

Meeting Name:	Housing, Community Safety and Community Engagement Scrutiny Commission
Date:	18 September 2024
Report title:	The role Tenants and Residents' Associations (TRAs) and Tenant Management Organisations (TMOs) in Wards
Ward(s) or groups affected:	All
Classification:	Open
Reason for lateness (if applicable):	No
From:	Hakeem Osinaike – Strategic Director of Housing

RECOMMENDATION(S)

1. That the role of TRAs and TMOs be noted by the Scrutiny Commission.
2. The Scrutiny Commission also notes the Council's strategic approach for supporting and growing the network of TRAs.
3. The financial management of TMOs is further noted by the Scrutiny Commission.

BACKGROUND INFORMATION

4. TRAs and TMOs play a pivotal role in helping the Council as a landlord to design and deliver effective and efficient housing management and landlord services.
5. TRA's in Southwark Council homes are unincorporated bodies run by and representing all residents in the TRA areas of benefit. TRAs normally exist to represent the interest of their members and provide a platform for residents to meet regularly to consider issues that touch and concern the standard of local landlord services. TRAs also discuss other community concerns including neighbourhood safety and more recently, considered active stakeholders by the Regulator of Social Housing.
6. TRAs do not generally have a statutory basis and are not governed by statutory rules although some TRAs are now registered as community interest companies (CICs). TRAs are therefore generally free to manage their affairs how they choose provided they act in accordance with the law and any reasonable requirements imposed by the Council to be 'recognised' to receive Council support. TRAs also form part of the Council's consultation arrangements with its secure tenants under section 105 Housing Act 1985.
7. TMOs on the other hand are incorporated bodies run by secure tenants and Council leaseholders to deliver housing management and other landlord services on behalf of the Council. The Housing Act 1985 (s27AB) makes provision for the Council as a landlord to enter into management agreements with TMOs. TMOs are governed by the requirements of the Right to Manage

Regulations 2012 and contractual arrangements with the Council under their management agreements.

8. The Council pays each TMO management and maintenance allowances to fulfill the management responsibilities set out in the management agreements. TMOs are therefore obliged to operate in accordance with both their contractual and regulatory arrangements.
9. The recent external audit reports into TMOs have identified significant weaknesses in the Council's governance arrangements for TMOs. These deficiencies are now being addressed by a restructure of the TMO monitoring and support service and the new structure is anticipated to be in place by December 2024.
10. A new TMO contract monitoring toolkit is being developed and when completed in early March 2025, it should significantly enhance the Council's capacity to robustly monitor the financial governance and contractual compliance for all TMOs.
11. There currently 123 active TRAs in all wards of the Council which is a significant increase from 57 active TRAs in 2022 (see appendix 1). There are currently 17 TMOs in 12 wards (see appendix 2). The number of TMOs will fall to 16 on the 1st of November 2024 as Fair Community Housing Services (FCHS) has served notice to return the Council homes in its current area of benefit to the direct management of the Council on the 1st of November 2024.
12. The extensive network of 123 TRAs are actively involved in holding local landlord services to account. There are also successful TRAs that only draw their membership from residents who live in street properties, for example Grosvenor TRA in Camberwell and Surrey Gardens TRA in Walworth. This model is being studied and work is now underway to replicate it across the borough.

KEY ISSUES FOR CONSIDERATION

STRATEGIC APPROACH FOR SUPPORTING AND GROWING THE NETWORK OF TRAs

13. The key strategic approach for supporting and growing the network of TRAs is set out in the Southwark Council Delivery Plan 2022 to 2026 (see appendix 1). The key driver is to create a peopled powered Southwark.
 - Working with residents to design the services we provide and support local people to deliver for their community.
 - Empowering communities to shape the places they live in and make decisions about issues that affect their lives.
 - Empowering council tenants and leaseholders to get involved in making decisions about their homes and estates.

