

**BROMSGROVE DISTRICT COUNCIL**

**MEETING OF THE SHAREHOLDERS COMMITTEE**

**14TH APRIL 2025, AT 6.00 P.M.**

PRESENT: Councillors K.J. May (Chairman), S. J. Baxter, S. R. Colella,  
B. McEldowney and P. J. Whittaker

Group Leaders: Councillor C. A. Hotham and Councillor P. M.  
McDonald (In attendance to participate in the debate only.)

Board Members: Mr M. Bough, Ms D. Goodall and Ms J. Willis

Officers: Mr G. Revans, Ms A Delahunty and Mrs J. Bayley-Hill

1 **APOLOGIES FOR ABSENCE**

There were no apologies for absence.

2 **DECLARATIONS OF INTEREST**

There were no declarations of interest.

3 **TO CONSIDER ANY URGENT BUSINESS, DETAILS OF WHICH HAVE  
BEEN NOTIFIED TO THE ASSISTANT DIRECTOR OF LEGAL,  
DEMOCRATIC AND PROCUREMENT SERVICES PRIOR TO THE  
COMMENCEMENT OF THE MEETING AND WHICH THE CHAIRMAN,  
BY REASON OF SPECIAL CIRCUMSTANCES, CONSIDERS TO BE OF  
SO URGENT A NATURE THAT IT CANNOT WAIT UNTIL THE NEXT  
MEETING**

There was no urgent business for consideration on this occasion.

4 **SPADESBOURNE HOMES BUSINESS PLAN 2025/26 (REPORT TO  
FOLLOW)**

The Spadesbourne Homes Limited Business Plan 2025/26 was  
presented for the Committee's consideration.

In considering the Business Plan, Members were asked to note the  
following:

- The Business Plan detailed the company's vision as well as the relationship between Spadesbourne Homes Limited and Bromsgrove District Council.
- The company's vision was to provide high quality private rented accommodation and to help support and complement other housing providers in the District, including Bromsgrove District Housing Trust (BDHT).

- The Financial Regulations and Procurement Rules that formed appendices to the business plan had not been available to include in the agenda for the meeting as these had not yet been considered by the company's Board. These documents would therefore be provided for Members' consideration at the following meeting of the Committee.
- The Business Plan included selection criteria for eligible tenants. Members were asked to note that the focus was on housing people in housing need with local links.
- There was a lack of private rented accommodation available in Bromsgrove District and the housing units provided by Spadesbourne Homes Limited would help to address this gap.
- A Board of Directors had been appointed, which currently comprised three senior officers from Bromsgrove District Council. The Board was responsible for the day-to-day operation of the company.
- A Chair was due to be appointed to the Board and it was possible that independent members would be recruited as Non-Executive Directors to the Board at a later date.
- The company was already managing some properties and would aim to purchase more properties over time.
- Management of the houses owned by the company had been contracted out to a specialist estate management company.
- The Council would be providing financial assistance and ICT support to Spadesbourne Homes Limited moving forward.
- The company was anticipating a net income of £221,000 per annum.
- Rent levels had been identified and were detailed in the Business Plan. Rent levels had been proposed in accordance with the size of a property.

Once the Business Plan 2025/26 for Spadesbourne Homes Limited had been presented, Members discussed the following points in detail:

- The request that Members had made, prior to establishing Spadesbourne Homes Limited, that care leavers should be prioritised for housing. Members were advised that care leavers were supported to receive accommodation through the work of BDHT.
- The references to the company aiming to generate a small profit and what was intended by this. The Committee was informed that as a company, Spadesbourne Homes Limited was operating as a commercial enterprise and needed to cover costs. Any financial returns would be provided to the Council as the only shareholder in the company.
- The timeframes by which financial income for the company was likely to start generating a surplus. The Committee was informed that this had not yet occurred, although it was possible that this situation would change by the end of the following financial year.

