

Beer Community Land Trust

This report covers the period 1st august 2019 to 31st July 2021, two financial years. This is due to the covid pandemic restricting public meetings and generally disrupting the bureaucratic procedures and processes. A zoom board meeting was held on the 4th August 2020 when it was agreed that any changes would be deferred until the next AGM, date to be agreed dependant on Covid restrictions.

Introduction.

Beer CLT was set up in 2013 with the aim of providing affordable housing in Beer, for people with a strong connection with Beer. Our first project of 4 rental houses and 3 shared equity houses was completed in February 2015 and tenants and owners have been in residence since that date. The second project, The Old Social Club was approved by the board in 2018 and is now under construction. This project is programmed to be completed by 31st March 22. On completion the project will add 3 shared equity houses and 3 affordable rental houses. This will bring the CLT housing stock to 6 shared equity homes and 7 affordable rental homes.

The CLT is registered with the FCA as a Co-operative and Community Benefit Society (formerly Industrial Provident Society), with the Department for Homes, Communities and Local Government (DHCLG) as a Registered Provider (RP) of social and affordable housing and with the Housing Ombudsman. Beer CLT is an investment partner with Homes England.

Management

The management and operation of the CLT is governed by its rules which are available on the CLT and Beer PC website. Allocation is governed by the Local allocation Policy pertaining to each development. All elements of the management are overseen by the CLT board which is duly elected by the members.

The board membership for the years 2019/2020 and 2020/2021 is;

Geoff Pook	Chairman
Matt Bond	Treasurer
Adam Brewer	Company Secretary
Norah Jagers	Minute Secretary
Leanne Newton	Membership Secretary, member and shared equity owner
Roger Strover	member and shared equity owner
Simon Hoare	member and tenant
Emma Molony	member
Martin Richards	member
Mike Green	member
Oliver Harrison	member
Grant Auderman	member
Jenny Pleasance	member
Marc Newton	member and shared equity owner

The following represent the appropriate organisation

- Darren Clinch; Beer Parish Council
- Martin Shaw; Devon County Council to May 21, replaced by Marcus Hartnell
- Paul Lowe; East Devon District Council to Sep 19, to be replaced by EDDC housing enabler

The following is Co-opted to provide technical support

- Jim Carthy

A sub panel of the Allocation and Letting committee was established to review the tenant allocations with specific focus on housing need and qualification qualifications.

- (EDDC housing manager)
- Norah Jagger
- Anna Vine
- Jenny Pleasance

Financial Audit

Hammett Associates were reappointed at the 2019 AGM to examine and report on the accounts for the 2019/20 year. The cost for 2018/19 was £1194 incl. VAT. Paper and electronic copies of the 19/20 accounts are available on request. The 2020 AGM was not held but appointments approved in 2019 were carried forward for 20/21. Hammett's were appointed to examine and report on the 2020/21 accounts. The accountant cost for the 2019/20 were £1194. The July 2020 financial statement is available in paper and electronic copy on request.

Internal Audit

There were no additional audits required by the regulators for the 2019/20 year however Homes England have informed us that we will have to have an internal audit by September 21 as we have been awarded a second grant and have a new project authorised. The results of this audit will be reported next year. We continue to be registered with the HCA who certify; Beer Community Land Trust has retained continued qualification in 2018-19 as an HCA Investment Partner for the programmes and the applicable successor programmes as specified in the outcome of the original PQQ notification.

Management Board

The board has formally met 3 times in the 2019/20 year and once in the 20/20/21 year, reflecting the success and easy management of the CLT now in its management role. In addition, there have been delegated meetings to consider the appointment of consultants, contractors and the loan structure in connection with the Social Club project.

The board has the following management committees

- Operation and maintenance
- Allocation and letting
- Finance
- Membership, publicity, PR and fund raising
- Audit Committee responsible for corporate governance and audit

Summary terms of reference for each committee

Operation and maintenance, responsible for all technical and commercial aspects of the buildings and site, including maintaining project accounts, reporting to the main board with delegated power for financial decisions in accordance with the procurement policy.

Allocations and letting, responsible for the allocation and letting policy in conjunction with EDDC where applicable. Preparation of tenant care policy and tenant rules. The Beer CLT allocation policy will be administered by EDDC housing department and the selection panel to examine individual applications, housing need and qualifications. It will not include anyone who has a family or close relationship with any applicant.

Finance, responsible for preparation of the CLT accounts and associated corporate and HMRC reporting. Development and management of the investment share scheme.