- Providing more support to start a TRA.
 - Providing more support to run key services on council estates like cleaning, repairs and grounds maintenance.
14. TRAs are the bedrock for the communities they serve and the growing influential network of TRAs has helped facilitate the fostering of vibrant and cohesive communities. There are also the added benefits of residents feeling valued, heard and respected. These are indispensable conditions for fostering collaboration, the germination of new ideas and information sharing, vital ingredients for the social housing regulatory consumer standard for transparency, influence and accountability.
 15. The influence of TRAs is felt at the monthly joint estate cleaning and grounds maintenance inspections where local TRA representatives' carryout an average of 2300 joint estate inspections per annum.
 16. TRA representatives are also actively involved in the improvement of the repairs and maintenance service via the repairs improvement residents' board. There is ongoing work to hold repairs action days on none TRA estates to engage more residents and grow the number of TRAs.
 17. The community gardening projects made of up residents who initially had a passion just for gardening has now led to the development of new TRAs on the Goschen, Dowles and Melford estates.
 18. TRAs are also very active in new housing developments and regeneration as witnessed on the Tustin and Aylesbury Estates. TRAs further act as effective ambassadors for building and fire safety issues on behalf of residents as witnessed on the Ledbury Estate.
 19. The pandemic witnessed increased creativity in grassroots resident involvement and a more integrated approach to service design and delivery of landlord and other council services with TRAs and TMOs. This grassroots collaborative partnership with TMOs and TRAs has been further employed to identify vulnerable residents to access energy subsidy payments during winter.
 20. A total of 8 TRAs converted their TRA halls into warm hubs during the winter months of 2023/24 serving hot food and drinks and the Albrighton Community fridge illustrates the tangible benefits of community power in providing practical support with the nutritional needs of local communities.
 21. TRAs and TMOs possess a wealth of local knowledge which has helped officers to deliver estate management services. TRAs conduct about 2300 joint estate inspections every year alongside officers and contractors. The walkabouts identify communal repairs, grounds maintenance issues, fly tipping and further gives tenants the opportunity to talk about their homes and tenancy issues. This is also a good listening opportunity to the issues that matter to tenants and by involving other teams on these walkabouts, has served to further illustrate a one-council approach to resident involvement.
 22. The involvement of TRAs in projects that bring tangible benefits to their local

communities has also helped to develop more meaningful relationships between residents and local TRAs and added more value to the TRA movement. Public Health has teamed up with the Housing Department to allocate £150K to three TRA areas (Rockingham, Wyndam & Comber and Kingswood) to help address some of the long-term health and well-being impacts of the Covid-19 pandemic on the borough's population. The selection of these three estates was informed by Public Health data.

23. TRAs have also been instrumental in setting up project support groups to ensure the voice of residents is firmly embedded in the management of major work projects especially to put things right. The work to address some of the challenges with delivering major works on Canada Water and Kirby Estates serves to illustrate the growing influence of TRAs and the one-to-one support offered by TRA members to affected residents. The TRAs were very instrumental in setting up the project support groups which has helped to improve the relationship with the Council as a landlord.
24. The work of [We Walworth](#) is supported by a number of TRA residents who were key to connecting residents with critical services and facilitating access to food at the height of the pandemic. This collaborative approach to addressing community issues has facilitated the return of an outdoor eating and hot plates area at Burgess Park, an activity that was banned because of fire safety concerns and anti-social behavior, amongst other things. The trial launch was on the 24th of August 2024 with free food and drinks which contributed to reactivating community links and harps to the power of food, music and sports to bringing communities together.
25. Proactive home visits and carrying out door-to-door surveys to gain an insight into how residents would like to be involved in helping to improve landlord services has proven to be good way of engaging residents. The tenant and homeowner involvement officers (THIOs) conducted in-person survey of 533 residents in Council homes in 2023/24 (appendix 3). The proactive resident engagement on a one-to-one basis has helped to inform the draft resident involvement strategy which will now be widely consulted on.

