



Knowle Green Estates Ltd Annual Report 2021

Reviewed November 2021

-  knowlegreenestates@spelthorne.gov.uk
-  knowlegreenestates.co.uk
-  01784 451499

Reviewed: November 2021



Knowle Green
Estates Ltd

Contents

1	Introduction: The Past Year	1-2
	A Time of Transition	1
	Revised Mission	2
	Financial Position	2
	Looking Ahead	2
2	Business profile	3-4
	Vision and Mission Statement	3
	Directors – Meet the Board	3-4
	The Company's Services	4
3	Our Portfolio	5
	Churchill Hall	5
	Bugle House	5
	Kingston Road	5
	Cranford Avenue	5
4	Future Acquisitions in 2021	6
	Benwell House Phase 1	6
	Knowle Green West Wing	6
5	Pipeline Acquisitions	7-10
	Victory Place, Ashford	7
	Benwell House Phase 2	7
	Oast House, Staines	8
	Ashford Multi-Storey Car Park	8
	Thameside House, Staines	9
	Risk Factors	10
6	Financial Summary	11-12

1 Introduction: The Past Year

Welcome to Knowle Green Estate's (KGE) annual report and accounts for the financial year 1 April 2020 to March 31 2021, which we hope you will find informative.

A time of transition

In many respects 2020-21 was a transitional year. We moved on from managing Harper House, which was transferred back to Spelthorne Borough Council (SBC) on 29 July 2019 following funding and development opportunities, and we focused on managing our small existing stock of 13 residential units. We also prepared for an exciting year in 2021-22 when our housing portfolio would expand significantly by a further 80 units with the completion of Benwell Phase 1 (55 units) and West Wing (25 units).

As part of this transition, SBC recruited additional staffing resource, whose costs are recharged to the Company, with the experience, skills and expertise in managing new tenants, both social and private; supporting tenancy sustainment; and developing the appropriate range of policies such as Tenancy Sustainment, Hardship Fund, Delegation Policy, Vulnerable Persons Policy and Safeguarding Policy. We are pleased the additional staff members supporting the Company are highly skilled and motivated.

A new IT system Dwellant has been installed and developed to provide a tenant portal for all tenants to access their accounts to check their rent; notify repairs; access the Company's policies and procedures and raise any other issues. This system also allows the Company to easily contact and communicate with its tenants.

We also sought to enhance the breadth of skills and experience on the Company Board by undertaking a selective recruitment process to appoint two new Non-Executive Directors, one with a primarily housing background and one with a primarily finance background. We appointed Darren Levy to the former role and Anne Fillis to the latter role and we have been delighted with their contribution to the Board and the enhanced scrutiny they have brought. At the same time Cllr Buttar joined the Board as a councillor representative and we equally value his contribution.

Revised Mission

During 2020-21 there was significant political change at SBC which is the sole shareholder of the Company. SBC set a revised mission or policy objective for the Company on all its newly acquired residential developments for at least 50% of the residential units to be either affordable rental, or key worker rental. This necessitated some refinement of the company's integrated financial model and a change to the proposed tenure mix for the Benwell Phase 1 scheme and other pipeline acquisitions.

Financial Position

The Annual Report contains the audited Statement of Accounts for 2020-21. As anticipated turnover fell compared to the previous year as during the previous year the income from Harper House (emergency accommodation) ceased. The property was transferred back to SBC to access the opportunity of Homes England grant funding for the new development which SBC will manage in partnership with Metropolitan Thames Valley Housing. Despite the loss of Harper House income, underlying loss before depreciation was virtually unchanged at £51k. The movement in Balance Sheet asset values reflects the transfer out of Harper House. The company held £69k in cash at the closing balance sheet date.

In 2021-22 there will be a significant increase in turnover with the rental income associated with Benwell Phase 1 and West Wing which will improve the Company's cashflow position.

Looking Ahead

During 2021-2 the Company will be acquiring two new developments from SBC, significantly increasing its portfolio. Firstly, in May 2021 Benwell Phase 1(55 units) made up 60% affordable rental units, 20% key worker units and 20% private rental units. Secondly in autumn 2021 the West Wing (converted wing of the Council Offices) will transfer to the Company with 25 affordable rental units including a ground floor unit adapted for a household with a family member with disabilities. There are other developments in the pipeline which are either in planning or at the design stage which will over the next five years increase the provision of affordable homes for rent in the Borough of Spelthorne.

In the coming year we are looking to improve the effectiveness of our communications and develop our website.

Chair

Terry Collier

2 Business profile

Vision and Mission statement

Vision: *For Spelthorne residents: increasing the availability and quality of housing in our Borough. A property business with a commercial head and a social heart.*

Mission: The overall purpose of the Company is to help SBC meet the needs of residents by delivering more flexible housing options than SBC could deliver by itself.

Directors – Meet the Board



Terry Collier

Terry is an accountant by profession and is also SBC's Chief Finance Officer. Terry has been on the Board since the creation of KGE in May 2016. Terry currently chairs the Board. Terry is particularly keen to see the achievement of long term financial sustainability of the Company providing much needed accommodation to a broad mix of tenants living in quality accommodation.

Satvinder Buttar

Satvinder is the Spelthorne Borough Councillor for the ward of Ashford North and Stanwell South and has been a Spelthorne Borough Councillor since 2019.

Satvinder has worked for the Private, Public and Voluntary Sector. He has served on various boards including Feltham Young Offenders, West Thames College Governance Board as Vice Chair, Children's fund Board, Hounslow Health and Social Care Board, Local Strategic Partnership Board, Hounslow Multiagency Criminal Justice Board.

