

REPORT FOR DECISION

DECISION OF:	CABINET
DATE:	14 DECEMBER 2016
SUBJECT:	SPRINGS TENANT MANAGEMENT ORGANISATION SELF FINANCING OPTION PROGRESS UPDATE
REPORT FROM:	COUNCILLOR SANDRA WALMSLEY CABINET MEMBER STRATEGIC HOUSING AND SUPPORT SERVICES
CONTACT OFFICER:	MARCUS CONNOR CORPORATE POLICY MANAGER
TYPE OF DECISION:	COUNCIL (KEY DECISION)
FREEDOM OF INFORMATION/STATUS:	This paper is within the public domain.
SUMMARY:	<p>The Council and Springs TMC have been working together for a number of years to explore the viability of Springs becoming a standalone housing association through undertaking a small scale voluntary transfer.</p> <p>Although a viable business model for Springs to operate as a standalone housing association has been produced this is fragile, being susceptible to a number of external factors, such as increases in interest rates.</p> <p>Therefore, the Council and Springs TMC are currently exploring the option of Springs becoming a self-financing tenant management organisation.</p> <p>This report provides Cabinet with progress on this project and requests Cabinet support for the continuation of this work.</p>

OPTIONS & RECOMMENDED OPTION	<p>The options for consideration are:</p> <p>Option 1 – Do nothing. This would prevent Springs Tenant Management Organisation fulfilling their ambitions to become a self-financing tenant management organisation.</p> <p>Option 2 – Continue to support the work on the self-financing proposals.</p> <p>Recommendation:</p> <p>Option 2 is the recommended option as this will allow the continuation of a long-standing piece of work which would ultimately support Springs Tenant Management Organisation to become a self-financing tenant management organisation.</p>	
IMPLICATIONS:		
Corporate Aims/Policy Framework:	Do the proposals accord with the Policy Framework? Yes	
Statement by the S151 Officer: Financial Implications and Risk Considerations:	The Council and Springs need to mitigate any financial risks to the either party, Six Town Housing, the tenants of the Springs properties, and Council tenants in general. This should be achieved through sound modelling and financial planning.	SK
Health and Safety Implications	There are no implications in terms of Health, Safety and Welfare.	
Statement by Executive Director of Resources & Regulation	There are no wider resource implications	SK
Equality/Diversity implications:	No	
Considered by Monitoring Officer:	Yes Any further detail will need to be considered if the option is progressed.	JH
Wards Affected:	Specifically Redvales, although all Wards are potentially affected due to changes in the way housing management services are provided and procured across the Borough.	
Scrutiny Interest:	Overview and Scrutiny Committee	

TRACKING/PROCESS**DIRECTOR: Mike Owen**

Chief Executive/ Strategic Leadership Team	Cabinet Member/Chair	Ward Members	Partners
21.11.16	23.11.16		
Scrutiny Committee	Cabinet/Committee	Council	
	14.12.16		

1.0 BACKGROUND

- 1.1 Springs Tenant Management Cooperative (TMC) was set up in 1996 as part of the then Government's initiatives to empower tenants in the decision-making and management of the estates where they lived.
- 1.2 At the time, the estate was one of the more unpopular ones in the Borough, experiencing high levels arrears, voids and anti social behaviour. However, tenants on the estate felt that they could make a difference to the lives of those living there if they were allowed more of a say in the way the estate was run.
- 1.3 Since taking responsibility for virtually all of the management responsibilities for the estate, the TMC has significantly increased performance in all areas; turning a once unpopular estate into one where people want to live.
- 1.4 When the TMC was established, it was their expressed intention to become a small, independent housing association by undertaking a small scale voluntary transfer. There are currently 306 properties managed by the TMC, the majority of these being flats.
- 1.5 Although a viable business model for Springs to operate as a standalone housing association has been produced, this has been shown to be fragile, being susceptible to a number of external factors, such as increases in interest rates.
- 1.6 Springs Tenant Management Board have, therefore, concluded that it would be not be in their best interests to pursue a transfer option.
- 1.7 However, Springs remain committed to increasing their management role on their estate. It is, therefore, proposed that the option of Springs becoming a self financing tenant management organisation is explored.
- 1.8 Under the current arrangements, Springs receive an annual management fee to provide a range of housing management functions on the estate. However, there are a number of other services, including capital investment in the Springs estate and gas servicing, which are currently provided through Six Town Housing. It is proposed that Springs receive the majority of the rental income for their estate and take responsibility for all housing management functions, following a model similar to that used by Leathermarket Joint Management Board in Southwark, London.

- 1.9 The details of exactly which services would be carried out by Springs under the new proposed model are currently being finalised. However, Service Level Agreements between the Council and Springs would need to be developed, together with agreement on fees to be charged for those services which will continue to be provided by the Council.
- 1.10 The proposed management arrangements, giving the tenants of the Springs estate greater responsibility for the way their estates are run, supports the Council's new approach to give the public greater ownership of where they live and for their individual health.
- 1.11 It is intended to bring a more detailed and fully costed proposal to Cabinet within the next six months.

2.0 ISSUES

2.1 Risk Management (including Health and Safety)

- 2.1.1 The Council and Springs need to mitigate any financial risks to the either party, Six Town Housing, the tenants of the Springs properties, and Council tenants in general. This should be achieved through sound modelling and financial planning.
- 2.1.2 The Council and Springs need to clearly identify responsibility for the different services they will each continue to provide, together with service standards to be met. These will be clarified through Service Level Agreements to avoid any misunderstandings in the future and to ensure tenants continue to receive a high level of service.
- 2.1.3 Good governance and liaison mechanisms between the Council and Springs will be needed to ensure continued maintenance of the Springs estate and the provision of a high standard of services to tenants.
- 2.1.4 Close liaison has taken place between the Council, Springs TMC, Leathermarket JMB, and Southwark Council to learn from their experiences at establishing one of the first self financing tenant management organisations in the country.
- 2.1.5 The more detailed proposal will also highlight the potential risks to the Council, Springs and tenants associated with allowing the establishment of a self financing tenant management organisation.

2.2 Equality and Diversity

- 2.2.1 There are no identified equality and diversity issues associated with this proposal at this time.

3.0 CONCLUSION AND RECOMMENDATION

- 3.1 There are two options available to Cabinet, Option 1 – Do Nothing is not viable as this would prevent Springs Tenant Management Organisation fulfilling their ambitions to become a self-financing tenant management organisation.

3.2 It is recommended that Cabinet approve Option 2, to continue to allow the continuation of a long-standing piece of work which would ultimately support Springs Tenant Management Organisation to become a self-financing tenant management organisation.

List of Background Papers:-

Cabinet Report: Springs Tenant Management Organisation – Small Scale Voluntary Transfer Update - 21 January 2015

Contact Details:-

Marcus Connor
Corporate Policy Manager