RESOURCES FOR TRA DEVELOPMENT AND WIDER COMMUNITY ENGAGEMENT

26. Encouraging and funding TRAs has also helped with the growth of TRAs. The budget for resident participation is a little over £900k per annum and TRAs have a core funding budget of £178K per annum within the 900k budget to set up new TRAs and maintain existing ones.
27. An additional strategy to amplify the methods of resident engagement is the get involved grant (GIG) funding which is open to TRAs and other constituted and unconstituted local group of residents who live in Council homes. The GIG activities help to bring communities together and serve as recruitment fares for TRAs.
28. The Southwark Black Parents Forum (SBPF) has collaborated with TRAs across the borough to host community events on Council estates and Council parks which have attracted an average of 1000 residents. These activities

have helped to reactivate and strengthen TRAs and improved the diversity of the TRA committees. More information on the various collaborative partnerships between SBPF can be found on the SBPF website [Southwark Black Parents Forum](#)

EMPOWERMENT AND CAPACITY BUILDING

29. The resident involvement team is currently being restructured to align the service with modern ways of resident engagement and the new social housing regulatory requirements.
30. There is also a much greater focus in the new structure on amplifying resident led oversight and scrutiny of all landlord services and to widen the range of opportunities for TRAs and the diversity of tenants' voice to shape and deliver the housing management services.
31. The change will devote more staffing resources to grassroots resident involvement by proactively embarking on a range of people powered community activities to encourage wider resident involvement opportunities based on the principle of "go where the tenants are", the [We Walworth](#) and [Southwark Black Parents Forum](#) models. These models proactively engage the residents on the issues that matter to residents. The sharing of food, the power of sports and music are deployed to encourage community participation.
32. The proposed changes in the resident involvement team will embrace the benefits of digital technology and social media platforms to meet the needs of residents who have asked for more flexible and inclusive ways to voice their views and make meaningful contributions to the improvement of landlord services. A project is underway to distribute 80 new laptops to 80 TRAs to improve digital access to landlord services for residents. The laptops have been procured and ready for delivery to 80 TRAs.
33. As part of embedding the new social housing regulatory framework for the transparency, influence and accountability consumer standard, the housing department is in the process of recruiting tenants to the resident led housing strategy, policy and procedures board. The board will formalise the existing roles of TRAs in assessing landlord services and holding the housing department to account.

ROLE OF TMOs IN WARDS

34. The Housing Act 1985 (s27AB) makes provision for the Council as a landlord to enter into management agreements with TMOs. TMOs are governed by the requirements of the Right to Manage Regulations 2012 and contractual arrangements with the Council under their management agreements.
35. There are currently 17 TMOs in 12 wards (see appendix 2). The number of TMOs will fall to 16 on the 1st of November 2024 as Fair Community Housing Services (FCHS) has served notice to return the Council homes in its current area of benefit to the direct management of the Council on the 1st of

November 2024.

36. In line with the Council delivery plan, TMOs run key services in the wards and the council homes they manage. These include:
- Cleaning and caretaking
 - Collecting rents and chasing arrears
 - Day to day repairs and maintenance
 - Dealing with anti-social behaviour
 - Dealing with neighbour disputes
 - Employing staff to carry out these functions
 - Ensuring the tenants are informed and listened to
 - Letting the houses to new tenants
 - Major works
 - Managing and controlling the budget for management and maintenance
 - Services to leaseholders
 - Statutory consultation
37. TMOs empower council tenants and leaseholders to get involved in making decisions about the homes and estates they manage in the 12 wards. The TMOs have boards or management committees who provide governance. The tenants and leaseholders can hold the TMO to account for the standard and quality of the landlord services.
38. The tenants and leaseholders in the area of benefit of the TMO are given the opportunity at the annual general meeting of the TMO and every 5 years to vote for the TMO to continue to directly deliver the landlord services. Management committee members or boards are also elected at the annual general meetings of the TMO.
39. If the tenants and leaseholders are not happy with the performance of the TMO in the wards, they can vote to end the management for the council homes served by the TMO and the Council will resume the direct delivery of landlord services following the provisions in the management agreement to end the management contract. The annual and 5 yearly cycle of votes give tenants and leaseholders in wards by managed TMO greater voice in who delivers the landlord services and enhances democratic accountability of the TMO to the residents.
40. The TMOs further conduct community meetings and workshops which give more opportunities for residents to ask questions, scrutinise the service and benchmark with other TMOs in other wards. The TMO offices are based within close proximity of the council homes they manage which helps with access to services and a more customised landlord service delivery in the wards TMOs serve.
41. TMOs in the various wards are monitored to ensure the boards and management committees represent the diverse groups in the Council homes and wards they serve. This has helped in ensuring the needs of the different demographics are understood by the TMOs and this is regularly monitored by the TMO monitoring officers.

