

**Meeting: Eastbourne Housing Investment Company Limited  
Board of Directors (Company No. 09571387)**

**Date: 11<sup>th</sup> March 2021**

**Venue: Virtual (due to COVID-19)**

**Start: 10.00 am**

**Board of Directors**

**Present:**

**Board Directors:**

Roger Eastwood (RE) (Chair)

Margaret Bannister (MB)

Ian Fitzpatrick (IF)

David Tutt (DT)

Tim Whelan (TW)

**Staff**

**In Attendance:**

Tayo Adejumo, Project Accountant (TA)

Robert Cottrill, Chief Executive (RC)

Nathan Haffenden, Head of Commercial Business Development (NT)

Gary Hall, head of Homes First (GH)

Homira Javadi, Chief Finance Officer (HJ)

Jane McCarthy-Penman, Company Secretary (JMP)

Ola Owolabi, Deputy Chief Finance Officer (OO)

Item	PROCEDURAL MATTERS	ACTION
1.	<b>Apologies for Absence</b>  Andrew Clarke	Noted
2.	<b>Declarations of Interest</b>  In accordance with section 177 of the Companies Act 2006 and the Articles of Association of the Company, Directors declared their interests as set out below:  <b>Margaret Bannister</b> <ul style="list-style-type: none"><li>• Eastbourne Liberal Democrats</li><li>• Association of Liberal Democrat Councillors</li><li>• Liberal Democrat Party</li></ul> <b>Roger Eastwood</b> <ul style="list-style-type: none"><li>• Director and Chair of EHL</li><li>• Director of SEILL</li><li>• Director and Chair of South Essex Homes</li><li>• Board Member of the NFA</li><li>• Trustee and Vice Chair of Rusthall Lodge Housing Association Limited</li></ul>	

	<p><b>Ian Fitzpatrick</b></p> <ul style="list-style-type: none"> <li>• Director of Regeneration and Planning (EBC/LDC)</li> <li>• Managing Director (EHL)</li> <li>• Director of Eastbourne Downs Water Company Limited</li> <li>• Director of Lewes Housing Investment Company Limited</li> <li>• Director of Eastbourne Downs Water Company Limited</li> <li>• Director of Investment Company Eastbourne Limited</li> <li>• Director of South East Environmental Services Limited</li> </ul> <p><b>David Tutt</b></p> <ul style="list-style-type: none"> <li>• LGA Member Peer</li> <li>• East Sussex County Council Councillor</li> <li>• 3 Star Solutions – Consultant</li> <li>• IESE Transformation Ltd</li> <li>• EDEAL</li> <li>• East Sussex County Council - East Sussex Pension Fund Committee Member</li> <li>• IESE – Director</li> <li>• Hazel Court School Governor</li> <li>• People Matter Advisory Board</li> <li>• Young Enterprise Board</li> <li>• Association of Liberal Democrat Councillors</li> <li>• British Computer Society</li> <li>• Communication Managers Association, National Trust</li> <li>• Save the DGH Campaign</li> <li>• Eastbourne Sussex Fire Authority Member</li> <li>• Member of the Executive Committee of Aspiration Homes LLP</li> <li>• Director of South East Environmental Services Limited</li> </ul> <p><b>Tim Whelan</b></p> <ul style="list-style-type: none"> <li>• Director of Service Delivery (EBC/LDC)</li> <li>• Director of Eastbourne Downs Water Company Limited</li> <li>• Director of Lewes Housing Investment Company Limited</li> <li>• Director of Eastbourne Downs Water Company Limited</li> <li>• Director of South East Environmental Services Limited</li> </ul> <p><i>In respect of item 9 of the agenda, DT refrained from any discussion in respect of Victoria Mansions.</i></p> <p>It was noted that notwithstanding any such interests, all Directors were entitled to vote at, and be counted in the quorum of, the meeting.</p>	
<p><b>3.</b></p>	<p><b>Minutes of Previous Meeting of the 26<sup>th</sup> February 2021</b></p> <p>Agreed.</p>	<p>Noted</p>
<p><b>4.</b></p>	<p><b>Matters Arising</b></p> <p>None.</p>	<p>Noted</p>

