

Item No. N/a	Classification: Open	Date: 23 July 2018	Meeting Name: Cabinet Member for Housing Management and Modernisation
Report title:		Home Owners Fund Budget 2018/19	
Wards or groups affected:		All	
From:		Director of Communities	

RECOMMENDATIONS

1. That the cabinet member for housing management and modernisation approves the proposed 2018/19 Home Owners Fund (HOF) budget of £189,900 as summarised in Appendix 2, following consultation with the Home Owner Fund Management Committee (HFMC) and the Home Owner Council (HOC).
2. 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 27.
3. That the cabinet member for housing management and modernisation notes the proposed Home Owner Council two year strategy and work plan (2018/19 and 2019/20) attached as Appendix 1.

BACKGROUND INFORMATION

4. The Home Owner Council (HOC) is an advisory body established by the council to:
 - a) represent the views of its homeowners on issues relating to housing services, the management of housing and new housing management proposals, and
 - b) form part of the framework for the council to consult its homeowners on matters relating to housing management, housing services and policies.
5. The HOC is made up of representatives from local Area Housing Forums (who are in turn nominated via Tenant and Resident Associations (TRAs)) in addition to representatives from street properties, freeholders and non resident leaseholders.
6. Over the last few months and for the first time, HOC has been focusing on developing a programme of work covering the next two years in order to have a strategic approach to delivering positive outcomes for leaseholders across the borough in partnership with the council.
7. The HOC has funds allocated through the Home Owners Fund which was established in 2004 (previously called the Leaseholders Fund). The then Leaseholder Council agreed to ring fence £10 per service charge account from each leaseholder's management fee and to place the monies in a leaseholder

fund budget. The purpose was to establish a fund similar to the Tenant Fund which supports TRAs because TRAs also represent homeowners.

8. In March 2008, the then Leaseholder Council agreed that their fund would be administered separately by 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 TRAs. This lump sum currently stands at 27% of all grant payments made to TRAs.
9. The HOF 2018/19 budget has been set by the HFMC which is a sub-group of HOC with the aspiration to deliver the priorities set in their proposed strategy.

KEY ISSUES FOR CONSIDERATION

10. The proposed HOC two year strategy and work plan can be found at Appendix 1. This work plan has been shaped by HOC members based on feedback from their constituents and feedback received at the most recent Leaseholders Conference held in February 2018 and which was attended by over 200 people. The priorities identified were:
 - Leaseholder Engagement
 - Stakeholder Management
 - Transparency
 - Value for Money
 - Council Policy and Consultation
 - Customer Experience
11. The strategy has been authored by the HOC Chair with input from delegates and sets specific outcomes and deliverables that HOC aspires to focus on in the next two years by working constructively with officers in various service areas and alongside the My Southwark Homeowners Board.
12. A breakdown of each priority area alongside their expected actions, deliverables and outcomes for each of them can be found in the document.
13. The budgeted income for 2018/19 is likely to increase in line with the number of Right to Buys (RTBs). In order to continue to deliver current projects and the new proposed strategy the proposed expenditure is set out below.
14. The rationale for budget lines allocation is 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. The amount has been increased by 2% to reflect salary cost increases.

b) Refreshments for meetings

In 2017/18 only light refreshments were offered at meetings instead of the full catering previously provided. The budget set was £500 in order to reflect the need to make savings across the council. The cost of providing light

refreshments in 2017/18 proved slightly higher than £500 and therefore for 2018/19 a slightly increased allocation of £700 is proposed.

c) Conferences/Seminars

In 2017/18 HOC organised one conference which took place in February 2018 for 260 delegates at a cost of £15,934. The conference proved highly successful and over subscribed with very positive feedback from attendees. This year HOC is proposing to organise two conferences and with a total allocation of £36,000.

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 affected 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 has elapsed since and in 2017/18 the need for this service was reassessed by HOC members. As a result the 2017/18 allocation was not spent and HOC has agreed that at present there isn't a need for this service in its previously proposed form. The £2,000 proposed will cover the cost of exploratory work carried out to date.

In its place HOC have proposed a strategy setting out a number of priorities for 2018/19 and request to spend their reserves on funding this projects and work streams.

