

Item No.	Classification: Open	Date: 20 November 2017	Meeting Name: Deputy Leader and Cabinet Member for Housing
Report title:		Home Owner Fund Budget 2017-2018	
Wards or groups affected:		All	
From:		Director of Communities	

RECOMMENDATIONS

1. That the Cabinet member for housing approves the proposed 2017/18 Home Owners Fund budget of £259,583 as summarised in Appendix 1 following consultation with the Home Owner Fund Management Committee (HFMC) and the Home Owner Council (HOC).
2. That the Home Owners Information Centre budget line is subject to separate approval of an updated Business Plan (to be submitted by HOC) by the Cabinet Member for Housing as set out in section 11d).
3. That this approval is further subject to the requirement that expenditure involving the procurement of external services is subject to compliance with current internal governance requirements and procurement and financial practices as set out in paragraph 21.

BACKGROUND INFORMATION

4. The Home Owners Fund was established in 2004 (then under the name Leaseholders Fund). The then Leaseholder Council agreed to ring fence a precept of £10 per service charge account from each leaseholder's management fee and placing the monies in a leaseholder fund budget. The purpose was to establish a fund similar to the Tenant Fund which supports Tenant and Resident Associations (T&RAs) because T&RAs also represent homeowners.
5. In March 2008 the Leaseholder Council agreed that their fund would be administered separately to the Tenants Fund but with an undertaking that the leasehold fund would transfer a lump sum annually which reflects support for homeowners/homeowner activities by T&RAs. This lump sum currently stands at 27% of all grant payments made to TRAs.
6. The Tenant Fund base budget is set every year. The figure is derived from the current number of secure tenanted properties within housing management and is linked to the annual rent setting and rent collection rate so that the notional amount is adjusted upwards or downwards accordingly. The number of properties on which the budget is based for 2017/18 is 37,349 compared to 37,526 for 2016/17.
7. The HOCF 2017/18 budget has been set by the HOFMC which is a sub-group of HOC based on the previous year's budget.
8. The Home Owners Fund carry forward from the 2016/17 budget was £369,915 on 1 April 2017. The carry forward at the start of 2016/17 was £356,312. HOC

has been informed of the need to allocate and spend this resource by the end of the current financial year.

KEY ISSUES FOR CONSIDERATION

9. A breakdown of the budget can be found in Appendix 1.
10. The budgeted income for 2017/18 increased by £2,350 compared to the previous year. This reflects the increase in number of leaseholders and freeholders.
11. The rationale for budget lines allocation are as follows:

a. Staff cost

This reflects a contribution to the cost of a member of staff within the Communities Division who supports the work of HOC, a tenant and homeowner support officer. This role is of a lower grade than the role allocated last year and the slight reduction in budget allocation reflects this.

b. Refreshments for meetings

HOCF members have agreed to reduce this to £500 for light refreshments

c. Conferences/Seminars

HOCF have requested £15K to organize one conference this year. The rationale is that they will use a paying venue as they felt that Tooley Street is not suitable in light of the feedback received last year. The breakdown of the cost is found in appendix 2.

d. Home Owners Information Centre (HOIC)

In Oct 2013 Cabinet agreed the setting up of a Home Owners Information Centre. Cabinet was asked to note that the information centre would be effected by the creation of a service delivery contract between LAS2000 and Leathermarket JMB, in line with the business plan prepared by an external consultant, and would be funded from the existing homeowner involvement budget (the homeowners fund).

A number of years have lapsed since and the approach now proposed by HOC differs considerably from what was agreed by Cabinet in 2013, mainly LAS2000 is no longer involved in the project. In addition the council has now created the My Southwark Home Owners Agency which might already be delivering the aims originally intended by HOC's HOIC such as enhancing the range of information, support and participation opportunities accessible to homeowners, improving the low level of satisfaction amongst leaseholders and the need for independent advice services.

A formal decision making process for the council to agree the HOIC proposed new approach has yet to take place. Of particular interest is the framework under which the centre will operate, governance and performance management arrangements in place needed to ensure there are the right controls and

balances in place on how this entity will operate and be accountable for the expenditure of public funds.

HOC are requesting a £103,250k budget allocation for the Home Owners Information Centre in 2017/18. HOC have provided a breakdown of their intended cost for HOIC shown in Appendix 3. Officers therefore propose that this budget line is only agreed subject to an updated business plan (including framework, governance and performance management/reporting) being submitted by HOC and agreed by the Cabinet Member for Housing.

e. Payment to Tenants Fund

This figure is based on the agreement with the Home Owners' Fund to contribute 27% of a particular year's actual grant payments by the Tenants fund to T&RAs. It simply represents 27% of the budgeted amount for Grants to T&RAs. It is paid quarterly based on the actual TRA spend figure for the quarter.

f. CAB project

This is a two year agreement whereby CAB is funded to provide advice to leaseholders, the agreement is coming to an end and the decrease in the amount allocated this year reflects this.

