

Beer Community Land Trust Annual Report for the year May 23 to May 24

Report Date; 8th May 23

Financial year 1st Aug 22 to 31st Aug 23

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. Our second project, The Old Social Club was approved by the board in 2018 and is now complete and partially occupied. This project originally aimed to provide 3 shared equity houses and 3 affordable rental houses. However the shared ownership sales were slow to materialise while the demand for rental properties continued, we have therefore made a request to EDDC to restructure our long term loan to allow two of the shared equity houses to be retained for rental. This has still to be agreed. If this transfer is agreed the CLT housing stock will be 9 affordable rental houses and 4 shared equity homes, a total of 13 homes built by, owned by and managed by the community.

The CLT is registered with the FCA as 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. The CLT is recognised by HMRC as charity for tax purposes. Beer CLT is an investment partner with Homes England.

Management

The management and operation of the CLT is governed by its rules, these have now been updated to reflect the charity status and will be uploaded to the CLT and Beer PC websites. 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 year 23/24 is;

Geoff Pook	Chairman
Matt Bond	Treasurer
Adam Brewer	Company Secretary
Martin Richards	member Represents Beer PC
Marc Newton	member and shared equity owner
Jo Fox	Resigned April 24

We currently have 5 vacancies on the board

The following represent the appropriate organisation

- Martin Richards; Beer Parish Council
- Marcus Hartnell; Devon County Council
- John Heath; Ward councillor EDDC

The Allocation and Letting committee is a panel established to review the tenant allocations with specific focus on housing need and local connection qualifications.

- Tracey Humphries (EDDC housing)
- Anna Vine
- John Maughton

Financial Audit

Hammett Associates were reappointed at the 2023 AGM to examine and report on the accounts for the 2022/23 year. The cost for 2022/23 was £3201 incl. VAT. The increase reflects the additional work required to produce 2 sets of accounts, pre charity status Aug/Mar and post charity status Mar/July. Paper and electronic copies of the 2022/23 accounts are available on request.

Internal / External Audit

There have been no additional audits

Meetings of the management Board

The board has formally met 3 times in 2022/23 accounting year

Change to management structure May 23 to date

At the AGM 23 it was agreed that we should employ a business or individual on a contract basis to be responsible for CLT administration and operating accounts and take on the tenant liaison and maintenance. On this basis we employed Certum Properties James Cartwright on a trial one year contract. Certum properties had previously managed property inspections and meter reads. This has worked well and taken a significant work load off volunteer board members. Unfortunately Mr Cartwright is currently unable to provide the service so we are taking steps to appoint a replacement on a one year contract.

Charity Status

The CLT is a Co-operative and community benefit society, operating as a limited liability company registered with the FCA. It is recognised by HMRC as a charity for tax purposes.

Corporate Governance

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

The CLT has adopted one policy in addition to the rules

- A local allocation policy

Regulatory applications

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

Finance

Beer CLT accounts and financial statement are prepared by Hammett Associates. Accounts for the year 22/23 (July 31st) are available for examination

Key financial data

Social Club development is now complete the out turn cost of the development was £1595,265 full details in 2023 report.

Current outstanding loan position

Loan as at 31/7/23	£1,400,000	
Repaid during 2023/24	£ 270,000	(from residual grant and flat sale)
Current outstanding	£1,130,000	

Repayment plans; Preferred option currently with EDDC. Refinance full £1,130,000 over 26-30 years repaying interest and capital from rental income. Once we have rental income from the additional 2 SC houses gross rental income will be approximatly £85,000 (current 2024) per annum with inflation linked rises.

Operational cash expenditure July 23 to date (may 24)

Standard operating income and expenditure 23/24 (9 months)			
Rent	£ 45,826.69		(8 months 7 units)
build ins		-£ 1,770.43	
don	£ 696.22		
admin man		-£ 10,326.17	
maint		-£ 2,013.20	
acc		-£ 3,201.60	
util		-£ 1,528.34	
clt		-£ 180.00	
tax		-£ 1,065.78	
	£ 46,522.91	-£ 20,085.52	
Exceptional expenses 23/24 incl interest on EDDC loan			
cap repay		-£ 270,000.00	
sc dev		-£ 33,037.07	Final build costs
sale	£ 128,000.00		Flat 1 50% sale
legal		-£ 10,918.80	Costs related to sales and rental
eddc int		-£ 19,436.92	Extrapolate to £30,000per annum)

Projected short term cash flow

Projected cash flow years 24-25-26			
Rental income	£ 85,000.00		2024/25 increasing to £100000 by 2026
admin man		£ 6,000.00	achieve reduction on current costs
Operatiing costs		£ 10,000.00	
Interest		£ 30,000.00	
	£ 85,000.00	£ 46,000.00	
Balance available for cap repay	£ 39,000.00		per annum plus inflation increase

Current Net Capital asset value to Beer CLT

ASSETS		% owned by CLT	est value	CLT equity value
Little Hemphay	1	20%	£340,000	£68,000
	2	100%	£280,000	£280,000
	3	100%	£280,000	£280,000
	4	20%	£340,000	£68,000
	5	100%	£290,000	£290,000
	6	100%	£290,000	£290,000
	7	20%	£350,000	£70,000
Social Club	1	100%	£310,000	£310,000
	2	100%	£310,000	£310,000
	3	100%	£310,000	£310,000
	4	100%	£310,000	£310,000
	flat 1	50%	£260,000	£130,000
	flat 2	100%	£260,000	£260,000
			Total	£2,976,000

Rental costs.

Rents were increased in April 23 in line with government policy rather than out policy CPIH + 1%.Current rents;

Existing tenancy LH 2 bed £656

Existing tenancy LH 3 bed £706

New tenancy LH 3 bed £727

New Social club 2 bed house £700

New Social club 2 bed flat £660

We do not make a service charge however reserve the right to charge back contractor costs if common areas are not maintained to adequate standard.

Due to various issues the April 24 rent increases have not been applied. Rent increases will be agreed at the May board meeting and will be applied in July 24 for further review in April 25.

Solar panels are fitted to the LH site and FIT income (solar power income, residents have the advantage of the free electricity) is in line with expectations at around £2000 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 will be a requirement within our s106 agreement to complete the Little Hemphay garden this will incur a cost in the region of £6000

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%.