Satvinder has been an Executive and non-executive director on a range of Third Sector Companies limited by guarantee. He is a local resident and understands the residents need for accessible, good quality housing in the Borough.





Darren Levy

Darren has over 30 years experience delivering housing, property, asset management and development services across public, private and charitable sectors. He spent several years as a consultant and interim executive, working with a wide range of registered providers across the UK delivering business change and transformation.

Darren has also been a non-executive director of a range third sector and social enterprise organisations, bringing a particular focus on business growth and development.

Anne Fillis

Anne is a Chartered Accountant and has had a varied career with roles in Healthcare, Government, Financial Services and the voluntary sector. Her early career was in banking where she focused on lending to the public sector and since then she has held senior roles in healthcare management and regulation.

She has much experience at Board level, helping organisations improve their finances, organisational structures and Board governance. Having lived for many years in the local area, she is aware of the local challenges and is passionate about ensuring that all residents are able to access housing that they can afford.



The Company's services

The Company owns and manages a mixed tenure accommodation portfolio across the Borough of Spelthorne providing a range of affordable rental, keyworker rental and private rental units meeting the needs of Spelthorne residents as identified by SBC's Housing Strategy 2020-2025. SBC has nomination rights to the affordable and keyworker rental units.

3 Our Portfolio



Churchill Hall

(3 units)

Three affordable two-bedroom homes on Churchill Way in Sunbury.

Bugle House

(8 units)

Eight affordable homes on the Upper Halliford Road in Shepperton.



Kingston Road, Staines

(1 unit)

Cranford Avenue

(1 unit)

4 Future Acquisitions in 2021



Benwell House Phase 1

(55 units)

Completed in May 2021.

Knowle Green

West Wing

(25 units)

25 affordable homes at
the Council offices
West Wing.



5 Pipeline Acquisitions



Victory Place, Ashford

(proposed 127 units)

Target start on site date
March 2022.



Benwell House

Phase 2

(26 units)

At planning stage.

5 Pipeline Acquisitions (cont.)



Oast House, Staines
(proposed 180 units)
Pre-planning stage.



**Ashford multi-storey
car park**
(proposed 48 units)
Pre-planning stage.

5 Pipeline Acquisitions (cont.)



**Thameside House,
Staines**

(proposed 70 units)
No present start on site date.

Based on developments already planned or underway by 2026 the Company's residential portfolio will comprise over 500 units and generate over £6m in annual rental income.

To fulfill the Company's policy objective and to retain the housing units the Company is discouraged from finance-raising by selling properties in its portfolio. Also the Company is limited in its capacity to raise finance from third parties.

The Company will receive funding and other support from SBC until it becomes financially self-sufficient, including but not limited to:

- loan finance from SBC to pay for a) working capital b) property transfer costs (the amount SBC has spent on acquiring and developing the property / the sale price charged by SBC to the Company)
- access to central services on an arm's length chargeable basis (legal, financial reporting, communications, housing, office facilities etc) until economy of scale permits the recruitment of its own staff

5 Pipeline Acquisitions (cont.)

Risk Factors

- changes in the residential property market, such as the availability of housing for purchase v rental, affordability of house-buying being affected by deposit levels, mortgage rates, house prices, incl. availability of reposessions and lower purchase prices, rental yields, changes in the law and tax regimes affecting landlords and local authorities acting as landlords, Heathrow expansion and its effect on demand in the Borough and demand/costs for construction labour, borrowing costs for developers, increased building costs caused by incorporation of new technologies (eco-power etc)
- changes in legislation that might limit the ability of local authorities to act as developers, landlords, partners in property joint ventures, including right-to-acquire legislation being extended to properties owned by Council-owned companies, increased discounts or improved terms to tenants for right-to-buy, improved tenancy terms generally including changes in security of tenure, extension of right-to-buy to private landlords generally
- health and safety of workers and tenants, Covid-19, flood risk, unexpectedly high repair and maintenance costs due to climate change, increased flood risk over and above the existing threat, increased incidence of storm damage
- reputational risk if the landlord fails to perform in terms of street-view of property, failure to manage troublesome tenants, failure to provide adequate accommodation or service to tenants, poor billing and collection
- greater poverty and financial hardship of tenants and application with greater reliance on Universal Credit

6 Financial Summary

**Knowle Green Estates Limited
Profit and Loss Account
for the year ended 31 March 2021**

	2021 £	2020 £
Turnover	168,437	251,938
Administrative expenses	(218,306)	(303,056)
Operating loss	(49,869)	(51,118)
Profit on the disposal of tangible fixed assets	56,552	-
Interest payable	(101,319)	(102,167)
Loss before taxation	(94,636)	(153,285)
Tax on loss	993	993
Loss for the financial year	(93,643)	(154,278)

6 Financial Summary (cont.)

**Knowle Green Estates Limited
Balance Sheet
as at 31 March 2021**

	2021 £	2020 £
Fixed assets		
Tangible assets	4,542,272	6,851,006
Current assets		
Debtors	11,999	4,471
Cash at bank and in hand	68,917	208,846
	80,916	213,317
Creditors: amounts falling due within one year	(343,708)	(270,013)
Net current liabilities	(262,792)	(56,696)
Total assets less current liabilities	4,279,480	6,794,310
Creditors: amounts falling due after more than one year	(4,565,340)	(4,660,175)
Net (liabilities)/assets	(285,860)	2,134,135
Capital and reserves		
Called up share capital	1	1
Impairment reserve	-	2,246,727
Profit and loss account	(285,861)	(112,593)
Shareholder's funds	(285,860)	2,134,135