Membership and publicity, responsible for membership records and recruitment, organisation and advertising of events, PR and fund raising. Future development of a web site.

Audit Board, responsible for ensuring compliance with the ethos of the "excellence in governance" document. Specifically this to include meeting, decision and resolution record keeping, training and preparation of the board members, recording capabilities and conducting appraisals.

Corporate Governance

- Beer CLT has adopted the “Code of Good Practice for Community Land Trusts”

The CLT has adopted two policies in addition to the rules

- A local allocation policy
- A procurement policy, a schedule of all procurement decisions is maintained and reviewed at each board meeting

Regulatory applications

Beer CLT has Registered Provider status Registration number 4807 on 20/2/15

Finance

Full CLT accounts and financial statement from our accountants, Hammett Associates for the year 18/19 and 19/20 (July) are available for examination

The draft summary of expenditure, revenue account for the period 1 Aug 19 to 31 July 21 is shown below.

Aug19 to July 21 excluding social club					
operating	expenditure	19/20 year end	20/21		
	acc	£ 1,194	£ 1,194	accountant	
	clt	£ 360	£ 718	memberships	
	fee	£ 300	£ 300		
	ins	£ 394	£ 466	insurance	
	int	£ 9,396	£ 9,396	interest on LH balance 290k	
	LH	£ -	£ -		
	loan repay	£ -	£ -		
	main	£ 3,225	£ 1,195		
	s106	£ -	£ -		
	tax	£ -	£ 4,913	Corp tax included 2019/20 deferred by covid 2020 £1789	
	total expend	£ 14,869	£ 18,181		
operating	income				
	bal chg	-£ 139	£ 4	accounts correcting charge	
	donate	£ 1,187	£ -		
	fit	£ -	£ 4,431		
	main	£ -	£ -		
	refund	£ -	£ -		
	rent	£ 26,800	£ 28,866	to March 21 excluding one payment	
	total income	£ 27,848	£ 33,302		
Operating surplus to date		£ 12,979	£ 15,121		

Current Finance status

The CLT finances are in line with previous years. The tax liability was restricted to the trading element (rental of properties) Covid allowances allowed us to defer payment in April 2020 however this was then added to the following year. The CLT (Little Hemphay) has one medium term loan of £290,000 for 5 years at 3.24% interest. This was due for repayment in June 21 however repayment was deferred to allow negotiations to include it in the final 5-year tranche of the Social club loan.

The refinancing proposal is to pay off £40000 of the £290000 loan leaving £250000 and to combine this with the final tranche of the Social Club loan £550000 and take the combined amount of £800,000 for 5 years to July 26, serviced by rental income.

Operational and Management Issues in the year.

There have not been any significant operational issues relating to the Little Hemphay houses. There has been one change of tenancy in the year 2019/20 with the previous tenants vacating in December 19 and the new tenants moving in in April 2020. There have been no other tenancy changes.

Maintenance costs are beginning to increase however this is partly due to increased costs related to tenancy changes which included some new carpeting and decorating.

Rents have not been increased since May 2017 and are currently £622.98 for the 3 beds and £580.41 for the 2 bed houses. There are no service charges.

FIT (solar power income, residents have the advantage of the free electricity) are in line with expectations at around £1900 per annum. The community arrangement to maintain the common areas by the owners and tenants continues to work well and at present there is no intention of making a service charge to cover any works.

There may be a future requirement to fund the moving of the 30MPH signs to the west end of the development. At present DCC are not considering it a priority however the liability is with the CLT, this could cost in the region of £3000 for the traffic order.

There will be a requirement within our s106 agreement to complete the Little Hemphay garden this will incur a cost in the region of £6000

There is potential to make arrangements with the new owners of the field opposite to develop additional parking for residents. While this will be cash neutral or income generative overall there will be an initial capital expenditure required to develop the facility. This will be in the region of £11000.

Future risks. (excluding Social Club build)

There are no specific risks over that of a normal landlord maintaining rental income. The rental properties are insured through Aston Lark. Void (empty between tenants) rates are low, less than 2%.

The Social Club Project

The major operational issues relate to the new Social Club project. To summarise the current position;

- The Board discussed options in 2017 and agreed to put in a bid for the Social Club in March 2018
- Offer accepted by Social Club committee April 2018
- Competitive selection of architect for design, planning and construction management Sep 18
- The completion of site purchase together with two portions of adjacent gardens in Nov 2018
- Community consultation and design options continued throughout 2019
- Planning permission submitted - 6/12/19
- Competitive selection of main contractor and appointment, subject to planning Aug-Sep 20
- Planning permission approved - 8/9/20
- EDDC development loan giving £1,150,000 facility approved - 20/9/20
- Homes England confirmed grant allocation. Oct 2020
- Natural England licence to demolish 15/10/20 Initial demolition immediately implemented.
- Partial demolition, site investigation including investigations on Berry Hill Oct 20 thru April 21
- Agreement in Principle with DCC for road support works May 21
- Specialist piling contractors start work July 21

Principle consultant and contractor appointments.