42. TMOs provide education and training for residents in the various wards to enhance their skills, financial literacy and how to govern a TMO. The committees decide on spending priorities for the surplus funds generated by TMOs and a number of TMOs have invested the budget surpluses generated from efficient management of their estates and areas of benefit in improving green spaces, playgrounds or community activities to improve quality of life for residents.

THE FINANCIAL MANAGEMENT OF TMOs

43. The recent external audit reviews of TMOs have revealed a historical lack of scrutiny on the finances of the TMOs. There ought to have been an annual analysis of the financial accounts of each of the TMOs, with quarterly management accounts by each TMO but this was not happening. There needs to be an understanding from the Council on where the TMO monies are being spent and therefore the quarterly management accounts are key to this analysis.
44. The BDO audit reviews of the financial governance of TMOs have helpfully provided a set of recommendations to facilitate a robust scrutiny of TMO management accounts. Going forward, there is now an increased interrogation of the accounts with quarterly management accounts provided on a mandatory basis. There is also a forward-looking process where business plans are provided by each TMO to show their short to medium-term viability.

TMO AUDITED ACCOUNTS

45. Each TMO must submit audited accounts which should then be inspected by the Tenant Management Initiatives Team. Accounts are either submitted to Companies House or as is more prevalent, to the Financial Conduct Authority (FCA) via their mutual society portal. Accounts are submitted annually. Information gleaned from the accounts can give warning signals to the Council on possible problems with specific TMOs.

TMO MANAGEMENT AND MAINTENANCE ALLOWANCES

46. The last review of the TMO allowances was in 2020 (which informed the 2021/22 allowances) and so there is no need for a fundamental review of the recharges for 2024/25. The current allowances in 2024/25 is based on the 2023/24 allowance, adjusted slightly for property sales. Advice from the Finance department is that due to the precarious state of HRA finances and the cost minimisation measures introduced under the moratorium, all LB Southwark retained service areas are subject to a cash limit, broadly equating to a 6% reduction on 2023/24.
47. The HRA is limited in the increases in rent it can apply and furthermore, in 2023/24 the rents were capped at 7% whereas both general and repair/building inflation rates have increased at a significantly higher rate. This is coupled with much higher interest rates which increases the cost of

borrowing, which then impacts on the revenue monies available to the HRA. The council has an HRA budget recovery plan in place to ensure the future viability of the HRA. This financial position is a driver for the calculation of future TMO allowance uplifts.

48. The TMOs have asked for an allowance review via the Southwark Tenant Management Organisation Committee (STMOC) and as required by law, the TMOs will appoint an independent advisor and notify the Council.

Policy framework implications

49. The Council plan and the housing strategy have a commitment to empower residents to make local decisions on landlord services and TMOs and TRAs give power to residents to design and local landlord services and to hold landlord services to account.

