

Item No.	Classification: Open	Date: 19 March 2020	Meeting Name: Cabinet Member for Housing Management and Modernisation
Report title:		Home Owner Fund Budget and Reserve Proposal 2019 – 2020	
Wards or groups affected:		All	
From:		Director of Communities	

RECOMMENDATIONS

1. That the cabinet member for housing management and modernisation approves the proposed 2019-20 Home Owners Fund (HOF) budget of £375,133 as summarised in Appendix 1, following consultation with the Home Owner Fund Management Committee (HFMC) and the Home Owner Council (HOC).
2. That the cabinet member for housing management and modernisation notes that – at the request of the previous cabinet member – the budget proposed for this year also includes proposals for expenditure of HOF reserves, meaning that expenditure exceeds revenue income, with the gap being filled by HOF reserves.
3. That the cabinet member for housing management and modernisation notes 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 22, and in Appendix 2.

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) is 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, service charge-paying freeholders, and non resident leaseholders.
6. Over the last year, HOC has been focusing on developing a programme of work covering the period 2018-2020, 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 from 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 2019-20 budget has been set by the HOFMC which is a sub-group of HOC with the aspiration to deliver the priorities set in their proposed strategy.

KEY ISSUES FOR CONSIDERATION

10. In 2018-19 a two-year strategy and work plan was approved by the cabinet member for housing management and modernisation and adopted by HOC. The work plan was shaped by HOC members based on feedback from their constituents and feedback from HOC-funded conferences. The priorities identified were:

- Leaseholder Engagement
- Stakeholder Management
- Transparency
- Value for Money
- Council Policy and Consultation
- Customer Experience.

11. Officers continue to work with HOC members to deliver the priorities set in the strategy.

12. The budgeted income for 2019-20 is likely to increase in line with the number of Right to Buys (RTBs). In order to continue to deliver current projects and the existing strategy the proposed expenditure is as follows:

a) Staff cost

£20,808 which reflects a contribution to the cost of a member of staff within the Communities Division who supports the work of HOC. The amount has been increased by 2% to reflect salary cost increases.

b) CRM Database and campaigns manager

This item relates to the cost of employing a part-time member of staff (one and a half days per week) to assist in delivering the priorities set in the HOC strategy such as undertaking research, analysis and communications – on behalf of HOC in relation to a range of homeowner issues. The £13,650 proposed includes all overhead costs associated with recruitment.

c) Refreshments for meetings

As a result of its campaigning work, HOC expects to be busy and wishes to continue providing light refreshments at meetings (hot and cold drinks, biscuits, fruit). Given that several conference attendees have expressed an interest in attending HOC meetings as observers, and also that out-turn expenditure on this item was considerably higher in 2018-19 than forecast, a figure of £1,200 is proposed.

d) Conferences/Seminars

HOC has staged three highly successful conferences over the last 12 months, attended by c500 delegates. Feedback from attendees suggests that these conferences are very popular with homeowners, providing expert speakers on matters of interest to leaseholders, offering opportunities for homeowners to network, meet with senior council officers, and have personal leasehold queries addressed by council staff. HOC anticipates hosting more conferences in 2019, and proposes £45,000 allocation to support this.

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. This is estimated at £41,850.

f) Independent leaseholder support and advice

For the last three 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 2019-20 with an allocation of £60,000. CAB produces quarterly performance reports which show that the service is performing well and delivering positive outcomes.

g) Election cost

This allocation has been increased to £2,000 as elections for freeholder representatives are due this year.

h) Meeting room hire

It is proposed to keep last year's budget figure of £300 for the year 2019-20. This is because, whilst out-turn expenditure on this over the last year has been considerably lower than the budget figure, it nevertheless remains possible that room bookings – especially for any Extraordinary General Meetings or one-off events – could result in charges to HOC.

i) Travel expenses

This allocation of £500 remains unchanged compared to the previous year. Actual expenditure on this item is zero for the current financial year. However, HOC considers it prudent to set aside a sum for travel expenses, particularly cabs for vulnerable residents (using the council's contracted cab service).

j) Communications working group

HOC has set up a Communications Working Group to oversee the setting up and development of its web-based profile, and to engage in communications,

campaigning and marketing strategy. The figure budgeted for (£15,000) will in effect represent the direct costs associated with the communications and campaigning role undertaken by the CRM Data and Campaigns Manager.