Architect.	NDM Collins.	Result of 3 applicant competitive tender.
Main contractor.	N J Whittaker	Result of 3 applicant competitive tender
Structural Engineer	Exact Structures	Appointed on advice of architect
Geotechnical Engineer	South West Geotechnical	Appointed on advice of architect
Ecological Consultant	Richard Green Ecology	Appointed on advice of architect
Piling Contractor	GeMech Ltd	Appointed as sub contractor to main contractor

The build process has properly begun now with the construction of the road support piling and wall and building foundations. Main ground works should be completed by September, and we hope to see the first house coming out of the ground in late September. The build has been particularly difficult, firstly we were not able to fully ascertain the ground conditions until the building had been completely demolished, this delayed the design and approval of the road and ground retaining structure. The tightness and access of the site is a major practical difficulty requiring use of smaller more manoeuvrable equipment and smaller deliveries of materials. We would like to thank all residents for their forbearance during the construction.

Once all foundation works are complete the contractor will be able to provide an updated programme and identify if there will be any construction over runs. In addition to the site and technical difficulties it must be appreciated that this has all proceeded with the covid restrictions that have impinged on all works and decisions.

Project finances are continually under review, The overall cost will increase due to the road retaining issues and general material price increases. At present these may be mitigated by rescheduling the tranches of the main development loan. Tranche 1 of £250,000 has been received, tranche 2 to be released in September will be reduced from £450,000 to £400,000. The final tranche will be increased from £500,000 to £550,000 to be held for 5 years. The finance model for sales income is based on 2018 house values and 50% shared equity sales. When these figures are updated for 2022 values and possible 50% + equity sales, the income is increased giving further cover to the cost overrun. Again, once we are over the "at risk" part of the build we will be able to prepare a final project budget. Modelling to date shows the 5-year cash plan as being viable without community investment however this must remain an option over the 5 years.

Basic Social club project finances to 31/7/21

Social club overall finances	budget	spend to 31/7/21		
actual site cost	£ 161,133.00	£ 164,017.67		
purchase and loan legal	£ 4,000.00	£ 7,082.62		
design and pm	£ 42,304.00	£ 48,164.42		
demolition	£ 55,000.00	£ 38,051.76		
foundations	£ 70,000.00	£ 92,252.08		
ecology and bats	£ 10,000.00	£ 5,468.71		
access	£ 5,000.00	£ -		
utility	£ 18,000.00	£ 31,464.14		
main contractor build	£ 769,800.00	£ 44,313.91		
contingencies	£ 46,390.00	£ 7,223.63		
labc	£ 2,700.00	£ -		
loan interest lower rate	£ 25,220.55	£ 1,487.50		
sales agent and legal	£ 2,250.00	£ -		
	£1,211,797.55	£ 439,526.44		
In the bank	£ 140,155.99			
Loans to be released	£ 900,000.00			
Grants to be released	£ 74,999.00			
Cash available	£1,115,154.99			
Remaining expenditure	£ 772,271.11			
Anticipated over run	£ 178,252.45	Due to foundations and delays		
Cash head room	£ 164,631.43			
Project expenses				
Loan at completion	£1,150,000.00			
Less sales income	£ 448,500.00	65%	230000	3
Less headroom	£ 164,631.43			
Long term project loan	£ 536,868.57	£550,000	agreed in principle	

Loan security

LH Project 1					
Two 2 bed rental units	£	200,000.00	100%	2	£ 400,000.00
Two 3 bed rental units	£	220,000.00	100%	2	£ 440,000.00
Three 3 bed shared equity	£	250,000.00	20%	3	£ 150,000.00
					<u>£ 990,000.00</u>

SC Project 2					
Two 2 bed rental houses	£	220,000.00	100%	2	£ 440,000.00
Two 2 bed shared equity houses	£	220,000.00	50%	2	£ 220,000.00
One 2 bed rental flat	£	220,000.00	100%	1	£ 220,000.00
One 2 bed shared equity flat	£	220,000.00	50%	1	£ 110,000.00
					<u>£ 990,000.00</u>