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 Tenant Fund to TRAs. It simply represents 27% of the budgeted amount for Grants to TRAs. It is paid quarterly based on the actual TRA spend figure for the quarter. 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 2018/19 is 37,424 compared to 37,349 for 2017/18.

f) Independent Leaseholder support and advice

For the last two years, the Home Owner Fund has contributed to the council's existing service level agreement with Citizens Advice Bureau (CAB) in order to cover the cost of a dedicated leaseholder advice specialist. This is a two year agreement whereby CAB is funded to provide advice to leaseholders. HOC would like to continue to fund this service in 2018/19. CAB produces quarterly performance reports which show that the service is performing well and delivering positive outcomes.

g) Election Cost

This allocation has been brought down to zero as there are no elections due this year.

h) Meeting room hire

This allocation was set at zero in 2017/18 on the basis that all meetings would take place at Tooley Street free of charge. However on one occasion there was no availability and the meeting took place in Queens Road which has some additional cost attached linked to extra security needed to keep the building open late in the evening. On that basis a small amount has been allocated in 2018/19.

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, HOCF 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 2017/18 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 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 has been doubled compared to last year.

l) Expert Advice

HOC has stated that a number of the projects in their proposed strategy would benefit from the input of independent experts as they lack the technical knowledge and expertise to review and make recommendations in certain areas. HOC expects a supplementary budget from its reserve to deal with these costs.

m) Reserves

15. The Home Owners Fund carry forward from the 2017/18 budget was £402,273 on 1 April 2018. The carry forward at the start of 2017/18 was £369,915. HOC has been informed of the need to allocate and spend this resource by the end of the current financial year.

16. An independent review of the framework for tenant and resident engagement requested by the housing and community safety scrutiny sub committee was completed in 2017. This included the engagement structures of which HOC and HFMC is a part. A report is being prepared for Cabinet with proposals on how to take this work forward

Policy Implications

17. The council's Housing Strategy to 2043 sets out a long term plan of action for housing in the borough. It is a housing strategy that learns from the past, tackles the issues of the present and puts in place clear plans for the future.
18. One of the principles in said strategy is "Empowering Residents" and it sets out that we will support and encourage all residents to take pride and responsibility in their homes and local area. It also states that new relationships, based on pride and responsibility, will enable residents to take greater control over their local housing services.
19. The strategy also outlines that there will be options to help all residents to participate in decisions about the management of their housing.
20. The proposed HOC work plan and fund budget will contribute to the delivery of the above mentioned council priorities.

Home Owners Fund management committee

21. 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

22. The Home Owners Fund supports tenant and resident associations and related support services for leaseholders including CAB advice and Home Owner conferences.
23. An independent in depth engagement exercise took place in 2016 and gathered the views from council tenants, homeowners and private sector tenants on council estates. This study explored 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

24. 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.
25. 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 meeting on 09 May 2018.

26. The HOC proposed two year strategy has been shaped by HOC members based on feedback from their constituents and feedback received at the most recent Leaseholders Conference held in February 2018 and which was attended by over 200 people. The strategy was presented and discussed at HOC over a number of meetings and finally agreed at their meeting on 20 June 2018.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

27. The Director Law and Democracy notes the content of this report. With regard to the recommendation contained in paragraph 2 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.
28. The recommendations set out in paragraphs 1 and 3 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

29. The Home Owners Fund budget is ring fenced within the HRA. The total budget allocation for 2018/19 is £554,673. This figure is comprised of a base budget of £152,400 and a carry forward allocation of £402,273. Appendix 2 shows the proposed allocation between various spending heads. The base expenditure budget proposed for 2018/19 exceeds the income base by £37,460 (which excludes a potential draw down for expert advice mentioned in paragraph 2). 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. £403k 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	Home Owner Council two year strategy 2018-20
Appendix 2	Home Owners Fund Budget 2018/19

AUDIT TRAIL

Lead Officer	Stephen Douglass, Director of Communities		
Report Author	Eva Gomez, Resident Involvement Manager		
Version	Final		
Dated	23 July 2018		
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
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