

Beer Community Land Trust

Annual report for the year July 2014 to July 2015

Introduction.

Beer CLT has now been in existence for two years. The primary aim, the provision and management of affordable housing for the community of Beer and those people with a connection with Beer has been achieved. The CLT has now completed its first project and provided 4 affordable rented houses and 3 affordable shared equity houses. First occupancy was on 1st February 2015.

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 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 Emma Westlake
- Member; Martin Richards
- Member; Mike Green
- Member; Emma Malony

The board currently has 10 of its 12 permitted members excluding representatives and co-opted members. We will be looking to review the board membership at the 2015 AGM

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

The Independent Examiner, Hammett Associates, to examine and report on the accounts was agreed at the AGM. This arrangement is on a no fee, voluntary basis from Hammett Associates.

The board has met on 6 occasions since the 2014 AGM 22/9/14, 13/10/14, 11/12/14, 22/1/15, 22/4/15, and 19/5/15. There has also been an open day on site on the 1/2/15 when the keys to the rental units were handed over.

The board has the following management committees

- Project Delivery
- 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

Project Delivery, responsible for all technical and commercial aspects of the build project, including maintaining project accounts, reporting to the main board with delegated power for financial decisions in accordance with the procurement policy. This committee will be converted into a maintenance and management committee for the Little Hemphay site now the build phase is complete.

Allocations and letting, responsible for developing 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 applied for and received Registered Provider status Registration number 4807 on 20/2/15

Grant application

The CLT made a grant application to the HCA for £200,000 capital support to the 4 rental units. This was approved in Feb 15 and received in April 15

Finance

Full CLT accounts and Financial statement from our accountants, Hammett Associates for the year 13/14 are available for examination

The draft summary of expenditure, loan account, capital value and revenue account for the period July 14 to July 15 is attached

Little Hemphay Project

The project "Little Hemphay" was to build 7 houses to be made available on an affordable rented or shared equity basis.

The site was purchased in October 13 with planning permission for 7 houses. Enabling works were commenced in October 13, demolition of the existing buildings in March 14 with the main construction work starting in April 14. The project was completed on 31/1/15 with occupation commencing 1/2/15

The main contractor was Northcott Building Contractors Ltd of Colyton, the timber frames were supplied by All Wood Timber Buildings of Talewater, Devon.

Project Finances

The initial project budget including land purchase was £1,060,000. This was funded by a development loan from the PWLB via East Devon District Council. Small predevelopment grants from CLT network and DCC plus membership income and donations provided approximately £13,000.

On completion of the works 3 houses were sold on a shared equity basis with the CLT retaining a 20% interest. The remaining houses were retained by the CLT as rental properties.

The Homes and Communities Agency provided a capital grant of £200,000. This grant together with the proceeds of the sales was used to pay of £755,000 of the PULB/EDDC development loan in April 15.

The current position is we have a PWLB/EDDC loan of £305,000 due for repayment in June 2016. After payment of all construction bills plus rental income over the period we anticipate a bank balance in June 2016 of approximately £37,000. At this time we will take on a long term loan of £280,000 and repay the £305,000. This will leave us with a bank balance of £12,000. The long term loan of £280,000 at 5% will be financed by the rental income. At 5% the long term loan will be repaid in 18 years leaving the CLT debt free.

Future finances

The current financial structure is sufficient to manage the Little Hemphay project. If another large project becomes possible a similar means of funding via PWB/EDDC development loans and HCA capital grants will be applied for.

The CLT is however authorised to issue investment shares and it is the intention of the board to investigate this further over the next year to allow the creation of a development fund to allow the CLT

to take on further small scale housing projects within the village if or when they become viable. There are no immediate plans at the moment.

Future risks.

The governments proposals to reduce the affordable and social rents chargeable by RP's by 1% per annum, if applied to CLT's, small rural schemes and schemes in designated protected areas DPA's will impact on the ability of the CT to repay the loan over the projected term of 18 years. This can be mitigated by close control of costs in particular maintenance and costs. Until the intention is confirmed we will continue as planned minimising expenditure.

A second proposed policy to allow tenants to purchase affordable home will also impact on the operation of the CLT. This proposal however is being vigorously opposed by the CLT, housing associations and other community groups. It is hoped that the proposals will not apply to community housing or small rural schemes and again until we get more information on the potential implementation there is little we can do except make our opposition known.

The CLT network is undertaking a strong lobbying campaign and locally we have made representations to our own MP Neil Parish and through to the housing minister.

BEER CLT Ltd. Finance Summary July 2015

Build cost summary		Funded by	
Total invoiced to date	£ 1,062,967.13	PWLB loan via EDDC	£ 1,060,000.00
Add in final accounts		DCC and CLT grants	£ 3,500.00
Final retention Feb 16	£ 12,369.06	Donations	£ 2,310.00
106 costs,	£ 5,700.00	Membership	£ 164.19
Less refunds still to pay		Refunds	£ 1,116.68
SWW/ and Bevis Beck	-£ 10,622.53	Additional costs paid by buyers	£ 6,015.46
Projected invoiced cost	£ 1,070,413.66		£ 1,073,106.33
Actual project costs (less refund & sales)	£ 1,053,281.52		
Initial project budget costs	£ 1,079,000.00		
This includes additional expenditure on Solar PV generation Attic rooms in houses 5 and 6			

Loan and Capital Summary		matures		Repayments	
Loans received					
Dec-13 PWLB/EDDC	£ 305,000.00	24/06/2016	Mar-15	£ 571,913.98	proceeds of 80% sales of 1, 4, 7
Aug-14 PWLB/EDDC	£ 755,000.00	31/08/2016	Apr-15	£ 183,086.02	cash payment after receipt of HCA £200,000 grant
	£ 1,060,000.00			£ 755,000.00	
Outstanding loan as at 1/7/15	£ 305,000.00				
Residual capital values					
20% retained equity 1, 4, 7	£ 143,500.00				
100% retained equity in 2,3,5,6	£ 815,000.00				
Total retained equity	£ 958,500.00				

Revenue account summary and projection(ongoing rental, maintenance and loans)				
	20/07/2015	Payments	Receipts	Balance
Current bank balance				£ 42,030.84
Final build account	£ 18,069.06			£ 23,961.78
Receipt of SWW refund			£ 10,622.53	£ 34,584.31
Aug interest on £705k loan	£ 7,474.50			£ 27,109.81
Early repayment penalty est	£ 8,000.00			£ 19,109.81
Rental income Aug 15 to June 16			£ 25,520.00	£ 44,629.81
Estimated FIT income Feb 15 to June 16			£ 3,000.00	£ 47,629.81
Maintenance and voids estimate	£ 5,000.00			£ 42,629.81
Dec 15 interest on £305k loan	£ 2,653.50			£ 39,976.31
June interest on £305k loan	£ 2,653.50			£ 37,322.81
New long term loan at 5%		Jul-16	£ 280,000.00	£ 317,322.81
Repay £305k loan		Jul-16	£ 305,000.00	£ 12,322.81

Includes all rent to 31/7/15

this saves 2 interest charges therefore net gain est £7000