

## **Beer Community Land Trust**

Annual report for the year July 2015 to July 2016

### **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 CLT has therefore gone from the planning, development and construction stage to the current housing management status. It has successfully managed this transition and is now in a position to consider further community based opportunities should they arise.

The CLT is registered with the FCA as a Co-operative and Community Benefit Society (formerly Industrial Provident Society) and with the Department for Communities and Local Government (DCLG) as a Registered Provider (RP) of social and affordable housing.

### **Management**

The management and operation of the CLT is governed by its rules which are available on the CLT and Beer PC website. All elements of the management are overseen by the CLT board which is duly elected by the members.

The current board membership is;

- Chair; Geoff Pook
- Treasurer; Mat Bond
- Company Secretary; Adam Brewer
- Minute Secretary; Norah Jagger
- Member; Wendy Abbot
- Member Josh Harrison
- Member; Martin Richards
- Member; Mike Green
- Member; Emma Malony
- Leanne Phillips; member and shared equity owner
- Roger Strover; member and shared equity owner
- Simon Hoare; member and tenant

The following represent the appropriate organisation

- Darren Clinch; Beer Parish Council
- Jim Knight; Devon County Council
- Paul Lowe; East Devon District Council
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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.

- Janet Tailor (EDDC housing manager)
- Norah Jagger
- Anna Vine

## Financial Audit

Hammett Associates were appointed at the 2015 AGM to examine and report on the accounts. Hammett Associates undertook this work in 2013/14, preparing the July 14 accounts on a no fee, voluntary basis however during the year and preparation of the 2015 accounts they informed the board that due to the amount of work over the construction phase and related to the tax issues they would have to charge for the 2015 accounts. Considering the work already undertaken it was agreed that they should continue and prepare the July 2015 accounts. The cost for 2014/15 was £1384 incl VAT.

**Resolution;** to accept the July 2015 accounts

**Resolution;** Appointment of accountants for the year 2015/16 needs to be confirmed or for board to be given delegated power to negotiate and appoint an accountant.

One issue we had not planned for was having to pay income tax on the profit/surplus generated by the sale of the shared equity houses. Because of the sale structure, ie sale at full value but retaining a 20% charge over the houses the discount was considered by HMRC as a loan therefore included in the taxable surplus. This generated a tax liability of 21633.81 which although we could pay resulted in our residual loan having to be £20,000 more than originally planned. This has no direct bearing on the viability of the CLT except in potentially extending the period of debt by 12 months.

## Internal Audit

The HCA required us to undergo an internal audit of our accounts and processes. This was undertaken by Hammett Audit a division of Hammett Accountants as they provided the lowest quote to undertake the work. The internal audit was overseen by the HCA Lead Auditor. The audit identified a number of failures however these all related to the late issue of the CSH certificate. The certificate was issued within the 10 day grace period and the CLT passed the audit.

## Management Board

The board has met once since the 2014 AGM reflecting the success and easy management of the CLT now in its management role.

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

- An allocation policy
- A procurement policy, a schedule of all procurement decisions is maintained and reviewed at each board meeting
- It is also the process of compiling a tenant hand book

### **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 14/15 (july) are available for examination

The draft summary of expenditure, loan account, capital value and revenue account for the period july 15 to july 16 is attached

### **Current Finance status**

On completion of the build project and receipt of the shared equity sales income the CLT paid off £755,000 of the £1,060,000 development loan in April 15 leaving a residual loan of £305,000. The residual loan was due to mature in June 2016, This was refinanced in April 16 following negotiation with

EDDC and Resonance, a social lending company. EDDC offered the best conditions and a new loan for £290,000 over 5 years at 3.24% secured against the building assets.

### Headline finance figures

Loan account	£290,000			
Cash in bank as of 12/7/16	£3253.36			
Annual expenditure	loan interest	£6800	Annual income Rents	£28000
	Insurance	£600	FIT income	£2400
	CLT and LABC fees	£700		
	Accountants	£1500		
	Repairs allowance	£6000		
	Income surplus	£14800		
		£30400		£30400

On this basis we would hope to reduce the longterm loan by £50,000 over the next 5 years

### Future risks.

The government's proposals to reduce the affordable and social rents chargeable by RP's by 1% per annum has been deferred but is still a possibility and has therefore been factored into forward cash flow models. The CLT model is sustainable with the reduction however we have also approached tenants proposing a voluntary waiving of the reduction in the wider interest of the CLT.

### Future Opportunities

Clinton Devon Estates is applying for permission to develop housing on the extension of the Short Furlong site. The CLT has had initial discussions with CDE regarding the ownership and management of any affordable houses in the development. CDE have offered to partner with the CLT in the development and if it goes ahead the CLT could gain a further 13 affordable houses split between affordable rental and shared equity.