

Item No. N/a	Classification: Open	Date: 15 June 2018	Meeting Name: Cabinet Member for Housing Management and Modernisation
Report title:		Leathermarket JMB TMO Modular Management Agreement Amendment	
Ward(s) or groups affected:		Chaucer Ward	
From:		Strategic Director of Housing and Modernisation	

RECOMMENDATION(S)

1. That the Cabinet Member for Housing Management and Modernisation approves the variation of the Leathermarket JMB Modular Management Agreement, schedule 1 to include the properties comprising the 169 Long Lane developments, as set out in appendix 1.

BACKGROUND INFORMATION

2. A TMO is a resident owned and run company which provides housing services on behalf of the council, in accordance with provisions in the 1985 Housing Act. TMOs are developed under the Right to Manage Regulations (RTM) 2012 which were introduced by Government to make it easier for secure tenants to exercise their statutory right to manage.
3. Southwark has 17 functioning TMOs comprising 4,609 properties of which 2,972 are rented by council tenants and 1,637 are leasehold or freehold.
4. Leathermarket JMB is a TMO registered as a Company Limited by Guarantee. Set up on 9th October 1996, it now manages 1,521 properties under a management agreement with the Council. Together with Leathermarket JMB's resident led Board and the Department for Communities and Local Government, Southwark developed the JMB as the country's first self-financing TMO.
5. On 27 January 2015, the cabinet agreed its new long term housing strategy for the borough including specific commitments for increasing housing supply, including building 11,000 new council homes for social rent by 2043. 3. On 25 February 2015 Council Assembly endorsed the Council Plan to 2017/18 which included the Fairer Future Promise- Quality affordable homes, which states 'We will improve housing standards and build more homes of every kind, including 11,000 new council homes'.
6. The development at 169 Long Lane was part of the new homes delivery programme to develop 1000 new council homes by 2020. The new development was completed in April 2017 and comprises 21 general needs housing units contained in a part 2/part 4/part 6 storey block with a mixture of 1, 2 and 3 bedroom apartments for social rent, plus one commercial unit.
7. The Gateway 2 report for the appointment of the contractor for the main construction works at the 169 Long Lane development was approved by the Chief Executive on 10 December 2014. That report states at paragraph 67 that the

management of these new residential units is likely to be undertaken by the Leathermarket JMB and that there is also an intention for them to also manage the commercial unit at 169 Long Lane, subject to further discussions and satisfactory agreement.

8. Following completion of the development and further discussions with Leathermarket JMB, the JMB assumed responsibility for the housing management functions of these additional properties from October 2016 – increasing their managed properties to 1,542. This report seeks authority to formalise the transfer of these functions by approving a variation of the management agreement between the council and the JMB.

KEY ISSUES FOR CONSIDERATION

9. Research has shown that council tenants and residents prefer to have the autonomy to deal with things that matter to them most in relation to their homes and the council has worked for a long time to ensure that tenants are given this freedom and support to manage their own housing estates and homes as much as possible.
10. The properties are in close proximity to the Leathermarket JMB, and are let on Southwark council tenancies. The JMB has a good record of property management. They have been managing these properties since handover, and no adverse issues have been reported.
11. The housing management functions that have been transferred include major works, responsive maintenance, tenancy management, rent collection, property lettings and service charge administration.

Policy Implications

12. Southwark Council Housing Strategy to 2043 has a commitment to “*Enable council tenants and home owners to take greater control over their local housing services, and supporting the development of tenant management organizations*”. The continued transfer of these functions to Leathermarket JMB will contribute to this commitment.

Community impact statement

13. There are a number of safeguards in place to ensure that TMOs meet the council’s Public Sector Equalities Duties (PSED), including the fact that TMO management committee members undergo equalities and diversity training, and there is no negative impact on residents in this respect .
14. The MMA has an explicit section on equalities (Clause 10) and the JMB is required to produce equalities and diversities policies and procedures compliant with the council’s equalities and diversity legal duties which are included in the MMA as schedule 2.
15. The Tenant Management Initiatives (TMI) team quality assured these policies and will ensure that they are implemented by the JMB. This will be done through various random checks throughout the year.

Resource implications

16. Leathermarket JMB is self financing, it generates income from collection of rents and service charges and therefore the inclusion of additional properties will have no impact on council resources.
17. The TMI team monitors TMO performance and ensures that TMOs operate within their MMAs. The monitoring of functions for these additional properties will be accommodated within existing resources.

Legal implications

18. Refer to the Supplementary Advice from the Director of Law and Democracy.

Financial implications

19. The number of properties managed by Leathermarket JMB is now 1,542 including these 21 properties. There are no specific financial implications arising from the report's recommendation.

Consultation

20. The council consulted with neighbouring tenants and residents associations before design proposals were finalised, during the pre-construction services stage, through the planning process and prior to the main works commencing on site. The proposal to transfer the management of the completed properties to Leathermarket JMB was included within an open report and available on the council's website.
21. Leathermarket JMB were fully consulted over the transfer and formally confirmed agreement by resolution of the JMB Board on 28 March 2018. However, it was not necessary to consult with residents as the JMB assumed blocks were taken over when vacant.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

22. The council and Leathermarket Joint Management Board entered into an agreement on 8 April 2013 to enable the JMB to exercise the council's housing management functions in relation to a number of properties listed in that agreement. Subsequently, in October 2016, Leathermarket JMB took over the same housing management functions for a number of additional new build properties listed in Appendix 1.
23. The National Federation of Tenant Management Organisations advises in "Grow your TMO" that a formal Right to Manage process is not required where both the TMO and the council agree that a voluntary process can be followed to add extra properties to an existing TMO. This should include consultation with tenants, but as set out in the report, these properties are new builds and the housing management functions were transferred to the JMB before the properties were occupied.
24. The guide indicates that a council would be more likely to consider the voluntary

process appropriate where the properties to be added are a small number and the TMO is operating well, as is the case here.

25. The change can be put in place by the council and the TMO agreeing that Schedule 1 listing the properties and the calculation of allowances schedule are both changed to incorporate the additional properties.
26. Clause 18.1 c) of the management agreement between the council and Leathermarket JMB enables the Council and the JMB to agree to replace or amend a Schedule to the Agreement and clause 18.2 does not require this to be a Deed. A draft letter of variation is attached at Appendix 2 and will need to be agreed and signed by the JMB.

Strategic Director of Finance and Governance (H&M18/008)

27. The report is recommending the Cabinet Member for Housing approves the recommendation to include the 21 new properties at 169 Long Lane as part of the Leathermarket JMB Management Agreement.
28. The Strategic Director of Finance and Governance notes that the recommendation is seeking to formalise arrangements already in place, with Leathermarket JMB having assumed responsibility for the properties since October 2016. Leathermarket JMB manages these properties under a self financing agreement, and because of this, there are no financial implications arising specifically from this report.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Gateway 2 report for the appointment of the Contractor for main construction works – 169 Long Lane	Southwark Council Website	
<p>Link: (copy and paste link into browser) http://moderngov.southwark.gov.uk/documents/s50786/Open report Gateway 2 - Contract Award Approval - Direct Housing Delivery Phase 1B - Proposed new.pdf</p>		

APPENDICES

No.	Title
Appendix 1	List of Properties to be included
Appendix 2	Draft letter of variation of the Leathermarket management agreement

AUDIT TRAIL

Lead Officer	Stephen Douglass, Director of Communities	
Report Author	Eva Gomez, Resident Involvement Manager	
Version	Final	
Dated	6 June 2018	
Key Decision?	No	
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	6 June 2018	