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| Item No. | Classification: Open | Date: 14 June 2012 | Decision Taker: Deputy Leader and Cabinet Member for Housing Services |
| Report title: | | Tenants Fund Budget 2012/2013 | |
| Ward(s) or groups affected: | | All | |
| From: | | Strategic Director of Housing Services | |

RECOMMENDATIONS

1. That the cabinet member for housing agrees the proposed 2012/2013 tenants fund budget as summarised in appendix 1 below with due consideration given to comments made during consultation, especially those from tenant fund management committee (TFMC) and tenant council (see *Key consultation issues* in paragraphs 12 to 15 below).
2. That the cabinet member for housing notes that income from carry forward and home owner fund contributions to tenant and resident association grants cannot be finalised until financial statements are completed for 2011/12.
3. That the cabinet member for housing agrees that bids for projects and other items from the contingency should be submitted to TFMC during quarter one and for TFMC to recommend a package of further expenditure to the cabinet member for housing for approval.
4. Further to consultation with the Deputy Leader and Cabinet Member for Housing, it is recommended that the request for an additional £40k received from SGTO to fund a Research and Campaigns Officer is subject to the submission of a formal business case, to be considered alongside other business case requests for funding from contingency and that a further report is brought back for consideration in July 2012.

BACKGROUND

5. The tenant fund was established in 1989 to fund and support the tenant movement. It derives its income from a precept on tenants' rents, which currently stands at 25.3p per week per property. Further contributions are made from the home owner fund for 25% of the amount actually paid to tenants' & residents' associations during the year.
6. The tenant fund base budget is set every year according to the current number of secure tenanted properties in management and the rent rise. This has been the case every year since the tenant fund was introduced in 1991.
7. In previous years, the budget has been set after the start of the financial year rather than in advance because it was not possible to have full certainty about the income available until out-turn figures were available and both the carry forward and expected home owner fund contributions were known.
8. This year the intention is to set it at the start of the year. The recent move to tenant and resident association grants being provided following annual general meetings means it is no longer possible to delay grant applications until the tenant fund budget has been set. Another benefit is that the Southwark Group

- of Tenants' Organisations will be able to draw its quarter one grant on time, rather than needing to depend on reserves to carry it through until the budget has been set.
9. The proposed 2012/13 budget has been set on the basis of the previous year's budget and accounting for any trends in expenditure.
 10. Last year, there was considerably less carry forward than in previous years. The principle used was to set the budget at base level, that is, at a level of expenditure that would be sustainable from the standard income from the precept on rents and from the home owner fund contribution. The SGTO was invited to make any bid for additional funding from the contingency part of the budget. No bid was submitted.
 11. In 2012/13, there is a large carry forward. This is because in 2010/11 we changed the approach to grant funding, from being paid in arrears to advance. This meant that in 2011/12 we invited two years' grant applications, having accrued funds to meet the cost. Take-up of grant funding was lower than expected, causing the under spend. Some of this may well still be claimed by TRAs as we have extended the deadline for 2011/12 grant applications to 30 September 2012 in recognition that the change of approach may have caused some confusion for TRA members and we are working proactively to promote take up.

KEY ISSUES FOR CONSIDERATION

12. When the budget went to TFMC, the SGTO also presented its proposed budget for the year. TFMC removed three items from that budget and recommended that these are submitted as business cases:
 - Heating costs (£15,000)
 - Repairs conference (£5,000)
 - Youth participation project (£20,000)
13. However, TFMC agreed to the inclusion of £40,000 of increased staffing costs in 2012/13 compared with the previous year.
14. Tenant council was asked to approve the budget with a recommendation that the £40,000 staffing increase should be submitted as a growth item. Tenant council rejected this recommendation, and agreed the budget including the staffing increase. The resolution was: *"That the meeting agree budget as proposed by TFMC and that in future TFMC will look at budgets as officers have requested as business case as this represents a procedural change which need to be agreed by TFMC."*
15. Review of tenant fund
Tenant Fund Management Committee has embarked on a full review of the tenant fund and the services provided from it. Whilst this proposed budget has been based on the traditional approach, it may be that this will change next year.
16. Budget elements
The reference letters used in this part of the report relate to the lines of the budget at appendix 1.

Expenditure

a. *Salaries and staffing*

This has increased in line with staff increments and assumed grading. The staff funded are within the council's resident involvement team: two community training officers and one grants and support officer.

b. *Payments to TRAs*

This is the same budget figure as in previous years, based on the current funding formula of a minimum grant of £1,100 plus £4.50 per property over and above 245 properties.

c. *Tenant conference*

As last year.

d. *Training expenses*

As last year.

e. *Equipment, repairs and maintenance (resource centres)*

Increase based on this year's expenditure. The main cost in this budget has been colour photocopying available in resources centres free of charge to TRAs. We are in the process of ending the existing contract with the photocopier provider and reletting a new contract, which we anticipate will reduce the costs by about half.

f. *Equal opportunities*

As last year, though this was not utilised and TFMC agreed to fund the package of on-line training courses that was cut from the budget at the start of the year. It is proposed to retain this budget for a further year and for TFMC to make provision for its use. It should be reconsidered as part of the review of the tenant fund.

g. *Expenses of tenant representatives*

Expenses have increased slightly in 2011/12 therefore this budget has been increased accordingly. We will be looking at the policy on cab usage by tenants going to meetings.

h. *Stationery & materials (resource centres)*

Slight increase to reflect increased prices.

i. *SGTO*

This budget excludes the additional £40k recommended by TFMC and Tenants Council.