g. Election Cost

This allocation remains unchanged compared to the previous year as this year elections are due for street properties representatives and absent leaseholders representatives.

h. Meeting room hire

This allocation has been reduced to zero as all meetings are taking place at Tooley Street free of charge.

i. Travel expenses

This allocation remains unchanged compared to the previous year. Expenditure is limited to use of cabs booked through the council's appointed provider. Cab expenditure is for attendance by vulnerable residents and residents with disabilities at HOC, HOFC and attendance at working parties.

j. Website/Marketing

This allocation remains unchanged compared to the previous year. Members of the Homeowners Council approved a budget in 2015/16 and plan to have a dedicated web site. Based on recent information from the Homeowners Seminar about the lack of visibility of the HOC, and the need for HOC need to inform and engage homeowners in a more consistent manner, the £15,000 of which £3,500 will be for Website Development and Installation and £11,500 for Communications System Development, Installation and Maintenance. It is envisaged that the HOC will have a communications strategy with clear plan on how it will engage with Homeowners and report periodically on progress, expenditure against budget and key successes and improvements. There may be a need to set up a communications/marketing working group to progress this.

k. Contingency

This allocation remains unchanged compared to the previous year.

l. Reserves

Reserves at 1 April 2016 were £356,312. Reserves at 31 March 2017 were £369,915.

12. An independent review of the framework for tenant and resident engagement requested by the housing and community safety scrutiny sub committee is currently taking place. This includes the engagement structures of which HFMC is a part.

Policy implications

13. There are no specific policy implications relevant to the Home Owners Fund budget for 2017-18 specifically as it is yearly budget for the purposes described.
14. TRAs are an important part of the fabric of the borough. The Home Owners Fund contributes to providing resources to enable TRAs to operate and to manage themselves.
15. TRA grants ensure that associations are able to hold and service meetings and meet the basic costs of doing so. In addition they enable TRAs to organize activities and social events that are open to all tenants and residents on an estate. Recognised TRAs are entitled to be consulted on matters affecting their community and are also a part of the council's engagement structure with residents. Getting involved in a TRA is a good way for residents to meet their neighbours and to take an active part in the life of the estate.

Home Owners Fund management committee

16. HFMC is a sub-committee of HOC. The Home Owners Fund budget is presented to HOC after HFMC has finalised its recommendations.

Community impact statement

17. The Home Owners Fund supports tenant and resident associations and related support services for leaseholders including CAB advice, Home Owners Information Centre and Home Owner conferences.
18. An independent in depth engagement exercise is currently taking place to gather views from council tenants, homeowners and private sector tenants on council estates. This study will explore in depth how we engage with tenants and homeowners as a housing provider and identify areas for improvement. The findings of the study will be used to inform council decisions on improving resident engagement in the future.

Consultation

19. Consultation has been carried out in the usual way as in previous years with HFMC and HOC. HFMC and HOC have put forward the budget proposals based on last year's budget and expenditure and what resources should be allocated to which priorities.

20. The budget was prepared by HOFM working group with information provided by officers based on the previous year and accounting for any known changes. This was presented to and approved by HOC at their AGM on 06 September 2017.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

21. The Director Law and Democracy notes the content of this report. With regard to the recommendation contained in paragraph 3 concerning the proposed procurement of external services, the Council's Contract Standing Orders state that, where the estimated contract value is from £25,000 to below £100,000, there is a requirement to take all reasonable steps to obtain at least three written quotes unless the Lead Contract Officer decides that this will not secure value for money. In such cases, a Gateway 1 report must be completed to explain what alternative action is being taken and why.
22. The recommendations set out in paragraph 1 relate to matters which are expressly reserved to the Cabinet Member for decision under Part 3D of the Council Constitution.

Strategic Director of Finance and Governance

23. The Home Owners Fund budget is ring fenced within the HRA. The total budget allocation for 2017/18 is £522,355. This figure is comprised of a base budget of £152,440 and a carry forward allocation of £369,915. Appendix 1 shows the proposed allocation between various spending heads. The base expenditure budget proposed for 2017/18 exceeds the income base by £107,143 (which includes a £5,000 contingency sum). This therefore assumes a draw-down from the accumulated Leaseholder Fund reserve held within the HRA each year in order to balance the account. With reserves of c. £370k at this point, this position is sustainable over the medium-term, but needs to be reviewed as part of the annual budget setting process.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
HO fund IDM report 2016/17	Communities Division, 160 Tooley Street, SE1P 5LQ 020 7525 7648	

APPENDICES

Appendices	
Appendix 1	HOC Budget 2017-18
Appendix 2	Estimated Seminar cost 2017
Appendix 3	Estimated HOIC budget breakdown

AUDIT TRAIL

Lead Officer	Stephen Douglass, Director of Communities	
Report Author	Eva Gomez, Resident Involvement Manager	
Version	Final	
Dated	20 November 2017	
Key Decision	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		20 November 2017