k) Contingency

This allocation of £10,000 is the same as that of last year.

l) Expert advice

HOC has begun to commission professional advisors in relation to a range of homeowner-related issues (leasehold extension, leasehold enfranchisement, for example). It anticipates doing this more frequently over the coming year, alongside its programme of conferences, in order to ensure that homeowners get robust, independent advice and information in relation to a range of homeowner policy issues. An allocation of £6,000 is proposed.

m) Reserves

The reserve balance carried forward at 1 April 2019 was £411,475. The accumulation of this sum of money is in part due to delays in the execution of aspects of the HOC action plan (itself resulting from difficulty in recruiting a CRM Campaign Manager). For this reason, the budget proposed for 2019-20 contains proposals for expenditure of HOC reserves over a 3-year period. These items are as follows:

n) Complaints tracking and outcome manager

HOC is proposing to appoint an independent officer to investigate how the council deals with homeowner complaints and track, and analyse, the outcome of such complaints. A figure of £15,000 is proposed for 2019-20.

o) Core repairs external support

HOC believes that there is something of an imbalance in technical knowledge when delegates attend meetings of the Core Repairs Group. It is proposed that HOC appoint a technical expert to provide support to HOC delegates on technical matters. A figure of £15,000 is proposed for 2019-20.

p) Insurance policy review

HOC wishes to appoint an expert to advise them on the council's Homeowner Insurance policy. A figure of £15,000 is proposed for 2019-20.

q) Section 20 contractor monitor programme

HOC wishes to undertake its own assessment of Section 20 contractors. It will work up proposals during the year on how best to do this, and anticipates the need for external, expert support. A budget of £10,000 is being proposed for 2019-20.

r) 'Treating Homeowners as Customers' – staff charter and training

HOC believes that there is merit funding work that supports its ability to contribute to a change in working culture amongst staff within the council. There is currently a strong sense that homeowners are not treated as customers to the

extent that they should be, or in ways that homeowners expect. The council is addressing this issue through the creation of a cross-departmental leaseholder panel. However, HOC would like to contribute to the work of this panel by offering its own submissions, particularly in respect of the development of a new working culture. To do so, HOC may need to procure external, expert advice. A budget of £10,000 is being proposed for 2019-20.

s) Homeowner-led consultation with all homeowners

HOC would like to have the opportunity to consult directly with homeowners across the council's housing stock. Amongst other things, it plans to launch its own website, as well as to run specific, one-off homeowner consultations. A budget of £10,000 is being proposed for 2019-20.

t) Independent leaseholder support and advice

HOC values greatly the work undertaken on behalf of council homeowners in Southwark by specialist advice services (currently, CAB). HOC believes that there is a demand for such services and that the availability of an additional part-time adviser would be welcome. For this reason, an additional sum of £20,000 is being sought for this purpose.

Policy implications

13. 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.
14. 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.
15. The strategy also outlines that there will be options to help all residents to participate in decisions about the management of their housing.
16. The proposed HOC fund budget will contribute to the delivery of the above mentioned council priorities.

Home Owners Fund management committee

17. 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

18. 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.
19. An independent in depth engagement exercise which gathered the views from council tenants, homeowners and private sector tenants on council estates took place in 2016. A further independently chaired co-design panel exercise took place in 2018. Both explored in depth how we engage with tenants and homeowners as a housing provider and identify areas for improvement. The findings of both exercises

will be used to inform council decisions on improving resident engagement in the future.

Consultation

20. 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.
21. 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 06 March 2019.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

22. 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.
23. The recommendations set out in paragraphs 1, 2 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

24. The Home Owners Fund budget is ring-fenced within the HRA. The total budget allocation proposed for 2019-20 is £375,133 as detailed at Appendix 1, comprising a base budget of £155,000 and a total drawdown of £220,133 from reserves. As at 1 April 2019, the reserve balance was £411,475, sufficient to meet the proposed drawdown.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
Appendix 1	HOC 2019-20 Budget
Appendix 2	HOC expenditure protocol

AUDIT TRAIL

Lead Officer	Stephen Douglass, Director of Communities	
Report Author	John McCormack, Tenant and Homeowner Involvement Team Leader	
Version	Final	
Dated	19 March 2020	
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 report sent to constitution team	19 March 2020	