A copy of the SGTO 12/13 business plan, expenditure budget, and proposed staffing structure is attached for information in Appendices 2, 3 and 4. The SGTO do not receive any significant income from any other alternative source. The business improvement team is also currently working on a business plan performance monitoring framework with SGTO.

The proposed figure for SGTO originally included the £40,000 increase in staffing costs that TFMC and Tenants Council recommended. An increase in the SGTO budget of this size is in reality a request for access to the contingency and as such should be properly applied for and approved. SGTO

has already acknowledged the propriety of this approach in relation to a proposed repairs conference and a proposed youth participation project.

j. Contingency

The figure provisionally included in this budget will change depending on the year end out-turn and the amount of carry forward available, but it expected to be close to fully accurate.

It is proposed that contingency fund bids should be presented to TFMC in the first quarter of this year before being put to the cabinet member for housing for approval. This will allow TFMC to assess the value it will get from additional expenditure.

Income

k. Base budget

Following the rent increase, the weekly precept on the rent is now 25.3p. When multiplied by 52 weeks and then by 38,705 tenanted properties, the base budget calculates as £509,320.

l. Carry forward

The figure in the budget may be subject to some fine tuning once the year's accounts have been fully closed. The significant fund involved has been largely due to a considerably lower number of applications for tenant fund grants from TRAs. The resident involvement team will be working towards the fullest possible take up of grants and recognition for 2011/12 before the end of September 2012.

m. Reimbursement from home owners' fund

This figure is based on the budget provision made by the home owners' team based on 25% of the expected grant payments. This figure includes full payment for 2011/12 plus adjustments from the previous three years.

17. Tenant fund management committee

TFMC agreed the budget proposals provided to them as shown in appendix 1, apart from line 9, SGTO. This item was proposed at the level of £174,000, representing the budget for last year plus an 8% increase to match the increase in staffing costs (line 1).

The SGTO made a presentation and submitted their proposed budget for a total of £260,980 (appendix 2). After discussion, TFMC agreed these items should be subject to a business case from contingency:

- Heating cost (£15,000) – line 29
- Repairs conference (£5,000) – line 30
- Youth participation project (£20,000) – line 31

18. TFMC recommended that £215,000 be awarded to the SGTO. This figure includes an increase in staff salaries from £120,000 to £160,000. The £40,000 difference is to fund a single post to return to the 2010/11 staffing level. After consultation with the Deputy Leader and Cabinet Member for Housing, it is recommended that the request for an additional £40k received from SGTO to fund a Research and Campaigns Officer in 2012/13 is subject to the submission of a formal business case, to be considered alongside other

business case requests for funding from contingency and that a further report is brought back for consideration in July 2012.

Community impact statement

19. The tenant fund supports tenant and resident associations and related support services including training, two resource centres, and the SGTO.
20. Full equalities information is not currently available for TRA committee members, but work is ongoing to collect this. It will then be possible to assess how well the equalities information on committee members matches with those living in council housing.
21. A known gap is that of young people, who are under-represented within TRAs. One project proposed in this financial year is for the council and the SGTO to jointly procure young advisors to 'youth proof' TRAs, leading to a conference where young people can give their findings and suggestions on how TRAs can be more inclusive of young people. This work is one of the items to be subject to a later business case for funding from contingency.

Consultation

22. Consultation has been carried out in the usual way as in previous years.
23. The draft budget was prepared by officers based on the previous year and accounting for any known changes.
24. This was presented to TFMC on 3 April 2012.
25. A developed paper (following TFMC's comments) was taken to tenant council on 16 April 2012.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Communities, Law & Governance

26. There are no specific legal implications arising from this report.

Finance Director (FIN0700DK3004.2012)

27. The tenant's fund budget is ring fenced within the housing revenue account. The total base budget allocation for financial year 2011/12 was £472,970. In addition to this carry forward funding was allowed at £28,776 and the budgeted home owner fund contribution was £38,092 so the total budget allocation for 2011/12 was £539,838.
28. Under spends on the account are due to 125 tenant and resident applications being committed but not received as at March 2012. Also eleven applications have been refused due to non-compliance with policy or constitutional arrangements.
29. The base budget funding for financial year 2012/13 is calculated on a formula of 38,705 mid-year properties multiplied by the rate per property at 25.30p. This rate has been increased by average rent rise at 7.96% for this financial year and therefore the base budget is valued at £509,320.