- The extent to which any additional Board members were likely to be recruited and whether they would receive financial remuneration. Clarification was provided that the aim would be to recruit an independent Non-executive Director to the Board and it was confirmed that any financial costs would be covered by Spadesbourne Homes Limited.
- The references in the report to the Land and Building Assets Group and the status of this group. Members were informed that this was a group of officers that met regularly to discuss potential land that might become available.
- The process that had been followed to select an external organisation to undertake estate management duties for the company. Clarification was provided that three potential providers had been contacted and the successful company had been the only organisation that had responded within policy.
- The level of flexibility in the housing criteria and the extent to which this could create a risk that potential tenants would be offered properties even when these offers fell outside the adopted policy. Members were informed that it was important to avoid fettering the discretion available to the company. Further clarification was provided that 82 per cent of residents at Allen Court had a local connection, whilst the remaining tenants had a slightly more distant connection, such as through their grandparents.
- The potential for the company to provide much needed accommodation in the private rented sector to key workers, such as nurses.
- The service charges that tenants were required to pay and the purpose of these charges. The Committee was informed that these service charges covered cleaning costs and also applied to units purchased by BDHT.
- The proportion of funding allocated to repairs in the first year.
- The arrangements whereby the management fees for the external company managing the estate were being addressed.
- The reference to the potential future purchase of smaller sites and what was defined as a smaller site. Clarification was provided that this related to sites of approximately 20 to 30 units. Options for potential purchase would be reviewed on a case-by-case basis and the viability of any smaller sites would need to be assessed prior to any decisions being taken.
- The extent to which there was a risk that Spadesbourne Homes Limited would invoice Bromsgrove District Council for services. The Committee was advised that the Council was more likely to invoice Spadesbourne Homes Limited for costs, due to the provision of support services to the company.
- The potential for insurance to be obtained by the company to help cover the risks arising from bad debts. Confirmation was provided that no such insurance had been obtained to date, however, this was something that the company would aim to address in future.
- The reasons why the company had not yet obtained insurance to cover bad debts. Members were advised that this was difficult to

arrange at such an early stage because the company lacked any historic data to enable an estimate to be provided in discussions with potential insurers.

- The combined repairs and cleaning costs estimated in the Business Plan and the extent to which these estimates were relatively high.
- The charges levied by the estate management company for processing new properties for tenants. Confirmation was provided that there was an extra charge per property.
- The reference in the report to gross income and whether this should in fact have referred to net income.
- The fact that information had not been included in relation to the costs of Officer time and the need for insurance costs to also be incorporated.
- The potential need for the company to pay a proportion of revenue to the Government in tax, depending on the level of income generated and the need for this to be incorporated into future planning.
- The ongoing work to negotiate property insurance for the company. Members were asked to note that in the meantime there was coverage from the Council's insurers.
- The extent to which the locations in which properties owned by Spadesbourne Homes Limited were on adopted highways. Confirmation was provided that all of the properties owned by the company were situated on adopted highways.
- The arrangements in place to enable the company to purchase new properties and how this would be funded. The Committee was informed that it was likely that the company would need to request assistance from the Council at this stage of operation. Consideration would also need to be given to working in partnership with a social housing provider, such as BDHT.
- The corporate structure of Spadesbourne Homes Limited and the financial implications arising from this structure. Confirmation was provided that this was a limited company and therefore subject to corporation tax.

Due to concerns about the lack of insurance for bad debts in place for the company, Members requested that information be provided updating the Committee on the situation with regard to insurance at the following meeting, taking into account current rent arrears and whether this insurance was needed if rental payments were being received. Members also agreed that a full budget forecast needed to be developed for the company and provided for the Committee's consideration at the same meeting. Alongside this information, Members requested sight of the balance sheet for the company.

