

REPORT FOR DECISION



DECISION OF:	Cabinet
DATE:	21 January 2015
SUBJECT:	Springs Tenant Management Organisation – Small Scale Voluntary Transfer Update
REPORT FROM:	Councillor Rishi Shori Deputy Leader of the Council and Cabinet Member Health and Wellbeing
CONTACT OFFICER:	Mike Owen Executive Director of Resources and Regulation 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. Progress on this project has been delayed over the years for a number of reasons; however, it is believed that this work is coming to a conclusion. The Council has provided Springs with details of debt to be included in their business model, allowing them to develop a thirty year business plan for the estate.</p> <p>This report provides Cabinet with progress on this project and requests Cabinet support for the continuation of this work which, if successful, will ultimately lead to Springs becoming an independent housing association.</p>

<p>OPTIONS & RECOMMENDED OPTION</p>	<p>The options for consideration are:</p> <p>Option 1 – Do nothing. This would prevent Springs Tenant Management Organisation fulfilling their ambitions to obtain full independence from the Council.</p> <p>Option 2 – Continue to support the work on the transfer proposals.</p> <p>Recommendation 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 an independent housing association.</p>	
<p>IMPLICATIONS:</p>		
<p>Corporate Aims/Policy Framework:</p>	<p>Do the proposals accord with the Policy Framework? Yes</p>	
<p>Statement by the S151 Officer: Financial Implications and Risk Considerations:</p>	<p>Option 2 is the recommended option as this will allow further time to develop the proposals and mitigate risks for all concerned.</p> <p>Joint work will be undertaken to develop the "offer document" for residents.</p>	
<p>Health and Safety Implications</p>	<p>There are no implications in terms of Health, Safety and Welfare.</p>	
<p>Statement by Executive Director of Resources & Regulation</p>	<p>There are no additional resource implications at this stage of the process.</p>	MO
<p>Equality/Diversity implications:</p>	<p>Yes (see paragraph below)</p>	
<p>Considered by Monitoring Officer:</p>	<p>Yes Any transfer proposal is subject to existing legislation on stock transfers. The process, which is being followed, for taking forward transfer proposals, is set out in regulations and guidance.</p>	JH
<p>Wards Affected:</p>	<p>Specifically Redvales, although all Wards are potentially affected due to financial issues relating to the Housing Revenue Account</p>	
<p>Scrutiny Interest:</p>	<p>Overview and Scrutiny Committee</p>	

Chief Executive/ Strategic Leadership Team	Cabinet Member/Chair	Ward Members	Partners
	15.01.15		
Scrutiny Committee	Cabinet/Committee	Council	
	21.01.15		

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, activists 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 313 properties managed by the TMC, the majority of these being flats.
- 1.5 Work has been progressing between the Council and the TMC, on and off, for most of the last eleven years, with completion of the project being delayed at various times for different, mainly external, reasons including clarification of the transfer rules; financial impact on the Housing Revenue Account (HRA) and on other Council tenants due to the subsidy system; and the need to develop a mutually acceptable and robust business plan for future management of the estate.
- 1.6 In recent years, the proposed model for the longer term future management of the estate has demonstrated that a transfer model and business case for the future management of the estate can be seen to be viable. However, this model is 'fragile' as it is susceptible to a number of external factors.
- 1.7 The national move from the HRA subsidy system to one where the local authority retains all of its rental income has also meant that the business plan for Springs has had to be amended, with the associated costs of the national debt redistribution now having to be taken into account.
- 1.8 Council officers have now calculated the level of debt attributable to the Springs properties. This information has been provided to advisors of the TMC, who will use this information to establish whether a financially sound business plan can be developed. If this requirement can be satisfied, the work associated with the proposed transfer can continue.

1.9 Subject to the TMC being able to develop their business plan, Council and Springs officers will work jointly to develop the 'Offer Document', which will inform the tenants of the Springs properties about how their estate will be run in the future. This work will culminate with a formal ballot of all the tenants of the estate. Support for the proposal will allow a final report to be brought to Cabinet to request approval of the transfer. Liaison with the Department for Communities and Local Government (DCLG) and the Homes and Communities Agency (HCA) will need to take place throughout this process, as they will have to recommend to the Secretary of State if the transfer can take place.

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, the tenants of the Springs properties, and Council tenants in general. This should be achieved through sound modelling and financial planning.

2.2 Equality and Diversity

2.2.1 There are no identified equality and diversity issues associated with this 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 work on the transfer progressing and would negatively impact on the good relations developed between the Council and Springs TMC.

3.2 It is recommended that Cabinet approve Option 2, to continue to support the work on the transfer proposals as this will allow the continuation of long-standing piece of work which would ultimately support Springs Tenant Management Organisation to become an independent housing association.

List of Background Papers:-

None

Contact Details:-

Mike Owen
Executive Director for Resources and Regulation

Marcus Connor
Corporate Policy Manager