Community, equalities (including socio-economic) and health impacts

Community impact statement

50. The issues covered in this report may impact on the ability of some TMOs to continue to deliver landlord services. The nature of the contractual relationship with the council may change depending on the outcome of the constructive dialogues with some TMOs.
51. TRAs are the bedrock for the communities they serve and the growing influential network of TRAs has helped facilitate the fostering of vibrant and cohesive communities.

People powered Southwark impact assessment.

52. Well-run and governed TMOs and TRAs demonstrate the commitment of the council to empower residents to run local landlord services and hold the council as a landlord to account for the design and delivery of local services.

Impact on neighbourhoods

53. TMOs and TRAs offer more flexible and inclusive ways of involving residents in the design and delivery of landlord services. This includes empowerment and capacity-building opportunities, so residents are equipped to deliver local services to transform their neighbourhoods.

Closing the gap

54. The March 2021 census revealed multiple levels of deprivation in the Borough and TMO and TRA funding helps to address the indices of social and economic deprivation by equipping residents with saleable skills to manage local services for local communities.

Health impact statement

55. TMO and TRA services are locally based, and the social and community

cohesion activities help to promote the health and well-being of residents. The summer funday activities and the Christmas events help to prevent loneliness and promote the mental well-being of residents.

Climate change implications

56. There are no adverse climate change implications as TMO offices and TRA halls are locally accessible, and no car or bus journeys are required to access the local TMO offices or TRA halls.

Resource implications

57. The plans set out to improve the financial governance of TMOs has the potential to ensure that TMO allowances are correctly used for the purposes intended. The empowerment and capacity building of TRAs requires that adequate resources are allocated to continue to grow the network of TRAs.

Financial implications

58. There are currently 17 TMOs managing 4661 Council homes. The allocated management and maintenance allowances for the delegated landlord services provided by 16 TMOs in 2024/25 is £3,172,696. This excludes the Leathermarket JMB which is self-financing.
59. It is important that the management accounts for TMOs are scrutinised to ensure they deliver value for money services and the allocated funds are used for the purposes set out in the management agreements.

Legal implications

60. TMOs derive their legal and regulatory framework from section 27 of the Housing Act 1985 and the Right to Manage Regulations 2012 [The Housing \(Right to Manage\) \(England\) Regulations 2012](#)
61. The Modular Management Agreement (MMA) sets out the delegated responsibilities for each TMO.

Consultation

62. Not applicable

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

63. Not applicable

Assistant Chief Executive, Governance and Assurance

Strategic Director, Finance

Strategic Director, Finance (Ref: H&M 24/047)

64. The Strategic Director, Finance notes the content of the report and endorses the proposed restructuring of the Resident Involvement Team to strengthen financial oversight of TMO's to address shortcomings identified through recent audit reviews. The Strategic Director, Finance also notes the requirement to review allowances for 2025-26, which needs to be seen within the context of the wider financial position of the HRA and the budget recovery measures put in place to ensure its continued sustainability.

Other officers

65. Not applicable




BACKGROUND DOCUMENTS

66. Not applicable

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Not applicable		

APPENDICES

No.	Title
Appendix 1  Southwark Council Delivery Plan 2022 to	Southwark Council Delivery Plan 2022 to 2026
Appendix 2  TMOs BY WARD NS17082024.xlsx	TMOs by Ward
Appendix 3  V3 TRA Database 23-24.xlsx	Active TRA Database by Ward

<p>Appendix 4</p>  <p>240522_THIO Resident contact form</p> <p>https://forms.office.com/e/P88UTHFetf</p>	<p>Home and community visits survey and analysis</p>
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AUDIT TRAIL

This section must be included in all reports.

Lead Officer	Hakeem Osinaike, Strategic Director of Housing	
Report Author	Nat. Stevens, Resident Involvement Manager	
Version	Final	
Dated	5 th September 2024	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Assistant Chief Executive, Governance and Assurance	Yes	No
Strategic Director, Finance	Yes	Yes
List other officers here		
Cabinet Member	No	No
Date final report sent to Constitutional Team	10 th September 2024	