5.	<p><b>Outstanding Board Actions</b></p> <p><i>Confidential – not for publication</i></p>	
<b>Business Matters</b>		
<b>Non-Confidential</b>		
6.	<p><b>Quarterly Financial Performance Report – Q3</b>  <b>Draft Budget 2021/22</b>  <b>Rent Increase 2021/22</b></p> <p>The Board noted that appendix 6c was missing from the pack and was sent out on the day of the meeting via email.</p> <p>The company reported profit before tax of £6k for the year to 31<sup>st</sup> December 2020, favourable variance of £84k to budget with the key highlight for the period being service charge cost of £173k in respect of Victoria Mansion incorrectly provided for in prior years released in the period resulting in favourable variance of £176k.</p> <p>Net interest in the period is £41k favourable to budget as capitalised interest in the period was higher (£45k favourable) than the amount budgeted for the year to December 2020 on account of the work at Victoria Mansion partially offset by higher interest cost (£4k adverse) in the period.</p> <p>It was noted that the company is expecting £50k boost owing to temporary accommodation rents, which had not been received at the time of reporting. Leases are being finalised at this point and in future, rental income will be received on a monthly basis.</p> <p>It was noted that the draft budget presented to the Board, makes assumptions without the inclusion of Victoria Mansions.</p> <p>In respect of rent increases, it was noted that there are few properties, if any, below the LHA.</p> <p>A question was asked as to what is the potential maximum rental yield? It was agreed the Head of Commercial Business Development and the Project Accountant will review this and come back to a future Board, starting with open market levels.</p> <p><b>Given due regard to Duty 2, Section 172 CA (06)</b>  <b>Recommendation and Resolution by the Board:</b>  <b>The Board is asked to</b></p> <ul style="list-style-type: none"> <li>• <b>Note the financial performance for the period ending 31<sup>st</sup> December 2020</b></li> <li>• <b>Note the revised forecast position for 2020/21</b></li> <li>• <b>Approve the rent increase for 2021/22</b></li> <li>• <b>Approve the 2021/22 annual budget</b></li> </ul>	NH/TA
7.	<p><b>Elm Park Mansions – Write Off</b></p> <p>This report informed the Board of a rent apportionment error recently identified and related to the original purchase of Elm Park Mansions.</p>	

	<p>In August 2019, the company acquired Elm Park Mansions. The Board considered the asset in February 2019, seeing the investment benefits as well as future opportunities to support the Council with its housing requirements.</p> <p>At the point of purchase, an apportionment was agreed to reflect the rent due to EHICL as paid prior to Seller in accordance with the terms of the tenancy agreements. The rent was payable in advance to the Landlord on the various rent payment dates, mostly aligned to the tenancy commencement dates. This meant all rent payment dates and rent due were different.</p> <p>In September 2020, as tenancies came to a natural end, an error in the original rent apportionment calculation was identified. It transpires that the rent due to EHICL was short by 1 day and only due to an Excel formula oversight. The rent was due up to the purchase completion date; however, it seems the formula used by the solicitors did not include the actual completion day in that calculation. In effect, one days rent has been paid by the tenants but is not currently held by EHICL. This equates to £800-£900.</p> <p>PNH Properties (the Seller) has been approached about the error direct. Although they certainly acknowledge the error, they have declined to provide any sort of remedy. Gaby Hardwicke solicitors, who acted on behalf of EHICL in the purchase, have also contacted the Seller’s solicitors with the same approach, also with no success.</p> <p>The Board considered the report and delegated authority to the Head of Commercial Business Development and Head of Homes First to progress all matters associated with the write off, including the instruction of rent account adjustments, and all other finance/legal/operational matters to bring this to a conclusion.</p> <p><b>Given due regard to Duty 2, Section 172 CA (06)</b>  <b>Recommendation and Resolution by the Board:</b>  <b>The Board is asked to</b></p> <ul style="list-style-type: none"> <li>• <b>To approve the write off of up to £900 rent associated with Elm Park mansions as a result of an apportionment error from the purchase</b></li> <li>• <b>To delegate authority to the Head of Commercial Business Development and Head of Homes First to progress all matters associated with the write off, including the instruction of rent account adjustments, and all other finance/legal/operational matters to bring this to a conclusion</b></li> </ul>	NT/GH
8.	<p><b>Rent Arrears and Tenancy Management</b></p> <p>This report provided an update on the position of arrears and any action taken on any EHICL owned property as at the 31<sup>st</sup> December 2020 (Q3), and to update on tenancy and property management arrangements for EHICL properties. It was noted that there were no major issues to report.</p> <p><b>Given due regard to Duty 2, Section 172 CA (06)</b>  <b>Recommendation and Resolution by the Board:</b>  <b>The Board is asked to</b></p> <ul style="list-style-type: none"> <li>• <b>Note the report</b></li> </ul>	

<p>9.</p>	<p><b>Any Other Business</b></p> <p><b>Stock Condition Survey</b>  It was noted that the Head of Homes First Team are managing the stock condition survey in line with the signed Service Level Agreement (SLA).</p> <p>It was confirmed that there will be some decisions required in respect of this work at a future Board. It was agreed that alongside an update on the stock condition survey, an update on compliance against the Building Safety Bill will be presented at a future Board.</p> <p><b>Victoria Mansions</b>  The Board received an update in respect of the purchase by the LLP.</p> <p>It was noted that the transaction should take place by the end of March 2021, following appropriate due diligence.</p> <p>The scaffolding is due to be taken down by the end of March 2021.</p> <p>First phase units will be let between April and June 2021.</p> <p>The remaining eighteen units will be let throughout the remainder of the year.</p>	<p>GH</p>
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**Meeting closed at 10.38 am**

**Signed:** \_\_\_\_\_ **Position:** \_\_\_\_\_

**Dated:** \_\_\_\_\_