently in the process of being surveyed to identify investment needs and demand for lettings.

Discussions with TGHC lettings team has estimated up to 50% of the 18 properties forecast within the current programme could potentially require major repairs.

Discussions were then held with the Council's Construction Services (CS) team, who were asked to provide realistic timescales in which major repairs could be completed on a property. CS confirmed they are able to complete any required works within a 7-14 day period from completion of sale. Works rates quoted by

CS are based on the Council's 'maintaining decency' rates and a current 2.25% mark up on works has been negotiated, which is very competitive against the 10% mark up currently paid to TGHC for major repairs.

It is proposed that the Development and Investment Manager has the authority to negotiate up to a maximum of 10% mark up on works, in line with mark up currently paid to TGHC, to allow for potential future supply chain price increases.

It is proposed that CS is procured to deliver any required major repairs to properties purchased as part of the 2015-18 Empty Homes Purchase and Repair Programme, including any properties that may be acquired using additional grant obtained through the HCA's Continuous Market Engagement pot.

Keelman Homes has taken into account the impact of the recent Budget announcement that rents over the next four years reduce by 1%, and ensured that the financial model is still viable for each property it proposes for acquisition as part of the programme.

Further to the impact of the Budget, it is proposed to bring forward the programme to assist the company's financial position and deliver the first 12 properties in 2015/16, with the remaining six delivered in the first six months of 2016/17. Should the programme be completed early it is hoped that additional grant could be secured through the HCA's Continuous Market Engagement (CME) and additional homes can be brought back into use.

- RESOLVED – (i) That the progress made be noted.
- (ii) That the procurement of Gateshead Council's Construction Services, under Exemption 3.1.3 of the Contract Procedure Rules, to carry out any required major works to properties purchased as part of the 2015-18 Empty Homes Purchase and Repair Programme, including any properties that may be acquired using additional grant obtained through CME, and delegate authority to the Development and Investment Manager to negotiate mark up on works up to a maximum of 10%.
- (iii) That the programme be brought forward to assist the company's financial position and delivery the first 12 properties in 2015/16, with remaining six delivered in the first six months of 2016/17.

10 HOUSING MANAGEMENT – PROPERTIES OWNED BY OTHERS

The Board received an update on the performance and management of properties owned by other landlords, including landlords within the Thirteen Group and Gateshead Council's Empty Homes (Lease and Repair) Initiative (EHI).

Keelman Homes is currently providing housing management services to 135 properties within Gateshead on behalf of the Thirteen Group. A further 33 new build properties at Clavering Court were initially due to be handed over by March 2015, though this is now likely to be by the end of the financial year due to delays in receiving the appropriate certification from Thirteen Group.

Since the Board approved the revised management agreement with Thirteen Group and the proposed performance template on 15 January 2015, key performance indicators have been reported to the Thirteen Group on a monthly and quarterly basis. The performance report for 2014/15 was submitted.

Keelman Homes is currently providing housing management services to 19 properties on behalf of Gateshead Council's EHI. A further seven properties in Wrekenton are due to be handed over late September 2015, which will be part of a supported living scheme for people with low level learning disabilities.

Since the Board approved the management agreement with Gateshead Council, key performance indicators have been reported to the Council on a quarterly basis. In addition, a monthly financial report is provided to the Council due to the requirements for grant funding. The performance report for 2014/15 was submitted.

Bi-annual performance reports will be presented to the Board in line with the frequency proposed for Keelman Homes own property stock.

It is proposed that the housing management business function is continued to be split into two Board reports going forward, one being Keelman Homes capital assets and the other being Keelman Homes fee based income received for managing properties owned by other landlords. This will ensure the important differences between the two income streams are highlighted.

It is also proposed that performance reporting is included in each of the housing management Board reports, rather than a separate report dedicated only to performance reporting, which will ensure that performance is shown in context.

It is proposed that housing management reports will be presented on a bi-annual basis, to align with performance reporting. Should any information need to be shared or approvals need to be sought outside of these times, an additional report will be presented to the Board as and when necessary.

- RESOLVED – (i) That the current position of the management of properties owned by other landlords and performance reported for 2014/15 be noted.
- (ii) That the format for updating the Board on its housing management business streams going forward be approved.

11 HOUSING MANAGEMENT – PROPERTIES OWNED BY KHL

The Board received an update on the current position of management of Keelman Homes own property stock.

The property stock owned by Keelman Homes totals 135 properties, of which six at The Lonnen development were built for sale and a capital income is expected from these properties during 2015/16.

Performance measures are collected by TGHC for the Council's housing stock. These are also collected by TGHC for the properties Keelman Homes' manages on behalf of others, in line with the management agreements currently in place.

Key indicators proposed to be reported were submitted which are in line with TGHC performance data collection processes.

It is proposed that performance reports will be presented to the Board for Keelman Homes own property stock on a bi-annual basis.

An initial collection of data will be carried out at the end of the second quarter and presented to the Board at its November 2015 meeting. This will be used to test the processes involved in reporting the proposed indicators and ensure any issues are resolved.

It is proposed that the housing management business function is continued to be split into two Board reports going forward, one being Keelman Homes capital assets and the other being Keelman Homes fee based income received for managing properties owned by other landlords. This will ensure the important differences between the two income streams are highlighted.

It is also proposed that performance reporting is included in each of the housing management Board reports, rather than a separate report dedicated only to performance reporting, which will ensure that performance is shown in context.

It is proposed that housing management reports will be presented on a bi-annual basis, to align with performance reporting. Should any information need to be shared or approvals need to be sought outside of these times, an additional report will be presented to the Board as and when necessary.

- RESOLVED –
- (i) That the current position of the management of Keelman Homes own property stock be noted.
 - (ii) That the proposed set of key performance indicators for Keelman Homes own property stock and the timescales for reporting be approved.
 - (iii) That the format for updating the Board on its housing management business streams going forward be approved.

12 DATE AND TIME OF NEXT MEETING

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

13 EXCLUSION OF THE PRESS AND PUBLIC

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