30. The agreed unpaid budgets contribution including the residual from 2008/09 to 2010/11 and 2011/12 from the home owners' fund is £77,360. and this amount is included in the carry forward amount in 2011/12 of £198,523.
31. Based on this position and the closure of the financial statements for 2011/12, the total budget for financial year 2012/13 is confirmed at £747,111 and this will include the carry forward identified above and the expected homeowner fund contribution for 2012-13 at £39,268.
32. At point 14 above administration staff have been identified at £40k. The principle applied in 2011-12 budgets was that the tenants fund should be sustainable from a base budget income of the precept on rents plus anticipated homeowner fund contribution. Other costs, such as staffing should form part of a business case and identified as carry forward budget if available. This creates a sustainable base budget and a clear approach to demonstrate the benefits of any business case and weighs up several bids from limited carry forward funds. It would create better financial management terms should the business case process be adopted.
33. The overall budget for 2012/13 includes a contingency of unallocated funds of £212,767. Therefore it becomes essential that close monitoring of the actual expenditure against budget and the achievement of income, particularly from the home owners fund, is undertaken during the financial year. The resident involvement business unit is considering ideas of how to address these under spends by the development of the residential services. Under-achievement of funding streams will need to be considered as against the overall budget allocation for the year.

BACKGROUND DOCUMENTS

| Background Documents | Held At | Contact |
|----------------------|---------|---------|
| none | | |

APPENDICES

| No: | Title |
|-----|--|
| 1 | Tenant Fund Budget |
| 2 | Specific Smart Objectives For 2010 -2012 |
| 3 | SGTO Budget 2012 / 2013 |
| 4 | SGTO Staffing Structure |

AUDIT TRAIL

| | | |
|---|---|--------------------------|
| Lead Officer | Gerri Scott, Strategic Director of Housing Services | |
| Report Author | Darren Welsh, Head of Community Housing Service | |
| Version | Final | |
| Dated | 12 June 2012 | |
| Key Decision | Yes | |
| CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER | | |
| Officer Title | Comments Sought | Comments included |
| Strategic Director of Communities, Law & Governance | Yes | Yes |
| Finance Director | Yes | Yes |
| Cabinet Member | Yes | Yes |
| Date final report sent to Constitutional Team | | 14 June 2012 |

| TENANT FUND | | Budget 2010/11 £ | Budget 2011/12 £ | Out-turn 2011/12 £ | Budget Change 2010/11 to 2011/12 £ | % change | Budget 2012-13 £ | Budget Change 2011/12 to 2012/13 £ | % change |
|--------------------|--|---------------------------------|---------------------------------|-----------------------------------|--|-------------|---------------------------------|--|-------------|
| A | Salaries and Staffing (Grant Support Officer and 2* Training Off.) | 120,000 | 113,000 | 117,903 | -7,000 | -6% | 122,344 | 9,344 | 8% |
| B | Payments to Tenant & Resident Associations | 180,000 | 180,000 | 54,690 | 0 | 0% | 180,000 | - | 0% |
| C | Tenant Conference 2011 | 14,000 | 10,000 | 5,091 | -4,000 | -29% | 10,000 | - | 0% |
| D | Training Expenses (training) | 10,000 | 7,000 | 2,169 | -3,000 | -30% | 7,000 | - | 0% |
| E | Equipment, Repairs and Maintenance (Tenant Resource Centres/ Community rooms) | 25,000 | 20,000 | 32,019 | -5,000 | -20% | 25,000 | 5,000 | 25% |
| F | Equal opportunities/ Youth involvement grants (including AGM-related caring and special needs) | 5,000 | 7,500 | 476 | 2,500 | 50% | 7,500 | - | 0% |
| G | Expenses of Tenant Representatives (cabs / meetings / refreshments) | 1,000 | 1,000 | 1,200 | 0 | 0% | 2,000 | 1,000 | 100% |
| H | Stationery & Material (training) | 5,000 | 5,000 | 5,037 | 0 | 0% | 5,500 | 500 | 10% |
| I | Southwark Group of Tenant Organisations | 223,750 | 160,562 | 160,562 | -63,188 | -28% | 175,000 | 14,438 | 9% |
| J | Contingency | 15,640 | 35,776 | 1,436 | 20,000 | 129% | 212,767 | 176,991 | 495% |
| Total | | 599,390 | 539,838 | 380,583 | -59,552 | -10% | 747,111 | 207,273 | 38% |

| | | Budget 2010/11 £ | Budget 2011/12 £ | Out-turn 2011/12 £ | Budget Change 2010/11 to 2011/12 £ | % change | Budget 2012-13 £ | Budget Change 2011/12 to 2012/13 £ | % change |
|---|------------------------------------|---------------------------------|---------------------------------|-----------------------------------|--|-------------|---------------------------------|--|-------------|
| K | Base Budget 2011/12 | 437,714 | 472,970 | 472,970 | 35,256 | 8% | 509,320 | 36,350 | 8% |
| L | Carry forward | 37,207 | 28,776 | 28,776 | -8,431 | -23% | 198,523 | 169,747 | 590% |
| M | Reimbursement from Home Owner Fund | 124,469 | 38,092 | 77,360 | 39,268 | 32% | 39,268 | 1,176 | 3% |
| | | 599,390 | 539,838 | 579,106 | | | 747,111 | | |

