

BROMSGROVE DISTRICT COUNCIL

MEETING OF THE SHAREHOLDERS COMMITTEE

31ST JULY 2025, AT 6.00 P.M.

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

Observers: Councillor C. A. Hotham, Councillor R. J. Hunter and
Councillor P. M. McDonald

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

Officers: Mr B. Watson, Mr. G. Revans and Mrs J. Bayley-Hill

1 **APOLOGIES FOR ABSENCE**

Prior to consideration of this item, the Leader led Members in paying tribute to Mr Derek Allen, the former Strategic Housing Manager at the Council, after whom Allen Court had been named, who had passed away since the previous meeting of the Committee. Members observed a minute's silence in Mr Allen's memory.

There were no apologies for absence.

2 **DECLARATIONS OF INTEREST**

There were no declarations of interest.

3 **MINUTES OF THE PREVIOUS MEETING**

The minutes of the meeting of the Shareholders Committee held on 14th April 2025 were submitted.

RESOLVED that the minutes of the meeting of the Shareholders Committee held on 14th April 2025 be approved as a true and correct record.

4 **PERFORMANCE MONITORING REPORT QUARTER 1 2025/26**

Representatives of the Spadesbourne Homes Limited Board presented the Performance Monitoring Report for Quarter 1 of 2025/26 for Members' consideration.

The Committee was advised that overall, the company was performing well in relation to the Key Performance Indicators (KPIs) that had been agreed by Members at the previous Committee meeting. In total, 100 per cent of the properties managed through the company had been let.

Rental income was good, with only one household in rental arrears and this was being addressed through an ongoing legal process. Whilst there had been some void properties on occasion, these had been turned around relatively quickly, within the space of a maximum of seven working days.

Performance was also reported to be positive in respect of health and safety related KPIs. Health and safety inspections were on track. Unfortunately, one of the heat pumps at one of the properties had experienced a technical fault but this had been addressed. Electric lighting checks had not yet taken place but Members were asked to note that these were scheduled to take place in December on an annual basis.

Members were reminded that at the previous meeting of the Committee, a request had been made for an additional KPI to be added to the suite of performance data monitored for the company. This had related to repair target times for properties. Following that meeting, work had been undertaken to investigate whether other housing companies had a similar KPI and a target applying to this KPI but none had been identified. Therefore, the Committee was being asked to consider introducing a KPI where target times for repairs would match those for the social housing sector.

As requested by the Committee at the previous meeting, an annual survey was due to be conducted. This would take place later in the year.

Once the report had been presented, Members discussed the following points:

- The extent to which technical faults connected to the heat pumps at properties and the impact that this would have on access to cooking facilities and hot showers should be classified as emergency repairs. Members were informed that where tenants had no access to cooking facilities as a result of a fault at a property, remedial action would be classified as an emergency repair.
- The potential for the annual survey to be shared with the Committee. Confirmation was provided that the draft survey would be shared with Members at the following meeting of the Committee.
- The annual inspections of properties and the fact that these inspections would be undertaken by the company's agents.
- The number of tenants that had moved on since the company was launched. The Committee was advised that figures would be clarified and communicated to Members after the meeting.
- The number of months that a tenant had been in rental arrears.
- The action that could be taken by the company in cases where tenants fell into rental arrears.

- The potential for insurance to cover any rental arrears and the extent to which there might be wider financial implications arising from the insurance coverage for this purpose.
- The circumstances under which tenants were required to have guarantors. Clarification was provided that guarantors were only required in cases where it was understood that a tenant was close to not being able to pay rent at a particular level.

RESOLVED that

- 1) The Performance Monitoring Report Quarter 1 be noted.
- 2) The following repair target times be approved:
 - a) Emergency Repairs – 24 Hours
 - b) Urgent Repairs – 7 days
 - c) Non-Urgent Repairs – 30 Days.

5

FINANCE REPORT - APRIL TO JUNE 2025

An update was provided to the Committee in respect of the budgetary position of Spadesbourne Homes Limited. In considering the report, Members were asked to note that the details provided related to the budget for the whole of the 2025/26 financial year, rather than to just the first quarter. Members were also asked to note that the report contained a typographical error at paragraph 2.1 of the report, which should have reported no creditors in respect of the balance sheet.

Reference was made to the balance sheet for the company and Members were asked to note that a closing balance figure of £143,000 had been identified for the period 30th March to 30th June 2025.

In terms of assets, Members were asked to note that Spadesbourne Homes Limited leased all properties from Bromsgrove District Council for a nominal fee of £1. Therefore, the properties were not listed as company assets.

The figure recorded for debtors as of June 2025 was £17,500. This included £4,174 in VAT payments that the company was due to receive back from HMRC. Confirmation was provided that this repayment would be received but the timescales for the repayment could not be confirmed.

Bromsgrove District Council had provided Spadesbourne Homes Limited with a loan valued at £50,000 when the company was established. This was acknowledged in the balance sheet for the company. The loan had been made on an interest-free basis.