**RESOLVED** that the Spadesbourne Homes Limited Business Plan 2025-2026 be approved.

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**PERFORMANCE MONITORING REPORT FOR THE FIRST FEW MONTHS OF OPERATION 2024/25 (REPORT TO FOLLOW)**

The Committee considered a report which focused on performance monitoring arrangements for Spadesbourne Homes Limited. A number of proposed Key Performance Indicators (KPIs) had been suggested in the report to enable Members to monitor the performance of the company and these were highlighted for Members' consideration.

In reviewing the content of the report, Members were asked to note that all of the properties owned by the company had been let out to tenants by the date of the Committee meeting. There were no voids or bad debts to report as of April 2025.

During consideration of this item, Members made reference to the content of the business plan for Spadesbourne Homes Limited 2025/26, which had referred to the company's aim to provide good quality and well managed homes. Members suggested that it would be useful to add a KPI to the tranche of proposed performance monitoring datasets which focused on this aim in relation to health and safety implications. To address this concern, the suggestion was made that a KPI could focus on the proportion of repairs that were resolved within a particular timeframe. In addition, a further KPI was suggested that would compare timeframes for completing repairs to other Council companies for housing.

Reference was made to the importance of tenant satisfaction and to consulting with residents. In this context, an additional suggestion was made by Members that there should be an annual tenant survey undertaken by the company.

In concluding their discussions in respect of this item, Members questioned whether there were any gas supplies to the properties owned by Spadesbourne Homes Limited. Clarification was provided that there was no gas supply on site and instead heat pumps were used for the properties.

**RESOLVED** that, subject to incorporating the additional measures detailed in the preamble above, the proposed measures to demonstrate how Spadesbourne Homes delivered performance against priorities, including operational measures, be approved.

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**BUDGET MONITORING REPORT FOR THE FIRST FEW MONTHS OF OPERATION 2024/25 (REPORT TO FOLLOW)**

The Committee considered the Budget Monitoring Report for the 2024/25 financial year and in doing so noted that the company only started to operate in December 2024.

Members were advised that the company had been established with a loan of £50,000 from the Council. Spadesbourne Homes Limited had

received income of £62,000 and had had to meet management costs of £22,000 in this period.

Payments had been made to HM Revenue and Customs (HMRC), as the company was registered for value-added tax (VAT) in July 2024. It had taken some time to obtain suitable software to use for VAT returns and in this period, HMRC had charged the company for VAT returns. This issue had been resolved by the date of the Committee meeting and a refund was anticipated in due course.

Discussions were in the process of being held regarding insurance and audit arrangements for the company. Further updates would be provided to the Committee in respect of these matters in due course.

Reference was made by Members to the figures that had been recorded for management agency costs and concerns were raised that these appeared to be relatively high, at approximately a level equivalent to a third of the income from tenants. However, the Committee was advised that the figures reported in this instance were likely to be unusual because the lettings had all occurred around the same time when the company was launched. Over time, a more realistic picture would emerge in terms of these management costs, which were confirmed as being 6 per cent with an additional cost attached when the estate management company was required to find a new tenant. This covered administrative costs, reference checks and processing costs associated with setting up a tenancy. To help provide clarity to the Committee moving forward, Members suggested that it would be helpful for the management cost and the finders fee cost (for finding and processing new tenants) to be reflected separately in future budget monitoring reports.

Consideration was given to the £50,000 loan that had been provided by the Council to Spadesbourne Homes Limited when the company was established and questions were raised about the arrangements for the repayment of this loan. Members were informed that this had been an initial loan which the Council had agreed to grant to the company. The suggestion was made that the terms for the repayment of this loan should be reviewed further.

Finally, Members commented that Spadesbourne Homes Limited would be subject to paying ground rent to the Council for properties located on Council land. The suggestion was made that this needed to be investigated further and to be reflected in future budget monitoring reports to the Committee.

**RESOLVED** that

- 1) The position on the Spadesbourne Homes accounts as at 31st March 2025 be noted; and

- 2) The current bank balance position for Spadesbourne Homes Limited as at 31st March 2025 be noted.

The meeting closed at 7.03 p.m.

Chairman