

<b>Item No.</b> N/a	<b>Classification:</b> Open	<b>Date:</b> 20 October 2017	<b>Meeting Name:</b> Deputy Leader and Cabinet Member for Housing
<b>Report title:</b>		Southwark Tenant Management Organisation Development Policy	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		Eva Gomez, Resident Involvement Manager	

## RECOMMENDATION

1. That the Deputy Leader and Cabinet Member for Housing approves the Tenant Management Organisations (TMOs) development policy (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 RTM.
3. Southwark Council is recognised as a supportive Local Authority landlord of the TMO model at national level and has won nine separate awards for its support and achievements in this area.
4. Southwark has 15 functioning TMOs comprising 4,395 properties of which 2,858 are rented by council tenants and 1,537 are leasehold or freehold. In addition there are two new TMOs currently in the implementation stage and with a planned go live date of January 2018.

## KEY ISSUES FOR CONSIDERATION

5. According to regulations, the role of the local authority is to facilitate the exercise of the RTM by the tenants (the legislation refers to both leaseholders and council tenants as tenants). The RTM regulations state that once a local authority has accepted a proposal notice from residents, the group may make a request to the local authority for support reasonably required to assist them set up the TMO.
6. The regulations define “support” as the provision or financing of TMO office accommodation, facilities and training. In the past it was also interpreted as a financial contribution from the council to top up a Tenant Empowerment Grant offered to residents wanting to develop TMOs by Department of Communities and Local Government (DCLG).
7. However, due to changes in Government policy, with effect from April 2016, all DCLG Tenant Empowerment Grant funding for new tenant groups effectively stopped.

8. The impact of the withdrawal of government funding means that there is currently no external funding for independent advisors to support tenants through the RTM statutory process.
9. The council is committed to offering pre DCLG cuts level of funding to those groups which have already formally contacted the council about becoming a TMO. This will be subject to quality assurance of any proposed work plans.
10. Local authorities must develop new ways of working to ensure that tenant management initiatives are still a viable option for local communities. DCLG will continue to fund provision of an independent approved assessor service.
11. The proposed policy shown in appendix 1 is intended as a statement from the council, setting out how it will fulfil its RTM obligations and what financial and non financial support is likely to be available to residents. It also sets out the processes and procedures by which this support can be accessed and what residents can expect from the council.

### **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 organisations”*. The proposed policy will contribute to the delivery of this commitment.

### **Community impact statement**

13. As part of the TMO development process residents groups must undergo equalities and diversity training. In addition once constituted, TMOs are required to produce equalities and diversities policies compliant with the council’s equalities and diversity legal duties.
14. The TMI team quality assures these policies and ensures that they are implemented by each TMO.
15. If approved, the policy will be publicised through the council’s mainstream channels as well as various forums such as the tenant council, the home owner council and the Southwark TMO committee.

### **Resource implications**

16. The level of financial support is slightly higher than what the council was offering to co-fund the now extinct Tenant Empowerment grants. However this still means that overall considerably less funding is available for residents.
17. Officers have reviewed the process and work plans and are confident that the level of funding proposed, alongside increased non financial support from the council and an increased voluntary input from residents, will still allow the drafting and delivery of successful TMO development work plans. The table below summarises the previous and the proposed funding regime:

**Table 1**

Stage	Previous Funding			Proposed Funding
	Max cost limit	DCLG Grant Contribution	Council Contribution	Council Funding
Exploring the options	£10,500 - £12,500	£10,500 - £12,500	£0	£500
		100%	0%	
Development	£50,000	£37,500	£12,500	£12,500
		75%	25%	
Offer Document & Ballot	£5,000	£0	£5,000	£5,000
		0%	100%	
Implementation	£35,000	£26,250	£8,750	£8,500
		75%	25%	
Set up cost	£10,000	£0	£10,000	£10,000
		0%	100%	
Total	£110,500 - £112,500	£74,250 - £76,250	£36,250	£36,500

18. The policy and TMO development process can be delivered within existing human resources in the tenant management initiatives team.

### Legal implications

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

### Financial implications (FIN0997)

20. The maximum contribution from the Council for each new TMO development will be £36,500. The cost of this will be covered from the carry forward budget for TMO development.

### Consultation

21. The proposed policy has been shared with and received comments from the following bodies:

- National Federation of Tenant Management Organisations
- Department for Communities and Local Government
- Local Authority Co-op Officers Group (which is formed of officers responsible for developing and monitoring TMOs)
- Southwark TMO Committee
- Tenants Council
- Home Owners Council

22. A number of representatives have raised concerns about the fact that overall there will be considerably less funding for this work and whether this might deter

residents from exploring this route in the future. Officers have reassured respondents by explaining that the shortfall will be covered by a combination of more efficient work plans, more in kind support from the council and more input from residents on a voluntary basis.

23. Officers have also expressed the intention to carry out a launch and publicity once the policy is formally adopted to try and generate interest.
24. Many of the above bodies have commended Southwark Council for taking this step being one of the very few, if not the only, local authority nationally showing this level of support for TMOs.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Director of Law and Democracy**

25. The Housing (Right to Manage) Regulations 2012, Right to Manage Statutory Guidance 2013 and “Calculating Allowances for TMOs” set out the council’s legal obligations to provide or finance reasonable support for organisations proposing to exercise their right to manage. The draft Southwark TMO Development Policy provides a framework and guide to those organisations, identifying the financial and non-financial support that is likely to be available and the process to be followed. Indicative maximum funding figures are included, but each support application will be considered on a case by case basis to ensure that the council can determine a package of reasonable support – both financial and non-financial - in each case, in accordance with the legislation.

### **Strategic Director of Finance and Governance (H&M17/058)**

26. The Strategic Director of Finance and Governance notes the recommendations in the report to provide financial assistance to support the development of new TMO’s.
27. Up until April 2017, DCLG funding in the form of Tenant Empowerment Grant was available up to a maximum of £76,250. In addition the council made a discretionary contribution up to a maximum of £36,250. Given the withdrawal of DCLG funding, the council is proposing to continue to support TMO development through the HRA up to a maximum of £36,500, payable in stages dependant on successful completion of the development work plan. In addition the council will provide greater non-financial support through the TMO team.

## **BACKGROUND DOCUMENTS**

<b>Background Papers</b>	<b>Held At</b>	<b>Contact</b>
None		

## **APPENDICES**

<b>No.</b>	<b>Title:</b>
Appendix 1	Proposed Southwark TMO Development Policy

## AUDIT TRAIL

<b>Lead Officer</b>	Stephen Douglass, Director of Communities	
<b>Report Author</b>	Eva Gomez, Resident Involvement Manager	
<b>Version</b>	Final	
<b>Dated</b>	19 October 2017	
<b>Key Decision?</b>	No	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments Included</b>
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>		19 October 2017