Members were reminded that at the previous meeting of the Committee, a request had been received to provide an updated budget forecast for the consideration of the Committee. The report detailed the updated

budget position and had incorporated the estimated costs arising from time spent by senior officers who had been appointed to the Board. This included costs reflecting 20 per cent of the time of the Assistant Director of Community and Housing Services and the Assistant Director of Finance and Customer Services as well as 60 per cent of the time of the Strategic Housing and Business Support Manager, all of whom had been appointed to the Board. In addition, the budget figures took into account contributions from the Housing Development and Enabling Manager and secretarial support from the Personal Assistants' team.

In relation to other points raised at the previous meeting of the Committee, Members were informed that insurance costs had been incorporated into the figures provided for the budget as the company now had insurance in place.

Following the presentation of the report, Members discussed a number of points in detail:

- The amount of time members of the Board were allocating to duties associated with the activities of the company. Clarification was provided that this was difficult to estimate at this time as duties during the initial set up period might differ from tasks required in the long-term. Therefore, the figures recorded for officer time might change over time.
- The number of Board meetings that were taking place and how lengthy these meetings could be. The Committee was informed that Board meetings generally took place once a month and lasted for approximately two hours.
- The additional tasks required during the initial set up period and what this entailed. Members were informed that this had included working on reviewing the budget, establishing effective VAT returns and resolving issues with the Tech1 system to ensure that this supported the company effectively.
- The potential for a three-year budget plan to be produced to enable Members to review projected costs. Members were advised that this would be possible to achieve although time would be required to produce a useful document and therefore it was agreed that this plan should be prepared in time for consideration at the third meeting of the Committee due to take place in the 2025/26 financial year.
- The need for the company to maximise tax efficiencies moving forward.
- The potential implications of Local Government Reorganisation for Spadesbourne Homes Limited and the extent to which arrangements for managing Council companies under the new Unitary Authority(ies) had been taken into account during discussions about the future of Local Government in Worcestershire.
- The potential for the Council to receive any profits arising from the work of a Council owned company, subject to payment of corporation tax by the company.

- The need for the management costs for the quarter to be reflected in the budgetary figures presented for the Committee's consideration to help Members assess the company's finances effectively moving forward.
- The length of time that the loan from Bromsgrove District Council to Spadesbourne Homes Limited was intended to be made available. Clarification was provided that no deadline appeared to have been set for the repayment of this loan.
- The extent to which it was appropriate for Spadesbourne Homes Limited to be in receipt of an interest-free loan from the Council. Officers advised that it was not unusual for interest-free loans to be provided to Council companies.
- The length of time that the Council's lease with Spadesbourne Homes Limited for the properties owned by the authority was set to last. The Committee was informed that the lease was due to last for 999 years.
- The costs arising from payment of a service charge by the company and which organisation received this payment. Members were advised that Spadesbourne Homes Limited paid into a service charge which applied to all properties and which was applicable to all property owners. The company charged tenants a rent not a service charge. By contrast, Bromsgrove District Housing Trust (BDHT) charged their tenants a rent and a service charge.
- The purpose of the principle tenants and 6 per cent rental income referred to in the budget. Confirmation was provided that this related to the costs charged by the Management Agency that managed tenancies on behalf of the company.
- The need for Members to agree a budget for the company and the work in respect of the budget that would take place once this had occurred. Officers explained that once the budget was agreed, expenditure could be allocated to specific budget lines. The quarter 2 monitoring report would provide further information about income and expenditure.
- The fact that action was being taken to try to sort a budget for the company mid-way through a financial year and the complications arising from this situation.
- The need for the detail in the company's budget to be presented in a different manner to Council budgets, in line with accountancy rules.
- The potential for the service charge details to be provided on a quarterly basis in future budget monitoring reports to help provide clarity.
- The need for clarity in the minutes of the meeting reflecting the fact that Members were noting a revised draft balance sheet at the Committee meeting. Members agreed that the resolution in respect of the balance sheet should also be updated to reflect this accordingly.

The Financial Regulations and Procurement Regulations, both of which were intended to form appendices to the company's business plan, were also discussed during consideration of this item. Members noted that at paragraph 13 of the Financial Regulations, reference was made to the Scheme of Delegation and urgent decisions, with a proposal for Directors of the Board to have the power to approve up to £10,000 individually and for anything above that threshold to be approved by more than one Director. Clarification was provided that there were differences between authorised orders, made through the usual route on the Tech1 system and the unauthorised route, involving urgent decisions. There was general agreement amongst Members that decisions taken in line with this paragraph needed to be open and transparent and it was therefore agreed that the Board should be required to report any such decisions retrospectively to the Committee. The request was made for the Financial Regulations to be updated accordingly.

RESOLVED that

- 1) The position on the Spadesbourne Homes accounts as at 30th June 2025 be noted.
- 2) The revised draft balance sheet for Spadesbourne Homes as at 30th June 2025 be noted.
- 3) The revised draft budget for 2025/26 for Spadesbourne Homes be noted.
- 4) Subject to the amendment detailed in the preamble above, the Financial Regulations, an appendix to the Spadesbourne Homes Limited Business Plan, be approved.
- 5) The Procurement Regulations, an appendix to the Spadesbourne Homes Limited Business Plan, be approved.

6

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.

The meeting closed at 6.51 p.m.

Chairman